FRANCHISE DISCLOSURE DOCUMENT

SWEET CHARLIE'S

JUST ROLL WITH IT

Sweet Charlie's Franchising, LLC
A Delaware Limited Liability Company
1921 Walnut Street
Philadelphia, PA 19103
Phone: (856) 287-0777
info@sweetcharlies.com
www.sweetcharlies.com

You will establish and operate a retail ice cream dessert shop offering fresh, unique, gourmet made-to-order ice cream (dairy and non-dairy) and frozen yogurt products and other goods, sweets and toppings, which may consist of donuts (including our signature "Tall Charlie"), cookies, chocolate, marshmallows, fruit and sauces, together with coffee, other hot and cold beverages and other food items and products compatible with our concept (the "Dessert Shop").

The total investment necessary to begin operation of a Sweet Charlie's franchised business is $124,800 to $236,100. This includes $30,000 that must be paid to the franchisor or its affiliate(s).

The total investment necessary to begin operation of three Sweet Charlie's franchised businesses (the minimum) to five Sweet Charlie's franchised businesses (the maximum) under a development offering is $169,800 to $311,100. This includes $84,000 to $114,000 that must be paid to the franchisor or its affiliate(s).

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosure in different formats, contact our Chief Financial Officer, Steven Billig, at 1921 Walnut Street, Philadelphia, PA 19103 and (856) 287-0777.

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

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

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

Issuance Date: February 22, 2019

STATE COVER PAGE

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

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

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

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

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY THE USE OF NON-BINDING MEDIATION, BINDING ARBITRATION AND LITIGATION ONLY IN DELAWARE. OUT-OF-STATE MEDIATION, ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE, ARBITRATE OR LITIGATE WITH US IN DELAWARE THAN IN YOUR OWN STATE.

2. THE FRANCHISE AGREEMENT STATES THAT DELAWARE LAW GOVERNS THE AGREEMENT AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

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

4. THE FRANCHISOR IS AT AN EARLY STAGE OF DEVELOPMENT AND HAS A LIMITED OPERATING HISTORY. THIS FRANCHISE IS LIKELY TO BE A RISKIER INVESTMENT THAN A FRANCHISE IN A SYSTEM WITH A LONGER OPERATING HISTORY.

5. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM IS $124,800 TO $236,100 FOR A SINGLE-UNIT BUSINESS OR $169,800 TO $311,100 FOR A DEVELOPMENT BUSINESS. CERTAIN OF THESE AMOUNTS EXCEED THE FRANCHISOR'S STOCKHOLDER EQUITY OF $282,604 AS OF DECEMBER 31, 2018.

6. THERE MAY BE OTHER RISK FACTORS CONCERNING THIS FRANCHISE.

Effective Date: See the next page for state Effective Dates.

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	Pending Registration
Florida	December 5, 2018
Illinois	Pending Registration
Kentucky	September 5, 2017
Maryland	Pending Registration
Michigan	October 15, 2018
New York	Pending Registration
Texas	November 21, 2016
Wisconsin	Pending Registration

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Item 1: The Franchisor, and any Parents, Predecessors, and Affiliates

To simplify the language in this Disclosure Document, "Sweet Charlie's", "we", "our", and "us" means the franchisor, Sweet Charlie's Franchising, LLC. "You" means the corporation, partnership, limited liability company or other business entity which acquires the franchise from us and includes your Owners (as defined below) and principals.

The Franchisor.

We are a Delaware limited liability company formed on October 21, 2016. We do business under our corporate name and under the name "Sweet Charlie's". Our principle business address is 1921 Walnut Street, Philadelphia, PA 19103. Our telephone number is (856) 287-0777 and our website is www.sweetcharlies.com (the "Website"). Our agents for service of process are listed on Exhibit G. We do not operate a business substantially similar to the franchise being offered here. We do not participate in any other business activities other than offering Sweet Charlie's franchises for sale and conducting related business matters. We began offering franchises on November 15, 2016.

Our Parents, Predecessors, and Affiliates.

We have four (4) affiliates.

Our first affiliate is Sweet Charlie's Holdings, LLC, a Delaware limited liability company ("SC Holdings"), formed on October 21, 2016. SC Holdings is the current owner of the trademark "Sweet Charlie's" and the IP described below. The principal business address of SC Holdings is 1921 Walnut Street, Philadelphia, PA 19103.

On October 24, 2016, SC Holdings granted us worldwide non-exclusive rights to use and sublicense certain intellectual property including the Proprietary Marks (defined below), copyrights, patents, know-how and trade secrets, owned and developed by SC Holdings as well as any intellectual property developed by us or our affiliates (the "IP"). We sublicense the IP in connection with the sale of Sweet Charlie's franchises as part of a comprehensive system for the operation of a Sweet Charlie's ice cream dessert shop offering a menu focusing on fresh, unique, gourmet made-to-order ice cream (dairy and non-dairy) and frozen yogurt related products using our methods, policies, procedures, systems, standards, specifications, information, training and business relationships, all of which we may revise, change, cancel, alter, amend, further improve, discontinue, develop or otherwise modify, from time to time (the "System"). SC Holdings also licenses the IP to the Outlet Affiliates described below.

Our second affiliate is Sweet Charlie's LLC, a New Jersey limited liability company formed on December 17, 2015 ("NJ Affiliate 1"). The principal business address of NJ Affiliate 1 is 1921 Walnut Street, Philadelphia, PA 19103. NJ Affiliate 1 owns and operates one business of the type being franchised, which opened in 2016 in Philadelphia, PA.

Our third affiliate is Sweet Charlie's 1921 LLC, a New Jersey limited liability company formed on October 31, 2016 ("NJ Affiliate 2"). The principal business address of NJ Affiliate 2 is 1921 Walnut Street, Philadelphia, PA 19103. NJ Affiliate 2 was formed to lease our principal office and training center and to own and to operate one business of the type being franchised in Philadelphia, PA.

Our fourth affiliate is Sweet Charlie's OC LLC, a New Jersey limited liability company formed on May 25, 2017 ("OC Affiliate"). The principal business address of OC Affiliate is 928 Boardwalk, Ocean City, NJ 08226. Since its opening, the OC Affiliate has operated a Sweet Charlie's location on a seasonal basis from July to September in Ocean City, New Jersey. It is representative of the seasonal franchised business being offered under this Disclosure Document. NJ Affiliate 1, NJ Affiliate 2 and OC Affiliates are referred to collectively as the "Outlet Affiliates".

None of our affiliates guarantee our obligations. None of our affiliates are currently offering and do not plan to offer any additional licenses or franchises to operate a Dessert Shop or any franchise in any line of business in the future. Some of our affiliates may provide certain training and support and each may promote the Sweet Charlie's name in non-franchise related endeavors.

We do not have any other parents, affiliates or predecessors required to be disclosed in this item except as stated above.

The Franchise Program.

Sweet Charlie's is an ice cream dessert shop offering fresh unique, gourmet made-to-order ice cream (dairy and non-dairy), frozen yogurt and other goods, sweets and toppings, which may consist of donuts (including our signature "Tall Charlie"), cookies, chocolate, marshmallows, fruit and sauces and hot and cold beverages, which offering may also include food product mixes, ingredients, flavorings and prepackaged food items; clothing and other wearing apparel; napkins, cups, glasses, dishware or other similar items and supplies that advertise or promote Sweet Charlie's or its affiliates (the "Products").

We offer qualified purchasers the exclusive right to establish and operate a Dessert Shop from a single location (the "Location") within a specified geographic territory (the "Protected Area"). The System includes a method of operation, customer service and quality control, trade secrets, technical knowledge, specially designed décor (including color scheme, facility style and signs), business techniques and practices, standardized equipment, quality and consistency standards for products and services offered, procedures for accounting, inventory control and management, as well as the provisions of the Sweet Charlie's operations manuals, as amended from time to time, for the operating of a Sweet Charlie's Dessert Shop. The Franchise Agreement gives you the right to operate the Dessert Shop under the name and mark "Sweet Charlie's" and other trademarks, trade names, service marks, logos, designs, emblems and other marks and symbols designated by us from time to time (the "Proprietary Marks"). The Dessert Shop shall operate throughout the calendar year, provided that, at our sole discretion, we may offer to qualified purchasers the right to operate a Dessert Shop on a seasonal basis.

We offer franchises to qualified corporations, limited liability companies, partnerships or other legal entities. If we agree to sell you a Franchise and you agree to purchase a Franchise, you must sign our form of Franchise Agreement, in the form attached to this Disclosure Document as Exhibit B, for your franchise.

In the alternative, we may permit you to reserve a potential territorial region ("Potential Region") prior to your execution of the Franchise Agreement if we approve you as a franchisee in the System. If we do so, you must execute the "Territory Deposit Agreement" attached to this Disclosure Document as Exhibit J. As noted in the Territory Deposit Agreement, you must pay us a non-refundable fee of $5,000 to reserve the Potential Region for a period of ninety (90) days. You must execute a Franchise Agreement within that ninety (90) day period.

The Franchise Agreement requires you to designate an "Operating Principal". Your Operating Principal must own a majority of the voting and equity interest in the franchise and will have authority to make all decisions on behalf of the franchise. We must approve your Operating Principal. You must also designate at least one (1) full-time manager for the Dessert Shop to run the day to day operations of the Dessert Shop (the "Manager"). Your Operating Principal may act as the Manager or you may designate a Manager but we must approve in writing any non-owner Manager you appoint.

We may require your current and future owners and principals ("Owners") and their respective spouses to sign a personal guaranty ("Guaranty"), guaranteeing your performance and binding themselves individually to certain provisions of the Franchise Agreement, including the covenants against competition and disclosure of confidential information, restrictions on transfer and dispute resolution procedures. Those of your Owners who we do not require to sign the Guaranty will each sign a Confidentiality, Non-Use and Non-Competition Agreement in the form attached to the Franchise Agreement as Exhibit C.

You must operate the Dessert Shop only at the location and in accordance with the System, and the standards and procedures designated by us.

Development Rights Rider.

We also offer qualified applicants the right to enter into a development rights rider (the "Development Rights Rider"), the form of which is attached to this Disclosure Document as Exhibit I to develop multiple Dessert Shops within a specifically described geographic area (the "Development Area") over an agreed upon time period (the "Development Rights"). The size of the Development Area will vary depending upon local market conditions, population density and the number of Dessert Shops to be developed as described in Item 12. The Development Area will be determined before executing the Development Rights Rider and will be described in the Development Rights Rider.

If you sign a Development Rights Rider, you must open the number of Dessert Shops contemplated by the Development Rights Rider in the Development Area according to a development schedule and must separately enter into our then-current form of Franchise Agreement for each Dessert Shop you establish. Under the Development Rights Rider, the minimum number of Dessert Shops we may grant you the right to open and operate is three (3) and the maximum number of Dessert Shops we may grant you the right to open and operate is five (5). The franchise entity that signs the first Franchise Agreement must be the same entity that signs the Development Rights Rider. The Franchise Agreement for the first Dessert Shop developed under the Development Rights Rider will be in the form of Exhibit B to this Disclosure Document. For each additional Dessert Shop developed under the Development Rights Rider, you must sign the form of franchise agreement that we are then offering to new franchisees, which may contain materially different terms than the Franchise Agreement offered under this Disclosure Document.

Any reference to the "Agreements" means the Development Rights Rider and the Franchise Agreement, as applicable.

Competition.

The specialty snack, ice cream and frozen yogurt dessert shop and food service industries are highly competitive and well established with constantly changing market conditions. They are highly competitive with respect to price, service, location and food quality, and are often affected by changes in consumer tastes, economic conditions, population and traffic patterns. If you open a Sweet Charlie's Dessert Shop, your competition will include similar food service establishments, including specialty snack concepts. Your Dessert Shop will compete against other ice cream dessert shops, frozen yogurt shops, bakeries, cafes, coffee shops, casual restaurants, and other beverage and food service establishments. In addition, there is active competition for management and food service employees, as well as for attractive commercial real estate sites suitable for Dessert Shops. Sales may be seasonal depending upon the location of your Dessert Shop as they may be slower in the winter months of December, January and February in colder geographic locations.

Industry Specific Laws.

The food service industry is heavily regulated. Many of the laws, rules and regulations that apply to businesses generally, such as the Americans with Disabilities Act, Federal Wage and Hour Laws and the Occupational Safety and Health Act, also apply to food service establishments. However, other laws, rules and regulations have particular applicability to food service businesses.

The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce laws and regulations that govern food preparation and service and food service establishment sanitary conditions. The Federal Government and state and local jurisdictions have enacted laws, rules, regulations and ordinances which may apply to the operation of your Dessert Shop, including those which (a) establish general standards, specifications and requirements for the construction, design and maintenance of the Location, (b) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for kitchens and food preparation areas, employee practices concerning the storage, handling, cooking and preparation of food, restrictions on smoking and availability of and requirements for public accommodations, including restrooms, (c) set standards pertaining to employee health and safety, (d) set standards and requirements for fire safety and general emergency preparedness, and (e) regulate the proper use, storage and disposal of waste, insecticides, and other hazardous materials. In addition, the Department of Transportation in the state you license your vehicle used for catering and/or delivery services that you provide (if any) may have regulations that apply to the vehicles you use and the drivers you employ, including certain motor vehicle licensing requirements. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your Dessert Shop and should consider both their effect and cost of compliance.

You must comply with all laws and regulations pertaining to the operation of a food service business as well as all those laws and regulations applicable to businesses in general, including those described above and zoning laws, labor laws, workers' compensation laws, business licensing laws and tax regulations. You are advised to examine all applicable laws and regulations carefully with a qualified advisor before purchasing a franchise from us and should consider these laws and regulations when evaluating your purchase of a franchise.

Item 2: Business Experience

Kyle Billig - Co-Founder and CEO.

Kyle Billig is our Co-Founder and Chief Executive Officer ("CEO") and has held these positions since our formation on October 21, 2016 and operates from our principal office located at 1921 Walnut Street, Philadelphia, PA 19103. Kyle is also the Co-Founder and CEO of the Outlet Affiliates and SC Holdings described in Item 1 and has held these positions since their respective formations. From October 2015 to March 2016, Kyle was a barista at Starbucks in Tempe, Arizona. From October 2014 to May 2015, Kyle was a short order cook at Jersey Mike's in Marlton, New Jersey. During all other periods of time during the last five years, Kyle was also a student.

Steven Billig - Co-Founder and CFO.

Steven Billig is our Co-Founder and Chief Financial Officer ("CFO") and has held these positions since our formation on October 21, 2016 and operates from our principal office located at 1921 Walnut Street, Philadelphia, PA 19103. Steven is also the Co-Founder and CFO of the Outlet Affiliates and SC Holdings described in Item 1 and has held these positions since their respective formations. From January 1, 1991 to the present, Steven has been the President of S&R Designs and the Vice President of Billig Jewelers, both of Marlton, New Jersey.

Item 3: Litigation

No litigation is required to be disclosed in this Item.

Item 4: Bankruptcy

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

Item 5: Initial Fees

Initial Franchise Fee.

The initial franchise fee for the right to develop and operate one Sweet Charlie's Dessert Shop is $30,000 ("Initial Franchise Fee"). The Initial Franchise Fee is payable in one full lump sum when the Franchise Agreement is signed and is not refundable under any circumstances. If you are majority-owned by a qualified U.S. veteran and you purchase a Dessert Shop, we will reduce your Initial Franchise Fee by 10%. We may reduce, defer or waive the Initial Franchise Fee if and when we determine, in our sole discretion, it is warranted by a unique or compelling circumstance. During the most recent fiscal year, we collected Initial Franchise Fees ranging from $25,000 to $30,000.

In the alternative, we may permit you to reserve a Potential Region for ninety (90) days prior to your execution of the Franchise Agreement if we approve you as a franchisee in the System. If we do so, you must pay us a territory deposit fee of $5,000 ("Territory Deposit Fee") upon the execution of the Territory Deposit Agreement. The Territory Deposit Fee is payable in one full lump sum when the Territory Deposit Agreement is signed and is not refundable under any circumstances. If you sign a Franchise Agreement, the Territory Deposit Fee will be credited towards the Initial Franchise Fee.

If you wish to purchase an additional Dessert Shop after you execute the Franchise Agreement (outside of the Development Rights Rider), and we approve the purchase of any additional Dessert Shop(s), we will charge you a reduced Initial Franchise Fee of $25,000 for the second Dessert Shop and $20,000 for the third and each additional Dessert Shop after the first two Dessert Shops.

Development Fee.

Upon execution of the Development Rights Rider, you must pay a lump sum development fee equal to: (a) $75,000 if we grant you the right to open three (3) Sweet Charlie's Dessert Shops (the minimum), or (b) $105,000 if we grant you the right to open five (5) Sweet Charlie's Dessert Shops (the maximum) (collectively, the "Development Fee"). The Development Fee is not refundable under any circumstances even if you do not open the required Dessert Shops. In order to take advantage of this discount, you must commit to purchase all Dessert Shops at the same time. You will not be required to pay any additional "initial franchise fee" for Dessert Shops opened pursuant to the Development Rights Rider.

If you wish to purchase additional Dessert Shop(s) above what we granted you in the Development Rights Rider, and we approve the purchase of additional Dessert Shop(s), we will charge you a reduced Initial Franchise Fee of $15,000.

Initial Management Training.

Your Operating Principal and Manager must successfully complete initial management training ("Initial Management Training") prior to the opening of the Dessert Shop (and, with respect to on-site training, during your Dessert Shop's grand opening). We will charge our then-current initial training fee for any additional persons other than your Operating Principal, Manager and one (1) additional person that you request to be trained. Our current fee is $600 per person, per day of training.

Ice Cream Roll Machine Equipment Purchase.

Prior to opening your Dessert Shop, you must purchase the ice cream roll machines upon which the ice cream (dairy and non-dairy) and frozen yogurt is poured and rolled (the "Ice Cream Roll Machine(s)") from us or an affiliate. Depending upon the size of your Dessert Shop, you will need a minimum of three (3) Ice Cream Roll Machines. Each Ice Cream Roll Machine costs approximately $3,000 not including shipping. The fee for the Ice Cream Roll Machines is payable in one full lump sum upon the commencement of Initial Management Training. The fee for the Ice Cream Roll Machines is fully earned upon receipt and is not refundable except under the following circumstance: If your Operating Principal or Manager is unable to complete Initial Management Training to our satisfaction (in our sole discretion) and we elect to terminate your Franchise Agreement, we will refund the full purchase price of your Ice Cream Roll Machines if you (i) return the Ice Cream Roll Machine(s) to us and such Ice Cream Roll Machine(s) are in a condition acceptable to us in our sole discretion; and (ii) sign our standard release, a copy of which is attached to the Franchise Agreement as Exhibit A prior to such refund.

There are no other payments to or purchases from us or our affiliates that you must make before your Dessert Shop opens.

Item 6: Other Fees

OTHER FEES[1]

Type of fee	Amount	Due date	Remarks
Royalty Fee	6% of total Gross Revenues. (2)	Payable monthly on or before the 5th of each month based on Gross Revenues for the previous month. In the future, we may require Royalty Fees to be paid on a weekly or more frequent basis.	The Royalty Fee is payable to us by ACH electronic funds transfer or other manner we designate.
Advertising Fund Fee	1% of total Gross Revenues.	Payable at the same time and in the same manner as the Royalty Fee. In the future, we may require Advertising Fund Fees ("Ad-Fund Fee(s)") to be paid on a weekly or more frequent basis.	The Ad-Fund Fee is payable directly to the Advertising Fund ("Ad-Fund") by ACH electronic funds transfer or other manner we designate.
Local Advertising Requirement	3% of total Gross Revenues.	As incurred.	You will pay any Local Advertising Requirement to third parties. You must submit evidence of these expenditures on a monthly basis. See Item 11.

Type of fee	Amount	Due date	Remarks
Continuing Training	You may request additional personnel attend continuing training, which will be provided at no charge (if there is room in an already scheduled initial training course) or at our then-current training fee if there is not room. Our current fee is $600 per day, per attendee. You are responsible for both you and your additional trainees' expenses including travel, lodging, meals and applicable wages.	Prior to continuing training.	Continuing training sessions are mandatory for your Operating Principal and Manager. The fee for continuing training is paid to us.
Additional or Remedial Training Fee	Our current fee is $600 per day, per attendee. You are responsible for both you and your additional trainees' expenses including travel, lodging, meals and applicable wages.	Prior to additional or remedial training.	Additional training is training requested by you in addition to Initial Management Training and continuing training or training that we may require upon renewal of your Franchise Agreement or upon a change in your Operating Principal or Manager. Remedial training is training we determine is necessary or appropriate in our sole discretion to protect the quality, integrity and reputation of the System, Proprietary Marks and IP. The fee for additional or remedial training is paid to us.
On-Site Assistance or Training	Our per diem cost per trainer (currently $600 per trainer, per day) plus expenses.	Prior to our arrival on-site.	Payable to us if you request that we provide additional training on-site at your Dessert Shop or if we require you to participate in remedial training on-site at your Dessert Shop. The expenses you must reimburse to us include travel, lodging and meals. This fee is also the per diem personnel fee ($600 per employee, per day).

Type of fee	Amount	Due date	Remarks
In Person Location Selection Assistance	Our travel costs and expenses.	On demand.	We do not charge a fee for providing assistance in person to assist in the selection of your Location but you must pay our travel costs and expenses.
Annual Meeting and Conference	Your expenses and a registration fee of no more than the pro rata cost per attendee of the conference.	As incurred.	We do not currently hold an annual conference but we may do so in the future. If we do, then you are responsible for your associated expenses, including all travel, food and lodging expenses that you and eligible personnel incur in attending the annual meeting or conference. In addition, we may charge a registration fee of no more than the per person cost of the annual meeting or conference.
Renewal Fee	10% of the then-current Initial Franchise Fee.		Payable to us as a condition of the renewal of your franchise along with other conditions for renewal.
Transfer Fee	$10,000.	Payable upon transfer.	If you transfer your franchise or your interest in your franchise. We may waive a portion of this fee upon a transfer resulting from your death or disability or a transfer to an immediate family member (spouse, child, parent or sibling).
Relocation Fee	Our costs and expenses associated with the relocation.	As incurred.	If you relocate your Dessert Shop you must pay us any costs we incur in assisting you with the relocation including salary and travel expenses, professional fees, demographic reports and other costs.
Accounting/Audit Fee (3)	Cost of audit plus interest on any underpayments at the lower of 1.5% per month or the highest rate available by law.	When incurred.	Payable if audit shows an underpayment of 2% or more of Gross Revenues for any month.
Interest on Overdue Amounts	The lower of 1.5% interest per month or the highest rate available by law on the past due amount.	First day of late period.	Interest is due on all overdue payments. Interest accrues from the original due date until payment is received in full.

Type of fee	Amount	Due date	Remarks
Management Fee	20% of Gross Revenues.	Payable weekly out of Dessert Shop proceeds.	The Management Fee is paid to us. In addition to our right to terminate the Franchise Agreement, we may manage and operate your Dessert Shop if you fail to cure a default within the applicable cure period. In the case of your absence, incapacity or death, our right to manage and operate your Dessert Shop may prevent harmful interruption of your Dessert Shop.
Insurance	The premium plus our costs and expenses.	When incurred.	If you fail to maintain the required insurance, we have the right, but not the obligation, to procure insurance on your behalf and you must reimburse us the premium payment plus our costs, fees and expenses.
Testing or Supplier Approval Fee	Amount will vary under circumstances.	When billed.	You must pay us a fee equal to our actual out-of-pocket expenses, plus the then-current per diem charges for our personnel in order to approve alternative suppliers requested by you.
Trade Dress Upgrades	Up to $75,000 during the initial term of the Franchise Agreement	When incurred.	We reserve the right to require you to update and/or refurbish your Dessert Shop and/or other items used in your franchise during the term of your Franchise Agreement. We will not require you to implement any "Trade Dress Upgrades" (a) that exceed $75,000 over the initial term of the Franchise Agreement; (b) during the period of time after the opening of the Dessert Shop through the first anniversary of the opening of the Dessert Shop; or (c) during the last year of the initial term of the Franchise Agreement; provided, however, these limitations will not apply to any Trade Dress Upgrades required as a matter of law or in connection with the renewal of the Franchise Agreement. These amounts may be payable to us and/or third parties depending on the nature of the update or refurbishment.
Indemnification	Amount will vary under the circumstances.	Date incurred.	You must reimburse us and/or our affiliates if we incur liability as a result of the operation of your Dessert Shop.

Type of fee	Amount	Due date	Remarks
Costs of Enforcement and Defense	Amount will vary under the circumstances.	Date incurred.	You must pay our costs and attorneys' fees if we must take action to enforce your obligations to us.
Liquidated Damages	If we terminate your Franchise Agreement for cause, you agree to pay us liquidated damages equal to the average monthly Royalty Fees and Ad-Fund Fees owed to us during the 12 months of operation preceding the effective date of termination multiplied by (a) 24 (being the number of months in two full years), or (b) the number of months remaining in the term of the Franchise Agreement had it not been terminated, whichever is less.	Within 15 days after the effective date of termination.	Liquidated damages are paid to us.
Quickbooks Fee	$10 to $24 per month	As incurred.	Paid directly to third party provider. Amount will depend on what plan you choose with Quickbooks.
Non-Attendance Fine	$500	As incurred.	Your failure to attend mandatory seminars, meetings or conferences will be treated as a default under the Franchise Agreement and you must pay our then-current fine for not attending, which is currently $500.
Advertising Cooperative	Up to 3% of monthly Gross Revenues	Payable at the same time and in the same manner as the Royalty Fee.	If a Cooperative is established which encompasses your Protected Area, you will automatically and immediately become a member of the Cooperative and you must agree to contribute to the Cooperative the amount agreed upon by a majority of the members of the Cooperative, to pay that amount to the Cooperative at the times agreed upon by a majority of the members, and to abide by the Cooperative's rules. The payments you make to a Cooperative may be applied by you toward satisfaction of your Local Advertising Requirement, but if the amount you contribute to a Cooperative is less than the amount you must spend on local advertising,

Type of fee	Amount	Due date	Remarks
			you must still spend the difference locally.
POS Software Fee	$175 per month	As incurred.	This fee is paid directly to the third-party supplier.
Non-Compliance Fee	$100 to $500 per occurrence	As incurred.	If you fail to abide by the System Standards outlined by us in the Franchise Agreement and Operations Manual, we reserve the right to charge you a non-compliance fee as follows: (a) $100 fee for the first non-compliance issue; (b) $250 fee for the second non-compliance issue in the same calendar year as the first non-compliance issue; or (c) $500 fee for the third non-compliance issue in the same calendar year as the first non-compliance issue.
Digital Menu Platform Fee	$30 to $60 per month.	As arranged.	This fee is paid directly to the third-party supplier and will vary depending upon the number of screens you use in your Dessert Shop.

1. Unless otherwise indicated above, all fees and expenses are imposed and collected by and are paid to us. With the exception of the Advertising Fund Fee, all fees and expenses are uniformly imposed for all franchisees. All fees and expenses are non-refundable. We will automatically draft Royalty Fees and any additional fees due to us from your bank account according to the terms of the Franchise Agreement. Currently, we expect that franchisor-owned outlets will not have any voting power with respect to fees imposed by cooperatives. All fees are uniformly imposed and collected.

2. "Gross Revenues" means the total selling price of all services and products and all revenue and income of any kind relating to your Dessert Shop including, without limitation, from the sales of food, beverages, merchandise, gift cards, products and tangible personal property of every kind sold by you, in, from or through the Dessert Shop; proceeds as a result of any business interruption insurance policy you carry; all income from catering or delivery services including delivery fees; income from private parties, and all proceeds from all coin and card operated devices, including but not limited to, musical devices, amusement devices and vending machines, all regardless of whether such sale is conducted in compliance with or in violation of the terms of the Franchise Agreement, or whether such sale is at the Dessert Shop or off-site, but exclusive of (i) sales or use tax actually paid to the appropriate taxing authority and (ii) gratuities and tips paid to employees. Gross Revenues also include the fair market value of any services or products received by you in barter or exchange for your services and products and payments on credit (whether or not you received payment).

3. We have the right to examine or audit your books, records, state sales tax returns and accounts. If an audit establishes that your royalty reports, advertising fee reports or profit and loss statements have understated Gross Revenues for any fiscal year by 2% or more, then you must pay the audit's cost, including the travel, fees, wages, lodging and meal expenses of the persons who conduct the audit. Otherwise, we pay the cost of the audit. You must promptly pay us any Royalty Fee, Ad-Fund Fee or other deficiencies

established by an audit, together with interest on all understated or past-due amounts. Interest is the lower of 1.5% per month or the highest rate allowed by law.

Item 7: Estimated Initial Investment

A. FRANCHISE AGREEMENT

Type of expenditure (1)	Amount		Method of payment	When due	To whom payment is to be made
	Low	High			
Initial Franchise Fee (2)	$30,000	$30,000	Lump Sum	At Signing of Franchise Agreement	Us
Real Estate / Rent (3)	$2,500	$9,600	As needed	As arranged	Lessor
Utility Deposits (4)	$100	$300	As arranged	As arranged	Vendors
Leasehold Improvements (5)	$25,000	$65,000	As arranged	As arranged	Contractor, Architect and other Vendors
Grand Opening Advertising and Test Day (6)	$1,400	$3,600	As arranged	As arranged	Vendors
Equipment, Furniture, Fixtures, Furnishings and Décor (7)	$40,000	$60,000	As arranged	As arranged	Us and Vendors
Computer Systems (8)	$2,500	$4,500	As arranged	As arranged	Vendors
Insurance (9)	$300	$3,600	As arranged	As arranged	Insurers
Signage (10)	$1,000	$5,000	As arranged	As arranged	Vendors
Initial Inventory, Smallwares, Packaging and Office Supplies (11)	$2,000	$5,000	As arranged	As arranged	Vendor
Licenses and Permits (12)	$1,000	$3,000	As arranged	As arranged	Licensing authorities
Professional Fees (13)	$1,000	$3,000	As arranged	As arranged	Attorneys, accountants and advisors
Training Expenses (14)	$3,000	$6,000	As arranged	As arranged	Vendors

Type of expenditure (1)	Amount		Method of payment	When due	To whom payment is to be made
	Low	High			
Catering Equipment (15)	$0	$7,500	As arranged	As arranged	Vendor
Additional Funds (3 months) (16)	$15,000	$30,000	As needed	As needed	Various
TOTAL (17)	$124,800	$236,100			

Notes to Table A:

1. We do not make any representation regarding whether any amounts paid to third parties are refundable. All amounts paid to us are non-refundable unless otherwise noted. Neither we nor any of our affiliates finance any of the initial investment.

2. **Initial Franchise Fee.** The Initial Franchise Fee is discussed in Item 5.

3. **Real Estate / Rent.** You will need approximately 700 – 1,200 square feet of space to operate a Dessert Shop. The cost per square foot of commercial space varies considerably depending upon the location and the market conditions affecting commercial property including real estate values in your area, your real estate interest (leasehold or ownership), location, size of the site, code requirements and other factors, including labor. Factors that typically affect your real estate costs include your cost to negotiate your lease (or buy the property), fair market lease values and lease terms in your area, how the costs to renovate or develop the land, building and other site improvements are allocated between landlord and tenant and interest costs, among others. The estimate is based on a typical landlord's requirement that a lessee pay the first month's rent, the last month's rent and a security deposit equal to one month of rent upon execution of the lease. If you must pay rent during a build-out and construction phase before opening and/or a real estate agent/broker fee, your costs will be higher. This estimate assumes that you will lease and not own the Location of your Dessert Shop. If you purchase real estate your costs will be higher. If you provide catering and/or delivery services, then you may incur additional costs to lease space to store your vehicle.

4. **Utility Deposit.** We estimate that you will have to pay deposits on utilities and phones. Utility deposits will vary based on your creditworthiness, Dessert Shop location and other factors.

5. **Leasehold Improvements.** The amounts include labor and construction (including your architect and general contractor fees), costs and expenses for the improvement of a Location premises with the approximate amount of square footage described in Note 3 above. You will need to comply with all architectural, mechanical and structural systems and specifications we require for your Dessert Shop. Your actual costs may vary considerably depending on the size of the Dessert Shop, the cost of local financing and other local conditions, including labor, material costs and architectural and construction fees. The cost of leasehold improvements can vary significantly, depending upon such factors as (1) whether pre-construction demolition of existing walls and partitions is required, (2) whether the space was previously used as a similar quick service snack establishment and already contains facilities required by code, such as a ventilation system and fire extinguisher system, (3) whether, and to what extent, your landlord will provide a finish-out allowance and (4) regional differences in material and labor costs. We have not estimated the costs to purchase and renovate an existing building or the costs of new construction. We do not build free standing Dessert Shops from the ground up. Should you desire to do so and should we

approve this, your costs will be higher. These estimates do not include extraordinary costs due to extensive redesign, permitting, variances, environmental issues, legal obstacles, etc.

6. **Grand Opening Advertising and Test Day Supplies**. You are required to spend at least $1,000, from the period beginning no earlier than sixty (60) days prior to the opening of the Dessert Shop and continuing through the thirty (30) days after the opening of the Dessert Shop for advertising to promote the opening of the Dessert Shop. All grand opening advertising shall be subject to our approval in writing. Grand opening advertising expenditures may include promotional pictures and photos, newspaper and online advertisements, flyers, leaflets, banners, signs, direct mail, giveaways, franchise branded gifts and accessories, and kick-off events which we pre-approve in writing. Prior to opening the Dessert Shop to the general public you must conduct a "test day" whereby staff and employees service family and friends to obtain practice and experience. The estimate includes amounts expended on products and inventory used during the "test day." We currently require you to conduct a two (2) to four (4) hour "test day".

7. **Equipment, Furniture, Fixtures, Furnishings and Décor**. This estimate includes furniture, fixtures and equipment (refrigeration, sanitation and kitchen equipment and the Ice Cream Roll Machines described in Item 5), seating, shelving, and other décor which you must purchase from us or third parties. This estimate assumes that you purchase all such equipment. Some of this equipment can be leased, and if you choose to do so, your costs may vary.

8. **Computer Systems**. We require you purchase an iPad, a computer or laptop, printer/scanner, and point of sales system (presently, NCR Silver). If you already own any of these items and they meet our specifications, your cost may be less.

9. **Insurance**. The insurance estimate is for the cost of deposit in order to obtain the minimum required liability insurance. The cost of coverage will vary based upon the geographic area in which your Franchise will be located, your experience with the insurance carrier, the loss experience of the carrier and other factors beyond our control. You should also check with your insurance agent or broker regarding any additional insurance that you may want to carry. The low estimate assumes that the insurer will require a prepayment of approximately 5-10% of the annual premium. The high estimate assumes a full year premium prepayment. If you provide catering and/or delivery, you will need to purchase an appropriate auto insurance policy in conformance with our requirements, in which case your costs will be higher.

10. **Signage**. Signage will include but not be limited to the following: exterior sign, exterior window painted logos or decals and a printed exterior storefront canopy or awning. This estimate reflects the approximate cost of the signage required under the Franchise Agreement including our standards, specifications and requirements. The cost of signs depends on the size and location of your Dessert Shop, the particular requirements of the landlord and local and state ordinances and zoning requirements. If you offer catering and/or delivery services we may, in our sole discretion, require you to purchase signage for use on your vehicle, in which case your costs will be higher.

11. **Initial Inventory, Smallwares, Packaging and Office Supplies**. You must stock the Dessert Shop with an initial inventory of food and beverage products, accessories, and supplies. These figures reflect the basic cost of food, beverages, products, and paper related items associated with opening the Dessert Shop. The initial inventory is estimated as sufficient to cover initial supplies for two (2) weeks. This estimate also includes (i) all bowls, utensils, cutlery, trays, plastic containers, ingredient bins and similar small wares; (ii) all product containers, boxes, inserts, bags, stickers and related packaging and products; (iii) all office supplies which must be purchased before or upon the opening of your Dessert Shop, including paper, a file cabinet, shelving and a safe; and (iv) employee uniforms.

12. **Licenses and Permits**. You must obtain the operational licenses and permits required by applicable federal, state and local law. All required licenses and permits must be in place and in good standing at all times during the term of your Franchise Agreement. Building permits are not included in this item as they have been accounted for in the Leasehold Improvements line item.

13. **Professional Fees**. These fees are representative of the costs for engagement of professionals such as attorneys and accountants for the initial review and advice consistent with the start-up of a franchised business including the formation of the entity that will own the Dessert Shop. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this Disclosure Document and the Franchise Agreement. It is also advisable to consult these professionals to review any lease or other contracts that you will enter into as part of starting your franchise.

14. **Training Expenses**. We provide instructors and instructional materials for the initial training and do not charge a fee for Initial Management Training for your Operating Principal and up to two other trainees but you will need to arrange for transportation to Philadelphia, Pennsylvania, or another location in the United States designated by us and pay for all expenses for your attendees including lodging, food and any wages. The cost will depend on the distance you and your attendees must travel and the type of accommodations you choose.

15. **Catering Equipment.** If you choose to offer and provide catering services (and/or delivery services with your own vehicle), you will need a sufficiently large vehicle to offer such services and additional equipment to transport to each catering site. If you do not already own a vehicle in compliance with our specifications, your costs will be higher.

16. **Additional Funds**. The estimate of additional funds is based on an approximation of expenses for the first three (3) months of operation. We relied on the experience of our Outlet Affiliates, as fully disclosed in Item 1, and franchisee results to compile this estimate. These figures are merely estimates and there is no assurance that additional working capital will not be necessary during this initial three (3) month phase or at any time after the initial three (3) months. The additional funds required will vary by your area; how much you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for your services; competition; sales levels; and the Gross Revenues and cash flow for the Dessert Shop in the first three (3) months of operation. This estimate does not include your living expenses.

17. **TOTAL.** You should not assume that you can open your Dessert Shop for the lowest estimates in all categories. We relied on the experience of our Outlet Affiliates, as fully disclosed in Item 1, and franchisee results to compile these estimates. The costs outlined in this Item 7 are not intended to be a forecast of the actual cost to you or to any particular franchisee. You should review these figures carefully with a business advisor before deciding to purchase the franchise. We do not offer financing directly or indirectly for any part of the initial investment.

B. DEVELOPMENT RIGHTS RIDER

Type of expenditure (1)	Amount		Method of payment	When due	To whom payment is to be made
	Low	High			
Development Fee (2)	$75,000	$105,000	Lump Sum	At Signing of Development Rights Rider	Us

Type of expenditure (1)	Amount		Method of payment	When due	To whom payment is to be made
	Low	High			
Cost to Open First Dessert Shop (3)	$94,800	$206,100	As needed	As arranged	Lessor, Vendors, Approved Suppliers, etc.
TOTAL	$169,800	$311,100			

Notes to Table B:

1. We do not make any representation regarding whether any amounts paid to third parties are refundable. All amounts paid to us are non-refundable unless otherwise noted. Neither we nor any of our affiliates finance any of the initial investment.

2. **Development Fee**. The Development Fee is discussed in Item 5. You will not be required to pay any additional "initial franchise fee" for Dessert Shops opened pursuant to the Development Rights Rider.

3. **Costs to Open First Dessert Shop**. This figure represents the total estimated initial investment required to open the first Dessert Shop under your first Franchise Agreement, minus the Initial Franchise Fee applicable to the first Dessert Shop since that amount is included in the Development Fee (see the Item 7(A) chart above for additional details).

4. **Total**. This figure represents the total estimated initial investment to purchase a Development Area for three (3) Dessert Shops (the minimum) or five (5) Dessert Shops (the maximum), including the estimated initial investment to open your first Dessert Shop under the Development Rights Rider. This figure does not include the cost to develop the second and subsequent Dessert Shops under the Development Rights Rider. These figures are estimates. We relied on the experience of our Outlet Affiliates, as fully disclosed in Item 1, and franchisee results to compile these estimates.

Item 8: Restrictions on Sources of Products and Services

To ensure that you maintain the highest degree of consistency, quality and service, you must operate and develop your Dessert Shop in strict conformance with our methods, standards and specifications and obtain certain ingredients, inventory, services, supplies, materials, equipment, furnishings, fixtures and other Products, uniforms, advertising materials (including menus), computer hardware, software, point-of-sale system, electronics, and vehicles used to provide catering and/or delivery services (if any), in strict compliance with our specifications and only from us, our affiliates or the authorized manufacturers, distributors, suppliers, vendors, merchants or providers designated or approved by us. Our methods, standards and specifications (the "System Standards") are prescribed in our operations manuals and other written manuals, guides, instructions and communications whether on paper, Internet or in other electronic format (together the "Operations Manuals").

Required Purchases from Us.

We are currently the sole approved supplier of the Ice Cream Roll Machine. You are not currently required to purchase any other goods, supplies, equipment, inventory or comparable items from us or from our affiliates. We reserve the right to require you at any time in the future to purchase any items for your Dessert Shop from us or from our affiliates. We reserve the right to earn a profit on the sale of the Ice Cream Roll Machine and/or any other items sold to you. We provide you with a limited warranty on the

Ice Cream Roll Machines you purchase from us. The terms of the warranty are outlined in the Operations Manual and may be revised or updated by us from time to time in our sole discretion. During our fiscal year ended December 31, 2018, we earned $319,301.00 in revenue from required purchases by our franchisees, which is 31.93% of our total revenue of $999,942.00.

The following officers listed in Item 2 have an ownership interest in us and we are the approved supplier of the Ice Cream Roll Machine: Steven Billig and Kyle Billig. None of our officers has an ownership interest in any other Approved Supplier (as defined below) for the System.

Purchases from Approved Suppliers.

You will be required to purchase certain products and services only from suppliers that we approve including manufacturers, distributors, suppliers, vendors, merchants or providers of goods and services ("Approved Suppliers"). These items currently include certain food items (including the liquid bases that you must use to make your ice cream (dairy and non-dairy) and frozen yogurt products), ingredients, beverages, cooking supplies, computer equipment, and credit card process and point of sale system and software ("POS System"). We have the right to require you at any time to purchase other products and/or services only from Approved Suppliers.

We currently maintain a list of Approved Suppliers and criteria for approving suppliers in our Operations Manuals. We may modify this list on reasonable written notice to you. You may request in writing our approval of alternative suppliers that are not currently approved by us. We will grant or revoke approvals of suppliers based on the criteria for approving suppliers in our Operations Manuals, and based on inspections and performance reviews. We may grant approvals of new suppliers or revoke past approvals of suppliers on reasonable written notice to you. We must consent to your use of any supplier you propose and will make reasonable efforts to provide you with written notification of the approval or disapproval of any supplier you propose within sixty (60) days after written receipt of your request. For this approval or disapproval, we may charge you a fee equal to our out-of-pocket expenses, plus the then-current per diem charges for our personnel.

Purchases According to our Specifications.

All food products, ingredients, inventory, supplies, equipment, uniforms, furnishings and other decor, signs and materials used in the operation of your Dessert Shop and services to your Dessert Shop must be purchased according to our specifications and meet System Standards. Our list of Approved Suppliers and specifications for supplies including brand, model and type are in our Operations Manuals or other instructional materials we may provide to you prior to opening.

Location Selection and Lease: You must find a site and execute a lease for the Location of the Dessert Shop that meets our site selection criteria within one hundred eighty (180) days of signing your Franchise Agreement. We must approve in writing any lease (including any sublease) for the Location before you enter into such lease. You must deliver a copy of the signed lease to us within five days of your signing. See Item 11 for additional information on site selection.

General Contractor and Architect: Within thirty (30) days of signing your lease for the Location, you must provide us with the name and qualifications of (i) a licensed architect and (ii) a licensed general contractor that have designed or built at least two (2) similar types of food service establishments. We then have ten (10) days to notify you of any concerns that we have about the architect and/or general contractor and to reject or approve of such professional. Should you choose not to hire a particular architect and/or general contractor or if we reject the architect and/or general contractor you propose, you will have an additional thirty (30) days to locate another architect and/or general contractor and provide us with their name and qualifications.

Standard Building Plans and Specifications: You must construct and develop the Dessert Shop. We will lend to you a sample set of standard building plans and specifications and standard recommended floor plans. These specifications and layouts might not reflect the requirements of any federal, state, or local law, code, or regulation, including those arising under the Americans with Disabilities Act or similar rules governing public accommodations for persons with disabilities. Your architect must prepare a site plan and adopt the standard building plans and specifications to the specific site and adapt the recommended floor plans to the Location. Within forty-five (45) days after you have selected and we have approved your general contractor, you must provide us with a complete set of construction and design documents for the Dessert Shop including mechanical, electrical and plumbing specifications. The construction and design documents (the "Design and Construction Plan") are subject to our review and approval. We must review and approve all final specifications and plans before you begin constructing the Dessert Shop and all revised plans during construction. Our review is only to ensure your compliance with our design requirements. We may inspect the Dessert Shop during its development. You must affix a decal or placard to an exterior window or display containing the following statement "An Independently Owned and Operated Franchise". If we request, you will display prominently a "franchise opportunity" display to promote awareness of Sweet Charlie's franchises.

Maintenance and Repairs: You must maintain your Dessert Shop in a high degree of sanitation, repair, appearance, condition and security and in the manner required by the Franchise Agreement and the Operations Manuals. You must make additions, alterations, repairs and replacements to your Dessert Shop (but no others without our written consent) as reasonably required for that purpose, including periodic repainting, changes in appearance, repairs to impaired equipment, and replacement of obsolete signs as we reasonably direct. You must meet and maintain the safety standards and ratings applicable to the operation of your Dessert Shop as we reasonably require.

Renovation and Upgrading: You must abide by our requirements for alterations, remodeling, upgrading or other improvements to your Dessert Shop. We have the right to modify the System for any reason, including, without limitation, responding to consumer expectations and buying habits, increasing efficiency, co-branding with other companies and adapting to competition. Generally, the standards for alterations, remodeling, upgrading and other improvements will not exceed the requirements applicable to new franchises or company-owned locations. Renovation or upgrading may also be required if we add new menu items that require the installation of new fixtures or equipment. We will not require you to incur costs and expenses for renovating, upgrading or remodeling the Dessert Shop (a) that exceeds $50,000 over the initial term of the Franchise Agreement; (b) during the period of time after the opening of the Dessert Shop through the first anniversary of the opening; or (c) during the last year of the Initial Term of this Agreement. These limitations will not apply to any renovating, upgrading or remodeling the Dessert Shop required as a matter of law or in connection with the renewal of the Franchise Agreement.

Specifications for Employee Uniforms: We will lend you specifications for your employee uniforms. You will ensure that all your employees follow our dress code.

Insurance: You also must obtain, before beginning any operations under the Franchise Agreement, and must maintain in full force and effect at all times during the term of the Franchise Agreement, at your own expense, the following insurance policies described in the Franchise Agreement and in our Manual protecting you, us, our affiliates, and our respective officers, directors, managers, partners, members, affiliates, subsidiaries and employees: (i) "Special" causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible); (ii) Business interruption insurance covering at least 12 months of income; (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an "occurrence" policy form in an amount of not less than $1,000,000 single limit per occurrence and $2,000,000 aggregate limit; (iv) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than $1,000,000; and (v) Workers Compensation coverage as required by state law. The policies must provide protection against any demand or claim relating to personal and bodily injury, death, or property damage, or any liability arising from your operation of the Dessert Shop. All policies must be written by a responsible carrier or carriers whom we determine to be acceptable, must name us as additional insured under an endorsement we approve, must name us and our affiliates, and our respective officers, directors, managers, partners, members, affiliates, subsidiaries and employees as additional insureds, and must provide at least the types and minimum amounts of coverage specified in the Franchise Agreement and the Operations Manuals. Each policy must provide us with thirty (30) days' prior notice of any changes to or cancellation of the policies. The types and limits of insurance required may be changed from time to time in the Operations Manuals and you must comply with any new insurance requirements. Additionally, we may designate one or more insurance companies as the insurance carrier(s) for all of the Sweet Charlie's businesses. If we do so, we may require that you obtain your insurance through the designated carrier(s).

POS and Computer Systems: See Item 11 for specifications on computer systems.

Advertising: Any and all advertising, marketing and promotional materials you wish to use must conform to System Standards. See Item 11 for specifications on advertising. The specifications that we have formulated are in our Operations Manuals. We may modify these specifications on reasonable written notice to you. We will consider your written request for a modification of a specification if you explain the reason for the requested modification and provide us with sufficient technical data to enable us to evaluate your request. We must approve any modification of a specification you propose and will make our reasonable efforts to provide you with notification of approval or disapproval within sixty (60) days after receipt of your request which shall be at our sole discretion. We will charge you a fee to cover our out-of-pocket expenses, plus our then-current per diem charges for our personnel, for any required inspection, which is the same price as our then-current training fee.

Vehicle; Third Party Delivery Services: If you provide catering and/or delivery services, any vehicle used for such services must be maintained and in reasonable cosmetic condition meaning that the vehicle has no major defects or mechanical problems, and the paint, body, and interior of the vehicle have only minor, if any, blemishes and very minor, if any, rust. We may determine whether your vehicle meets our definition of "reasonable cosmetic condition" in our sole discretion. If it does not, we may require you to repair or replace such vehicle or cease providing catering and/or delivery services. You may engage third party providers to provide delivery services as long as we approve such provider in advance, which we may do in our sole discretion.

<u>Rebates, Material Benefits, Cooperatives; Revenues from Restricted Purchases.</u>

We have already or will negotiate purchasing terms for franchisees from Approved Suppliers. We cannot guaranty, promise, represent, state or warrant that any Approved Supplier will offer or continue any particular pricing, warranty or other terms of sale. We may negotiate a continued supply of products from our Approved Suppliers, but cannot guaranty, promise, represent, state or warrant a continuing supply from any particular supplier. We are not under any obligation to you with respect to the terms negotiated or any supplier's terms. The arrangements we negotiate may include that Approved Suppliers pay us a sponsorship fee to help pay for the costs of an annual meeting or conference.

We do not discriminate against you or provide you with material benefits such as renewal of your franchise or grant you additional franchises based on your use of any particular Approved Supplier. We have no purchasing or distribution cooperatives in existence at this time. We may in the future form a purchasing or distribution cooperative and require you to become a member. Membership in a purchasing or distribution cooperative may require the payment of a fee in addition to other terms and conditions. We do not make any express or implied warranties with respect to any products or goods we recommend or require for your use.

The supplies or services that you are required to purchase according to our specifications or from Approved Suppliers are considered "required purchases." We and our affiliates reserve the right to earn revenue from Approved Suppliers, such as rebates or commissions, on account of their sales of any goods or services to our franchisees, including required purchases. Our supplier of liquid ice cream base and frozen yogurt base, which you must use to make your ice cream products, currently pays us a $2.00 rebate on a quarterly basis on each case sold to our franchisees. We estimate that your total initial required purchases and leases will be approximately 50%-80% of the cost of your initial purchases and leases and 50%-80% or more of annual purchases and leases on an on-going basis for the operation of your Dessert Shop.

Item 9: FRANCHISEE'S OBLIGATIONS

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 Franchise Agreement ("FA") & Development Rights Rider ("DRR")	Disclosure Document Item
a. Site Selection & Acquisition / Lease	Section 4.2, 4.3	Items 6 & 11
b. Pre-opening Purchases / Leases	Section 4.1, 4.2	Items 7 & 8
c. Site Development and other pre-opening requirements	Section 4.4, 12.3	Items 5, 6, 7 & 11
d. Initial & On-going Training	Section 5.4, 6, 8.2	Items 6, 7 & 11
e. Opening	Section 4.6; DRR 3	Item 11
f. Fees	Section 5; DRR 3	Items 5, 6 & 11
g. Compliance with standards and policies operating manual	Section 8.1, 11.1, 11.4, 11.5; DRR 4	Items 8 & 11
h. Trademarks and proprietary information	Section 1.2, 9, 10; DRR 4	Items 13 & 14
i. Restrictions on products / services offered	Section 2.2, 11.4	Item 8 and 16
j. Warranty and customer service requirements	Section 11.1	Item 8

Obligation	Section in Franchise Agreement ("FA") & Development Rights Rider ("DRR")	Disclosure Document Item
k. Territorial development and sales quotas	Not applicable.	Item 12
l. Ongoing product / service purchases	Section 8.3, 11.4	Item 6 and 8
m. Maintenance, appearance, and remodeling requirements	Section 4.5, 11.1, 11.5	Item 11
n. Insurance	Section 11.2	Items 6
o. Advertising	Section 12	Items 6 & 11
p. Indemnification	Section 7.4, 14	Item 6
q. Owner's participation / management / staffing	Section 3, 7.1, 11.1	Items 15
r. Records and reports	Section 11.1, 15.3	Item 6 and 17
s. Inspections and audits	Section 15	Items 6 & 11
t. Transfer of Interest	Section 16; DRR 9	Item 17
u. Renewal	Section 2.5	Item 17
v. Post-termination obligations	Section 17.6, 18.6; DRR 8	Item 17
w. Non-competition covenants	Section 7.2	Item 17
x. Dispute Resolution	Section 21	Item 17
y. Jury Waiver provision and Arbitration provision	Section 21.5, 21.12, 21.14	Item 17
z. Liquidated Damages	Section 18.7	Item 6

Item 10: Financing

We do not offer direct or indirect financing. We do not guarantee any franchisee's loan, note, lease or obligation.

Item 11: Franchisor's Assistance, Advertising, Computer Systems, and Training

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

Franchisor's Pre-Opening Obligations.

Before you open the Dessert Shop, we will assist you in the following:

1. Designating your Protected Area (Franchise Agreement, Section 2.1) or Development Area, as applicable (Development Rights Rider, Section 3).

2. Providing you with specifications and site Location criteria. (Franchise Agreement, Section 4).

3. Upon your request and subject to personnel availability, provide you with on-site Location selection assistance, but you must pay our travel costs and expenses. (Franchise Agreement, Section 4.2).

4. Approving or disapproving your Location and lease and, if approved, provide you with a copy of any Collateral Assignment of Lease attached to the Franchise Agreement as Exhibit G. (Franchise Agreement, Section 4).

5. Sell to you the Ice Cream Roll Machine(s). (Franchise Agreement – Section 4.1)

6. Providing you sample designs and specifications for the layout of your Dessert Shop including the fixtures and equipment to be installed in connection with constructing, outfitting, furnishing and decorating your Dessert Shop. (Franchise Agreement, Section 4.4).

7. Approving or disapproving your general contractor, architect and Design and Construction Plan. (Franchise Agreement, Section 4.4).

8. During Initial Management Training, granting you electronic (or other access) to our Operations Manuals, which contain the information, methods, techniques and specifications for the operation of your Dessert Shop. (Franchise Agreement, Section 6.1 & 8.1).

9. Providing you with a list of approved items of ingredients, paper goods, equipment, decor, fixtures, inventory and supplies (by brand name and/or by standards and specifications) and lists of Approved Suppliers for certain items and services. (Franchise Agreement, Section 8.3).

10. Providing you with an email address. (Franchise Agreement, Section 8.2(h)).

11. Providing the Initial Management Training program for your Operating Principal and two (2) additional trainees (including your Manager, if any). (Franchise Agreement, Section 5.4).

12. Approving or disapproving any initial advertising or marketing materials, business forms, stationery, business cards or other forms you intend to utilize in connection with your grand opening or otherwise. (Franchise Agreement, Section 12.1).

13. If this is your first Dessert Shop, providing approximately three (3) days of supervision and assistance for you and your employees prior to and including the grand opening of your Dessert Shop to ensure that you are operating in compliance with the Operations Manuals. If this is your second or subsequent Dessert Shop, we may provide less assistance as we deem necessary. (Franchise Agreement, Sections 8.2).

14. If you choose to provide catering and/or delivery services, approve the vehicle that you intend to use for such services and/or provide written criteria for the model, body and style type for such vehicle and other written specifications for services, equipment or suppliers. If you choose to offer delivery services

through a third party provider, approve such third party provider and the terms and conditions of the provision of such services in our sole discretion. (Franchise Agreement, Section 11.7 & 11.8).

It is estimated that it will take between four (4) and eight (8) months to open a Dessert Shop following your signing of the Franchise Agreement, but may occur earlier or later depending on the actual time required for you to accomplish items including, but not limited to, the following: securing a Location; retaining a general contractor and architect; obtaining financing; obtaining construction, zoning, health and other permits; completing construction; installing signs, fixtures, and equipment; and hiring and training personnel.

We do not provide any assistance with respect to conforming the premises to local ordinances and building codes, obtaining any required permits or hiring and training employees.

Franchisor's Post Opening Obligations.

During the operation of the Dessert Shop, we will:

15. If this is your first Dessert Shop, provide supervision and assistance for you and your employees during the grand opening of your Dessert Shop to ensure that you are operating in compliance with the Operations Manuals and System Standards. If this is your second or subsequent Dessert Shop we may provide less assistance as we deem necessary. (Franchise Agreement, Section 8.2).

16. Provide such continuing advisory assistance to you in the advertising and promotion of your Dessert Shop as we deem advisable. (Franchise Agreement, Section 12).

17. Provide you with any updates to the Operations Manuals and any other instruction, operations criteria or manuals prepared by us for use by our franchisees in operating their Dessert Shops. (Franchise Agreement, Section 8.1).

18. From time to time in our sole discretion, provide you with new recipes. (Franchise Agreement, Section 8.2).

19. From time to time in our sole discretion, provide you advice and written materials concerning techniques of managing and operating the Dessert Shop, including new developments in the System, equipment, food products, services, pricing of Products (as allowed by applicable law), packaging, and preparation and mandating the use of such new techniques and developments as applicable. (Franchise Agreement, Sections 8.2).

20. From time to time in our sole discretion, provide you access to additional or continuing courses of training at times and locations designated by us. (Franchise Agreement, Section 6.2).

21. From time to time in our sole discretion, conduct inspections of your Dessert Shop, evaluate Products sold and services rendered at your Dessert Shop and recommend changes to enhance your Dessert Shop to assure it fully complies with the System and the Operations Manuals as we deem advisable. (Franchise Agreement, Section 15.1).

22. From time to time in our sole discretion, provide you access to field consultants and a telephone helpline to ask questions regarding the System and System Standards. (Franchise Agreement, Section 8.2).

23. From time to time in our sole discretion, maintain updated lists and provide updated lists to you of approved items of equipment, fixtures, inventory, and supplies and updated list of Approved Suppliers for those items. (Franchise Agreement, Section 8.3).

24. From time to time in our sole discretion, provide other resources and assistance as we may in the future develop and offer to all franchisees. (Franchise Agreement, Section 6.2).

25. Maintain the Ad-Fund in accordance with the Franchise Agreement. (Franchise Agreement, Sections 5.3 & 12).

26. Maintain the Website. (Franchise Agreement, Section 8.2).

27. From time to time in our sole discretion, invite you to franchisee-oriented functions, seminars and annual meetings and conferences that we plan and sponsor. (Franchise Agreement, Section 6.3).

28. Periodically and in our sole discretion, specify minimum policy limits for certain types of insurance coverage and review, verify and/or approve proof of insurance and forms of additional insured endorsements. (Franchise Agreement, Section 11.2).

29. If, after commencing operations, you choose to offer catering and/or delivery services, approve the vehicle that you intend to use for such services and/or provide written criteria for the model, body and style type for such vehicle and other written specifications for services, equipment or suppliers. If you choose to offer delivery services through a third party provider, approve such third party provider and the terms and conditions of the provision of such services in our sole discretion. (Franchise Agreement, Section 11.7 & 11.8).

Our individualized assistance to any franchisee (whether in person or by telephone, fax, or mail), is subject at all times to availability of our personnel. All of our obligations under the Franchise Agreement are to you only.

Location Selection/Lease Approval.

If we have not agreed to a Location for your Dessert Shop at the signing of the Franchise Agreement, then within ninety (90) days after your signing your Franchise Agreement, you must submit us a site proposal package for a Location for your Dessert Shop as detailed in the Operations Manuals meeting the site criteria we provide to you. We have thirty (30) days from the submission of your site proposal package to accept or not accept the Location. The criteria used by us reviewing your site includes some or all of the following: traffic flow and patterns, traffic count, competition, ingress and egress, population, demographics, including income, visibility, and the initial cost of remodeling and on-going occupancy overhead expenses. Other factors may also be considered in evaluating your proposed location. Within one hundred eighty (180) days of your signing your Franchise Agreement, you must execute a lease for a Location for your Dessert Shop. We assume all franchisees will lease the Location. If you wish to purchase the real estate for the Dessert Shop, then you must purchase the Location within one hundred eighty (180) days of signing your Franchise Agreement. Our acceptance of a Location does not mean we believe your Dessert Shop will be successful at that location, and we do not guarantee the success of your Dessert Shop at the Location that we approve.

We do not assist you in negotiating your lease or purchase agreement. We do not typically own the premises for a Dessert Shop, in which case we would then lease to you. However, you are required to obtain our written approval of the lease (including any sublease) or purchase agreement before entering into such lease or purchase agreement for your Location. Our approval of any lease shall be conditioned upon the lease containing lease terms acceptable to us including, without limitation, the execution by you and your landlord of a Collateral Assignment of Lease in the form attached to the Franchise Agreement as Exhibit G. You must deliver a copy of the signed lease to us within five (5) days of its execution.

If you do not sign a lease for the Location within one hundred eighty (180) days of signing the Franchise Agreement, then we have the right to terminate the Franchise Agreement. If you do not open your Dessert Shop by the earlier of (i) six (6) months of executing a lease for the Location; or (ii) twelve (12) months of signing the Franchise Agreement, then we have the right to terminate the Franchise Agreement.

Advertising.

Except for our obligations related to the maintenance and expenditure of monies in the Ad-Fund, we are not required or obligated to conduct any advertising. We have the right to modify the source of advertising at any time. We and our affiliates reserve the right to be the exclusive suppliers of the advertising materials used in the System. We are not required to spend any amount for advertising in your Protected Area. (Franchise Agreement, Section 12).

We have the right to direct all advertising and promotional programs and activities, and the right to control and approve all the concepts, materials and media used in such programs and activities. Materials that may be provided to all franchisees in the future may include posters, banners and miscellaneous point-of-sale items. We may periodically provide you, at your expense, with consumer marketing plans and related materials for use at the local or regional level. We may periodically furnish you with samples of advertising, marketing and promotional formats and materials templates which you will then have the right to copy at your expense. (Franchise Agreement, Section 12).

Grand Opening Advertising.

You are required to spend at least $1,000, from the period beginning no earlier than sixty (60) days prior to the opening of the Dessert Shop and continuing through the thirty (30) days after the opening of the Dessert Shop for advertising to promote the opening of the Dessert Shop. All grand opening advertising shall be subject to our approval in writing. Grand opening advertising expenditures may include promotional pictures and photos, newspaper and online advertisements, flyers, leaflets, banners, signs, direct mail, giveaways, franchise branded gifts and accessories, and kick-off events which we pre-approve in writing. The amount you must spend on grand opening advertising is in addition to amounts spent on food, paper products, advertising, or other expenses related to the "test day". (Franchise Agreement, Section 12.3).

Local Advertising.

You must spend at least 3% of Gross Revenues per month on local marketing and advertising (in addition to the grand opening expenditures), commencing upon the opening of your Dessert Shop (the "Local Advertising Requirement"). We may increase the Local Advertising Requirement in our sole discretion. We will provide you thirty (30) days' advance written notice before increasing the Local Advertising Requirement. (Franchise Agreement, Sections 12.2 & 12.4). This amount is not paid to, or collected by us, but is spent directly by you on approved advertising endeavors.

You may develop advertising materials for your own use at your own expense, but you may not use any advertising materials unless they are approved in advance in writing by us. (Franchise Agreement, Section 12.1). All advertising, promotion and marketing must be completely clear and factual and not misleading, conform to the highest standards of ethical marketing, and comply with the promotional policies we establish. Samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted for approval before you may use them. If you do not receive written approval from us within thirty (30) days after we receive the materials, the materials are deemed not approved. You may not use any advertising or promotional materials that we have not approved or disapproved. (Franchise Agreement Section, Section 12.1).

You must promptly discontinue use of any advertising, marketing or promotional plans or materials, whether or not previously approved, on notice from us. We may require you to place advertising in specific media, such as print, social media and direct mail, and determine what percentages of your advertising should be allocated to each medium. All use of any of the Proprietary Marks must meet all System Standards. (Franchise Agreement, Section 12.1 & 12.2).

We reserve the right to require you to include certain language in your local advertising materials, such as "Franchises Available" and the addresses of our Website and phone number.

You may wish to use Social Media Platforms (defined as web based platforms such as Facebook, Twitter, LinkedIn, Instagram, Snapchat, blogs and other networking and sharing sites) or use Social Media Materials (defined as any material on any Social Media Platform that makes use of our IP, Proprietary Marks, name, brand, products or your franchise whether created by us, you or a third-party). You may not use a Social Media Platform or Social Media Materials without our prior written approval and such platform or materials must comply with the restrictions and requirements described below in this Item 11 under "Websites". Your expenditures toward Social Media Platforms and Social Media Materials will count towards your required Local Advertising Requirement but not towards Grand Opening Advertising. (Franchise Agreement, Section 12.2). You must sign the Internet Website and Listing Agreement attached to the Franchise Agreement as Exhibit E assigning us all rights to any website or other web based platforms utilizing the Mark on termination or expiration of the Franchise Agreement.

Advertising Cooperatives.

We have not formed and presently do not require any advertising councils or regional advertising cooperatives, but we may form and/or require one or more to be formed in the future ("Cooperative"). We have the right to designate any geographical area in which two or more Dessert Shops (whether franchised or owned by us or our affiliates) are located as a region for purposes of establishing a Cooperative, or we may approve of the formation of an advertising Cooperative by our franchisees. If a Cooperative is established which encompasses your Protected Area, you will automatically and immediately become a member of the Cooperative and you must agree to contribute to the Cooperative the amount agreed upon by a majority of the members of the Cooperative, to pay that amount to the Cooperative at the times agreed upon by a majority of the members, and to abide by the Cooperative's rules. The payments you make to a Cooperative may be applied by you toward satisfaction of your Local Advertising Requirement, but if the amount you contribute to a Cooperative is less than the amount you must spend on local advertising, you must still spend the difference locally. Each company or affiliate owned Dessert Shop located within the geographic area covering the Cooperative, if any, is required to contribute to the Cooperative on the same basis as you.

Each Cooperative will be organized for the exclusive purposes of administering advertising programs and developing promotional materials for use by the members in local advertising; however, no advertising or promotional plans or materials may be used by the Cooperative or furnished to its members without first obtaining our approval. We may direct the marketing efforts of the Cooperative and/or engage an outside marketing firm which we may require the Cooperative to retain. We may permit, in our sole discretion, members of Cooperatives to determine the use of Cooperative funds. We may prepare governing documents, policies and guidelines for any Cooperative that is formed. If we do, you must comply with the documents for the Cooperative, which will be available for your review. Any deviation from such governing documents, policies and guidelines requires our prior written approval. A violation of any Cooperative agreement will be a default under the Franchise Agreement. We are not required to prepare annual or periodic financial statements for the Cooperative. If we do prepare financial statements for the Cooperative they will be available for your review. We will have the power to require cooperatives be formed, changed, dissolved or merged. (Franchise Agreement, Section 12.8).

Ad-Fund.

You are required to contribute one percent (1%) of your Gross Revenues to the Ad-Fund (the "Ad-Fund Fee"). (Franchise Agreement, Section 5.3). All franchisees and company or affiliate owned Dessert Shops contribute the same percentage as you into the Ad-Fund. Amounts paid into the Ad-Fund are expended for purposes relating to advertising, promotions and marketing of goods and services provided by us related to the System. (Franchise Agreement, Section 12.4).

We or our designee will direct all advertising and promotional programs and activities and the concept, materials and media used in such programs and activities, which may be local, regional or national in nature. The Ad-Fund is intended to maximize general public recognition and acceptance of the Proprietary Marks and the System. We cannot ensure, and have no obligation to ensure, that expenditures by the Ad-Fund in or affecting any geographic area will be proportionate or equivalent to the contributions to the Ad-Fund by Sweet Charlie's franchisees operating in that geographic area or that any Dessert Shop will benefit directly or in proportion to its contribution to the Ad-Fund from the development of advertising and marketing materials or the placement of advertising. We have no other direct or indirect liability or obligation to you regarding the collection of amounts due to, or maintaining, directing or administering, the Ad-Fund. (Franchise Agreement, Section 12.6).

We determine, in our fully unrestricted discretion, the manner in which the Ad-Fund is spent. The Ad-Fund will be used to meet any and all costs of maintaining, administering, directing and preparing advertising and promotional activities (including among other things, the cost of preparing and conducting television, radio, magazine, and newspaper advertising campaign; direct mail and outdoor billboard advertising; Internet advertising including via the Website; marketing surveys and other public relations activities; advertising agencies; and promotional brochures and other marketing materials for Dessert Shops operated under the System. We have the right to reimburse ourselves out of the Ad-Fund for the total costs (including labor and indirect costs) of developing, producing and distributing any advertising materials and administering the Ad-Fund Fee (including attorneys', auditors' and accountants' fees and other expenses incurred in connection with collecting any Ad-Fund Fee). (Franchise Agreement, Section 12.6.) We are not required to audit the Ad-Fund. (Franchise Agreement, Section 12.6).

Any unspent accrued Ad-Fund Fees for any calendar year will be used in the subsequent calendar years. We are not required to provide franchisees with periodic accounting of the Ad-Fund, including the fees paid into the Ad-Fund by franchisees but if we do prepare an accounting of the Ad-Fund we will make it available to you upon your written request. If we advance any amount to the Ad-Fund, we will be entitled to be reimbursed for any such advances. If the Ad-Fund is terminated, all unspent monies on the date of termination will be distributed to franchisees in proportion to their respective contributions to the Ad-Fund during the preceding twelve (12) month period. (Franchise Agreement, Sections 12.4 & 12.6).

We will not use any monies from the Ad-Fund for the preparation of franchise sales solicitation materials although we reserve the right to include "*Franchises Available*" or similar language with our contact information on any advertising purchased or created by the Ad-Fund. (Franchise Agreement, Section 12.5).

In 2018, our Ad-Fund was not in existence so it did not collect or spend any monies.

Gift Card and Loyalty Programs.

You must participate in, and comply with the requirements of, any gift card, gift certificate, customer loyalty or retention, or special promotional program that we implement for all or part of the System and sign the agreements or forms and take the other action we require for you to participate in these programs. (Franchise Agreement, Section 11.1(l)).

Computers.

You are required to purchase a POS System approved by us which meets System Standards. There is currently only one approved POS System, which is presently NCR Silver. The main functions of the POS System are to act as a cash register and collect and manage information about the various sales transactions at your Dessert Shop, including detailed sales data, inventory, prices, coupons, taxes and other sales information. You must also maintain Internet service that allows you an unlimited Internet connection, email and online communication abilities as we require. We estimate that the POS System will have an initial cost of approximately $400. (Franchise Agreement, Section 9.1).

We have no obligation to provide any maintenance, repairs, upgrades or updates to you. The contractual limits on the frequency and costs of your obligation to maintain, upgrade or update the POS System or Computer System (as defined below) to conform to our specifications are subject to the limits on Trade Dress Upgrades in that we will not require you to implement any "Trade Dress Upgrades" (a) that exceed $75,000 over the initial term of the Franchise Agreement; (b) during the period of time after the opening of the Dessert Shop through the first anniversary of the opening of the Dessert Shop; or (c) during the last year of the initial term of the Franchise Agreement; provided, however, these limitations will not apply to any Trade Dress Upgrades required as a matter of law or in connection with the renewal of the Franchise Agreement. We do not currently require you to purchase and maintain software maintenance and support for your POS System, but you may. There may be additional fees associated with upgrades to the POS System.

We and our Approved Suppliers have the right to electronically and manually access the information that the POS System generates. You must cooperate with us in helping us access this information. We will have independent access to your sales information and other data produced by your POS System. There are no contractual limitations on our right to access this information and data. You will be responsible for all costs associated with any computer systems including accessing the Internet. (Franchise Agreement, Sections 9.1 & 15.1).

You must also install and maintain at least one (1) iPad for use with your POS System and a laptop or desktop computer at the Dessert Shop for general business purposes. The POS System has a monthly fee of $175 per month. The menu company for the iPads charges $30 to $60 to use the digital menu platform. The iPad and computer must be equipped with computer hardware components, software, and peripherals (such as printer and scanner) that we require and that meet our specifications. You must use an accounting system capable of generating sufficient accounting reports and information that we require from time to time. We currently use and you must purchase and maintain a license and software for QuickBooks® which is compatible with our version of QuickBooks®, but we have the right to change these requirements and require that you update these programs as the updates become available. You must provide us with your user ID and password for your QuickBooks® account. We have access to all of your electronic information through this system at all times. (Franchise Agreement, Section 9.1). We estimate that QuickBooks® software will have an initial cost of $500 and a $10 to $24 monthly charge for online access which we require. We estimate that the computer hardware (including iPad), a printer/scanner, and general accounting and/or bookkeeping software and word processing software and POS System (the "<u>Computer System</u>") will have an initial cost between $2,500 and $4,500. The annual costs incurred by you for any optional or required maintenance updating, upgrading or support contracts for the Computer System and POS System ranges from $2,880 to $3,408, which includes the monthly fees outlined in this paragraph.

In the future we may require different systems or permit the use of different systems depending on the size of your Dessert Shop. We reserve the right to discontinue any service or support we may offer for any system at any time for any reason or change any required vendors for the products or services at any time for any reason. You must replace, upgrade and maintain these systems at your sole expense. (Franchise Agreement, Section 11.5)

We are not obligated to provide or assist you in obtaining any of the above items or services.

Websites.

We may restrict, limit, control or designate nearly every aspect of your use of websites, the Internet, intranets, worldwide web home pages or e-mail, and require you to participate in a centralized website. Neither you, nor any of your Owners or employees, are permitted to use an e-mail address that is not associated with our www.sweetcharlies.com URL for your Sweet Charlie's franchise. (Franchise Agreement, Section 9.2). You may not establish any website, blog, Facebook page, Twitter account, email distribution list, or other Social Media Platform, World Wide Web or Internet-based presence which uses or displays any of our IP (whether Social Media Materials or otherwise) without our prior written consent, and, at our sole option, you will take such action necessary to cause certain websites or other Social Media Platforms, including, but not limited to, Facebook, Twitter and other such mediums, currently in existence or developed in the future, to assign primary administrative rights to us for your Dessert Shop. We will then, at our sole discretion, provide you with subordinate administrative access to, and guidelines for your use of, such mediums, so that you may promote your business locally. We also have the right to request that you turn over all passwords to any Social Media Platforms or similar internet-based mediums immediately upon creation. Upon termination or expiration of the Franchise Agreement, we will remove your administrative access, and we retain ownership and control of all content created during the franchise term. (Franchise Agreement, Section 9.2).

Operations Manuals.

For the duration of the Franchise Agreement, we will grant you electronic access to the Operations Manuals or make them available to you by paper, Internet or electronic format. The Operations Manuals contain mandatory and suggested specifications, standards and operating procedures. The Operations Manuals are highly confidential, are on loan to you and remain our property. We may revise the Operations Manuals from time to time by posting the revisions electronically or by letter, memorandum, bulletin, videotape, audiotape, diskette, CD ROM, electronic mail or by other written or electronic communication, including the Internet. You must abide by all revisions. The total number of pages of our Operations Manuals and Table of Contents are listed on Exhibit E and is currently one hundred ninety (190) pages. You are prohibited from copying or distributing the Operations Manuals in any manner whatsoever. You must only use the information contained in the Operations Manuals to manage and operate the Dessert Shop and may not use such information for any other purpose. (Franchise Agreement, Sections 8.1 & 10.1(b)).

Training Program.

The Initial Management Training is mandatory for your Operating Principal and Manager. We reserve the right to modify any aspect of our training program to accommodate the needs or experience of any individual trainee. Initial Management Training is conducted in two (2) phases. The first training phase will occur in Philadelphia, Pennsylvania or at another location designated by us, and will last for approximately four (4) days, unless we determine that your Operating Principal or Manager requires a longer training period. The second training phase will occur at your Dessert Shop, and will last for approximately three (3) days, generally beginning a few days prior to opening the Dessert Shop and carrying through the grand opening. You must complete the first phase of Initial Management Training to our satisfaction at least fourteen (14) days prior to the opening of the Dessert Shop and prior to beginning the second phase. The failure of your Operating Principal or General Manager (if you have a General Manager) to complete either or both phases Initial Management Training to our satisfaction will give us the right to terminate your Franchise Agreement. (Franchise Agreement – Section 6.1).

Although we do not charge a fee for the Initial Management Training for your Operating Principal, Manager and up to one (1) additional person, you will be responsible for all personal expenses, including costs and expenses of transportation, lodging, meals, and wages and employee benefits for your trainees. All trainees must be at least eighteen (18) years of age. (Franchise Agreement, Section 6).

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Orientation	2	1	Philadelphia, PA and/or at your Dessert Shop
Management	1	0	Philadelphia, PA
Customer Service & Sales	1	3	Philadelphia, PA and/or at your Dessert Shop
Food Preparation	1	20	Philadelphia, PA and/or at your Dessert Shop
Product Ordering	0	4	Philadelphia, PA and/or at your Dessert Shop
Equipment Usage and Maintenance	0	4	Philadelphia, PA and/or at your Dessert Shop
Marketing & Advertising	1	1	Philadelphia, PA and/or at your Dessert Shop
Quality Standards and Dessert Shop Sanitation	2	2	Philadelphia, PA and/or at your Dessert Shop
TOTALS:	8	35	

We reserve the right to amend, modify, supplement, vary and/or delete any portion of the contents of the Initial Management Training. We do not currently have a set schedule for our training program. We will hold our Initial Management Training on an "as-needed" basis based on new franchisees in the System and the number of Dessert Shop openings, among other things. It is the nature of the Sweet Charlie's Dessert Shop business that all aspects of training are integrated, meaning there are no definitive starting and stopping times. We tailor our training on the needs of the participants to maximize the value of time. Training is conducted by Steven Billig and/or Kyle Billig, who each have at least 4.5 years of relevant experience in the industry and with us. The materials used in the Initial Management Training include the Operations Manual, a PowerPoint training deck, a franchisee/franchisor management system, speakers and consultants and hands-on training.

We may offer continuing or refresher training courses from time to time. These courses will be conducted at locations selected by us. We currently require your Operating Principal and Manager to attend up to two (2) days of such training per year in up to two (2) sessions; however, we reserve the right to increase or decrease such requirements in our sole discretion. We will not charge a tuition fee if we require your Operating Principal and Manager (or your Owners or any other staff) to attend continuing or refresher training courses except if you request additional training, upon a renewal of your Franchise Agreement, or if we require remedial training for operational deficiencies described below. However, you must pay all personal expenses, travel costs lodging costs and meal costs for your trainees for any continuing or refresher training courses. We reserve the right to impose reasonable charges for training materials in connection with continuing or refresher training courses. We will notify you of any additional charges before you or your employees enroll in a course. (Franchise Agreement, Section 6.2). Any replacement Operating Principal or Manager must be approved by us and must successfully complete Initial Management Training, for which you must pay us our then-current trainer fee per day per person, which is currently $600. In addition, you are responsible for any travel and other expenses or costs. (Franchise Agreement, Section 6.2).

You will be responsible for all of our expenses and costs including transportation and meals of our personnel if we determine, in our sole discretion, that we need to provide additional or remedial training to your Owners, your Operating Principal or Managers (1) because we determine is necessary or appropriate, in our sole discretion, to protect the quality, integrity and/or reputation of the System, Proprietary Marks and/or IP, including, without limitation, because you are in default or breach under this Agreement or otherwise in violation of our System Standards or (2) due to a request for additional training on your part. You will also pay us our then-current trainer fee per day per person, which is currently $600. (Franchise Agreement, Section 6.2). Failure to attend any required continuing, additional, remedial or refresher training is a default under the Franchise Agreement. (Franchise Agreement, Section 18.3).

We may also conduct seminars or hold annual meetings or conferences from time-to-time for the benefit of all franchisees whose attendance may or may not be mandatory. There is currently no registration fee, but you must pay for all of your associated expenses, including the expense of salaries, travel, meals, lodging, and miscellaneous expenses of your personnel attending such seminars, meetings or conferences. However, we reserve the right to charge a registration fee for our annual meeting or conference in an amount not to exceed the actual cost per attendee for such conference. Your failure to attend mandatory seminars, meetings or conferences will be treated as a default under the Franchise Agreement and you must pay our then-current fine for not attending, which is currently $500. (Franchise Agreement, Section 6.3).

Item 12: Territory

Location and Protected Area.

Your Franchise Agreement will grant you the right to open a Dessert Shop at a specified Location within a designated Protected Area, which is the non-exclusive area within which we agree not to locate another franchised or company/affiliate-owned Dessert Shop. The Protected Area is not an "exclusive territory" because we reserve the right to locate a Sweet Charlie's Dessert Shop in a Reserved Venue (as defined below) in your Protected Area. Your Protected Area will be identified on Schedule I to the Franchise Agreement. We cannot guarantee that your Location will be in any particular location of your Protected Area. If a Location is approved before or at the signing of the Franchise Agreement, it will also be identified on Schedule I to the Franchise Agreement. You are not granted any other right. If you sign a Development Rights Rider, you must select the site for your Dessert Shop from within the Development Area.

In the alternative, if you execute a Territory Deposit Agreement, we will reserve a Potential Region for a period of no more than ninety (90) days to afford you the ability to conduct certain site selection activities prior to the signing of the Franchise Agreement. If you fail to sign a Franchise Agreement before the expiration of the Territory Deposit Agreement, the Territory Deposit Agreement will terminate and you will have no further territorial rights to the Potential Region. You will not receive a refund of the Territory Deposit Fee.

We and our affiliates will agree, subject to certain exceptions and limitations, not to sell another franchise or open (or authorize an affiliate to open) a retail business that will primarily sell made to order rolled ice cream (dairy and non-dairy) and frozen yogurt products within your Protected Area during the term of the Franchise Agreement or in the Potential Region during the term of the Territory Deposit Agreement. We and/or our affiliates reserve the right to sell another franchise or open a business anywhere outside of your Protected Area or your Potential Region (as applicable), regardless of proximity to your Location, and authorize these other franchisees and businesses to provide the same services that you provide outside your Protected Area. If you sign a Franchise Agreement under a Development Rights Rider, your Protected Area under that Franchise Agreement will not, in any event, extend beyond the boundaries of your Development Area.

Generally, each Protected Area and Potential Region is determined by population, as determined using statistics and demographic data for zip codes as provided by the U.S. Census Bureau or comparable published demographic data such as that published on DemographicsNow.com and by metropolitan or statistical boundaries, street boundaries, zip codes or housing subdivisions or other criteria we choose. Your Protected Area or Potential Region will consist of approximately 50,000 – 100,000 people.

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.

Performance Standards.

Continuation of your Protected Area does not depend on the achievement of a certain sales volume, market penetration or other contingency but we may modify your Protected Area upon renewal due to shifts in population. We can also modify your Protected Area or remove the rights to the Protected Area if you do not meet System Standards.

Catering and Delivery.

You may not market your Dessert Shop, solicit customers, or provide services or offer or sell products outside of your Protected Area, except as otherwise provided in this Item 12. Subject to our termination rights described below, you will be permitted to provide catering and delivery services from your Location to events and/or customers located inside or outside your Protected Area. Dessert Shops owned by us or our affiliates or franchisees may provide catering and/or delivery services from their Locations, respectively, to events and/or customers located inside your Protected Area, and you will not be entitled to any compensation in connection with these activities. We reserve the right to terminate your right to provide catering and/or delivery services if we determine, in our sole discretion, (i) that providing these services negatively affects the operation of your Dessert Shop or your strict compliance with the Operations Manuals or the System Standards in any respect, or (ii) that terminating these rights would benefit the operation of your Dessert Shop or your compliance with the Operations Manuals or the System Standards or is otherwise necessary or desirable to protect the quality, integrity and/or reputation of the System or Proprietary Marks.

Right of First Refusal.

The Franchise Agreement does not grant you the right to acquire additional franchises within or outside of your Protected Area.

Reservation of Rights. We and our affiliates reserve all rights not expressly granted to you in the Franchise Agreement or Territory Deposit Agreement and you have no rights to conduct these activities or receive any compensation if we conduct any of the following activities, including:

1. The exclusive right to own and operate Dessert Shops at any location(s) outside of your Protected Area or Potential Region under the Proprietary Marks or using the IP, or to license others the right to own and operate a Dessert Shop at any location(s) outside of your Protected Area or Potential Region under the Proprietary Marks and System or using the IP. The Franchise Agreement does not provide you with competitive protection, at all, outside the boundary of the Protected Area.

2. The exclusive right to sell Products, goods and merchandise, bearing the Proprietary Marks through the Internet, catalog sales, telemarketing, or other direct marketing channels. These Products and merchandise may be similar or identical to Products sold within your Dessert Shop, and customers who purchase our Products through such channels may be located within your Protected Area or Potential Region. You will receive no compensation for sales to these customers.

3. The exclusive right to distribute our Products and merchandise to wholesalers or retail businesses (such as supermarkets and specialty stores) or through the Internet, catalog sales, telemarketing, or other direct marketing ("Alternative Distributors") without compensation to you. Alternative Distributors may operate inside the Protected Area or Potential Region; there are no geographic limitations on the territory in which we or our affiliates may distribute Products to Alternative Distributors. Further, Alternative Distributors may engage in direct competition with your Dessert Shop and there are no restrictions on the type of Products or merchandise an Alternative Distributors may offer.

4. The right to establish within the Protected Area or Potential Region, without your consent, and without compensation to you, another Dessert Shop within the Protected Area or Potential Region on the premises of any "Reserved Venue." Reserved Venues include any self-contained facility (such as a shopping mall, military base, state or national park, stadium, airport, public transportation facility, toll booth plaza, corporate facility, amusement park, fair ground, school or university campus or sports arena) as well as special events like street fairs, parades, sporting events and similar occasions. We or our affiliates or franchisees may operate at any Reserved Venue on a temporary, seasonal or permanent basis.

5. The exclusive right to own and operate businesses under different marks inside or outside your Protected Area or Potential Region, or license others the right to own and operate businesses under different marks inside your Protected Area or Potential Region, so long as the businesses do not offer a menu consisting of primarily made to order rolled ice cream (dairy and non-dairy) and frozen yogurt products in your Protected Area or Potential Region.

6. The right to provide catering and/or delivery services in your Protected Area or Potential Region or to sell to or license to others (including our affiliates) the right to provide catering and/or delivery services in your Protected Area or Potential Region.

Despite clauses (1) through (6) above, we may acquire or merge with any existing business located inside or outside your Protected Area or Potential Region and operate that business using the IP, Proprietary Marks and System.

Relocation.

You may only operate one Dessert Shop in the Protected Area and you may relocate that Dessert Shop, in or outside of the Protected Area, only with our written approval. We may approve the re-location of your Dessert Shop based on your Dessert Shop's existing financial performance, the quality of the proposed availability of a site for relocation and other criteria used to approve a Dessert Shop location, however, we do not have to accommodate any relocation.

Development Rights Rider.

If you sign a Development Rights Rider, we will grant you a Development Area. We determine the Development Area before you sign the Development Rights Rider based on various market and economic factors like market demographics, the penetration of Sweet Charlie's Dessert Shops and similar businesses in the market, expansion potential, the availability of appropriate sites and growth trends in the market. The Development Area may be all or a portion of a city, a contiguous number of zip codes, a single or multi-county area, or some other geographically identifiable area, which will be described in the Development Rights Rider.

You must develop Dessert Shops in the Development Area as outlined in the development schedule in the Development Rights Rider. We must agree to the development schedule before signing the Development Rights Rider. If you stop operating any Dessert Shop during the term of the Development Rights Rider, you must develop a replacement Dessert Shop within a reasonable time (not to exceed 180 days) after you stop operating the original Dessert Shop.

If you comply with the Development Rights Rider and all other agreements that you and your affiliates have with us and our affiliates, then we and our affiliates will not establish, or authorize anyone except you to establish, any Dessert Shops in the Development Area during the term of the Development Rights Rider. We retain all other rights. Among other things, this means we can conduct activities in the Development Area like those described above in relation to the Protected Area.

If you fail to comply with the development schedule, or otherwise materially default under the Development Rights Rider, then we may (in addition to our other remedies) terminate the Development Rights Rider. When the Development Rights Rider expires or is terminated, you cannot develop additional Dessert Shops in the Development Area (but may complete development of and/or operate Dessert Shops under the existing Franchise Agreements) and we may develop or authorize others to develop Dessert Shops in the Development Area and exercise all rights not expressly granted to you under your Franchise Agreements.

Except as described above, continuation of any territorial protections in the Development Area does not depend on the achievement of a certain sales volume, market penetration, or other contingency and we may not alter your Development Area. You do not have any options, rights of first refusal or similar rights to acquire additional franchises inside or outside of your Development Area.

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.

Item 13: Trademarks

The Dessert Shops operate under the trademark and trade name "Sweet Charlie's." SC Holdings has granted us the right to sublicense the Proprietary Marks for the purpose of selling franchises. The Proprietary Marks are licensed to us under a license agreement, dated October 24, 2016 between us and SC Holdings.

SC Holdings presently has the following trademarks and service marks registered with the United States Patent and Trademark Office ("USPTO") on the principal register:

TITLE	Registration Number	Registration Date
SWEET CHARLIE'S	5,026,659	August 23, 2016
	5,027,275	August 23, 2016
Just Roll With It	5,155,941	March 7, 2017

SC Holdings and we timely file all affidavits of use required to be filed to maintain the registration of the preceding Proprietary Marks.

We have a common law right to use the Proprietary Marks listed below:

Mark	Goods/Services Provided Under Mark
SWEET CHARLIE'S JUST ROLL WITH IT	desserts; goods; retail shops; take-out services; catering services; delivery services; mail order services; bar, lounge and restaurant services
Mark	**Goods/Services Provided Under Mark**
Tall Charlie	desserts; goods; retail shops; take-out services; catering services; delivery services; mail order services; bar, lounge and restaurant services

We do not have a federal registration for our Proprietary Marks pictured above. Therefore, these Proprietary Marks do not have as many legal benefits and rights as federally-registered trademarks. If our right to use any of these Proprietary Marks is challenged, you may have to change to an alternative trademark(s) which may increase your expenses.

License of the Proprietary Marks.

There are no determinations of the USPTO or any Trademark Administrator or court, nor any pending interference, opposition or cancellation proceeding or any pending material litigation involving such Proprietary Marks. There are no agreements currently in effect that significantly limit our rights to use or license the use of such Proprietary Marks in a manner material to the franchise. There are no infringing uses actually known to us which could materially affect your use of our Proprietary Marks.

Use of the Proprietary Marks.

We grant to you the right to operate a Dessert Shop under the name "Sweet Charlie's" and to use the Proprietary Marks so long as you are in compliance with the terms of the Franchise Agreement. You have no other rights in our Proprietary Marks. You must use our Proprietary Marks in the manner we direct. You cannot use our Proprietary Marks for any other purpose.

You must follow our rules when you use the Proprietary Marks. You may not us the mark "Sweet Charlie's" or any other Proprietary Marks or IP in your own corporate or other legal name. We must approve your corporate name and all fictitious names under which you propose to do business in writing before use. You must use your corporate or limited liability company name either alone or followed by the initials "D/B/A" and the business name "Sweet Charlie's" or "Sweet Charlie's of ________" (insert location name). You must promptly register at the office as provided for by the laws of the state in which your Dessert Shop is located and/or if required at the office of the county in which your Dessert Shop is located, as doing business under such assumed business name.

We or our affiliates are the lawful and sole owner of the domain name: www.sweetcharlies.com. You cannot register any of the Proprietary Marks now or in the future owned by us or any abbreviation, acronym or variation of the Proprietary Marks, or any other name that could be deemed confusingly similar, as Internet domain names. We retain the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue use of a website using the Proprietary Marks. Except as we may authorize in writing in advance, you cannot: (i) link or frame our Website; (ii) conduct any business or offer to sell or advertise any products or services on the worldwide web; or (iii) create or register any Internet domain name in connection with your Dessert Shop.

You may use only the Proprietary Marks which we designate, and may use them only in the manner we authorize and permit. Any goodwill associated with the Proprietary Marks, including any goodwill which might be deemed to have arisen through your activities, inures directly and exclusively to our benefit. You may use the Proprietary Marks only for the operation of the Sweet Charlie's franchise or in advertising for the Dessert Shop. You must use all Proprietary Marks without prefix or suffix and in conjunction with the symbols "SM," "®," "S" or "®," "™" as instructed by us. You may not use the Proprietary Marks in connection with the offer or sale of any services which we have not authorized for use in connection with the System.

Infringements.

You will be obligated to notify us of any unauthorized use, suspected use or claim to use our Proprietary Marks, the use, suspected use or claims of rights to our Proprietary Marks by third parties or the use or suspected use by any third party of confusingly similar Proprietary Marks. You do not have the right to take any action to enforce or defend any rights associated with the Proprietary Marks. Upon such notification, we have the right to decide whether or not to take affirmative action. We reserve the right, but are not required, to protect your right to use the Proprietary Marks. We have the right to control any administrative proceedings or litigation arising from any affirmative action that we may choose to commence. In the event that we engage in any litigation in the defense or prosecution of the Proprietary Marks, we will bear all costs and expenses incident to such litigation, unless the litigation involves your violation of the Franchise Agreement's provisions relating to the Proprietary Marks. You agree to execute any and all documents and do such acts and things as may be necessary or desirable, in the sole opinion of our legal counsel, to carry out such defense or prosecution. If requested, you must participate in the litigation matter involving the defense of our Proprietary Marks. You are not entitled to any compensation as a result of the discontinuation or modification of any of the Proprietary Marks as a result of any proceeding or settlement. If you elect to be represented by personal legal counsel in connection with any proceeding involving the Proprietary Marks, you will bear the fees, expenses, and other costs associated with such personal legal counsel.

You must also agree not to contest our interest in our Proprietary Marks and other trade secrets.

You acknowledge that our Proprietary Marks are valid and are our sole property. You cannot, either during or after the term of the Franchise Agreement, do anything, or aid or assist any person to do anything, which would infringe upon, harm, or contest our rights in any of our Proprietary Marks. You further must agree not to hinder or prevent us from using or franchising our Proprietary Marks in any jurisdiction. You must acknowledge that all goodwill which may arise from using our Proprietary Marks is and will remain our sole and exclusive property and will inure solely to our benefit.

Changes to the Proprietary Marks.

If we determine that it becomes advisable for us and/or you to modify or discontinue the use of any Proprietary Mark and/or use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice. You will pay the expense of changing your Dessert Shop signage, including signage on any kiosk or vehicle used to provide catering and/or delivery services, if any. Further, we will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Proprietary Mark or for any expenditure you make to promote a modified or substitute trademark or service mark.

Item 14: Patents, Copyrights, and Proprietary Information

Patents.

SC Holdings has granted us a license to certain design and utility patent rights (the "Patent Rights"). The design patent describes an ornamental design for an ice cream donut roll, which we call the "Tall Charlie" (see Item 13), and the utility patent relates to a system for producing rolled ice cream. The Patent Rights include the right to make, use, market and sell products using the Tall Charlie design and the system for producing rolled ice cream, as well as the right to sublicense the Patent Rights. Our license of the Patent Rights to you includes only the limited right to make, use, market and sell products using the Tall Charlie design and the system for producing rolled ice cream at your Location and, if you provide catering services, at the locations at which you provide catering services.

Patent rights shall mean:

1. The pending application is listed in the table below:

Title	Application Number	Filing Date	Application Type
SYSTEM FOR PRODUCING ROLLED ICE CREAM	15/804,399	November 6, 2017	Utility

2. The issued patent is listed in the table below:

Title	U.S. Patent Number	Issue Date	Type	Duration
ICE CREAM DONUT ROLL	U.S. D835,380S	December 11, 2018	Design	15 years

3. Any and all improvements developed by us, whether patentable or not, relating to the Patent Rights, which we may now or may hereafter develop, own or control; and

4. Any or all patents, which may issue on the Patent Rights and improvements thereof, developed by us and any and all divisions, continuations, continuations-in-part, reissues and extensions of such patents.

There is no presently effective determination of the United States Patent and Trademark Office or any court affecting the patent. There is no currently effective agreement that limits our right to use and/or license the patent. Neither we nor SC Holdings are obligated by the Franchise Agreement or otherwise, to protect any rights you have to use the patent. We have no actual knowledge of any infringements that could materially affect the ownership, use or licensing of the patent.

You will be obligated to notify us of any unauthorized use, suspected use or claim to use our Patent Rights. You do not have the right to take any action to enforce or defend any rights associated with the Patent Rights. Upon such notification, we have the right to decide whether or not to take affirmative action. We reserve the right, but are not required, to protect your right to use the Patent Rights. We have the right to control any administrative proceedings or litigation arising from any affirmative action that we may choose to commence. In the event that we engage in any litigation in the defense or prosecution of the Patent Rights, we will bear all costs and expenses incident to such litigation, unless the litigation involves your violation of the Franchise Agreement's provisions relating to the Patent Rights. You agree to execute any and all documents and do such acts and things as may be necessary or desirable, in the sole opinion of our legal counsel, to carry out such defense or prosecution. If requested, you must participate in the litigation matter involving the defense of our Patent Rights. You are not entitled to any compensation as a result of the discontinuation or modification of any of the Patent Rights as a result of any proceeding or settlement. If you elect to be represented by personal legal counsel in connection with any proceeding involving the Patent Rights, you will bear the fees, expenses, and other costs associated with such personal legal counsel.

You must also agree not to contest our interest in our Patent Rights.

You acknowledge that our Patent Rights are valid and are our sole property. You cannot, either during or after the term of the Franchise Agreement, do anything, or aid or assist any person to do anything, which would infringe upon, harm, or contest our rights in any of our Patent Rights. You further must agree not to hinder or prevent us from using or franchising our Patent Rights in any jurisdiction. You must acknowledge that all goodwill which may arise from using our Patent Rights is and will remain our sole and exclusive property and will inure solely to our benefit.

If we determine that it becomes advisable for us and/or you to modify or discontinue the use of any Patent Rights, you must comply with our directions within a reasonable time after receiving notice. Further, we will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Patent Rights.

Copyrights.

We or our affiliates claim copyrights in the Operations Manuals, service brochures, the Website, product and service materials, advertising materials and related items used in operating the franchise (the "Copyrighted Materials"). We may further register, develop, change, cancel, enhance or modify Copyrighted Materials at any time. We have not registered any Copyrighted Materials with the United States Registrar of Copyrights.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the Copyrighted Materials. Nor are there any agreements currently in effect which significantly limit our right to use or authorize franchisees to use the Copyrighted Materials. Furthermore, there are no infringing uses actually known to us which could materially affect a franchisee's use of the Copyrighted Materials in any state. We are not required by any agreement to protect or defend Copyrighted Materials or confidential information, although we intend to do so if this action is in the best interests of the System.

If we decide to add, to modify or to discontinue the use of a copyrighted item, you must also do so. We are not obligated to reimburse you for any costs of complying with this obligation. You do not have the right to take any action to enforce or defend any rights associated with the copyrighted materials. However, you must promptly notify us in writing if you become aware of any infringement of our copyrights, or if any infringement claims are made against you in connection with your use of the copyrighted materials or for expenses, costs and damages in actions involving copyrighted materials. We will then decide, in our sole discretion, what action, if any, will be taken. In the event that we engage in any litigation in the defense or prosecution of the copyrighted materials, we will bear all costs and expenses incident to such litigation, unless the litigation involves your violation of the Franchise Agreement's restrictions on the use of the copyrighted materials. Except for the costs and expenses incident to litigation just described, we have no obligation under the Franchise Agreement to protect you against, participate in your defense of, or reimburse you for, any damages for which you are held liable in any proceeding arising out of your use of the copyrighted materials. You agree to execute any and all documents and do such acts and things as may be necessary or desirable, in the sole opinion of our legal counsel, to carry out such defense or prosecution. You are not entitled to any compensation as a result of the discontinuation or modification of any of the copyrighted materials as a result of any proceeding or settlement. If you elect to be represented by personal legal counsel in connection with any proceeding involving the copyrighted materials, you will bear the fees, expenses, and other costs associated with such personal legal counsel.

Confidential Information.

Our confidential information will include all non-public information about us, or affiliates, our franchisees, our suppliers and the System, including but not limited to, the Operations Manuals; System Standards; services; methods for operating, managing, developing or coordinating services, marketing, distribution, performance, provision or rendering methods, techniques, equipment (including the Ice Cream Roll Machine) or supplies; recruitment, training, marketing or compensation methods; recipes, ingredients and techniques including the method of freezing and serving our Products; customer lists; referral sources; billing and collection methods; financial information; and other information about us and information about our Approved Suppliers; strategic partners, business plans, employees and independent contractors (collectively, the "Confidential Information").

You may never – during the initial term, any renewal term, or after the Franchise Agreement expires or is terminated – reveal any of our confidential information to another person or use it for any purpose other than to operate your Dessert Shop. You may not copy any of our Confidential Information or give it to a third party except as we authorize. All persons affiliated with or employed by you and to whom you grant access to Confidential Information or who attend training must sign a confidentiality agreement as well as all officers, directors and equity holders.

All ideas, concepts, recipes, concoctions, mixes, flavorings, menu items, techniques and other newly developed information or materials relating to a Dessert Shop, whether or not constituting protectable IP, and whether created by or on behalf of you or your Owners, Operating Principal, Managers or employees, must be promptly disclosed to us, will be considered our property and part of the System and will be considered to be works made-for-hire for us. You and your Owners must sign whatever documents we request to evidence our ownership or to assist us in securing intellectual property rights in these ideas, concepts, techniques or materials. You will not receive any form of compensation or consideration in exchange for ideas, concepts, techniques, recipes and other newly developed information or materials relating to a Dessert Shop which you develop.

Item 15: Obligation to Participate in the Actual Operation of the Franchise Business

Your Operating Principal or Manager who is approved by us and who has successfully completed all initial training must devote full time to the operation of your Dessert Shop and must be onsite, in charge of the operation of the Dessert Shop on a day to day basis. The Operating Principal must own at least 51% of the franchisee entity. The Manager does not need to own any interest in the franchisee entity.

You must form a corporation, limited liability company, limited partnership or limited liability partnership to own your franchise and we may require that each of your Owners and their spouses personally guarantee your obligations under the Franchise Agreement, and that they also agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities. You may not use the Proprietary Marks, or any abbreviation or acronym of the Proprietary Marks, in the corporate or legal name of the corporation, limited liability company, limited partnership or limited liability partnership you form to own your franchised business. We must approve your corporate name and all fictitious names under which you propose to do business in writing before use.

If you sign a Development Rights Rider, you are allowed to form subsidiary corporations, LLCs or partnerships for each Dessert Shop you develop. The entity that owns each Dessert Shop must have the same ownership structure as, or be wholly owned by, the entity which holds the development rights and is a party to the Development Rights Rider. Each entity may sign a Franchise Agreement for each Dessert Shop for which a development right is granted.

All Owners and their spouses, managers, and any Dessert Shop personnel completing our training must sign our form Confidentiality, Non-Use and Non-Competition Agreement which is attached as Exhibit C to the Franchise Agreement. These requirements apply whether or not an equity owner is involved in the Dessert Shop's operation or management.

We restrict all employees and Dessert Shop personnel from disclosing Confidential Information, and you must have all staff of the Dessert Shop sign a confidentiality agreement to protect the Proprietary Marks, the Operations Manuals and other information concerning the System.

Item 16: Restrictions on What the Franchisee May Sell

You must operate your Dessert Shop in strict conformity with the System, as explained in the Operations Manuals, and in other writings by us from time to time. You must use the approved Location only for the operation of the Dessert Shop and may not operate any other business at or from the Location without our express prior written consent. You must keep the premises open and in operation for such hours and days as we may, from time to time, specify in the Operations Manuals or as we may otherwise approve in writing. Subject to local laws, during your peak season, we recommend your Dessert Shop stay open at least until 10 p.m. We do not impose any restriction on the customers you may serve at the Location.

We require you to offer and sell only those items and services that we approve and in the manner and with the specifications we approve including weight, size, form, packaging, quality and quantity. We maintain a written list of approved goods and services in our Operations Manuals. You must refrain from deviating from our standards and specifications without our prior written consent and must discontinue selling and offering for sale any menu items, Products, or services which we may disapprove at any time. We reserve the right to designate additional required or optional services or Products in the future and to withdraw any of our previous approvals. In that case, you must comply with the new requirements.

We may require you to introduce test menu items or products for sale in the Dessert Shop. You must discontinue offering any test menu item or product that we do not adopt for permanent sale.

Item 17: Renewal, Termination, Transfer, and Dispute Resolution

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement. You should read these provisions in the Franchise Agreement attached to this disclosure document.

Provision	Section in franchise or other agreement	Summary
a. Term of Franchise	F.A. Section 2.3	Ten (10) years.
b. Renewal or extension of the term	F.A. Section 2.5	If you are in good standing, upon expiration of your original Franchise Agreement, you will have the right to renew your franchise for two (2) additional five (5) year terms.
c. Requirements for you to renew or extend	F.A. Section 2.5	Requirements include: (i) you provide us at least one hundred eighty (180) days prior notice; (ii) you complete, to our satisfaction, all refurbishment, maintenance and upgrading necessary; (iii) you are in good standing; (iv); you satisfy all monetary obligations you owe us, our affiliates, and our Approved Suppliers and vendors; (v) you execute our then-current form of Franchise Agreement; (vi) you satisfy our then-current training requirements;(vii) you and your Owners sign a general release; (viii) you obtain an extension or renewal of your lease (if applicable); (ix) you agree to our reasonable proposed modification of your Protected Area, if any, due to shifts in population; and (x) you pay us a fee equal to 10% of the then-current initial franchise fee. The then-current standard Franchise Agreement may contain materially different terms and conditions than your original Franchise Agreement.
d. Termination by you	F.A. Section 18.1	Upon our material breach which we do not attempt to cure within ninety (90) days of your written notice. You may not otherwise terminate the Franchise Agreement.

Provision	Section in franchise or other agreement	Summary
e. Termination by Us without cause	None	We may not terminate the Franchise Agreement without cause.
f. Termination by us with cause	F.A. Section 18	Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination.
g. "Cause" defined-defaults which can be cured	F.A. Section 18.3	Curable defaults include any of the following events if not cured within the time period specified in the Franchise Agreement: (i) you submit understated Gross Revenue or other income reports; (ii) you fail to maintain and operate the Dessert Shop in a good, clean, and wholesome manner; (iii) you deny our right to inspect the Dessert Shop; (iv) you use ingredients or sell food or beverage products that fail to conform to the specifications; (v) you fail to maintain and operate the Dessert Shop consistently with the Operations Manual or our standards; (vi) you fail to remit any payments immediately when due to us; (vii) you fail to remit any payments immediately when due to a supplier, vendor, broker, landlord, the Cooperative, or other third party owed by the Dessert Shop; (viii) you fail to submit to us any financial reports or other information required under the Franchise Agreement; (ix) you fail to maintain proper insurance; (x) you interfere with our ability to access the POS system or our ability to access the account used to transfer certain fees; (xi) you operate the Dessert Shop in an unhealthy or unsafe manner; (xii) you fail to obtain and maintain any required license or fail to comply with applicable laws and regulations; or (xiii) you breach any other obligation, covenant or representation under the Franchise Agreement.

Provision	Section in franchise or other agreement	Summary
h. "Cause" defined- defaults which cannot be cured	F.A. Section 18.2	Non-curable defaults include: (i) making any unauthorized transfer of the Dessert Shop or Franchise Agreement; (ii) failing to commence business within the time prescribed in the Franchise Agreement; (iii) failing to purchase or lease a suitable Location within one hundred eighty (180) days after execution of this agreement; (iv) abandoning or failing to operate the Dessert Shop for three (3) consecutive business days which shall not apply outside of any defined seasonal period for franchisees with seasonal operations; (v) violating or beaching any of the Franchise Agreement's restrictive covenants or intellectual property provisions; (vi) bankruptcy or insolvency; (vii) failing to successfully complete Initial Manager Training; (viii) the entering of certain judgments or liens against you or your property; (ix) termination of your right of possession to the Dessert Shop's premises; (x) knowingly selling products or using ingredients that fail to conform to the specifications or failing to sell products designated by us; (xi) knowingly failing to report accurately the Gross Revenue of the Franchise or committing fraud, misrepresentation or a similar act or omission against us, related entities or a third party; (xii) defaulting, on two (2) or more separate occasions within any period of twelve (12) consecutive months, whether or not cured, on any of your material obligations to us or an affiliate; (xiii) engaging in any misconduct which hurts the goodwill of the System; (xiv) conviction of or plea of no contest to a violation of certain laws or regulations; or (xv) failing to pay any taxes when due.

Provision	Section in franchise or other agreement	Summary
i. Your obligations on termination/non-renewal	F.A. Section 18.6	You must: (i) immediately cease to use any of the Confidential Information, the IP and the Proprietary Marks; (ii) immediately return to us (or destroy upon our request) all of your copies of any materials containing any of the Confidential Information or any materials bearing the Intellectual Property or the Proprietary Marks and all copies and records of any customer or other similar lists; (iii) upon our request, cooperate in assigning to us or to a person or entity designated by us any and all vendor agreements or sales or service contracts; (iv) immediately cease all use of our IP and stop holding yourself out to the public as associated with us in any way including, remove all trade dress; (v) immediately cease using all Social Media Platforms and do all things necessary to remove your administrative access to these platforms; (vi) terminate your access to the e-commerce activities we designate and assign to us all telephone numbers, e-name and directory listings associated in any way with Sweet Charlie's and our Proprietary Marks, and direct the telephone company to transfer all such numbers and listings to us or our designee; (vii) immediately pay us all unpaid fees and pay us, our affiliates, and our approved and designated suppliers and vendors, all other monies owed; (viii) comply with the post-termination covenants; and (ix) cease any and all contact with suppliers, vendors, employees or our agents without our prior written consent.
j. Assignment of contract by us	F.A. Section 16.1	No restrictions on our right to assign.
k. "Transfer" by you - definition	F.A. Section 16.3	Voluntary or involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in the Franchise Agreement or the assets of or ownership interest in the Dessert Shop.
l. Our approval of transfer by franchisee	F.A. Section 16.5	We have the right to approve but will not unreasonably withhold approval.

Provision	Section in franchise or other agreement	Summary
m. Conditions for our approval of transfer	F.A. Section 16.6	Conditions include: (i) the transferee and its owners meet or exceed the approval criteria including passing a background check all at our sole discretion; (ii) you pay all amounts owed to us or to third-party creditors and have submitted all required reports and statements; (iii) if applicable, the new Operating Principal of transferee completes our required training program; (iv) transferee enters into our then-current form of Franchise Agreement and any required related agreements; (v) the transferee agrees to upgrade the Dessert Shop to conform to our then-current System Standards; (vi) the transfer fee is paid; (vii) you and all transferring Owners have signed a general release; (viii) we approve the material terms and conditions of such transfer; (ix) if you or your owners finance any part of the sale price of the transferred interest, you and/or your Owners subordinate transferee's obligation to pay to our right to Royalty Fees, Ad-Fund Fees and other amounts due to us and otherwise to comply with this Agreement; and (x) upon our request, you have agreed that you will provide guidance and support for a period of no less than thirty (30) days from the day the transferee satisfactorily completes all training.
n. Our right of first refusal to acquire your business	F.A. Section 16.10	Within thirty (30) days after notice, we have the option to purchase the transferred interest on the same terms and conditions offered by a third party provided that we may substitute cash in place of any finance terms.
o. Our option to purchase your business	F.A. Section 16.10	If the Franchise Agreement is terminated by either party or you cease to do business for any reason, we have the right to purchase your assets at book value (cost less depreciation).
p. Your death or disability	F.A. Sections 16.7 & 16.8	Your Dessert Shop or an ownership interest in you must be assigned to an approved buyer in the time we designate and must be run by a trained operator during the period before the assignment. Assignment is subject to our right of first refusal. We have the right to manage the Dessert Shop and charge a management fee if we feel, in our sole discretion, that the Dessert Shop is not being operated properly.
q. Non-competition covenants during the term of the franchise	F.A. Section 7.2	The Owners, spouses of Owners, Operating Principals and Managers are prohibited from operating or having an interest in any type of business that creates, develops, markets or sells ice cream (dairy or non-dairy) or frozen yogurt products of any kind.

Provision	Section in franchise or other agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	F.A. Section 17.6	Your Owners are prohibited from (i) operating or having an interest in any type of business that creates, develops, markets or sells ice cream (dairy or non-dairy) or frozen yogurt products of any kind within a twenty (20) mile radius of the territory of any franchise or company owned outlet for a period of twenty four (24) months; (ii) soliciting our strategic partners, referral sources, or other independent contractors to accept a business affiliation with you; (iii) soliciting our customers; or (iv) disparaging us or the System in any way.
s. Modification of the agreement	F.A. Sections 8.1 & 22.3	You must comply with the Operations Manuals as periodically amended. The Franchise Agreement may only be modified or amended in writing signed by all parties.
t. Integration/merger clause	F.A. Section 22.3	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document may not be enforceable.
u. Dispute resolution by arbitration or mediation	F.A. Sections 21.4 & 21.5	Disputes between you and us may be settled by non-binding mediation or by binding arbitration in Delaware at our sole discretion.
v. Choice of forum	F.A. Section 21.2	Delaware (subject to applicable state law).
w. Choice of law	F.A. Section 21.1	Delaware (subject to applicable state law).
x. Waiver of jury clause	F.A. Section 21.12	Both parties agree to waive the right to a jury trial for all disputes (subject to applicable state law).

This table lists certain important provisions of the Development Rights Rider. You should read these provisions in the Development Rights Rider attached to this disclosure document.

Provision	Section in Development Rights Rider	Summary
a. Term of Franchise	7	The Development Rights Rider begins on the date it is signed and ends on the date when (a) the final Sweet Charlie's Dessert Shop to be developed under the Schedule has been opened (or, if earlier, must have opened), or (b) the Rider otherwise is terminated.
b. Renewal or extension of the term	None	There is no renewal or extension of term.
c. Requirements for you to renew or extend	None	There are no requirements for you to renew or extend.

Provision	Section in Development Rights Rider	Summary
d. Termination by you	None	You may not terminate the Developments Rights Rider.
e. Termination by Us without cause	None	We may not terminate the Development Rights Rider without cause.
f. Termination by us with cause	8	We may at any time terminate the Development Rights Rider and your rights under the Development Rights Rider to develop a Sweet Charlie's Dessert Shop within the Development Area, such termination to be effective upon delivery to you of written notice of termination: (a) if you fail to satisfy either your development obligations under the Schedule or any other obligation under the Development Rights Rider, which defaults you have no right to cure; (b) if the Franchise Agreement is terminated or any other franchise agreement between us and you (or your affiliated entity) for a Sweet Charlie's Dessert Shop is terminated, even if that other franchise agreement was not signed pursuant to your rights under the Development Rights Rider; or (c) if we have delivered a formal written notice of default to you under the Franchise Agreement or to you (or your affiliated entity) under any other franchise agreement between us and you (or your affiliated entity) for a Sweet Charlie's Dessert Shop (even if that other franchise agreement was not signed pursuant to your rights under the Development Rights Rider), whether or not you (or your affiliated entity) cure that default and whether or not we subsequently terminate the Franchise Agreement or the other franchise agreement.
g. "Cause" defined-defaults which can be cured	None	Not Applicable.
h. "Cause" defined-defaults which cannot be cured	None	Not Applicable.
i. Your obligations on termination/non-renewal	None	Not Applicable.
j. Assignment of contract by us	None	Your development rights under the Development Rights Rider are not assignable under any circumstances.
k. "Transfer" by you - definition	None	Your development rights under the Development Rights Rider are not assignable under any circumstances.
l. Our approval of transfer by franchisee	None	Your development rights under the Development Rights Rider are not assignable under any circumstances.
m. Conditions for our approval of transfer	None	Your development rights under the Development Rights Rider are not assignable under any circumstances.
n. Our right of first refusal to acquire your business	None	Not Applicable.

Provision	Section in Development Rights Rider	Summary
o. Our option to purchase your business	None	Not Applicable.
p. Your death or disability	None	Not Applicable.
q. Non-competition covenants during the term of the franchise	None	Not Applicable.
r. Non-competition covenants after the franchise is terminated or expires	None	Not Applicable.
s. Modification of the agreement	None	Not Applicable.
t. Integration/merger clause	10	Except as provided in the Development Rights Rider, the Franchise Agreement remains in full force and effect as originally written. If there is any inconsistency between the Franchise Agreement and the Development Rights Rider, the terms of the Development Rights Rider will control.
u. Dispute resolution by arbitration or mediation	None	Not Applicable.
v. Choice of forum	None	Not Applicable.
w. Choice of law	None	Not Applicable.
x. Waiver of jury clause	None	Not Applicable.

Item 18: Public Figures

We do not employ any public figure or celebrity in our management, nor do we use a public figure or celebrity to promote our franchises.

Item 19: Financial Performance Representations

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

This Item sets forth certain historical sales and expense information for two of our affiliate-owned Dessert Shops that are of the type being offered under this Disclosure Document and that were operated during the entire period of time from January 1, 2018 through December 31, 2018 (the "Annual Measurement Period"), and three franchisee-owned Dessert Shops that were open and operating for the entire Annual Measurement Period. We have excluded nine franchisee-owned Dessert Shops that were not open during the entire Annual Measurement Period or Seasonal Measurement Period (defined below) that were open as of December 31, 2018. Additionally, we have included as identified two affiliate-owned Dessert Shops that operated seasonally from July to September 2018 (the "Seasonal Measurement Period"), one of which was sold to a franchisee as of December 31, 2018 but operated as an affiliate-owned dessert shop during the entire Seasonal Measurement Period, because they are representative of the alternative seasonal franchised business model offered in this Disclosure Document.

The reasonable basis for inclusion of the financial data for the affiliate-owned Dessert Shops is that these locations are similar to the franchised business being offered under this Disclosure Document in terms of square footage, operations, computer system, and Product offerings. The operational characteristics that make the affiliate-owned Dessert Shops different is the fact that they are not required to pay any Royalty Fees or Advertising Fund Fees to us or expend any minimum amount on local advertising. Additionally, the affiliate-owned Dessert Shops are located in an urban environment so if your Dessert Shop is not in an urban environment, your results may differ. We do not anticipate any actual or reasonably expected differences in results due to these operational differences.

This Item 19 sets forth annual gross revenue, monthly average gross revenue, costs of goods sold and labor information for the affiliate-owned dessert shops and the franchisee-owned Dessert Shops described above and is a historic representation of the past performance of such Dessert Shops.

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

2018 MEASUREMENT PERIOD (INCLUDING ANNUAL AND SEASONAL PERIODS)

	Gross Revenue[1]	Average Monthly Gross Revenue[4]	Cost of Goods Sold[5]	Labor[6]
Affiliate-Owned Dessert Shop #1	$348,612.22	$29,051.02	$69,338.97	$81,087.20
Affiliate-Owned Dessert Shop #2	$295,863.26	$24,655.27	$61,007.00	$71,184.70
Affiliate-Owned Dessert Shop #3[2]	$276,694.36	$69,173.59	$58,327.17	$72,964.30
Affiliate-Owned Dessert Shop #4[2,3]	$206,448.40	$51,612.10	$46,182.51	$54,523.02
Franchisee-Owned Dessert Shop #1	$334,458.00	$27,871.50	See Note 7	See Note 7
Franchisee-Owned Dessert Shop #2	$214,793.07	$17,899.42	See Note 7	See Note 7
Franchisee-Owned Dessert Shop #3	$459,117.05	$38,259.75	See Note 7	See Note 7

Notes regarding the above Financial Performance Representation:

1. "Gross Revenue" is the total selling price of all services and products and all revenue and income of any kind relating to the Dessert Shop including, without limitation, from the sales of food, beverages, merchandise, gift cards, products and tangible personal property of every kind sold by you, in, from or through the Dessert Shop; proceeds as a result of any business interruption insurance policy you carry; all income from catering or delivery services including delivery fees; income from private parties, and all proceeds from all coin and card operated devices, including but not limited to, musical devices, amusement devices and vending machines, all regardless of whether such sale is conducted in compliance with or in violation of the terms of the Franchise

Agreement, or whether such sale is at the Dessert Shop or off-site, but exclusive of (i) sales or use tax actually paid to the appropriate taxing authority; and (ii) gratuities and tips paid to employees.

2. This dessert shop operated on a seasonal basis from May through August.

3. This Dessert Shop #4 was an affiliate-owned Dessert Shop during the entire Seasonal Measurement Period, but was sold in December, 2018.

4. "Monthly Average Gross Revenue" is the average gross revenue for the identified Dessert Shop over the Annual Measurement Period or the Seasonal Measurement Period, as applicable.

5. "Cost of Goods Sold" is all costs incurred in connection with a sale to a customer, including, without limitation, food costs, produce costs, cleaning supplies, paper, plastic, packaging and shipping costs.

6. "Labor" is all labor payroll costs paid in connection with the Dessert Shop's employees, however, this does not include benefits or taxes. The cost of Labor may vary from franchise to franchise depending upon efficiency of labor and regional labor rates.

7. The information supporting Cost of Goods Sold and Labor figures are only available for the affiliate-owned Dessert Shops.

8. The above data was extracted from the POS system for each of the above listed locations.

9. These results are unaudited.

10. These results represent sales of products which will be available for franchisees to sell.

11. Your revenues may vary depending on a number of factors including the location of your Dessert Shop, demographics in the region, competition, the length of time the business has been opened, your business and industry experience, your marketing efforts and otherwise how you operate your franchised business.

Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request. The information presented above has not been audited.

Other than the preceding Financial Performance Representation, 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 CFO Steven Billig, 1921 Walnut Street, Philadelphia, PA 19103, (856) 287-0777, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20: Outlets and Franchisee Information

Table No. 1
Systemwide Outlet Summary
For years 2016 to 2018

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2016	0	0	0
	2017	0	3	+3
	2018	3	12[1]	+9
Company-Owned[2]	2016	0	2	+2
	2017	2	4	+2
	2018	4	3[2]	-1
Total Outlets	2016	0	0	0
	2017	1	5	+4
	2018	7	15	+8

[1] One franchised unit is operated seasonally.
[2] Our affiliates own three Sweet Charlie's outlets as disclosed in Item 1. One outlet is operated seasonally.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2016 to 2018

State	Year	Number of Transfers
Total	2016	0
	2017	0
	2018	0

Table No. 3
Status of Franchised Outlets for years 2016 to 2018

State	Year	Outlets At Start Of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets At End Of the Year
DE	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1[1]
FL	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	2	0	0	0	0	2
GA	2016	0	0	0	0	0	0	0
	2017	0	2	0	0	0	0	2
	2018	2	1	0	0	0	0	3
KY	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1

NJ	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
	2018	1	1	0	0	0	0	2
NY	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
NC	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
TX	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
Total	2016	0	0	0	0	0	0	0
	2017	0	3	0	0	0	0	3
	2018	3	9	0	0	0	0	12

[1] This franchised unit is operated seasonally.

Table No. 4
Status of Company-Owned Outlets*
For years 2016 to 2018

State	Year	Outlets Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold To Franchisee	Outlets at End of the Year
Delaware	2016	0	1	0	0	0	1
	2017	1	0	0	0	0	1
	2018	1	0	0	0	1	0
New Jersey	2016	0	0	0	0	0	0
	2017	0	1	0	0	0	1
	2018	1	0	0	0	0	1[1]
Pennsylvania	2016	0	1	0	0	0	1
	2017	1	1	0	0	0	2
	2018	2	0	0	0	0	2
Total	2016	0	2	0	0	0	2
	2017	2	2	0	0	0	4
	2018	4	0	0	0	1	3

[1] This unit is operated seasonally.

Table No. 5
Projected Openings as of December 31, 2018

State	Franchise Agreements Signed But Not Opened	Projected New Franchised Outlets In Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	3	0	0
Arizona	0	1	0
California	1	1	0
Florida	1	0	0
Georgia	5	1	0
Kansas	1	0	0
Maryland	0	1	0
New Jersey	2	0	0
New York	1	0	0
North Carolina	1	1	0
Pennsylvania	1	0	0
Tennessee	1	1	0
Texas	1	0	0
Total	18	6	0

A list of our current franchisees as of the end of our most recent fiscal year is attached as Exhibit C.

Exhibit D contains the contact information for franchisees that have had their outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recent fiscal year or who have not communicated with us within the past ten (10) weeks of the issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three (3) fiscal years, our franchisees have signed confidentiality clauses. Our franchisees may sign confidentiality clauses. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experiences with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

There are no trademark-specific franchisee organizations associated with the franchise system being offered in this Disclosure Document.

Item 21: Financial Statements

Attached as Exhibit A to this Disclosure Document is our (a) audited financial statements dated February 21, 2019, demonstrating the period of operation from January 1, 2018 and ending on December 31, 2018; (b) audited financial statements dated March 31, 2018, demonstrating the period of operation from January 1, 2017 and ending on December 31, 2017; and (c) audited financial statements dated April 14, 2017, demonstrating the period of operation from our opening through December 31, 2016. Our fiscal year end is December 31 of each year.

Item 22: Contracts

Attached are copies of the following agreements relating to the offer of the franchise:

Exhibit A:	Financial Statements
Exhibit B:	Franchise Agreement
	-*Schedule I*: Location of Dessert Shop and Protected Area
	-Exhibit A: General Release
	-Exhibit B: Personal Guaranty
	-Exhibit C: Confidentiality, Non-Use and Non-Competition Agreement
	-Exhibit D: Electronic Funds Transfer (EFT) Authorization
	-Exhibit E: Internet Websites and Listing Agreement
	-Exhibit F: Telephone Listing Agreement
	-Exhibit G: Collateral Assignment of Lease
	-Exhibit H: Franchisee Disclosure Acknowledgment Statement
Exhibit H:	State Addenda to Franchise Agreement (if applicable)
Exhibit I:	Development Rights Rider
Exhibit J:	Territory Deposit Agreement
Exhibit K:	Receipts

Item 23: Receipts

Please sign and return one copy of the receipt attached to this Disclosure Document as Exhibit K.

Exhibit B
Franchise Agreement

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "Agreement") is effective as of the date set forth on Schedule I (the "Effective Date") for the operation of a Sweet Charlie's ice cream shop (the "Dessert Shop") between Sweet Charlie's Franchising, LLC, a Delaware limited liability company ("we," "us" or "our"), and the business entity set forth on Schedule I ("you" or "your") (collectively, you and we are referred to as the "parties" and individually sometimes referred to as a "party") for the purpose of granting you the rights necessary to operate the Dessert Shop (the "Franchise").

1. PREAMBLE AND STATEMENTS OF UNDERLYING FACTS.

1.1 **The Sweet Charlie's System**. As a result of the expenditure of time, effort, and money, we and our affiliates have developed a unique system licensing to franchisees a business model for establishing and operating a business retailing a menu of fresh, unique, gourmet made-to-order ice cream (dairy and non-dairy) and frozen yogurt products and other goods, sweets and toppings, which may consist of donuts (including our signature "Tall Charlie"), cookies, chocolate, marshmallows, fruit and sauces, together with coffee, other hot and cold beverages and other food items and products compatible with our concept (the "Products"), prepared using certain formulas, recipes, and methods of production and marketed using certain valuable trade names in conjunction with certain color schemes, signs, equipment layouts, and ice cream dessert shop designs. Sweet Charlie's franchises sell our Products and provide services using our distinctive formats, methods, policies, procedures, standards, specifications, information, training and business relationships, all of which we, in our sole judgment, may change, alter, amend, further improve, discontinue, develop or otherwise modify from time to time (collectively, the "System").

1.2 **The Intellectual Property**. The distinguishing characteristics of the System include, but are not limited to, the name "Sweet Charlie's" together with such other trade names, service marks, and trademarks (collectively, the "Marks") and all other intellectual property, including, without limitation, all inventions, patents, and patent applications, including those related to an ornamental design for an ice cream donut roll, which we call the "Tall Charlie", and a system for producing rolled ice cream (the "Patent Rights") all recipes, ingredients, concoctions, formulas, food preparation methods and procedures, copyrights, titles, symbols, logotypes, trade dresses, emblems, slogans, insignias, terms, know-how, methods, specifications, designations, designs, diagrams, anecdotes, artworks, worksheets, techniques, rules, ideas, course materials, advertising and promotional materials, and other audio, video and written materials developed and designated for use in connection with the System, including the URL website www.sweetcharlies.com or as we may hereafter acquire, develop or designate for use in connection with the System (together with the Marks, the "Intellectual Property").

1.3 **The License**. Sweet Charlie's Holdings, LLC, a Delaware limited liability company ("SC Holdings"), our affiliate, granted us a license to use the Marks and certain other intellectual property to operate the System with the right to sublicense such marks and intellectual property to qualified franchisees to own and operate a Sweet Charlie's Franchise. We grant to persons who meet our qualifications and are willing to undertake the investment and effort, the right to own and operate a Sweet Charlie's Franchise using the System, the Intellectual Property and the Marks.

1.4 **The Franchise**. You desire to acquire the right to operate a Sweet Charlie's Franchise, using the System, the Intellectual Property and the Marks, to operate a Dessert Shop.

1.5 **Franchisee's Application**. You submitted an application to us representing and warranting that all information, including financial information, provided to us is true, complete, correct and not misleading in any material respects ("Franchise Application"). We approved the application in reliance upon your representations and warranties set forth in the Franchise Application.

1.6 **Acknowledgments**. You understand that the terms of this Agreement are reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards among all Sweet Charlie's franchises ("System Standards"), and to protect and preserve the goodwill of the Marks, the Intellectual Property and the System.

2. GRANT OF FRANCHISE

2.1 **Franchise Grant**. The grant of the Franchise hereunder is exclusively for the purpose of operating the Dessert Shop at an address which, if known at the time of execution of this Agreement, shall be set forth on Schedule I (the "Location") or if not known at the execution of this Agreement, shall be located within the "Designated Area" described on Schedule I. We grant and you accept the right and obligation for the Term:

(a) to develop and open the Dessert Shop at the Location or within the Designated Area if a Location is not yet determined;

(b) to adopt and use the System in the operation of the Dessert Shop as well as for Catering Services and Delivery Services (as defined below) if you choose to offer such services, subject to the rights we reserve herein;

(c) to advertise to the public that you are a Sweet Charlie's franchisee; and

(d) to adopt and use the Intellectual Property, but only in connection with the sale of Products which have been designated by us at the Dessert Shop.

2.2 **Reservation of Rights**. Except for the limited rights to provide Catering Services and Delivery Services described in Section 2.1(b) above, the rights granted under this Franchise shall only include the right to sell the menu items from the Location to retail guests for consumption on the premises or carry-out. We reserve and retain all rights that this Agreement does not expressly grant to you, including but not limited to:

(a) the exclusive right to own and operate Dessert Shops at any location(s) outside of your Protected Area under the Marks or using the Intellectual Property, or to license others the right to own and operate a Dessert Shop at any location(s) outside of your Protected Area under the Marks and System or using the Intellectual Property;

(b) the exclusive right to sell Products (including ice cream (dairy and non-dairy), frozen yogurt and other sweets), goods and merchandise, bearing the Marks through the Internet, catalog sales, telemarketing, mail order sales or other direct marketing channels or alternative channels of distribution. These products and merchandise may be similar or identical to Products sold within your Dessert Shop, and customers who purchase our Products through such channels may be located within your Protected Area, and you will receive no compensation for sales to these customers;

(c) the exclusive right to distribute our Products and merchandise to wholesalers or retail businesses (such as supermarkets and specialty stores) ("Alternative Distributors") without compensation to you. Alternative Distributors may operate inside the Protected Area; there are no geographic limitations on the territory in which we or our affiliates may distribute Products or memorabilia to Alternative Distributors. Further, Alternative Distributors may engage in direct competition with your Dessert Shop and there are no restrictions on the type of Products or merchandise an Alternative Distributors may offer;

(d) the right to establish within the Protected Area, without your consent, and without compensation to you, another Dessert Shop on the premises of any "Reserved Venue." Reserved Venues include any self-contained facility (such as a shopping mall, military base, state or national park, stadium, airport, convention center, medical center, public transportation facility, toll booth plaza, corporate facility, amusement park, fair ground, school or university campus or sports arena) as well as special events like street fairs, parades, sporting events and similar occasions. We, our affiliates or a licensee or franchisee of ours may operate in any Reserved Venue on a temporary, seasonal or permanent basis;

(e) the exclusive right to own and operate businesses under different marks inside or outside your Protected Area, or license or grant to others the right to own and operate businesses under different marks inside your Protected Area, so long as the business is not a retail location located in your Protected Area which primarily offers made to order rolled ice cream (dairy and non-dairy) and frozen yogurt products; and

(f) the right to provide Catering Services and/or Delivery Services in your Protected Area or to sell to or license to others (including our affiliates) the right to provide such services in your Protected Area.

Despite Sections 2.2(a) through (f) above, we may acquire or merge with any existing business located inside or outside your Protected Area and operate that business using the Intellectual Property, Marks and System.

This Franchise does not, in any way, either directly or by implication, grant any other area, market or territorial rights to you, including any rights to the geographical area defined as the Designated Area, except that we will not operate or license or grant franchises to third parties for the right to operate a retail location that will provide primarily made to order rolled ice cream (dairy and non-dairy) and frozen yogurt products within the geographical territory described on <u>Schedule I</u>, which territory will consist of approximately 50,000 to 100,000 persons ("<u>Protected Area</u>"). Another Dessert Shop may be located on the border of your Protected Area. If you fail to satisfy our System Standards, as determined in our sole discretion, we reserve the right to modify or remove the exclusivity from all or a portion of your Protected Area (allowing us or our affiliates to then operate, license or grant franchises to operate a Dessert Shop within such area).

Your Protected Area does not apply to Catering Services or Delivery Services. Nothing contained in this Agreement shall grant to you any area, market or territorial rights with respect to Catering Services or Delivery Services. You acknowledge that we, our affiliates or a licensee or franchisee of ours may provide Catering Services and/or Delivery Services to a location within your Protected Area and you will not be entitled to any compensation in connection with the provision of such services in your Protected Area.

2.3 **<u>Term</u>**. Your grant to own and operate a Franchise begins on the Effective Date and ends on the tenth (10th) anniversary of the Effective Date (the "<u>Initial Term</u>"), unless sooner terminated pursuant to this Agreement. The word "Term" means this Initial Term and any Renewal Term (as defined below) or extension of that time period. This Agreement will not be enforceable until it has been countersigned by us and delivered to you.

2.4 **Re-Location.** You must submit to us a written request to approve any proposed new location for your Franchise if you desire to relocate your Franchise. We are not obligated to approve or consider any request for relocation and may, in our sole discretion, deny a request or require any conditions prior to the consideration of such proposed relocation. We also require that you pay our costs and expenses incurred in assisting you to relocate your Franchise, including labor, salary, travel, professional fees, demographic reports and other costs.

2.5 **Renewal.** You may renew your rights to the Franchise and the Intellectual Property in order to continue to operate a Dessert Shop for each of two (2) additional five (5) year periods (the "Renewal Term"), provided you have met the following conditions:

(a) You have notified us of your intention to renew this Agreement in writing at least one hundred and eighty (180) days prior to the expiration of the Initial Term or any Renewal Term;

(b) You have completed, to our satisfaction, prior to the expiration of the Initial Term, all refurbishment, maintenance and upgrading necessary to bring your Franchise into full compliance with our then current System Standards including, but not limited to, all equipment, furniture, fixtures, inventory, technology and vehicles (if you provide Catering Services and/or Delivery Services);

(c) You are not in breach of any provision of this Agreement, or any other agreement with us, our affiliates, or our approved/designated suppliers and vendors, your landlord or a Distribution Cooperative (as defined in Section 11.6) or a Cooperative (as defined in Section 12.9) and you have substantially complied with all such agreements during their respective terms;

(d) You have satisfied all monetary obligations you owe us, our affiliates, the Ad-Fund, the Cooperative, the Distribution Cooperative and our approved/designated suppliers and vendors;

(e) You execute our then-current form of Franchise Agreement, the terms of which may vary substantially from the terms of this Agreement and may include, without limitation, increased royalty fees and advertising obligations;

(f) You satisfy our then-current training requirements for renewing franchisees at your sole expense, if any;

(g) You and your Owners (as defined in Section 3.1) and their respective spouses sign a general release in the form set forth on Exhibit A in favor of us and our affiliates, members, officers, directors, employees, agents, successors and assigns, for all claims arising out of or related to this Agreement or any related agreements with us or our affiliates;

(h) If applicable, you obtain an extension or renewal of your lease for the entire Renewal Term;

(i) You agree to our reasonable proposed modification of your Protected Area boundaries, if any, due to shifts in population, commercialization or urbanization; and

(j) You pay to us a renewal fee equal to ten percent (10%) of the initial franchise fee being charged by us to new franchisees of the System.

2.6 **Extension of Term.** If you do not renew pursuant to the terms of Section 2.5 upon the expiration of the Initial Term or any Renewal Term and continue to accept the benefits of this Agreement, then, at our option, this Agreement may be treated as: (i) expired as of the date of the Initial Term's or

Renewal Term's, as applicable, expiration, which will result in your operating the Franchise without a license in violation of our rights; or (ii) continued on a month-to-month basis until we provide you with notice of our intent to terminate the month-to-month term. In the latter case, all of your obligations shall remain in full force and effect as if this Agreement had not expired, and all obligations and restrictions imposed upon you upon the expiration of this Agreement shall be deemed to take effect upon the termination of the month-to-month term.

3. OWNER'S, OPERATION PRINCIPAL AND GENERAL MANAGER

3.1 **Owner's Guaranty.** Simultaneously with the execution hereof, each individual owner, shareholder, general partner or member of the entity operating the Franchise (who shall all be designated as an "Owner" on Schedule I) as well as their respective spouses, shall execute and deliver to us a guaranty, substantially in the form designated on Exhibit B attached hereto (the "Guaranty"), which Guaranty shall be a condition precedent to the grant of the Franchise hereunder and pursuant to which, each individual Owner and Owner's spouse shall be jointly and severally obligated to us under this Agreement.

3.2 **Operating Principal**. You agree to appoint an individual that owns at least fifty one percent (51%) of the equity and voting interests of the legal entity which owns the Dessert Shop and at least a fifty one percent (51%) right to the Dessert Shop's profits as your operating principal, who (i) will be responsible for the Dessert Shop and all decisions, (ii) shall be granted the authority by the Franchise to bind you in any dealings with us and our affiliates, and (iii) shall direct any action necessary to ensure compliance with this Agreement and any other agreements relating to the Dessert Shop (the "Operating Principal"). The name and address of the initial Operating Principal is set forth on Schedule I. We must approve in writing your original and any replacement or subsequent Operating Principals.

3.3 **General Manager**. Your Dessert Shop must also have a person designated to work full time overseeing and operating the Dessert Shop on a day to day basis (the "General Manager"). The Operating Principal must act as your General Manager unless you designate an employee as the General Manager that is approved by us in writing and completes the required training program to our sole satisfaction. We must approve in writing any replacement, additional or subsequent General Managers.

3.4 **Best Efforts**. Your General Manager shall diligently and fully exploit the rights granted in this Agreement by personally devoting full time and best efforts to the operation of the Dessert Shop and you and your Operating Principal shall perform your obligations under this Agreement faithfully and honestly and continue to exert your best efforts to promote and enhance the Dessert Shop and the System for the full Term of this Agreement.

4. PURCHASE OF PANS, DEVELOPMENT, APPROVAL OF SITE, AND COMMENCEMENT OF OPERATIONS.

4.1 **Purchase of Ice Cream Roll Machines.**

(a) You must purchase from us or our affiliates upon the commencement of Initial Management Training the ice cream roll machines upon which the ice cream (dairy and non-dairy) and frozen yogurt is poured and rolled (the "Ice Cream Roll Machine(s)"). The number of Ice Cream Roll Machines that you must purchase is set forth on Schedule I.

(b) The purchase price for each Ice Cream Roll Machine is currently approximately three thousand dollars ($3,000) plus any related shipping, handling and storage charges, which is payable in one full lump sum by cash, certified check or wire transfer, is fully earned upon receipt and is not refundable except under the following circumstance: If your Operating Principal or General Manager is unable to complete Initial Management Training to our satisfaction (in our sole discretion) and we elect to terminate this Agreement, we will refund the full purchase price of your Ice Cream Roll Machines (not including any related shipping, handling and storage charges) if you (i) return the Ice Cream Roll Machine(s) to us and such Ice Cream Roll Machine(s) are in a condition acceptable to us in our sole discretion, and (ii) sign our General Release in the form attached hereto as Exhibit A, in each case (i) and (ii) prior to such refund.

(c) If you choose to offer Catering Services, we reserve the right to require you to purchase from us or our affiliate additional Ice Cream Roll Machines in an amount that we, in our sole discretion, deem necessary to enable you to provide Catering Services in accordance with the System Standards.

(d) We provide you with a limited warranty on the Ice Cream Roll Machines you purchase from us. The terms of the warranty are outlined in the Operations Manual and may be revised or updated by us from time to time in our sole discretion.

4.2 **Approval of Site.**

(a) If the address of the Dessert Shop is not known at the time of execution of this Agreement, you shall be responsible for purchasing or leasing a suitable site for the Dessert Shop within the Designated Area within one hundred eighty (180) days of the Effective Date or we may terminate the Agreement pursuant to Section 18.2(c). Within ninety (90) days of the Effective Date, you shall submit a description of the proposed site which meets the site criteria set forth in our Operations Manual (as hereafter defined). We shall provide you written notice of approval or disapproval of the proposed site within thirty (30) days after receiving your written proposal.

(b) If the Dessert Shop Location is not designated, we shall use reasonable efforts to help analyze the Designated Area, to determine site feasibility, and to assist in the designation of the Location which we must approve; provided, however, that we will not conduct site selection activities on your behalf and nothing contained herein shall be interpreted as a guarantee of success for said Location nor shall any site recommendation or approval made by us be deemed a representation that any particular site is available for the Dessert Shop. It shall be your sole responsibility to undertake site selection activities and otherwise secure the premises for your Dessert Shop. We may, in our sole discretion, provide on-site Location selection assistance at your request but you must pay our travel and out-of-pocket costs and expenses.

4.3 **Lease Terms.** You are required to obtain our written approval before entering into a lease (including a sublease) or purchase agreement of the Location. You must deliver a copy of your fully executed lease to us within five (5) days of your signing. You and your landlord must execute a Collateral Assignment of Lease in the form attached hereto as Exhibit G or a lease containing provisions substantially similar to those contained in Exhibit G. Our approval of any lease shall be conditioned upon inclusion in the lease of terms acceptable to us and at our option, the lease shall contain such provisions including, but not limited to:

(a) A provision reserving to us or our nominee the right, at our election, to receive an assignment of the leasehold interest upon termination or expiration of the Agreement;

(b) A provision requiring our prior written approval of the lease and any subsequent renewals, extensions, modifications, and amendments;

(c) A provision which requires the lessor concurrently to provide us with a copy of any written notice of deficiency under the lease sent to you and which grants to us, in our sole discretion, the right (but not the obligation) to cure any deficiency under the lease within fifteen (15) days after the expiration of the period in which you had to cure any such default should you fail to do so;

(d) A provision granting us or our nominee the right of first refusal to lease the location if the lease expires without renewal by you or terminates prior to expiration;

(e) A provision which evidences your right to display Sweet Charlie's signage and to install and operate equipment in accordance with the specifications required by the System, subject only to the provisions of applicable law;

(f) A provision that the site be used solely for the operation of the Dessert Shop and, if the location is in a strip shopping center or mall, the exclusive right within the shopping center or mall to operate a business which derives twenty-five percent (25%) or more of its revenue from the sale of ice cream (dairy or non-dairy), frozen yogurt, or other dessert food items;

(g) A provision which expressly states that any default under the lease shall constitute a default under this Agreement; and

(h) A provision stating that you are a Sweet Charlie's franchisee independently owned and operated.

4.4 **Dessert Shop Improvements**. We will provide you with our standard design and specifications for a typical Dessert Shop at no charge to you. You will construct the Dessert Shop according to these designs and specifications and other specifications in the Operations Manual, in accordance with all applicable codes, ordinances, rules, and regulations, and pursuant to all required permits. Within thirty (30) days of signing the lease for the Location you must provide us with the name of one (1) reputable and licensed architect and one (1) reputable and licensed general contractor, each with experience designing or building, respectively at least two (2) food service establishments. We have ten (10) days to notify you of our approval or disapproval of the architect and/or general contractor. If we reject either or both of your architect and/or general contractor or if you choose not to retain either of them, then you have an additional thirty (30) days to select and obtain our approval of a different architect and/or general contractor, as the case may be. Within forty-five (45) days after selection and approval of your general contractor, you must provide us with a final design and building plan, floor plans, layouts and schematics prepared by your approved architect and general contractor in accordance with any guidelines set forth in the Operations Manual for our approval (the "Design and Construction Plan"). You acknowledge that (i) any plans and specifications we provide you may not contain the requirements of any federal, state or local law, code or regulation (including those concerning the American with Disabilities Act (the "ADA")) or similar rules governing public accommodations or commercial facilities with people with disabilities and (ii) our review is only to ensure your compliance with our design requirements. Compliance with all federal, state and local laws and regulations are your sole responsibility. Time is of the essence and failure to meet any of the deadlines specified herein shall result in our right to terminate this Agreement under Section 18.

4.5 **Remodeling**. In addition to any remodeling required by us upon the renewal or assignment of the Franchise, you shall, upon written notice from us and at your sole cost and expense, remodel and make improvements and alterations in and to the Dessert Shop and/or other items used in your Franchise as reasonably determined by us from time to time to be necessary to reflect our then current specifications, standards, format, image, and appearance; provided that you shall not be required to incur costs and expenses in excess of fifty thousand dollars ($50,000) (subject to an inflation factor as measured by the Consumer Price Index, U.S. City Average [CPI-U] published by the Federal Bureau of Labor Statistics) during the Initial Term for such remodeling, improvements and/or alterations (which limit shall not include any costs or expenses incurred as a condition to renewal of the Franchise).

4.6 **Commencement of Operations.** You must open the Dessert Shop on or before the earlier of (i) one hundred eighty (180) days of executing a lease for the Location or (ii) three hundred and sixty-five (365) days of the Effective Date. If you fail to open the Dessert Shop in accordance with the preceding sentence, we may, at our sole option, terminate the Agreement.

4.7 **Reconstruction of Site.** In the event the Dessert Shop is damaged or destroyed by fire or any other casualty, or is required to be repaired or reconstructed by any governmental authority, you shall, at your own expense, repair or reconstruct the Dessert Shop within a reasonable time under the circumstances, however, in the event such time exceeds one hundred and twenty (120) days, we shall have the option, exercisable by us in our sole discretion, to terminate this Agreement. The minimum acceptable appearance for the restored Dessert Shop will be that which existed just prior to the casualty; however, every effort should be made to have the restored Dessert Shop reflect the then-current image, design and specifications of System dessert shops. If the Dessert Shop is substantially destroyed by fire, or any other casualty, the parties may terminate the Agreement in lieu of you reconstructing the Dessert Shop.

4.8 **Test Day.** Prior to opening the Dessert Shop, you must conduct a test day ("Test Day") whereby you and your staff and employees open the Dessert Shop exclusively to friends and family who patronize the Dessert Shop in order to obtain real hands-on experience in operating a Sweet Charlie's dessert shop and serving and preparing the Products in accordance with the System. The requirements of the Test Day are more fully described in the Operations Manual. We currently require you to conduct a two (2) to four (4) hour "test day".

5. **FEES AND PAYMENT**

5.1 **Initial Franchise Fee.** In consideration of the Franchise granted to you by us, you must pay us an initial franchise fee of thirty thousand dollars ($30,000) (the "Initial Franchise Fee"). The Initial Franchise Fee is payable in one (1) full lump sum by cash, certified check or wire transfer upon the execution of this Agreement. The Initial Franchise Fee is not refundable under any circumstances. If you are majority-owned by a qualified U.S. veteran and you purchase a franchise, we will reduce your Initial Franchise Fee by ten percent (10%). If you wish to purchase an additional Dessert Shop after you execute this Agreement (outside of the Development Rights Rider), and we approve the purchase of additional Dessert Shop(s), we will charge you a reduced Initial Franchise Fee of (a) twenty five thousand dollars ($25,000) for the second Dessert Shop, and (b) twenty thousand dollars ($20,000) for the third and each additional Dessert Shop after the first two (2) Dessert Shops. If you executed our form of Territory Deposit Agreement, we will credit the Deposit Fee (as defined in the Territory Deposit Agreement) paid thereunder against the Initial Franchise Fee.

5.2 **Royalty Fees.** In addition to the Initial Franchise Fee, you will, for the entire Term of this Agreement, remit to us a monthly fee equal to six percent (6%) of the Franchise's total monthly Gross Revenues (as defined in Section 5.5 hereof) in consideration for use of the Marks, Intellectual Property and System (the "Royalty Fee") on or before the fifth (5th) day of each month based upon Gross Revenues for the immediately preceding month. We reserve the right to increase the frequency with which you pay Royalty Fees, in our sole discretion, upon written notice. Royalty Fees remitted to us will not be refundable under any circumstances.

5.3 **Ad-Fund Fee**. You must pay to us a monthly fee in the same manner as the Royalty Fee is paid in Section 5.2 above, equal to one percent (1%) of Gross Revenues for the immediately preceding week (the "Ad-Fund Fee") commencing the first (1st) month after your Franchise has opened for business. We reserve the right to increase the frequency with which you pay the Ad-Fund Fee, in our sole discretion, upon written notice. You must pay the Ad-Fund Fee directly to the Ad-Fund. We may require that you use a portion or all of the Ad-Fund Fee directly for local marketing in accordance with the provisions of Section 12.4. Except as set forth in Section 12.6, Ad-Fund Fees remitted to us will not be refundable under any circumstances.

5.4 **Management Training**. "Initial Management Training" is provided free of charge for the Operating Principal and up to two others (including your General Manager, if any). At your request, we will provide initial training to additional Owners or managers, at a cost of six hundred dollars ($600) per day per enrollee. You agree that you are solely responsible for all expenses incurred in connection with such Initial Management Training, including, without limitation, travel, lodging, meals, local transportation expenses and wages for your attendees. All fees for additional Initial Management Training must be paid prior to the commencement of the Initial Management Training. Initial Management Training fees are not refundable under any circumstances.

5.5 **Gross Revenues**. For the purposes of this Agreement, the term "Gross Revenues" means the total selling price of all services and products and all revenue and income of any kind relating to your Dessert Shop including, without limitation, from the sales of food, beverages, merchandise, gift cards, products and tangible personal property of every kind sold by you, in, from or through the Dessert Shop; proceeds as a result of any business interruption insurance policy you carry; all income from Catering Services and/or Delivery Services including delivery fees; income from private parties; and all proceeds from all coin and card operated devices, including but not limited to, musical devices, amusement devices and vending machines, all regardless of whether such sale is conducted in compliance with or in violation of the terms of this Agreement, or whether such sale is at the Dessert Shop or off-site, but exclusive of (i) sales or use tax actually paid to the appropriate taxing authority and (ii) gratuities and tips paid to employees. Gross Revenues also include the fair market value of any services or products received by you in barter or exchange for your services and products and payments on credit (whether or not you received payment). Each charge or sale upon credit shall be treated as a sale for the full price in the week during which such charge or sale shall be made, irrespective of the time when you shall receive payment (whether full or partial).

5.6 **Gross Revenues Report**. You must submit a signed report prior to each Royalty Fee and Ad-Fund Fee payment setting forth Gross Revenues generated during the immediately preceding week, your calculation of the fees due to us and any other information we may reasonably request in the form we prescribe and at the time set forth in the Operations Manual ("Gross Revenue Report"). We may change the form and content of the Gross Revenue Report periodically. If you do not submit a Gross Revenue Report when due, we have the right to compile and prepare a Gross Revenue Report and charge you any fees, costs and expenses for doing so that we deem reasonable plus interest on any overdue amounts in accordance with Section 5.8 below provided that nothing contained herein shall prevent us from exercising any rights we may have under this Agreement, including declaring a breach under Section 18 and termination.

5.7 **Manner of Payment**. Unless otherwise stated in this Agreement, any fees due hereunder must be paid no later than the end of day on the fifth (5th) day of each month, by an ACH electronic funds transfer under which we automatically deduct all payments owed to us under this Agreement, or any other agreement between you and us, from your bank account. We may, with written notice, designate another method or time period for payment. You must deposit all revenues from operating the Franchise into one bank account within one (1) business day of receipt, including cash, checks and credit card receipts.

Before opening the Franchise, you must provide us with your bank's name, address and account number, a voided check from such bank account, and sign and give to us and your bank, all documents, including Exhibit D to this Agreement, necessary to effectuate our ability to withdraw funds from such bank account via ACH electronic funds transfer. You must immediately notify us of any change in your banking relationship, including changes in account numbers.

5.8 **Interest on Late Payments**. If any fee or other payment due to us or our affiliates under this Agreement is not paid on or before its due date, you agree to pay us, in addition to the overdue amount, interest on any overdue payment at the lower of (i) one and a half percent (1.5%) per month or (ii) the highest contract rate allowable by law. Interest on any overdue amount shall accrue from the original due date until payment in full is received. Interest as enumerated in this Section 5.8 shall also apply to any understated amounts as revealed by an audit of your financial records. You acknowledge that this Section 5.8 is not our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, your Franchise. You further acknowledge that your failure to pay all amounts that you owe us when due constitutes grounds for our terminating this Agreement under Section 18, notwithstanding this Section.

5.9 **No Right to Set-Off**. You agree that you shall not, on grounds of the alleged nonperformance or default by us of any of our obligations under this Agreement, withhold payment of any fee or other amount payable to us under this Agreement or otherwise.

5.10 **Non-Compliance Fee**. If you fail to abide by the System Standards outlined by us in this Agreement or the Operations Manual, we reserve the right to charge you a non-compliance fee as follows: (i) $100 fee for the first non-compliance issue; (ii) $250 fee for the second non-compliance issue in the same calendar year as the first non-compliance issue; or (iii) $500 fee for the third non-compliance issue in the same calendar year as the first non-compliance issue. The non-compliance fee is due and payable upon demand and shall be paid in accordance with Section 5.7 of this Agreement.

6. TRAINING.

6.1 **Initial Management Training**. Prior to opening your Franchise, your Operating Principal and General Manager (if you have a General Manager) must attend and complete to our satisfaction Initial Management Training as set forth and described in the Operations Manual. You must pay all expenses incurred in connection with such Initial Management Training, including, without limitation, travel, lodging, meals, local transportation expenses and wages for your attendees. Actual dates of Initial Management Training are subject to change at any time, and we assume no responsibility for any costs incurred by you or your attendees as a result of such changes. Initial Management Training is conducted in two (2) phases. Your Operating Principal and General Manager (if you have a General Manager) must complete the first training phase to our satisfaction at least fourteen (14) days prior to the opening of your Dessert Shop. After satisfactory completion of the first training phase, the second training phase will commence and must be completed prior to the opening of your Dessert Shop. If the Operating Principal or General Manager (if you have a General Manager) fails to complete either or both phases of Initial Management Training to our satisfaction, then we may, in our sole discretion (i) terminate the Agreement or (ii) require such trainee repeat training at your cost (not ours) until we determine that the Initial Management Training has been successfully completed. We may, in our sole discretion, waive the Initial Management Training requirements for an Operating Principal or General Manager if this is not your first Dessert Shop in operation. All trainees must be at least eighteen (18) years of age.

6.2 **Continuing, Additional or On-Site Training**.

(a) We may require your Operating Principal, General Manager, or any Owner or employee to attend mandatory additional, periodic or refresher training courses on site, at locations we designate from time to time or by webinar or videoconference ("Continuing Training"). We currently require your Operating Principal and General Manager to attend up to two (2) days of Continuing Training per year in up to two (2) sessions; however, we reserve the right to increase or decrease such requirements in our sole discretion. We will not charge you or your attendees fees for Continuing Training except as stated below, but you are responsible for all of your and your attendees' wages, travel, living and miscellaneous expenses incurred in connection with such Continuing Training and we reserve the right to impose reasonable charges for training materials. We will notify you of any additional charges before you or your employees enroll in a course. You may request that additional personnel attend Continuing Training (in addition to those individuals that we require) and we will provide such Continuing Training (i) at no charge if there is a vacancy in an already scheduled Initial Management Training course or (ii) at our then current fee, currently six hundred dollars ($600) per day per attendee, if there is no such vacancy.

(b) You may request additional training, which we may agree to provide in our sole discretion ("Additional Training"). If we provide Additional Training, you will pay us our then current fee, currently six hundred dollars ($600) per day per attendee, plus you are responsible for all of your and your attendees' wages, travel, living and miscellaneous expenses incurred in connection with such Additional Training.

(c) If we require any additional training ("Mandatory Additional Training") (which may include On-Site Training, as defined below) (i) that we determine is necessary or appropriate, in our sole discretion, to protect the quality, integrity and/or reputation of the System, Marks and/or Intellectual Property, including, without limitation, because you are in default or breach under this Agreement or otherwise in violation of our System Standards, (ii) upon renewal of this Agreement or (iii) upon a change in your Operating Principal or General Manager, then we will charge you our then current fee, currently six hundred dollars ($600) per day per attendee, to conduct such Mandatory Additional Training.

(d) We may provide Additional Training or Mandatory Additional Training at your Location or within your Protected Area ("On-Site Training") subject to availability of personnel and other factors in our sole discretion. If we provide On-Site Training, you will pay us the then current fee per trainer, currently six hundred dollars ($600) per trainer per day, to conduct the On-Site Training plus travel, meals, and lodging for them.

(e) Additional Training, Mandatory Additional Training and On-Site Training fees are fully earned and non-refundable when paid.

6.3 **Annual Conference**. We may, in our discretion, hold an annual conference ("Annual Conference") at a location to be selected by us. We require you to attend the Annual Conference. We presently do not charge a registration or other fee to attend the Annual Conference. However, we reserve the right to charge a registration or other fee to attend the Annual Conference in an amount not to exceed the actual cost of the conference per attendee. In addition, all expenses, including transportation to and from the Annual Conference, and lodging, meals, and salaries during the Annual Conference, are your sole responsibility. If you do not attend the Annual Conference, we may require you to attend make-up training at our headquarters in Philadelphia, Pennsylvania or another location of our choice and require you to pay our then current rates for such training plus your attendees' wages, travel, living and miscellaneous expenses incurred in connection with such make-up training and our then current fine for failing to attend the Annual Conference, currently five hundred dollars ($500).

7. **EMPLOYEES**

7.1 **Personnel Development**. You will have the sole authority and control over the day-to-day activities of your employees. You will be solely responsible for recruiting, training and developing all employees, independent contractors, and any other personnel or staff as may be needed ("Personnel"). You are responsible for making sure all Personnel are capable of performing their duties in accordance with System Standards. You are solely responsible for the supervision of your employees. You will decide the compensation to be paid to your Personnel. We will not be responsible for payment of any compensation to you or your Personnel. At no time will you or your employees be deemed to be employees of us or our affiliates.

7.2 **Owners and Staff Confidentiality Agreements**. Your Owner(s), Operating Principal, General Manager, each of your Owner's spouses, and all Personnel who attend any training we provide or who have access to our Confidential Information (as defined in Section 17.1) must sign a Non-Compete, Confidentiality and Non-Solicitation Agreement in the form attached to this Agreement as Exhibit C ("Restrictive Covenant Agreement"). All other Personnel must sign a Confidentiality and Non-Solicitation Agreement in a form approved by us ("NDA Agreement"). With respect to all Personnel, such agreements must be signed on or before the date such person is hired. You must provide us with a copy of each Restrictive Covenant Agreement and NDA Agreement within ten (10) days after it is signed.

7.3 **Taxes and Related Matters**. You shall be responsible for income and other taxes required to be withheld and hereby assumes full responsibility for payment of the employer's portion of any social security, federal and state taxes and any other taxes required to be withheld for your Personnel. You shall also pay and/or withhold taxes and premiums for unemployment and workman's compensation insurance for your Personnel, as required by state and/or federal law.

7.4 **Indemnification**. You will indemnify us, hold us harmless from, and defend us against any and all liabilities, losses, expenses, and obligations that we may incur related to any of your Personnel (or any person assisting or working on behalf of the Franchise) arising out of any claim, cause of action, complaint, proceeding (in litigation, arbitration, mediation, administrative process or otherwise) relating to your obligations to pay them any compensation or remuneration or otherwise relating to an employment relationship. You understand and acknowledge that we are under no obligation or liability to any of your Personnel for any remuneration, compensation, commission, employment or any other duty, responsibility, liability or obligation. Your indemnification obligations: (i) include reimbursement to us of any and all of our attorneys' fees and costs in defending any such claim from your Personnel and (ii) survive expiration or termination of this Agreement.

8. **OPERATIONS MANUAL AND FRANCHISOR GUIDANCE**

8.1 **Operations Manual**. Beginning upon Initial Management Training and during the Term, we will lend you one copy of our Operations Manual or other writings in which we designate our System Standards (such Operations Manual, and any written guidelines, bulletins, descriptions or instructions concerning System Standards, including updates, amendments and supplements, however communicated, the "Operations Manual"). The Operations Manual may be modified by us from time to time to reflect changes in the System Standards. Our revisions to the Operations Manual will be effective on delivery to you (including via electronic format), unless we specify a later effective date for a particular revision. If the Operations Manual is lost, stolen or damaged, you must obtain a replacement from us and we may charge you for such replacement. If a dispute develops with respect to the contents of the Operations Manual, the master copy we maintain at our principal office (or the electronic version of the Manual we designate) will be controlling. You must keep the Operations Manual in a secure location which allows access only to those who have signed a Restrictive Covenant Agreement or NDA Agreement. The Operations Manual is our property and must be returned to us upon our request.

8.2 **Guidance and Assistance**. During the Term of this Agreement, we will from time to time furnish you guidance and assistance with respect to the System Standards. This guidance and assistance will be furnished in the form of the Operations Manual, bulletins, written reports and recommendations, other written or electronic materials, telephone consultations, electronic mail, training programs, meetings, conferences and/or personal consultations at our offices, your offices or at a mutually convenient place as we determine necessary in our sole discretion. In addition to any obligations otherwise specifically set forth in this Agreement, our guidance and assistance consists of:

(a) Providing at our expense a representative to assist you with the opening and initial operation of the Dessert Shop, for approximately three (3) days prior to and including the grand opening.

(b) Providing additional, periodic or refresher training or additional On-Site Training as we deem necessary subject to our then applicable training fees as we deem necessary.

(c) Providing you with any updates to the Operations Manual and any other manuals prepared by us for use by our franchisees in the operation of their Franchises.

(d) Advising and consulting with you periodically in connection with the operation of the Dessert Shop and upon your reasonable request, at other reasonable times, including, providing you access to operations consultants and a telephone helpline for making inquiries regarding the System or System Standards.

(e) Communicating know-how, new developments (including new recipes), techniques, and improvements in areas of Dessert Shop management, food preparation, and service that are pertinent to the operation of a Dessert Shop using the System. The communications may be accomplished by visits by operations consultants, printed materials, teleconference, video conference, or any other means deemed appropriate by us.

(f) Making reasonable efforts to make available to you all additional services, facilities, rights, and privileges relating to the operation of the Dessert Shop which we generally make available, from time to time, to all franchisees operating Dessert Shops.

(g) Conducting periodic testing, from time to time, of Products as we deem advisable.

(h) Providing you with an email address and updating and maintaining our Website.

(i) Issuing, modifying and supplementing System Standards for Sweet Charlie's franchisees as we deem necessary.

(j) Modifying the System as we deem necessary, including, but not limited to, the adoption and use of new or modified techniques, supplies, equipment, products, trade names, trademarks, service marks, copyrighted materials, and information technology tools.

Notwithstanding the foregoing, if this is not your first Dessert Shop we may, in our sole discretion, provide you with less assistance and guidance. Any assistance described in Section 8.2(b), (d), (e) and (g) is at all times subject to our sole discretion, schedule and personnel availability.

8.3 **Approved Equipment and Supplies**. We may designate or require our approval of the types, models, brands, formats, providers, performers or suppliers of any Products or services, and any of the ingredients, components, menu items, equipment, supplies, goods, uniform apparel, insurance carriers, financial services, employee benefit plans, merchant accounts and gateway services, and other services, assets, products, or materials utilized by you to operate your Franchise, which we may change, alter, or amend from time to time. We may require you to order through us certain Products or materials, as we may specify from time to time. We reserve the right to derive revenue from your required purchases ordered through us. We may designate or require our approval of suppliers of Products or services ("Approved Suppliers"). If you propose to use any supplies or supplier which is not then approved, you must notify us in writing and submit sufficient information, samples, and specifications to allow us to determine if the supplier and/or supplies meet our approved criteria. It is in our sole discretion whether to test additional supplies and/or suppliers you propose. You will be responsible for our out-of-pocket expenses plus the then current per diem charges for our personnel or third parties to test and evaluate your proposed supplier and/or supplies. All criteria used by us or our designee in making our determination and any further procedures for obtaining approval of a new supplier or supplies are set forth in the Operations Manual.

8.4 **Retail Prices**. We may, from time to time, establish prices for the Products offered through your Franchise, which may vary depending on the geographic region in which the Protected Area is located.

9. SYSTEM TECHNOLOGIES

9.1 **Computer System**. You agree to purchase the Point-of-Sale System ("POS System") we designate, which is currently Square. You shall use the POS software to collect all of the sales, inventory, and financial data of the Dessert Shop which will provide us independent access to the information collected through the POS System. You agree to not interfere, in any way, with our ability to access the Dessert Shop information through the POS System. We require you to utilize a merchant account and gateway services provided by an Approved Supplier at your sole cost. You are required to maintain your credit card processing hardware and software in compliance with the Payment Card Industry (PCI) Data Security Standard. You must also acquire, license and use an iPad, laptop or desktop computer with wireless network card and communications system consisting of the computer services, components, peripherals, computer hardware and equipment (scanner, smartphone, other handheld devices and printer) and general business and accounting software (the "Software") designated or approved by us from time to time and as outlined in the Operations Manual (collectively, the "Computer System"). We may require you to obtain as part of the Computer System specified computer and communications hardware, equipment, components or software in addition to the Software and services and may modify our specifications for and required components of the Computer System from time to time. You agree to make such modifications and meet such requirements which may require you to incur additional costs. We may require that the Computer System or POS System or both (i) be capable of connecting with our computer system, (ii) perform the functions we designate, (iii) permit us to review the results of your Franchise's operations, and/or (iv) be capable of engaging in any e-commerce (as defined below) activities that we designate or approve.

9.2 **Websites**. We have the right to control all use of URLs, domain names, websites, addresses, meta-tags, links, key words, e-mail addresses and any other means of electronic identification or origin ("e-names") related to the Franchise. Neither you, nor any of your Owners or employees, are permitted to use an e-mail address that is not associated with our www.sweetcharlies.com URL for the Franchise. We may require you, at your expense, to operate certain aspects of the Franchise that we designate from time to time through e-commerce methods that we designate, and in the manner we designate from time to time. We also have the right to designate, approve, control or limit all aspects of your use of the Internet, Intranet, World Wide Web, wireless technology, digital cable, use of e-names, virtual worlds, social media, portals, search engine optimization, pay-per-click advertising, home pages, bulletin boards, chat rooms, linking, framing, blogs, text messaging, on-line purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software (collectively, "e-commerce"). You must follow all of our policies and procedures for the use and regulation of e-commerce. You shall assign and transfer to us or our designee any and all interest you may have in any e-commerce in connection with the Franchise by executing the Website and Listings Agreement attached hereto as Exhibit E. We may require that you provide photographic, written or other forms of content to us for use in e-commerce activities associated with the Marks, the Intellectual Property or the System which we may designate. We may restrict your use of e-commerce, or your customer's use of e-commerce in connection with the Product purchases to a centralized website, portal or network or other form of e-commerce designated by us operated by us or our designee. We may require that you provide information to us and arrange Product sales or distribution via e-commerce. We may require you to coordinate your e-commerce activities with us. We may require that your customers be provided access to certain e-commerce activities that we designate from time to time. You recognize and agree that between you and us, we own all rights to all interest in and to any data collected via e-commerce related to the System, the Patent Rights, the Intellectual Property and the Marks, including any customer data, click-stream data, cookies, user data, hits and the like. All such information constitutes our Confidential Information (as defined in Section 17.1).

9.3 **Customer Data and Data Security**. Any information on customers of your Dessert Shop that identifies or can be used to identify, contact, locate, or be traced back to the specific person to whom such information pertains, or from which identification or contact information of an individual person can be derived, including but not limited to, personally identifiable information ("Customer Data") and all information, mailing lists and data bases of Customer Data from whatever source derived, industry standards must be used only in connection with your Dessert Shop in accordance with this Agreement. You agree to comply with all applicable laws, regulations and with respect to Customer Data; in addition, you agree to comply with all data privacy and security requirements we may establish from time to time and to exert your best efforts to prevent the unauthorized use, dissemination or publication of Customer Data, subject in all instances to applicable laws. You shall promptly notify us if you become aware of or suspect any unauthorized access to the Customer Data, or if you become the subject of any governmental, regulatory or other enforcement or private proceeding relating to your data handling practices.

9.4 **PCI Compliance**. It is your responsibility to maintain and report your PCI compliance, which encompasses operational policies and practices as well as networks and POS Systems hardware/software used to process credit card transactions, as well as attesting that you are abiding by (i) the PCI Data Security Standards enacted by the applicable card associations (as they may be modified from time to time or as successor standards are adopted); and (ii) all other security standards and guidelines that may be published from time to time by payment card companies and/or enacted by law, and are applicable to customer credit card and debit card information. If you know or suspect a security breach, you must immediately notify both your credit card transaction acquirer and us. You assume all responsibility for providing notice of breach or compromise, along with duties and costs associated with fraudulent transactions, penalties, and ongoing fees for monitoring customer credit card histories and/or transactions for affected customers of your Shop.

10. INTELLECTUAL PROPERTY AND MARKS

10.1 Sweet Charlie's Intellectual Property.

(a) You acknowledge that SC Holdings is the exclusive owner of the Intellectual Property, Patent Rights, Marks, System Standards, and other elements of the System. You further acknowledge that any modifications to the System or any substitutions or additions to the Intellectual Property suggested or developed by you shall be owned exclusively by SC Holdings and may be incorporated by SC Holdings into the Intellectual Property without any compensation to you. As such, you hereby assign and transfer to SC Holdings all of your entire right, title and interest in and to any improvements, modifications, substitutions, or additions to the Intellectual Property suggested or developed by you and in and to any and all works of authorship and processes embodied therein, and in all goodwill signified thereby, and any and all intellectual property rights and any legal equivalent thereof, including the right to apply for, register, or claim priority to, letters patent, copyrights, trademark, trade secret and other intellectual property protection, and the right to enforce such rights, title and interest by lawsuit or otherwise. In addition, you hereby agree and covenant from time to time to execute and deliver such other documents or agreements and to take such other action as may be necessary or reasonable for the implementation of any assignment and the consummation of the transactions contemplated hereby. You hereby appoint us your true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete the assignment of any interest in any intellectual property rights described herein. This power of attorney shall survive the expiration or termination of this Agreement.

(b) You shall use the System, the Marks, the Patent Rights and the Intellectual Property strictly in accordance with the terms of this Agreement and all policies set forth from time to time in the Operations Manual. Any unauthorized use of the System, the Patent Rights, the Marks and/or the Intellectual Property is and shall be deemed to be an infringement of SC Holdings's and our rights.

(c) Except as expressly provided in this Agreement, you shall acquire no right, title or interest to the System, the Marks or the Intellectual Property; all goodwill associated with the System, the Marks and the Intellectual Property used by you shall inure exclusively to SC Holdings's benefit; and upon the termination of the Franchise, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the System, the Marks or the Intellectual Property.

(d) You acknowledge that the use of any social networking website, including but not limited to Facebook, MySpace, LinkedIn, Twitter, Instagram, Pinterest, Tumbler, SnapChat or any blogs or other bulletin boards, or chat rooms, other networking and share sites and any other Internet site which exploits, utilizes, displays, or otherwise makes use of any of the Marks or Intellectual Property is our sole property and you may not establish any website, blog, Facebook page, LinkedIn account, Twitter account, Instagram account, Pinterest account, email distribution list, or other Internet account or presence, which exploits, utilizes, displays, or otherwise makes use of any of the Marks or Intellectual Property without our prior written consent and without granting us primary administrative rights to such account, site or page. We do not have to agree to any use of Social Media Platforms by you and we may, in our sole discretion, prohibit any use of Social Media Platforms by you or all of our franchisees. If we consent to your use of any Social Media Platforms (as defined below), once we have approved the content of the material to be posted online and obtained primary administrative rights to the website, account, or page, then we will provide you with subordinate administrative access to, and guidelines for your use of such online mediums, such that you may promote, advertise, and market your Franchise locally. We retain ownership of the materials posted on any webpage or site. You have no right, title or interest to any webpage on any of your networking and websites including, but not limited to, all "fans", "followers", "friends" and "contacts" associated therewith which mentions, uses or refers in any way to the Marks or

Intellectual Property even if such webpage is established by you or otherwise held in the name of the Franchise or your Operating Principal or any of your owners and you agree to execute the Internet Website and Listings Agreement attached hereto as Exhibit E. Upon expiration or termination of this Agreement, we retain all ownership of all content created during the Term and will remove your administrative access. In addition, you shall promptly submit to us all passwords for such site(s) and any changes to a password shall be submitted to us within three (3) days of the change. Your expenditures towards web based platforms such as Facebook, Twitter, LinkedIn, Instagram, blogs and other networking and sharing sites ("Social Media Platforms") or towards any material on any Social Media Platform that makes use of our Intellectual Property, Marks, name, brand, Products, or your Franchise whether created by us, you or a third-party ("Social Media Materials") will not count towards your required Local Advertising Requirement or grand opening advertising requirement pursuant to Sections 12.2 and 12.3 below.

(e) You shall at no time take any action whatsoever to contest the validity, ownership, distinctiveness or enforceability of the Marks or Intellectual Property and the goodwill associated therewith. You agree that your use of all or any part of the System or the Intellectual Property contrary to any provision of this Agreement, or your use of any confusingly similar method, format, procedure, technique, system, name, trade dress, mark, symbol, emblem, slogan, insignia, term, designation, design, diagram, promotional material or course material, during or after the Term, shall cause irreparable injury to SC Holdings and us and shall constitute a material breach of this Agreement, and shall entitle SC Holdings and us to obtain temporary, preliminary or permanent injunctive relief from a court or agency of competent jurisdiction, and to recover court costs, reasonable expenses of litigation, reasonable attorneys' fees, and any other appropriate remedies.

10.2 **Infringements and Claims**. You must notify us immediately in writing of any apparent (including suspected) infringement of or challenge to your use of any Mark, Patent Right or Intellectual Property, or claim by any person of any rights in any Mark, Patent Right or Intellectual Property or similar copyright, trade name, trademark or service mark of which you become aware. You must not communicate with anyone except us and our attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take whatever action we deem appropriate. We have the sole right to control exclusively any U.S. Patent and Trademark Office, U.S. Copyright Office, litigation or other proceeding or any other litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark, Patent Right or Intellectual Property. You must sign any documents, give any assistance, and do any acts that our attorneys believe are necessary or advisable in order to protect and maintain our interests in any litigation or proceeding related to the Marks, Patent Rights or Intellectual Property or otherwise to protect and maintain our interests in the Marks, Patent Rights or Intellectual Property. You may not, at any time, contest the validity or ownership of any of the Marks, Patent Rights or Intellectual Property, or assist any other person in contesting the validity or ownership of any of the Marks, Patent Rights or Intellectual Property.

10.3 **Discontinuance of Use**. If it becomes advisable at any time in our sole judgment for your Franchise to modify or discontinue the use of any of the Marks or for your Franchise to use one or more additional or substitute trademarks or service marks, you agree at your expense to comply with our directions to modify or otherwise discontinue the use of such Mark or Intellectual Property, or use one or more additional or substitute trademarks or service marks, within a reasonable time after our notice to you.

10.4 **Franchisee Name**. You may not use the words "Sweet Charlie's" in your legal entity's name. You will hold yourself out to the public as an independent contractor operating a Sweet Charlie's Franchise. Whenever practical, you will clearly indicate on your business checks, stationery, business cards, invoices, receipts, advertising, public relations and promotional materials, website, and other written materials that you are a franchisee. You will file for a certificate of assumed name (d/b/a) in the manner required by applicable state and/or law so as to notify the public that you are operating your business as an independent business pursuant to this Agreement. Prior to adoption of your corporate and assumed name (if any), you shall obtain the written approval of such name(s) from us. If you choose to offer Catering Services and/or Delivery Services (with your own vehicle), we reserve the right to require your vehicle to display signs that clearly indicate to the public that your business is independently operated as a Franchise.

10.5 **Further Reservation Rights.** Because complete and detailed uniformity under many varying conditions may not be possible or practical, we specifically reserve the right and privilege, in our sole and unrestricted discretion and as we may deem to be in the best interests of all concerned in any specific instance, to vary standards for any franchisee or franchisees based upon the peculiarities of a particular territory, density of population, business potential, business practice or other condition important to the successful operation of such franchise owner's business. We may grant to one or more franchisees variations from standard specifications and practices as we determine in our sole and unrestricted discretion, and we shall have no obligation to grant you like or similar variations.

11. DUTIES AND RESPONSIBILITIES

11.1 **Compliance with System Operations**. You acknowledge that every component of the System is important to the operation of the Dessert Shop as a Sweet Charlie's franchise, including a designated menu of food and beverage products; uniformity of food specifications, preparation methods, quality, and appearance; and uniformity of facilities and service. You shall comply with the entire System, including, but not limited to:

(a) operating your Sweet Charlie's Franchise for at least those months, hours and days that we specify in the Operations Manual in accordance with whether your Dessert Shop is licensed for operation for the full calendar year or on a seasonal basis;

(b) operating the Dessert Shop in a clean wholesome manner in compliance with System Standards prescribed by us;

(c) complying with all business policies, practices, and procedures imposed by us; serving at the Dessert Shop only those Products now or hereafter designated by us; and maintaining the building, fixtures, equipment, signage, seating and decor, and parking area (if applicable) in a good, clean, and well-lighted condition, free from disrepair, and in compliance with designated System Standards;

(d) purchasing kitchen fixtures, lighting, seating, signs, computer systems, security systems and other equipment in accordance with equipment specifications and layout approved by us and, promptly after the Dessert Shop premises are ready for occupancy, cause the installation thereof;

(e) keeping the Dessert Shop constructed and equipped in accordance with the Design and Construction Plan, and ensuring that the Dessert Shop conforms at all times to local ordinances, buildings codes, and laws;

(f) abstaining from, without our prior written consent, making any design conversion, alterations, or additions to the building, equipment, or parking area (if applicable);

(g) making repairs or replacements required: (a) because of damage or wear and tear or (b) in order to maintain the building and parking area in good condition and in conformity to the Design and Construction Plan;

(h) maintaining sufficient supplies of ingredients, Products, paper products, and other inventory as is sufficient to meet reasonably anticipated customer demand;

(i) employing adequate personnel so as to operate the Dessert Shop at its maximum capacity and efficiency and implementing a training program for employees in accordance with training standards and procedures prescribed by us and staffing the Dessert Shop at all times during the Term of this Agreement with a sufficient number of trained employees including at least one (1) manager (who may be the Operating Principal or the General Manager) who has, prior to becoming manager, successfully completed Initial Management Training. Requests for exemption from the training requirement will be considered on an individual basis and will be granted only in those situations where the employees have prior operational management experience in a Sweet Charlie's dessert shop and demonstrate to us a thorough knowledge and understanding of the System;

(j) causing all employees of the Dessert Shop, while working in the Dessert Shop, to: (a) wear uniforms of such color, design, and other specifications as we may designate from time to time; (b) present a neat and clean appearance; and (c) render competent and courteous service to Dessert Shop customers;

(k) purchasing all of your requirements for supplies, ingredients, components, products and goods in accordance with our specifications and System Standards and, if applicable, from only our Approved Suppliers and in the dispensing and sale of Products: (a) using only containers, cartons, bags, napkins, other paper goods, packaging, flavorings, garnishments, and food and beverage ingredients which meet the System Standards; and (b) employing only those methods of food handling and preparation which meet the System Standards;

(l) participating in our gift card program for all dessert shops operating under the System, as prescribed in our Operations Manual or otherwise in writing from time to time, including but not limited to, selling and offering for sale gift cards which may be redeemed at any Sweet Charlie's dessert shop for menu items or Products as well as permitting customers who purchased gift cards from another Sweet Charlie's dessert shop or us to redeem their gift cards for menu items or products at your Dessert Shop;

(m) subject to Section 4.4, improving, altering and remodeling the Dessert Shop to bring it into conformance with the national and local plans, specifications and/or other standards for new or remodeled Sweet Charlie's dessert shops as may hereafter be reasonably changed and defined from time to time by us;

(n) maintaining full and accurate records related to the Dessert Shop, including but not limited to records related to (i) Gross Revenues, sales and expenses; (ii) personnel and employment files; (iii) workplace incident reports; (iv) any other records required by law; and (v) any records required under the Operations Manual;

(o) at your own expense, complying with all federal, state, and local laws, ordinances, and regulations affecting the operation of the Dessert Shop. You must furnish to us, within two (2) days after receipt thereof, a copy of any violation or citation which indicates your failure to maintain local health or safety standards; and

(p) affixing a decal or placard to an exterior window or display containing the following statement "An Independently Owned and Operated Franchise". If we request, you must display prominently a "franchise opportunity" display to promote awareness of Sweet Charlie's franchises.

11.2 **Liability Insurance.**

(a) Utilizing an Approved Supplier or insurance carrier acceptable to us, you are required to procure and maintain at all times the following insurance policies at your expense, which must additionally meet the standards and requirements set forth in the Operations Manual: (i) comprehensive general liability insurance and comprehensive product liability insurance against claims for bodily and personal injury, death, and property damage caused by or occurring in conjunction with the operation of the Franchise or your conduct of business pursuant to this Agreement; (ii) Workers' Compensation or other employer's liability insurance as well as such other insurance as may be required by statute or rule in the state(s) in which your Franchise is located or operates; and (iii) if you offer Catering Services and/or Delivery Services, automobile liability coverage, including coverage of owned, non-owned and hired vehicles.

(b) The cost of the insurance policies will vary depending on the insurance carrier charges, terms of payment and your history. The standards and specifications for insurance coverage as set forth in the Operations Manual are intended as "minimum" standards and you must review your insurance coverage and policies, and you should consult with your insurance agents, brokers, attorneys or other insurance advisors, to determine if additional coverage is necessary, desired or appropriate for your Franchise in addition to the coverage and limits required by us. If you fail to obtain or maintain the required insurance coverage, we may purchase it for you and charge you the premium plus our costs and expenses. We may change these insurance requirements, upon reasonable notice to you, to conform to reasonable business practices. Each insurance policy required under the Operations Manual must contain a provision that the policy cannot be cancelled, amended, renewed or expired without at least thirty (30) days prior written notice to us. The insurance must be primary coverage without the right of contribution from any of our insurance. We do not represent or warrant that any insurance that you are required to purchase, or which we procure on your behalf, will provide adequate coverage for you. The requirements of insurance specified in this Agreement and in the Operations Manual are for our protection. If you believe that you should not be required to carry an identified type of insurance or otherwise comply with our minimum insurance requirements, you must submit a written waiver request and obtain a waiver from us. Until such time as we notify you in writing of our approval, you are obligated to comply with all minimum insurance requirements.

(c) Each insurance policy required under this Agreement and/or the Operations Manual must contain an endorsement approved in writing by us naming us as additional insureds and an additional insured endorsement approved in writing by us naming us, our affiliates and our respective officers, directors, managers, partners, members, affiliates, subsidiaries and employees as additional insureds. Additional insured status shall include, without limitation, coverage for ongoing and completed operations. The additional insured endorsement form shall be ISO CG 20-26 or any other form approved in writing by us that provides comparable coverage. Additional insured coverage shall not be limited to vicarious liability and shall extend to (and there shall be no endorsement limiting coverage for) the negligent acts, errors or omissions of us or other additional insureds. You shall maintain such additional insured status for us on your general liability policies continuously during the Term.

(d) Your obligation to obtain and maintain the insurance policies in the amounts specified in the Operations Manual shall not be limited in any way by reason of any insurance that may be maintained by us, nor shall your procurement of required insurance relieve you of liability under the indemnification provisions set forth in this Agreement. Your insurance procurement obligations under this Section 11.2 and as specified in the Operations Manual are separate and independent of your indemnification obligations under this Agreement.

(e) Prior to the time any insurance is required to be carried by you, and thereafter prior to the renewal of any such policy, you must submit to us a copy of the certification of insurance evidencing such coverages that are required by this Section 11.2 and the Operations Manual. Within thirty (30) days after the policy is issued, you shall provide the declarations page for each of the required coverages, all additional insured endorsements and evidence of premium payment. Certificates of insurance alone are not acceptable. Our review and verification of certain elements of your insurance does not in any way reduce or eliminate your obligations to fully comply with all of the insurance requirements set forth in this Agreement and/or in the Operations Manual. It is your sole obligation to fully comply with these insurance requirements and it is your sole obligation to confirm with your insurance providers that your policies are in compliance.

11.3 **Compliance with Laws and Good Business Practices**. You will secure and maintain in force all required licenses, permits, approvals and certificates relating to the operation of the Franchise (the "Required Licenses"). You must promptly and diligently do all things necessary (including providing prompt, thorough, professional and complete responses to any local, state or federal regulatory or administrative body with oversight responsibilities for any Required Licenses) to facilitate obtaining the Required Licenses prior to the commencement of business and maintain and renew such Required Licenses when needed. You must operate the Franchise in full compliance with all applicable laws, ordinances and regulations, including, without limitation, all government regulations relating to food preparation and serving, occupational hazards and health, safety, privacy, worker's compensation insurance, unemployment insurance, workplace safety, and withholding and payment of federal and state income taxes, social security taxes and sales taxes. You will, in all dealings with customers, suppliers, brokers, us and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to our business and the goodwill associated with the System, the Marks and other Franchises.

11.4 **Menu and Authorized Products and Services**. You must serve all Products that we deem appropriate to take full advantage of the potential market and achieve standardization in the System and no items which are not set forth in the Operations Manual or otherwise authorized and approved by us in writing will be served. You must adhere to all specifications contained in the Operations Manual or as otherwise prescribed by us as to ingredients, methods of preparation and service, weight and dimensions of products served, and standards of cleanliness, health and sanitation. You shall offer for sale all Products which we designate for the System, including any additional Products we may now or in the future specify and any other ancillary products and services which we prescribe. You further agree to only sell those Products which we prescribe or otherwise authorize. You must comply fully and on a timely basis with any changes that we implement, including the introduction or cessation of any Products.

11.5 **Modification of System**. You expressly acknowledge that the System must continue to evolve in order to reflect changing market conditions and to meet new and changing customer demands. Therefore, variations and additions to the System may be required from time to time to preserve and enhance the public image of the System and to improve the continuing operating efficiency of all franchisees. Accordingly, you agree that we may from time to time, upon written notice, add to, subtract from or otherwise change the System, including, without limitation, adopting new or modified Marks, Products, Services, equipment and techniques and methods relating to the sale, promotion and provision of the Products. We may also require you to make changes or updates and upgrades to your Dessert Shop signage, catering kiosk signage (if you provide Catering Services), vehicle signage (if any), displays and similar trade dress ("Trade Dress Upgrades"). **You agree to promptly accept, implement, and use in the operation of the Franchise all such additions, modifications and changes at your sole cost and expense.** We shall not require you to implement any Trade Dress Upgrades (a) that exceed seventy-five thousand dollars ($75,000) over the Initial Term of this Agreement; (b) during the period of time after the opening of the Dessert Shop through the first anniversary thereof; or (c) during the last year of the Initial

Term of this Agreement; provided, however, the limitations set forth in this Section 11.5 shall not apply to any Trade Dress Upgrades required as a matter of law or in connection with the renewal of this Agreement.

11.6 **Distribution Cooperatives.** We may, in the future, approve the formation of distribution cooperatives, which may provide for regional production of Product to service Dessert Shops in that region as well as other services relating to production and distribution. If we authorize the formation of any distribution cooperative or similar organization ("Distribution Cooperative") for our franchisees then you agree to participate and join such Distribution Cooperative, agree to be bound by the organizational, charter and other documents of the Distribution Cooperative (which documents we must approve) and pay any fees determined by the Distribution Cooperative. We do not make any express or implied warranties with respect to any Products or goods we recommend or require for your use.

11.7 **Catering and Delivery Services.**

(a) For purposes of this Agreement, "Catering Services" means the delivery of Products to customers at locations other than the Dessert Shop's site, and, in addition to the delivery of such Products, the provision of ancillary services (such as setting up for, preparing or partially preparing, serving or otherwise distributing such Products) at such locations under the Marks and using the Intellectual Property in accordance with the System Standards. For purposes of this Agreement, "Delivery Services" means the delivery of Products under the Marks and using the Intellectual Property in accordance with the System Standards, which are fully prepared at the Dessert Shop and ready for consumption to customers at locations other than the Dessert Shop, and are delivered by employees of the Dessert Shop or by a third party engaged by the Dessert Shop to deliver Products, but where no other ancillary services are provided (such as setting up for, serving or otherwise distributing such Products) at such locations.

(b) Subject to our approval and termination rights described below, you will be permitted to provide Catering Services and Delivery Services from your Location to events and/or customers located inside or outside your Protected Area. If you offer Catering Services, you must do so with your own vehicle in accordance with Section 11.8 and you are responsible for obtaining and maintaining all catering equipment necessary to meet our standards and specifications detailed in the Operations Manual, which may include, without limitation, a catering kiosk and all cooking, warming, heating, cooling, freezing (and other refrigeration) equipment (including Ice Cream Roll Machines), and all other related kitchen and cooking equipment, all beverage service equipment, and all tables, chairs, carts and other furniture and serving equipment that we require to provide Catering Services and related services to catering customers and events in accordance with our standards and specifications detailed in the Operations Manual (the "Catering Equipment"). We have the right to inspect and confirm you have the required Catering Equipment and/or Vehicle (defined below) which meet our specifications prior to commencement of Catering Services or Delivery Services and may deny you the right to provide Catering Services and/or Delivery Services if we deem such Catering Equipment and/or Vehicle to not meet such specifications.

(c) If you offer Delivery Services, you may do so with your own vehicle in accordance with Section 11.8 or through a third party provider, provided that we must approve in writing the identity of, and the agreement terms with, such provider in our sole discretion, in advance.

(d) Notwithstanding anything in this Agreement to the contrary, we reserve the right upon written notice to terminate your right to provide Catering Services and/or Delivery Services if we determine, in our sole discretion, (i) that providing such services negatively affects the operation of your Dessert Shop or your strict compliance with the Operations Manuals or the System Standards in any respect, or (ii) that terminating such rights would benefit the operation of your Dessert Shop or your compliance with the Operations Manuals or the System Standards or is otherwise necessary or desirable to protect the quality, integrity and/or reputation of the System or Marks.

11.8 **Vehicles.**

(a) If you choose to offer Catering Services and/or Delivery Services (with your own vehicle), you must use a vehicle meeting the standards and specifications detailed in the Operations Manual (including any replacement vehicle, the "Vehicle"). Any replacement vehicle used by you to provide Catering Services and/or Delivery Services shall comply with our then-current standards and specifications.

(b) We reserve the right to require you to display signs on your vehicle, which must be approved by us in writing.

(c) You will, at your expense, repair and keep in good condition and good working order at all times the Vehicle used in the Franchise business in accordance with our quality standards. Recognizing that the System's image is of the utmost importance, you agree to keep all Vehicles, inside and out, clean at all times. We determine whether your Vehicle meets our definition of good condition and good working order in our sole discretion. If you fail to maintain your Vehicle in accordance with our standards and specifications, we may, in our sole discretion, require you to repair or replace your Vehicle or to cease providing Catering Services and/or Delivery Services.

12. ADVERTISING AND PROMOTION

12.1 **Generally.** All your advertising must conform to all provisions of this Agreement and the System Standards. All advertising, promotion and marketing must be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and promotion policies that we prescribe from time to time. In no event will your advertising contain any statement or material which may be considered: (a) in bad taste or offensive to any group or person; (b) defamatory on any person or an attack on a competitor; (c) inconsistent with our public image; or (d) not in accord with System Standards. We have the right to direct all advertising and promotional programs and activities, and the right to control and approve all the concepts, materials and media used in such programs and activities. We may periodically provide you, at your expense, with consumer marketing plans and related materials for use at the local or regional level. We may periodically furnish you with samples of advertising, marketing and promotional formats and materials templates which you will then have the right to copy at your expense. We and our affiliates reserve the right to be the exclusive suppliers of the advertising materials used in the System. We may modify any of our advertising specifications on reasonable written notice to you. Samples of all advertising, promotional and marketing materials, or your proposed modifications to any of our specifications for advertising, which we have not prepared or previously approved must be submitted to us for approval before you use or modify them. Unless a shorter time period or alternative method is specifically set forth in this Agreement, if you do not receive our written disapproval or approval within thirty (30) days after our receipt of such materials, the materials are deemed not approved. You must promptly discontinue use of any advertising, marketing or promotional plans, specifications or materials, whether or not previously approved, on notice from us. We will charge you a fee to cover our out-of-pocket expenses, plus our then-current per diem charges for our personnel, for any required inspection for such approval. We reserve the right to require you to include certain language in your local advertising materials, such as "*Franchises Available*" and the addresses of our Website and phone number.

12.2 **Local Advertising**. Once your Dessert Shop commences operations, you are required to spend during each month at least three percent (3%) of Gross Revenue on local advertising and promotion in accordance with the parameters, specifications and standards outlined in the Operations Manual (the "Local Advertising Requirement"), which such amount is not paid to, or collected by, us. The Local Advertising Requirement must be expended within your Protected Area. You acknowledge and agree that your Local Advertising Requirement must be expended regardless of the amount(s) spent by other Sweet Charlie's franchisees on local advertising. You may spend any additional sums you wish on local advertising. Upon our request, you must send us proof of these expenditures on a monthly basis, or in any other manner as we may specify. We may increase the Local Advertising Requirement in our sole discretion upon thirty (30) days advance written notice. We may require you to place advertising in specific media, such as print, social media and direct mail, and determine what percentages of your advertising should be allocated to each medium. You cannot use the following expenditures towards the Local Advertising Requirement: (a) grand opening advertising required under Section 12.3 below, or (b) telephone listings required under Section 12.9 below. You may count expenditures paid for Social Media Platforms or Social Media Materials towards your Local Advertising Requirement.

12.3 **Grand Opening Advertising**. You must spend a minimum of one thousand dollars ($1,000) for grand opening advertising and on advertising and promotion as prescribed in our Operations Manual beginning no earlier than sixty (60) days prior to the opening of your Dessert Shop and ending no later than the thirtieth (30th) day after the opening of your Dessert Shop. You may spend any additional sums you wish on grand opening advertising. At least five (5) days prior to use, you must submit samples of all grand opening advertising and promotional materials, not prepared or previously approved by us, for approval. If you do not receive our written disapproval or approval within five (5) days after our receipt of such materials, the materials are deemed not approved. Upon our request, you must send us proof of these expenditures within three (3) days of our request. Your expenditures towards (a) the Local Advertising Requirement required under Section 12.2 above, (b) telephone listings required under Section 12.9 below, (c) Social Media Platforms or Social Media Materials, and/or (d) amounts spent on food, paper products, advertising, or other expenses related to the Test Day may not be calculated as part of your grand opening advertising expenditures.

12.4 **Ad-Fund**. Recognizing the value of advertising and marketing to the goodwill and public image of the System and the Franchises, we have established a System-wide Advertising and Marketing Ad-Fund (the "Ad-Fund") for such advertising, marketing and public relations programs and materials we deem necessary or appropriate. We reserve the right to defer or reduce the Ad-Fund Fee or reallocate a portion of the Ad-Fund Fee to other uses as described in Section 5.3 and 12.5 herein, for your Franchise and, upon thirty (30) days' prior written notice to you, to reduce or suspend contributions to and operations of the Ad-Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the Ad-Fund. If the Ad-Fund is terminated, all unspent monies on the date of termination will be distributed to our franchisees in proportion to their respective contributions to the Ad-Fund during the preceding 12-month period.

12.5 **Use of the Funds**. We or our designee will direct all programs financed by the Ad-Fund, including the creative concepts, materials and endorsements, and the geographic, market and media placement and allocation. You agree that the Ad-Fund may be used to pay any and all costs of maintaining, administering, directing and preparing advertising and promotional activities, including, among other things, the costs of preparing and producing video, e-commerce, website or software enhancements, audio and written advertising, marketing, or promotional materials; professional service fees to marketing professionals; exploratory marketing and adverting campaigns whether or not ultimately acted upon; operation or marketing techniques; research and development of marketing materials; administering regional and multi-regional advertising programs, including, without limitation, purchasing e-commerce rights, services, direct mail and other media advertising and employing advertising, promotion and marketing agencies; and supporting public relations and market research. We reserve the right to include "*Franchises Available*" or similar language along with our contact information on any advertising purchased through the Ad-Fund. The Ad-Fund may periodically furnish you with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies of such materials will be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges.

12.6 **Accounting for the Fund**. The Ad-Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Ad-Fund and its programs, including, without limitation, conducting market surveys, preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the Ad-Fund. We may spend, on behalf of the Ad-Fund, in any fiscal year an amount greater or less than the aggregate contribution of all Franchises to the Ad-Fund in that year, and the Ad-Fund may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Ad-Fund will be an asset of the Ad-Fund. Upon your written request, we will prepare a statement of monies collected and costs incurred by the Ad-Fund and furnish the statement to you annually. We have the right to cause the Ad-Fund to be incorporated or operated through a separate entity at such time as we deem appropriate, and such successor entity will have all of the rights and duties specified in this Agreement.

12.7 **Ad-Fund Limitations**. You acknowledge that the Ad-Fund is intended to maximize recognition of the Marks, Intellectual Property and patronage of Franchises. We undertake no obligation to ensure that expenditures by the Ad-Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Ad-Fund by Franchises operating in that geographic area or that any Franchise will benefit directly or in proportion to its contribution to the Ad-Fund. Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to the Ad-Fund.

12.8 **Advertising Cooperatives**. We have the right, in our sole discretion, to designate any geographical area in which two or more dessert shops (whether franchised or owned by us or our affiliates) are located for purposes of establishing a regional advertising and promotional cooperative ("Cooperative"). We may also approve of the formation of a Cooperative by our franchisees. If a Cooperative has been established applicable to your Franchise at the time you commence business, then you shall immediately become a member. If a Cooperative is established that is applicable to your Franchise at a later time during the Term, then you shall become a member no later than thirty (30) days after the date on which the Cooperative commences operations. If established:

(a) each Cooperative shall be organized, governed, and administered in a form and manner, and shall commence operation on a date, approved in advance by us in writing;

(b) each Cooperative shall be organized for the exclusive purposes of administering regional advertising programs and developing, subject to our approval, standardized advertising materials for use by the members in local advertising and promotion;

(c) each Cooperative shall have the right to require its members to make contributions to the Cooperative in such amounts as are determined by the Cooperative by majority vote and your failure to make any such payments is a breach of this Agreement;

(d) each member shall submit to the Cooperative its contribution in the manner set forth in the Operations Manual or in the Cooperative's bylaws, which must be approved in advance by us in writing; and

(e) you may offset your Local Advertising Requirement by any amounts paid by you to the Cooperative.

12.9 **Telephone Directory Advertisements**. At your expense, you must obtain your telephone number. Upon termination or expiration of this Agreement you will assign such telephone number to us. You must execute the Telephone Listing Agreement attached hereto as Exhibit F which will assign us all rights to your telephone number.

12.10 **Advisory Council.** We reserve the right to form a franchisee advisory council. Any advisory council created will act in an advisory capacity only and will not have decision making authority. We will have the right to form, change, merge and dissolve any advisory council at any time. The membership of any advisory council may be determined in our sole discretion and you have no right to sit on an advisory council. If you are chosen and agree to participate on an advisory council, you will pay all costs and expenses you incur related to your participation, including travel, lodging and meals expenses for attending council meetings.

13. RELATIONSHIP OF THE PARTIES

13.1 **Independent Contractors**. We do not have a fiduciary relationship with you. Neither you nor we are general or special agents, representatives, joint ventures, partners or employees of the other for any purpose whatsoever. You will not be entitled to workers' compensation, unemployment compensation, or any other statutory or regulatory benefit or right predicated on an employer-employee relationship. We have no obligation to carry workers' compensation coverage or pay unemployment compensation taxes or withhold any amounts from payment to you for federal income taxes or for federal social security taxes, unless otherwise required by applicable laws and regulations. We have no obligation to provide you with any employment and fringe benefits that we may provide to employees, such as health insurance, for example. The foregoing also applies to any relationship with your Personnel. Neither this Agreement nor our course of conduct is intended, nor may anything in this Agreement (nor our course of conduct) be construed, to state or imply that we are the employer of any of your Personnel, nor vice versa.

13.2 **Taxes**. We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, payroll, property or other taxes, whether levied upon you or your Owners, in connection with the business you conduct (except any taxes we are required by law to collect from you with respect to purchases from us). Payment of all such taxes is your responsibility.

14. INDEMNIFICATION

14.1 **By You**. You agree to indemnify, defend and hold harmless us, our affiliates and our respective members, directors, officers, owners, employees, agents, contractors, advisors, successors and assignees (the "Indemnified Parties") against and to reimburse any one or more of the Indemnified Parties for all losses, expenses, judgments, settlements, claims, liabilities, reasonable attorneys' fees, costs (including, without limitation, expert witness fees, court costs, accountants' fees, travel and living expenses) and damages arising out of any claim directly or indirectly (i) related to the operation of your Franchise, (ii) related to on-site training, assistance or support provided to you by our employees or personnel, (iii) arising out of a breach of this Agreement or any other agreement with us or any affiliate of ours or (iv) any and all taxes described in this Agreement provided, however, that you shall not be required to hold harmless or indemnify us for any losses relating to any claim to the extent such losses arise out of our gross negligence or willful misconduct. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

14.2 **By Us**. We agree to hold harmless and indemnify you against any claim for copyright, service mark or trademark infringement, including reasonable attorney's fees and court costs in connection with such claims, arising out of your authorized use of our materials or the Intellectual Property or Marks in accordance with this Agreement and the Operations Manual, provided that such use was in accordance with the terms of this Agreement and you notify us in writing within thirty (30) days, or within such shorter period as is necessary to avoid prejudice, after learning of any claim, and also provided we have the right to control any litigation or proceeding resulting from any such claim.

15. REPORTS, FINANCIAL STATEMENTS, INSPECTIONS AND AUDITS

15.1 **Our Right to Inspect the Sweet Charlie's Franchise**. To determine whether you are complying with this Agreement and all System Standards, we and our designated agents have the right at any time when the Dessert Shop is in operation or you or your Personnel are working at the Dessert Shop to:

(a) inspect the Dessert Shop, including but not limited to, conducting secret shopper evaluations from time to time and without prior notice;

(b) observe, photograph and videotape the operations of the Dessert Shop, the production methods of your Personnel and any Products it provides for such consecutive or intermittent periods as we deem necessary;

(c) remove or otherwise receive or obtain samples of any Products, materials, ingredients or supplies for testing, evaluation or analysis;

(d) interview employees and customers of the Dessert Shop;

(e) inspect any vehicles and Catering Equipment; and

(f) inspect and copy any books, records, computer data and documents relating to your operation of the Franchise.

You agree to cooperate with us fully in connection with any such inspections, observations, photographing, videotaping, product removal, service testing and interviews. You agree to present to your customers such evaluation forms that we periodically prescribe and to participate and/or request your customers to participate in any surveys performed by us or on our behalf. Our access to your POS System and any other tablet or computer used for the Dessert Shop includes access to any information or data stored which is related to the Dessert Shop, including but not limited to, (i) data stored in bookkeeping software (QuickBooks®), (ii) information in online bank accounts and credit card accounts used for the operation of the Dessert Shop and (iii) Customer Data. You must provide us with your user ID and password for your QuickBooks® account. You must immediately correct or repair any unsatisfactory conditions we specify.

15.2 **Our Right to Audit**. We have the right at any time during your business hours, and upon forty-eight (48) hour prior notice to you, to inspect and audit, or cause to be inspected and audited, your business, bookkeeping, accounting and invoicing records, sales and income tax records and returns, online bank accounts, online credit card accounts and any other records related to the Franchise. You agree to cooperate fully with our representatives and independent accountants we hire to conduct any such inspection or audit. If our inspection or audit is made necessary by your failure to furnish reports, supporting records or other information we require, or to furnish such items on a timely basis, or if we determine that Gross Revenues or any other fees are understated by two percent (2%) or more you agree to reimburse us for the cost of such inspection or audit, including, without limitation, the charges of attorneys, independent accountants, and employees and their travel expenses, room and board. You also must immediately pay us any shortfall in the amounts you owe us, including interest as described in Section 5.8. The foregoing remedies are in addition to our other remedies and rights under this Agreement and applicable law.

15.3 **Books and Records**. You shall establish and maintain, at your expense, a bookkeeping, accounting, and record keeping system conforming to the requirements prescribed by us from time to time including, but not limited to providing us (a) within fifteen (15) days after the end of each month, a balance sheet and profit and loss statement and (b) within thirty (30) days after the end of the fiscal year a profit and loss statement, balance sheet, and cash flow statement for the immediately preceding fiscal year reflecting all year-end adjustments. You shall furnish us with copies of all federal and state income and sales tax returns the Franchise files with respect to the Franchise's business income or sales within thirty (30) days after the date they are filed.

15.4 **Distribution of Franchisee Information**. You acknowledge and agree that we have the right to share any information about your Dessert Shop collected by us or our affiliates or agents to any third party, including other franchisees, for any purpose. This information may include, but is not limited to, data regarding your sales, revenues, costs, taxes, profit margins or customer service survey results.

16. TRANSFER

16.1 **By Us**. This Agreement is fully transferable by us and will inure to the benefit of any transferee or other legal successor to our interests. We may assign our interest in this Agreement, directly or indirectly, by merger, assignment, pledge or other means, without your approval or consent.

16.2 **By You**. We have granted the Franchise to you in reliance upon our perceptions of your and your Owners' individual or collective character, skill, aptitude, business ability and financial capacity. Accordingly, you may make no Transfer (as defined below) without our prior written approval. Any purported Transfer without such approval will be a breach of this Agreement and will entitle us to terminate this Agreement.

16.3 **Definition of Transfer**. As used in this Agreement, the term "Transfer" means you or your Owners' voluntary, involuntary, direct or indirect assignment, sale, gift, pledge, mortgage, disposal or other disposition of any legal or beneficial interest in: (i) this Agreement, (ii) any material asset of the Franchise; or (iii) more than twenty-five percent (25%) of the ownership interest in the Franchise entity, whether in the form of equity or voting interest (provided that a Transfer of less than twenty percent (25%) of an Owner's ownership interest in the Franchise entity, whether in the form of equity or voting interest, may occur in accordance with the requirements of Section 16.4 below). "Transfer" also includes (i) the merger or consolidation of your Franchise entity; and (ii) the issuance of additional securities or other ownership interests of the Franchise entity comprising more than twenty-five percent (25%) of the ownership interest whether in the form of equity or voting interest. It includes transfers resulting from proceedings under the U.S. Bankruptcy Code or any similar law, and transfers resulting from divorce.

16.4 **Transfer of Less than 25% of Franchise Entity**. Prior to the Transfer of less than twenty-five percent (25%) of the total ownership in the Franchise by an Owner:

(a) the transferee and its Owners must meet or exceed the approval criteria applied to new franchisees of the System, including, without limitation, passing a background check and having sufficient business experience, aptitude and financial resources to operate the Franchise, all at our sole discretion;

(b) all transferring Owners must sign a general release in the form attached to this Agreement as Exhibit A of any and all claims against us and our affiliates, members, owners, officers, directors, employees, consultants, advisors, and agents;

(c) we must have approved the material terms and conditions of such transfer and determined that the price and terms of payment will not adversely affect the operation of the Franchise;

(d) if applicable, the new Operating Principal of transferee must successfully complete our standard training program; and

(e) the transferee and its Owners must execute and agree to be bound by all the terms and conditions of the Guaranty, Restrictive Covenant Agreement and any other agreements reasonably required by us.

16.5 **Notice of Transfer.** You agree to notify us of any planned Transfer and provide us with any information we may reasonably request in order to permit us to evaluate the planned Transfer. If we do not exercise our right of first refusal under Section 16.10, we agree not to unreasonably withhold our approval of a Transfer. If we approve the Transfer, then you will be free, for thirty (30) days following such approval, to effect the Transfer to the entity approved by us.

16.6 **Conditions for Approval of Transfer**. If you are in full compliance with this Agreement, then subject to the other provisions of this Agreement, we will approve a Transfer that meets all the applicable requirements of this Section:

(a) the transferee and its Owners meet or exceed the approval criteria applied to new franchisees of the System, including, without limitation, passing a background check and having sufficient business experience, aptitude and financial resources to operate the Franchise, all at our sole discretion;

(b) you have paid all amounts owed for purchases from us and all other amounts owed to us or to third-party creditors and have submitted all required reports and statements;

(c) if applicable, the new Operating Principal of transferee completes our standard training program;

(d) the transferee has entered into our then-current form of Franchise Agreement and any required related agreements for a term ending on the expiration date of this Agreement and requiring no Initial Franchise Fee, provided that if the transfer is for an ownership interest in the Franchise, the transferee or transferees of such ownership interest sign a personal Guaranty and Restrictive Covenant Agreement and any other related agreements reasonably required by us;

(e) the transferee agrees to upgrade the Franchise to conform to our then-current System Standards including making any Trade Dress Upgrades we require;

(f) you or the transferee pay us a transfer fee equal to ten thousand dollars ($10,000), plus our costs associated with the transfer, including attorneys' fees;

(g) you and all transferring Owners have signed a general release in the form attached to this Agreement as Exhibit A of any and all claims against us and our affiliates, members, owners, officers, directors, employees, consultants, advisors, and agents;

(h) we have approved the material terms and conditions of such transfer and determined that the price and terms of payment will not adversely affect the transferee's operation of the Franchise;

(i) if you or your Owners finance any part of the sale price of the transferred interest, you and/or your Owners have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements or security interests that you or your Owners have reserved in the Franchise are subordinate to the transferee's obligation to pay Royalty Fees and Ad-Fund Fees and other amounts due to us and otherwise to comply with this Agreement; and

(j) upon our request, you have agreed that you will provide guidance and support related to the operation of the Dessert Shop and compliance of System Standards at the discretion of the transferee for a period of no less than thirty (30) days from the day the transferee satisfactorily completes all training.

16.7 **Transfer Upon Death or Disability**. Upon the death or disability of an Owner of a controlling interest in you, we may require you or such Owner (or such Owner's executor, administrator, conservator, guardian or other personal representative) to Transfer such interest to a third party. Such disposition (including, without limitation, transfer by bequest or inheritance) must be completed not more than one hundred and eighty (180) days from the date of death or disability. Such disposition will be subject to all of the terms and conditions applicable to Transfers contained in this Section. A failure to Transfer the ownership interest of the deceased or disabled controlling Owner within this period of time constitutes a breach of this Agreement. For purposes of this Agreement, the term "disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent an Owner of a controlling interest in you from managing and operating the Franchise.

16.8 **Operation Upon Death or Disability**. Upon the death or disability of your Operating Principal, you or your Owner's executor, administrator, conservator, guardian or other personal representative must within a reasonable time, not to exceed fifteen (15) days from the date of death or disability, appoint a new Operating Principal to operate the Franchise. Such Operating Principal will be required to complete training at your expense and must be approved by us. In the event the Dessert Shop was being managed by the deceased or disabled Operating Principal and not a General Manager then pending the appointment of an Operating Principal as provided above or if, in our judgment, the Franchise is not being managed properly any time after the death or disability of the Operating Principal, we have the right, but not the obligation, to appoint a General Manager for the Franchise. All funds from the operation of the Franchise during the management by our appointed General Manager will be kept in a separate account, and all expenses of the Franchise, including compensation, other costs and travel and living expenses of our manager, will be charged first to this separate account and then to your Dessert Shop's general bank account. We also have the right to charge a management fee of twenty percent (20%) during the period that our appointed manager operates the Franchise, payable on a weekly basis. Operation of the Franchise during any such period will be on your behalf, provided that we only have a duty to utilize commercially reasonable efforts and will not be liable to you or your Owners for any debts, losses or obligations incurred by the Franchise or to any of your creditors for any products, materials, supplies or services the Franchise purchases during any period it is managed by our appointed manager.

16.9 **Effect of Consent to Transfer**. Our consent to a Transfer of this Agreement and the Franchise or any interest in you does not constitute a representation as to the fairness of the terms of any contract between you and the transferee, a guarantee of the prospects of success of the Franchise or transferee or a waiver of any claims we may have against you (or your Owners) or of our right to demand the transferee's exact compliance with any of the terms or conditions of this Agreement

16.10 **Our Right of First Refusal**. If you or any Owner receives a bona fide arm's length offer to purchase its interest in this Agreement, in any material assets of the Franchise or in the Franchise or you or any Owner proposes to Transfer any interest in this Agreement, in any material assets of the Franchise or in the Franchise, in whole or in part, to a person other than an entity of which your Owners are the sole owners, shareholders, members, or partners, you must first offer to sell said interest and/or asset(s) to us. You must provide us the terms of the offer received or made by you and we shall have thirty (30) days from the receipt of said statement to either accept or refuse such offer. Acceptance by us must be at the same price and on the same terms set forth in the written statement submitted by you, provided that we may, in our sole discretion, substitute cash in place of any finance terms set forth in the written offer statement. If we fail to accept the offer within the thirty (30) day period, you are free to effect the disposition described in the statement upon the exact terms set forth in the statement delivered to us, provided that nothing in this Section may be interpreted as limiting the requirements of this Agreement relating to transfer of rights under this Section 16 and provided that, if the sale to such transferee is not completed within one hundred twenty (120) days after delivery of such offer to us, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we will have an additional right of first refusal during the thirty (30) day period following either the expiration of such one hundred twenty (120) day period or notice to us of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms, at our option. Furthermore, if you are insolvent, or upon the filing of any petition by or against you under provisions of any bankruptcy law, we have the first right to purchase the Franchise, for the amount and pursuant to terms established by an independent appraiser selected by us. Unless such sale is to us or a Sweet Charlie's franchisee, all Marks must be removed from any assets sold to a third party.

16.11 **Waiver of Interference Claims**. You acknowledge that we have legitimate reasons to evaluate the qualifications of potential transferees and to analyze and critique the terms of their purchase contracts with you. You also acknowledge that our contact with potential transferees for the purpose of protecting our business interests will not constitute wrongful conduct, including without limitation, unlawful interference with your business or contracts. You expressly authorize us to investigate any potential transferee's qualifications, to analyze and critique the proposed purchase terms with the transferee, and to withhold consent to economically questionable transactions. Without limitation of the foregoing, you waive any claim that any action we take in relation to a proposed transfer to protect our business interests constitutes tortious interference with contractual or business relationships.

17. RESTRICTIVE COVENANTS

17.1 **Confidential Information**. During the Term, we will give you, and you will have access to, a variety of information concerning us, our affiliates and our business including: the Operations Manual; System Standards; Products; methods for operating, managing and developing the Franchise; Product sales, marketing, distribution, performance, methods, techniques, equipment (including the Ice Cream Roll Machine) or supplies; recruitment, training, coordination, marketing or compensation methods; reporting methods, and techniques; customer lists; referral sources; billing and collection methods; recipes; know-how; procedures and methods of food preparation (including the methods of freezing and serving our Product); financial information; Computer System; other information about us and information about our Approved Suppliers; strategic partners, franchisees, business plans, employees, and independent contractors (collectively, the "Confidential Information"). We consider the Confidential

Information to be confidential and our trade secrets. You acknowledge that we have expended and continue to expend great amounts of time, money and effort in devising and processing the Confidential Information.

17.2 **Restrictions On Use**. You will use your best efforts and diligence both during and after the Term to protect the Confidential Information and our goodwill. You will not, directly or indirectly, use (for yourself or others) or disclose any of the Confidential Information to any other person or entity except as is necessary for the operation of your Franchise in accordance with our System Standards.

17.3 **Mandatory Requests for Information**. If you or anyone to whom you transmit the Confidential Information becomes legally compelled (by court order, interrogatories, discovery requests for information or documents, subpoenas, civil investigative demands or similar process) to disclose any Confidential Information, you must immediately notify us in writing so that we may seek a protective order or other remedy. You will reasonably cooperate with us in our efforts to seek such protective order or other remedy. In any event, you will furnish only that portion of the Confidential Information which is legally required and exercise your best efforts to obtain reliable assurance that confidential treatment will be accorded to the Confidential Information.

17.4 **Return**. Upon termination, expiration or non-renewal, or any other time at our request, you must promptly deliver to us, or destroy at our request, any and all documents or other materials (including documents or notes created by you and information embodied in intangible form, e.g., in computer memory) in your possession or control relating, directly or indirectly, to any Confidential Information and all copies of it without retaining any copies, duplicates, extracts or portions of it. Your Operating Principal shall certify, within fifteen (15) days of our request, as to the return or destruction of all such information.

17.5 **During Term – Competitive Activities**. You acknowledge our legitimate business interest in the Confidential Information and goodwill associated with our System. You covenant that during the Term of this Agreement, except as otherwise approved in writing by us, you and each of your Owners and their respective spouses must not, directly or indirectly (whether as owner, partner, associate, agent, consultant, employee, independent contractor, member, stockholder, officer or otherwise of another or on your own account), do any of the following:

(a) Divert or attempt to divert any business or customer to any competitor, by direct or indirect inducement or otherwise, to do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks, Intellectual Property and the System.

(b) Own, maintain, engage in, be employed by, lease real estate to, finance, or have any interest in any other ice cream dessert shop, cafe or business that sells ice cream (dairy or non-dairy), frozen yogurt or sweets of any kind (other than a Franchise under an effective Franchise Agreement with us).

17.6 **Post-Term Competitive Activities**. For a period of twenty-four (24) months following the expiration or termination of the Agreement for any reason, unless we otherwise permit in writing, you must not, directly or indirectly (whether as owner, partner, associate, agent, consultant, employee, independent contractor, member, stockholder, officer or otherwise of another or on your own account), do any of the following:

(a) Participate in the development of, or engage in, or market, sell, distribute, render, provide, perform or sell the Products or similar products or services, or contribute your knowledge to, or have any financial interest in, any work or activity that relates to or involves any of the Confidential Information or is in any way engaged in the operation, licensing, franchising or consulting, developing, marketing, organizing, providing, promoting, coordinating or selling ice cream (dairy or non-dairy), frozen yogurt or sweets of any kind at a retail establishment selling primarily such items (a "Competitive Business"): (i) within the Protected Area; (ii) within any geographic territory that we have assigned to a Franchise or in which we directly operate, market or sell; (iii) via the Internet or other form of e-commerce, wherever located; or (iv) within twenty (20) miles of the Protected Area or any territory described in clause (ii) above in existence or under development during the Term.

(b) Induce or attempt to induce, or solicit any of our or other Sweet Charlie's Franchise's strategic partners, customers, referral sources, or other independent contractors to accept a business affiliation with you.

(c) Solicit, divert, contact, take away or interfere with any of our business, customers, referral sources, brokers, insurers, suppliers, trade or patronage with whom we (or our affiliates or franchisees) do business or whom you know we have contacted or solicited for business relationships, or those of any of our affiliates or franchisees, as of the date of termination or expiration of this Agreement.

17.7 **Non-Disparagement**. You agree not to take any action or make any statement the effect of which would be to directly or indirectly materially impair our goodwill or our rights to our Intellectual Property or the goodwill of our affiliates, or be materially detrimental to us, our affiliates or our franchisees, including, but not limited to any action or statement intended, directly or indirectly, to benefit any of our competitors. This provision survives forever.

17.8 **Equitable Relief**. Due to our interest in the Confidential Information and customer goodwill, you agree that damages cannot fully compensate us if you breach this Section 17 of this Agreement. Thus, if you breach Section 17 of this Agreement, we are entitled to an injunction restraining you from any further breach and other equitable relief. We may obtain the injunction without bond and without notice. Your only remedy if such an injunction is issued is its dissolution, if warranted, upon an appropriate hearing. You waive any claims for damages as a result of the obtaining of any such injunction.

17.9 **Extension of Time Period**. The time period during which you are to refrain from the activities described in this Section, will be extended by any length of time during which you are in breach of the relevant provisions of this Section 17.

17.10 **Modification of Provision**. If any court determines that any of the covenants set forth in this Section 17, or any part thereof, is unenforceable because of the duration or geographic scope of such provision, such court shall have the power to reduce the duration or scope of such provision, as the case may be, and, in its reduced form, such provision shall then be enforceable.

18. TERMINATION

18.1 **By Franchisee**. You may not terminate this Agreement prior to the expiration of its Term except in the event we commit a material breach of this Agreement and we fail to take steps to cure such material breach within ninety (90) days from the date of receipt of such notice from you specifically enumerating all alleged deficiencies by us.

18.2 **By Franchisor - Non-Curable Defaults.** We may, at any time, terminate this Agreement effective immediately upon written notice if you or any of your Owners:

(a) either (i) fail to observe or comply with the requirements of Section 16 in connection with any sale, assignment or Transfer, or (ii) make a material misrepresentation in any Transfer request or document in support of a request for our consent to the Transfer of the Agreement;

(b) do not commence operations on or before the earlier of (i) one hundred eighty (180) days of executing a lease for the Location or (ii) three hundred and sixty-five (365) days of the Effective Date, subject to any extension granted by us;

(c) fail to arrange for the purchase or lease of a suitable Location on or before one hundred eighty (180) days of the Effective Date, subject to any extension granted by us;

(d) fail to purchase your Ice Cream Roll Machines prior to or upon the commencement of Initial Management Training;

(e) abandon or fail to operate the Franchise for three (3) consecutive business days during which you are required to operate the Franchise under the terms of this Agreement or the Operations Manual (which shall not apply outside of any defined seasonal period if you have been approved to operate a seasonal Dessert Shop), or any shorter period after which it is not unreasonable under the facts and circumstances for us to conclude that you do not intend to continue to operate the Franchise (unless such failure to operate is due to fire, flood, earthquake, or similar causes beyond your control); or

(f) violate or breach any provision of Section 10 or Section 17 of this Agreement;

(g) become insolvent or makes a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; are adjudicated bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your 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 you; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed); if you are dissolved; if execution is levied against your Franchise or property; if suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of the Franchise shall be sold after levy thereupon by any sheriff, marshal, or constable; or

(h) fail to successfully complete Initial Management Training or any phase thereof;

(i) have any judgment or judgments aggregating in excess of ten thousand dollars ($10,000) levied against you or any lien in excess of ten thousand dollars ($10,000) against your property which remains unsatisfied or unbonded of record in excess of thirty (30) days;

(j) cause, suffer, or permit (voluntarily or involuntarily) your right of possession as lessee or sub lessee of the premises on which the Dessert Shop is located to be terminated prematurely for any cause whatever;

(k) knowingly sell food or beverage products other than those designated by us or which fails to conform to System specifications for those Products, or which are not prepared in accordance with the methods or recipes prescribed by us, or fail to sell Products designated by us;

(l) knowingly fail to report accurately the Gross Revenue of the Franchise; or you commit any act or omission constituting fraud, misrepresentation or similar act or omission, whether with respect to us, any related entities and/or any third party;

(m) default, on two (2) or more separate occasions within any period of twelve (12) consecutive months, in any obligation(s) (whether the same or different), whether or not such defaults are timely corrected, to us, any of our affiliates and/or a Cooperative or Distribution Cooperative or (ii) commit any default, or violate any material obligation to us, any of our affiliates and/or a Cooperative or Distribution Cooperative, which is incurable, or (iii) commit any material default, or violate any material obligation to us, any of our affiliates and/or a Cooperative or a Distribution Cooperative which remains uncured after any applicable cure period, whether under this Agreement, any other agreement with us, any of our affiliates and/or a Cooperative or a Distribution Cooperative, the Operations Manual or otherwise;

(n) engage in any misconduct which unfavorably affects your reputation or that of any of your Owners or the goodwill associated with the Marks or the System (including, but not limited to, child abuse or other mistreatment, health or safety hazards, drug or alcohol problems, sexual harassment, discrimination or allowing unlawful activities or unauthorized or illegal items to be used or distributed in connection with the Franchise);

(o) are convicted by a trial court of, plead no contest or enter into a consent decree in connection with any violation of the rules or regulations of franchise laws, federal or state securities laws, or any felony or any other crime or offense that is likely to adversely affect your reputation, our reputation or otherwise involving any fraud or breach of trust, or to any crime or offense that may adversely affect the reputation of the goodwill associated with the Marks or the System; or

(p) fail to pay any taxes when due which you are not contesting in good faith.

18.3 **<u>By Franchisor - Curable Breaches:</u>** The occurrence of any of the following events shall constitute a curable default under this Agreement. You may cure such default by taking appropriate remedial action within a prescribed time after we demand remedial action. Unless you cure such default before the end of the indicated remedial period, we may terminate this Agreement or take any other actions as this Agreement permits effective immediately if you or any of your Owners:

(a) submit a financial report or other data, information or supporting records which understate by more than two percent (2%) the Gross Revenues, or other fees due for any reporting period, and you unable to demonstrate within five (5) business days that such understatements resulted from an inadvertent error;

(b) fail to maintain and operate the Dessert Shop in a good, clean, wholesome manner and in compliance with the standards prescribed by the System, and fails to cure such breach within five (5) business days after written notice;

(c) deny our right to inspect the Dessert Shop, Vehicle or Catering Equipment at reasonable times and fail to cure such breach within three (3) business days after denial;

(d) sell food or beverage products or use ingredients which fail to conform to System specifications or which are not prepared in accordance with the methods or recipes prescribed by us and fail to cure such breach within twenty-four (24) hours after written notice;

(e) fail to operate the Dessert Shop in accordance with the Operations Manual, or fail to conform to our specifications and standards, or fail in any other way to maintain our standards of quality in the operation of the Dessert Shop and fails to cure such breach within thirty (30) business days after written notice;

(f) fail to remit any payments immediately when due to use or an affiliate of ours and fail to cure such breach within five (5) days after written notice;

(g) fail to remit any payments immediately when due to a supplier, vendor, broker, landlord, the Cooperative or Distribution Cooperative or other third party owed by the Franchise and fail to cure such breach within ten (10) days after written notice;

(h) fail to submit to us any financial, reports or other information required under this Agreement and fail to cure such breach within ten (10) business days after written notice;

(i) fail to maintain the required insurance and fail to cure such breach within seven (7) business days after written notice;

(j) interfere with our ability to access information on the POS System or if you close or interfere with our ability to access the account used to electronically transfer Royalty Fees, Ad-Fund Fees and other payments, and fail to cure such breach within five (5) business days after written notice;

(k) operate the Dessert Shop in a manner that presents a health or safety hazard to your customers, employees, or the public which is not cured within twenty-four (24) hours after written notice;

(l) fail to obtain or to maintain any Required License or fail to comply with any federal, state, or local law or regulation applicable to the operation of the Dessert Shop and fail to cure such breach within five (5) business days after written notice; or

(m) breach any other obligation, covenant or representation under this Agreement (other than the non-curable defaults described in Section 18.2 above) and fail to remedy such breach within thirty (30) days after written notice from us specifying the breach alleged to have occurred and the action to be taken by you curing the same, including but not limited to: (i) your failure to operate the Franchise in accordance with the Operations Manual and/or other manuals, (ii) your failure to conform to our System Standards, or failure in any other way to maintain our standards of quality in the operation of the Franchise, (iii) your taking for your own personal use any assets or property of the Franchise, or (iv) your failure to attend any mandatory training.

18.4 **Cross Defaults, Non-Exclusive Remedies, Etc.** Any default by you (or any person/company affiliated with you) under this Agreement may be regarded as a default under any other agreement between us (or any affiliate of ours) and you (or any of your affiliate). Any default by you (or any person/company affiliated with you) under any other agreement, between us (or any of our affiliate) and you (or any person/company affiliated with you), and any default by you (or any person/company affiliated with you) under any obligation to us (or any of our affiliate) or a Cooperative or Distribution Cooperative may be regarded as a default under this Agreement unless specifically agreed otherwise in writing. Any default by you (or any person/company affiliated with you) under any loan agreement, security agreement, lease, supply or service agreement or otherwise, whether with us, any of our affiliate and/or any third party which is not cured by the time period specified in such agreement may be regarded as a default under this Agreement and/or any other agreement between us (or any of our affiliate) and you (or any of your affiliate).

In each of the foregoing cases, we (and any of our affiliate) will have all remedies allowed at law, including termination of your rights (and/or those of any person/company affiliated with you) and our (and/or our affiliates') obligations. No right or remedy which we may have (including termination) is exclusive of any other right or remedy provided under law or equity and we may pursue any rights and/or remedies available.

18.5 **Rights upon Default**. Except in the case of death or disability which is governed by Section 16.8 hereof, if we determine in our sole judgment that the operation of your Franchise is in jeopardy, or if you are in default under this Agreement, then in order to prevent an interruption of the Franchise which would cause harm to the System or potentially lessen the value of the Franchise, you authorize us to operate your Franchise for as long as we deem necessary and practical, and without waiver of any other rights or remedies which we may have under this Agreement ("Step-In Rights"). We shall keep in a separate account all monies generated by the operation of your Franchise, less the expenses of the Franchise, including a management fee of twenty percent (20%) of Gross Revenues, payable on a weekly basis. If this separate account does not have sufficient funds then we may deduct our expenses, including the management fee and the reasonable attorneys' fees and costs described below, from your Franchise's general operating bank account. In the event of the exercise of the Step-In Rights by us, you agree to hold harmless us and our representatives for all actions occurring during the course of such temporary operation. You agree to pay all of our reasonable attorneys' fees and costs incurred as a consequence of our exercise of our Step-In Rights. Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination.

18.6 **Obligations Upon Termination/Expiration**. Upon any expiration or termination of this Agreement for any reason, you must, at your cost and expense:

(a) immediately cease selling the Products and using any of the Confidential Information, the Intellectual Property and the Marks and immediately return to us (or destroy upon our request) all of your copies of any materials containing any of the Confidential Information or any materials bearing the Intellectual Property or the Marks including without limitation the Operations Manual;

(b) upon our request, cooperate in assigning to us or to a person or entity designated by us any and all vendor agreements or sales or service contracts for the Products with customers of your Franchise, which will be automatic at our option as a result of the termination or expiration;

(c) immediately cease all use of our Marks and Intellectual Property including any marketing or advertising materials, flyers, business cards, brochures and stop holding yourself out to the public as associated with us in any way including de-identifying the Dessert Shop by removing all trade dress, signs or other items bearing our Marks, including, without limitation, from your vehicles (if any);

(d) immediately cease using all Social Media Platforms and return to us all Social Media Materials, e-names and passwords and do all things necessary to permanently remove your administrative access to any Social Media Platforms;

(e) immediately terminate your access to the e-commerce activities we designate and assign to us all telephone numbers, e-name and directory listings associated in any way with the Sweet Charlie's Franchise and our Marks, and direct the telephone company to transfer all such numbers and listings to us or our designee;

(f) immediately pay us all unpaid fees and pay us, our affiliates, and our Approved Suppliers, all other monies owed; and

(g) comply with the post-termination covenants set forth herein, all of which will survive the transfer, termination or expiration of this Agreement and cease any and all contact with customers, suppliers, vendors, employees or our agents without our prior written consent.

Alternatively, we may elect in our sole discretion, to undertake the obligations set forth in subsection (a)-(g) above and charge you for our costs and expenses. The costs and expenses charged under this Section are in addition to any liquidated damages set forth in Section 18.7 below. You hereby appoint us as your duly appointed agent and attorney in fact with the absolute right (but not the obligation) to perform the acts specified in this Section at your sole cost and expense including the right to execute any assignments or contracts or file any documents with any third parties necessary to effectuate these obligations. The appointment of us as your agent and attorney in fact for the purposes set forth herein is declared and acknowledged to be coupled with an interest and is irrevocable. The grant of power of attorney herein shall include full powers of substitution.

18.7 **Liquidated Damages**. You acknowledge and agree that if we terminate this Agreement or if you terminate this Agreement in violation of Section 18 or otherwise abandon your Franchise, we will incur damages, the actual amount of which would be speculative and difficult to calculate. As such, you agree to pay us, within fifteen (15) days after the effective date of such termination or abandonment, in addition to all other amounts then owed to us under the Agreement, the agreed upon liquidated damages amount equal to the average monthly Royalty Fees and Ad-Fund Fees you owed during the twelve (12) months of operation preceding the effective date of termination or abandonment multiplied by the lesser of (a) twenty-four (24) (being the number of months in two (2) full years); or (b) the number of months remaining in the Agreement had it not been terminated, whichever is less. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages and not a penalty or punitive in nature.

The liquidated damages provision only covers our damages from the loss of cash flow from the Royalty Fees and Ad-Fund Fees. It does not cover any other damages, including damages to our reputation with the public and damages arising from a violation of any provision of this Agreement other than the Royalty Fee and Ad-Fund Fee Sections. You and each of your Owners agree that the liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fees and Ad-Fund Fees Sections.

18.8 **Right to Purchase Assets.** If this Agreement expires or is terminated by either party for any reason whatsoever, if you wrongfully terminate this Agreement, or if you at any time cease to do business within the Protected Area as a Sweet Charlie's Franchise then we have the right, but not the obligation, to purchase your Franchise, including supplies, inventory and equipment, the then-usable vehicles (if any), and all other assets owned by you in your Franchise and to acquire your lease or other contract rights (hereinafter referred to in this provision as the "Franchise Assets") at book value (cost less depreciation) without considering any value for goodwill associated with the name "Sweet Charlie's." We will have the right, but not the obligation, to purchase any or all of the Franchise Assets from you for cash within thirty (30) days after the occurrence of the event triggering our right of first refusal. Nothing in this provision may be construed to prohibit us from enforcing the terms and conditions of this Agreement, including the covenants not to compete contained in Section 17.

19. **NOTICE** All notices, requests, consents and other communications required hereunder shall be in writing and shall be duly given if hand delivered and a signed receipt obtained, sent by registered or certified mail, postage prepaid, return receipt requested, sent by overnight express type service, or sent by telecommunication with confirmed delivery, including electronic mail, addressed:

If to us:
Sweet Charlie's Franchising, LLC
Attn: Steven Billig, CFO
1921 Walnut Street, Philadelphia, PA 19103
Email: steven@sweetcharlies.com.

with a copy to:
Fox Rothschild, LLP
Attn: Elizabeth D. Sigety, Esq.
2700 Kelly Road, Suite 300
Warrington, PA 18976
Email: esigety@foxrothschild.com
Facsimile: (215) 345-7507

If to you, to the address, email and facsimile indicated on Schedule I to this Agreement. In the alternative, notice shall be sent to such other address as you or us shall have specified in a written notice given to the other party. Each such notice shall be deemed delivered (a) on the date delivered, if by personal delivery; (b) one day after notice is sent, if by overnight express type service; (c) on the date of transmission by telecommunication with confirmed delivery, if by electronic mail or other electronic method; and (d) on the first occurring of (i) three (3) business days after mailing, postage prepaid, or (ii) the date upon which the return receipt is signed or delivery is refused or the notice is designated by the postal authorities as not deliverable, as the case may be, if mailed. Any notice provided by electronic mail or other electronic method shall be confirmed by one of the delivery methods listed under subsection (a), (b), or (d) although this shall not affect the time notice is deemed given hereunder.

20. BUSINESS ORGANIZATION

20.1 You must be a business organization (like a corporation, limited liability company or partnership) (a "Business Entity"). You agree and represent that:

(a) You have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state where you are located and of your incorporation or formation;

(b) Your organizational or governing documents will recite that you will only conduct the business of a Sweet Charlie's Franchise and no other, the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement;

(c) At our request, you will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of you, your Owners and your agents (like articles of incorporation or organization and partnership, operating or shareholder agreements).

(d) Your entity name does not include the words: "Sweet Charlie's".

21. DISPUTE RESOLUTION

21.1 **Governing Law**. Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051 and the sections following it) or other federal law, this Agreement and the Franchise shall be enforced and governed by and under the substantive law of the State of Delaware, without regard to choice of law rules, unless otherwise provided herein.

21.2 **Jurisdiction**. Except as otherwise set forth herein, the exclusive venue and exclusive forum for all disputes between the parties shall be any court of general jurisdiction located in Delaware and/or the United States District Court for the District of Delaware, and the parties to this Agreement hereby waive any and all objections with regard to personal jurisdiction and/or venue.

21.3 **Internal Dispute Resolution**. You must first bring any claim or dispute between you and us to our President, after providing notice as set forth in Section 19 above. We must respond to your notice inquiry within ten (10) business days of receipt or otherwise it is deemed denied. You must exhaust this internal dispute resolution procedure before you may bring your dispute before a third party. This agreement to first attempt resolution of disputes internally through IDR will survive termination or expiration of this Agreement.

21.4 **Mediation**. At our sole discretion, any disputes and claims relating to this Agreement, the rights and obligations of the parties hereto, third-party beneficiaries, and/or any guarantors and/or transferees of this Agreement, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement, may be submitted to non-binding mediation conducted before a sole neutral mediator referred by the American Arbitration Association ("AAA") in accordance with its Commercial Mediation Procedures. Mediation will be conducted in Delaware. The parties shall each bear all of their own costs of mediation; provided, however, the fees of the mediator shall be divided equally between you and us. The mediator will be disqualified as a witness, expert or counsel for any party with respect to the dispute and any related matter. Mediation is a compromise negotiation and will constitute privileged communications under the law governing this Agreement. The entire mediation process will be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties will not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission as a result of its use in the mediation. We will notify you of our election to submit any dispute to non-binding mediation within thirty (30) days of receiving written notice of a dispute, claim, or alleged cause of action from you or at the time we provide you with notice of a dispute, claim, or alleged cause of action, as applicable.

21.5 **Arbitration**. At our sole discretion, any disputes and claims relating to this Agreement, the rights and obligations of the parties hereto, third-party beneficiaries, and/or any guarantors and/or transferees of this Agreement, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement, may be resolved by submission to binding arbitration by and before a neutral franchise attorney referred by AAA and selected by the parties in accordance with the then-existing Commercial Arbitration Rules of the AAA. All hearings and other proceedings will take place in Delaware. We will notify you of our election to submit any dispute to arbitration (i) within thirty (30) days of receiving written notice of a dispute, claim, or alleged cause of action from you, or (ii) within thirty (30) days of a non-binding mediation determination pursuant to Section 21.4 above, or (iii) at the time we provide you with notice of a dispute, claim, or alleged cause of action, as applicable.

(a) The following shall supplement and, in the event of a conflict with any law or rule, including but not limited to the AAA Commercial Arbitration Rules, shall govern any dispute submitted to arbitration. The parties shall select one arbitrator from the proposed list of arbitrators provided by the AAA. If the parties are unable to agree upon an arbitrator, each party to the dispute shall have fifteen (15) days from the transmittal date of the proposed list in which to strike names objected to, number the remaining names in order of preference, and return the list to the AAA. If a party does not return the list within the time specified, all persons named therein shall be deemed acceptable. From among the persons who have been approved on both lists, and in accordance with the designated order of mutual preference, the AAA shall invite the acceptance of an arbitrator to serve. If the parties fail to agree on any of the persons named, or if acceptable arbitrators are unable to act, or if for any other reason the appointment cannot be made from the submitted lists, the process of submitting lists shall continue until a suitable arbitrator is selected. In all aspects of conducting the arbitration and in rendering his or her decision, the arbitrator shall enforce and apply the substantive laws of the State of Delaware for interpretation of this Agreement, without regard to choice of law rules. The parties may conduct one seven-hour discovery deposition of a designated representative of the opposing party. Any party wishing to take such a deposition must describe with reasonable particularity, in the notice of deposition, the matters to be inquired into at the deposition, and the party producing the designated representative must designate one or more officers, directors, or managing agents who consent to testify on its behalf. No other discovery depositions shall occur, unless the arbitrator find such additional depositions to be necessary after written request and an opportunity to be heard. Each party shall be permitted up to ten (10) interrogatories and reasonable requests for production of documents. Each party shall be entitled to file a motion to dismiss, a motion for summary judgment and reasonable motions in limine. The arbitrator shall permit a responding party a reasonable period of time to respond in writing to any such motions. The arbitrator shall apply the Federal Rules of Evidence at the hearings. The arbitrator's award shall include an award of pre-hearing interest from the date upon which any damages were incurred, and from the date of the award until paid in full, at a rate to be fixed by the arbitrator, but in no event less than 1.5% per month, or part of a month (unless a lower rate is required by law). The prevailing party shall be entitled to recover from the non-prevailing party all costs of arbitration, including, without limitation, the arbitrator's fee, interest, and costs of investigation. In addition, the prevailing party shall be entitled to an award of its reasonable and necessary attorneys' fees. The arbitration hearings shall be completed within one hundred and fifty (150) days of the filing of the arbitration demand, unless the arbitrator, for good cause, must extend this deadline.

(b) The arbitrator shall have no authority to amend or modify the terms of the Agreement. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between the parties. Judgment upon the award of the arbitrator shall be submitted for confirmation to the United States District Court for the District of Delaware, or any other court of general jurisdiction located in Delaware and, if confirmed, may be subsequently entered and/or docketed, including as a judgment, in any court having competent jurisdiction. Similarly, any appeals from and/or relating to any arbitration which may be brought in accordance with this Section 21.5 shall be heard before the United States District Court for the District of Delaware, or any other court of general jurisdiction located in Delaware.

(c) The arbitration provisions of this Agreement shall survive any termination or expiration of this Agreement.

21.6 **Injunctive Relief**. Nothing contained in this Agreement shall prevent us from applying to and/or obtaining, from any court having competent jurisdiction, a writ of attachment, injunctive relief, including without limitation a temporary injunction or preliminary injunction, and/or other emergency relief available to safeguard and protect our interests. We are entitled to seek this relief without the posting of any bond or security and, if a bond is nevertheless required by a court of competent jurisdiction, the parties expressly agree that the sum of $1,000 is a sufficient bond.

21.7 **Third Party Beneficiaries**. Our officers, directors, members, agents, representatives, affiliates, the Cooperative any Distribution Cooperative and/or employees are express third party beneficiaries of the provisions of this Agreement, including the mediation and arbitration provision set forth in this Section 21, each having authority to specifically enforce the right to mediate/arbitrate/litigate claims asserted against such person(s) by you or asserted in relation to this Agreement.

21.8 **Prior Notice of Claims**. As a condition precedent to commencing an action for damages or for our violation or breach of this Agreement, you must notify us in writing within ninety (90) days after the occurrence of the violation or breach, and failure to timely give such notice will preclude any claim for damages.

21.9 **Cumulative Remedies**. The remedies available to any party if the other party breaches this Agreement are cumulative. The exercise of any remedy will not limit any other remedies that may be available. Both parties will also be entitled to any and all remedies available under applicable law.

21.10 **Waiver of Punitive Damages. WITHOUT LIMITING YOUR OBLIGATIONS TO INDEMNIFY US PURSUANT TO THIS AGREEMENT, BOTH PARTIES EACH WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO, OR CLAIM OF, ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER. YOU AND WE ALSO AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN YOU AND US, THE PARTY MAKING A CLAIM WILL BE LIMITED TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS AND ANY OTHER DAMAGES AWARD SPECIFICALLY REFERENCED IN THIS AGREEMENT.**

21.11 **Limitations of Claims. ANY AND ALL CLAIMS ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP BETWEEN AND/OR AMONG YOU AND US MUST BE MADE BY WRITTEN NOTICE TO THE OTHER PARTY WITHIN 1 YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM (REGARDLESS OF WHEN IT BECOMES KNOWN); EXCEPT FOR CLAIMS ARISING FROM: (A) INDEMNIFICATION; OR (B) UNAUTHORIZED USE OF THE MARKS, PATENT RIGHTS, INTELLECTUAL PROPERTY OR CONFIDENTIAL INFORMATION. HOWEVER, THIS PROVISION DOES NOT LIMIT THE RIGHT TO TERMINATE THIS AGREEMENT IN ANY WAY.**

21.12 **Waiver of Jury Trial. BOTH PARTIES IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER YOU OR US.**

21.13 **Waiver of Class Actions. EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES THE RIGHT TO LITIGATE ON A CLASS ACTION BASIS, IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY ANY PARTY.**

21.14 **Arbitration/Litigation Expenses**. In any action or dispute, at law or in equity, that may arise under or otherwise relate to the terms of this Agreement, the prevailing party shall be entitled to full reimbursement of its arbitration or litigation expenses from the other party. Litigation or arbitration expenses include reasonable attorneys' fees, arbitrator's fee, defense costs, witness fees including expert witness fees and costs and other related expenses including paralegal fees, administrative costs, investigative costs, court reporter fees, sales and use taxes, if any, travel and lodging expenses, court or arbitration costs, and all other charges billed by the attorneys to the prevailing party. Reimbursement is due within thirty (30) days of written notice of an award or other notice of the expenses due. If we engage legal counsel for your failure to pay when due any monies owed under this Agreement or to submit when due any reports, information or supporting records, or for any failure otherwise to comply with this Agreement, you must reimburse us on demand for all of the above-listed expenses we incur.

22. MISCELLANEOUS

22.1 **Severability**. If any of the provisions of this Agreement are held invalid for any reason, the remainder will not be affected and will remain in full force and effect in accordance with its terms.

22.2 **Waivers**. Waiver of any provision of this Agreement will not be valid unless in writing and signed by the person against whom such provision is sought to be enforced. The failure by either party to insist upon strict performance of any provision will not be construed as a waiver or relinquishment of the right to insist upon strict performance of the same provision at any other time, or any other provision of this Agreement.

22.3 **Entire Agreement**. This Agreement, including any schedules, amendments, addenda, and exhibits compose the entire Agreement between the parties relating to its subject matter, and supersedes all prior agreements, proposals, representations and commitments, oral or otherwise; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. This Agreement may only be amended by an instrument signed by the authorized officers of both parties.

22.4 **Construction**. The headings of sections are for convenience only and do not define, limit or construe the contents of such sections. All words used in this Agreement, regardless of the number or gender in which they are used, will be construed to include any other number, singular or plural, in any other gender, masculine, feminine or neuter, as the context of this Agreement may require.

22.5 **Counterparts**. This Agreement may be executed in counterparts, and by facsimile or electronic signature, each of which shall be considered to be an original instrument but all of which, taken together, shall constitute one and the same document.

22.6 **Timing**. Time is of the essence of this Agreement. However, whenever the time for the performance of any action or condition contained in this Agreement falls on a Saturday, Sunday or legal holiday, such time will be extended to the next business date. Indications of time of day mean time at Philadelphia, Pennsylvania.

22.7 **Compliance with Anti-Terrorism Laws**. You and your Owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your Owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your Owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

22.8 **Survival**. All obligations under this Agreement (whether yours or ours) which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect after and notwithstanding the expiration or termination of this Agreement until such provisions are satisfied in full or by their nature expire.

22.9 **Interpretation.** Each of the parties agrees that they have been or have had the opportunity to have been represented by their own counsel throughout the negotiations and at the signing of this Agreement and all of the other documents signed incidental to this Agreement. None of the parties can, while this Agreement is effective or after its termination, assert that any provisions of this Agreement or any of the other documents should be construed against the drafter of this Agreement or any of the other documents.

22.10 **Acknowledgment**. You acknowledge and represent that:

(a) We have made no promise or representation to you as to the renewal of this Agreement or the grant of a new franchise after the end of the Initial Term set forth in Section 2 hereof;

(b) You have received a copy of this Agreement, have read and understand all obligations being undertaken, and have had an opportunity to consult with your attorney with respect thereto at least fourteen (14) calendar days prior to execution;

(c) No representation has been made by us as to the future profitability of the Dessert Shop; and

(d) Neither we nor anyone acting on our behalf has made any representations, inducements, promises, or agreements, orally or otherwise, respecting the subject matter of this Franchise, which is not embodied herein or set forth in the Franchise Disclosure Document.

[Signature Page to Follow]

"YOU"	"WE"
______________________	Sweet Charlie's Franchising, LLC

By:	______________	By:	______________
Name:	______________	Name:	______________
Title:	______________	Title:	______________
Date:	______________	Date:	______________

Schedule I
Franchise Description

Effective Date of Franchise Agreement: ______________________

Name of Franchisee: ______________________

Name of Operating Principal: ______________________

____

Name of General Manager (if applicable): ______________________

Names of All Franchise Owners and Percentage Ownership: ______________________

____

____

Protected Area: ______________________

____

____

Location (address): ______________________

____

____

Designated Area: (if applicable) ______________________

____

____

Address for Notice under Section 19: ______________________

____

Seasonal: Yes/No: Length of Season

____

Number of Ice Cream Roll Machines Franchisee Must Purchase __________ Ice Cream Roll Machine(s)

Exhibit A
General Release

This General Release Agreement (the "Release") is made by the undersigned ________________ (the "Releasor") for the benefit of Sweet Charlie's Franchising, LLC, a Delaware limited liability company, and all of its affiliates ("Franchisor"), on this ____ day of ________________, 201_.

RECITALS

WHEREAS, Releasor is a Sweet Charlie's Franchisee or owner of a Sweet Charlie's Franchise operating a Sweet Charlie's Franchise (the "Franchise") under that Franchise Agreement dated ________________ (the "Franchise Agreement");

WHEREAS, Releasor desires to transfer or renew the Franchise or an ownership in the Franchise in accordance with the Franchise Agreement; and

WHEREAS, all capitalized terms not defined in this Release shall have the meaning given to them in the Franchise Agreement.

NOW, THEREFORE, in consideration of the consent by Franchisor to the transfer (the "Transfer") or renewal ("Renewal") of the Franchise and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Releasor hereby covenants and promises as follows:

(1) Releasor hereby absolutely and forever releases and discharges Franchisor from any and all claims, demands, damages, debts, liabilities, accounts, costs, expenses, liens, losses, charges, actions, suits, proceedings and causes of action of every kind and nature whatsoever ("Released Matters"), whether now known or unknown, suspected or unsuspected, which Releasor now has, owns or holds, or at any time heretofore ever had, owned or held, or could, shall or may hereafter have, own or hold, pertaining to, arising out of or in connection with the Franchise Agreement, any related agreements or the franchisor-franchisee relationship in connection therewith or the operation of the franchised business.

(2) Releasor hereby understands and agrees that this Release shall extend to and be binding upon any and all of Releasor's attorneys, officers, members, directors, owners, employees, agents, heirs, estate executors, administrators, successors, affiliates, associates and assigns, and their respective insurers and underwriters. If more than one party shall execute this Release, the term "Releasor" shall mean all parties executing this Release, and all parties shall be bound by its terms.

(3) Releasor hereby understands and agrees that this Release shall extend to and inure to the benefit of any and all of Franchisor's attorneys, officers, directors, owners, employees, agents, authorized representatives, estate, legal representatives, successors, affiliates, subsidiaries, associates and assigns, and its and their respective insurers and underwriters.

(4) Releasor hereby understands and agrees that this Release supersedes any prior agreement, oral or written, with respect to its subject matter. Releasor understands and agrees that no representations, warranties, agreements or covenants have been made with respect to this Release, other than those set forth in this Release, and that in executing this Release, Releasor is not relying upon any representations, warranty, agreement or covenant not set forth in this Release.

(5) This Release and all acts and transactions under it shall in all respects be interpreted, enforced and governed by the internal laws of the State of Delaware.

This Release may be executed in counterparts, and by facsimile or electronic signature, each of which shall be considered to be an original instrument but all of which, taken together, shall constitute one and the same document.

IN WITNESS WHEREOF, the undersigned hereto have executed this Release effective as of the date first set forth above.

RELEASOR

____

Name of Franchisee

BY:________________________________

Name:______________________________

Title:_______________________________

____

Individually (Owner)

____

Individually (Owner)

____

AGREED AND ACKNOWLEDGED:

Sweet Charlie's Franchising, LLC

BY:________________________________

Name:

Title:

Exhibit B
Personal Guaranty

This Guaranty must be signed by the owners and spouses of such owners (referred to as "**you**" or "**your**" for purposes of this Guaranty only) of _____________ (the "**Business Entity**") under the Franchise Agreement dated ____________, 20___ (the "**Franchise Agreement**" and each and every agreement signed by Business Entity and us or any affiliate of ours, including the Franchise Agreement, the "**Franchise Agreements**") with **Sweet Charlie's Franchising, LLC** ("**us**," or "**our**" or "**we**"). Terms not defined herein shall have the meaning set forth in the Franchise Agreement.

1. **Scope of Guaranty**. In consideration of and as an inducement to our signing and delivering the Franchise Agreements, each of you signing this Guaranty personally and unconditionally: (a) guarantee to us and our successors and assigns that the Business Entity will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Franchise Agreements;, and (b) agree to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Agreements.

2. **Waivers**. Each of you waive: (a) acceptance and notice of acceptance by us of your obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by you; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by you; (d) any right you may have to require that an action be brought against the Business Entity or any other person as a condition of your liability; (e) all rights to payments and claims for reimbursement or subrogation which you may have against the Business Entity arising as a result of your execution of and performance under this Guaranty; and (f) all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantors.

3. **Consents and Agreements**. Each of you consent and agree that: (a) your direct and immediate liability under this Guaranty are joint and several; (b) you must render any payment or performance required under the Franchise Agreements upon demand if the Business Entity fails or refuses punctually to do so; (c) your liability will not be contingent or conditioned upon our pursuit of any remedies against the Business Entity or any other person; (d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to Business Entity or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence will in any way modify or amend this Guaranty; and (e) this Guaranty will continue and is irrevocable during the term of the Franchise Agreements and, for obligations surviving the termination or expiration of the Franchise Agreements, after their termination or expiration.

4. **Enforcement Costs**. If we are required to enforce this Guaranty in any judicial proceeding or any appeals, you must reimburse us for our enforcement costs. Enforcement costs include reasonable accountants', attorneys', attorney's assistants', mediators', arbitrators and expert witness fees, costs of investigation and proof of facts, court costs, filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

5. **Effectiveness**. Your obligations under this Guaranty are effective on and from the Franchise Agreement Effective Date, regardless of the actual date of signature. Terms not otherwise defined in this Guaranty have the meanings as defined in the Franchise Agreements.

6. **Governing Law**. This Guaranty shall be deemed to have been made in and governed by the laws of the State of Delaware, which laws shall prevail in the event of any conflict of law.

7. **Internal Dispute Resolution**. You must first bring any claim or dispute arising out of or relating to the Franchise Agreement or this Guaranty to our President. You agree to exhaust this internal dispute resolution procedure before bringing any dispute before a third party. This agreement to engage in internal dispute resolution first shall survive the termination or expiration of this Guaranty.

8. **Dispute Resolution**. At our option, all claims or disputes between you and us arising out of, or in any way relating to, this Guaranty or the Franchise Agreement or any other agreement by and between you and us, or any of the parties' respective rights and obligations arising from such agreements must be submitted first to mediation and then arbitration as set forth in the Franchise Agreements. This agreement to mediate and arbitrate at our option shall survive the termination or expiration of this Guaranty.

9. **Third Party Beneficiaries**. Our officers, directors, owners, members, agents, representatives, affiliates, the Cooperative and/or employees are express third party beneficiaries of the Franchise Agreements and this Guaranty, and the mediation and arbitration provisions incorporated by reference herein, each having authority to specifically enforce the right to mediate and arbitrate claims asserted against such person(s) by you.

10. **Injunctive Relief**. Nothing contained in this Guaranty shall prevent us from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect our interest prior to the filing of any mediation proceeding or pending the arbitration or handing down of a decision or award pursuant to any mediation or arbitration conducted hereunder.

11. **Jurisdiction and Venue**. With respect to any proceeding not subject to mediation or arbitration, the parties expressly agree to submit to the jurisdiction and venue of any court of general jurisdiction in the State of Delaware and the jurisdiction and venue of the United States District Court for the District of Delaware.

12. **Jury Trial Waiver**. THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS PERSONAL GUARANTY OR THE FRANCHISE AGREEMENTS, THE PERFORMANCE OF EITHER PARTY, AND/OR YOUR PURCHASE FROM US OF THE FRANCHISE.

13. **Waiver of Punitive Damages**. You waive to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages, and agree that in the event of a dispute, your recovery shall be limited to actual damages. If any other term of this Guaranty is found or determined to be unconscionable or unenforceable, for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

14. **Waiver of Class Actions**. Each of the parties hereby irrevocably waives the right to litigate on a class action basis, in any action, proceeding, or counterclaim, whether at law or in equity, brought by any party.

15. **Limitation on Action**. You agree that no cause of action arising out of or under this Guaranty or any of the Franchise Agreements may be maintained by you unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim against the us, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense or set-off.

16. **Counterparts**. This Guaranty may be executed in counterparts, and by facsimile or electronic signature, each of which shall be considered to be an original instrument but all of which, taken together, shall constitute one and the same document.

[Signature Page to Follow]

Each of you now sign and deliver this Guaranty effective as of the date of the Franchise Agreement regardless of the actual date of signature.

PERCENTAGE OF OWNERSHIP INTEREST IN BUSINESS ENTITY	**GUARANTORS**
PERCENTAGE: __________ %	NAME: ____________________ SIGNATURE: ____________________ DATE: ____________________
PERCENTAGE: __________ %	NAME: ____________________ SIGNATURE: ____________________ DATE: ____________________
	SPOUSES
	NAME: ____________________ SIGNATURE: ____________________ DATE: ____________________
	NAME: ____________________ SIGNATURE: ____________________ DATE: ____________________

Exhibit C
Non-Compete, Confidentiality and Non-Solicitation Agreement

I, __________________ agree that during my association with _____________ ("Franchisee") and Sweet Charlie's Franchising, LLC and its affiliates (collectively referred to as "Sweet Charlie's") and for twenty-four (24) months immediately thereafter, I will not (whether as owner, partner, associate, agent, consultant, employee, independent contractor, member, stockholder, officer or otherwise of another or on my own account):

(a) Divert, solicit, interfere with, misappropriate, take away or attempt to divert or take away any source of business or revenue or any customer, referral source, broker, insurer, supplier, trade or patronage with whom Franchisee, Sweet Charlie's, any affiliate of Sweet Charlie's or any other franchisee does business or whom I know Franchisee, Sweet Charlie's, any affiliate of Sweet Charlie's or any other franchisee has contacted or solicited for business relationships; or

(b) Within the Non-Compete Area (defined below), participate in the development of, or engage in, or market, sell, distribute, render, provide, perform or sell (including through licensing or franchising) products, goods, or services the same or similar to the products, goods, or services offered by the Franchisee or Sweet Charlie's, or contribute my knowledge or have any financial interest in any work or activity that relates to or involves or is in any way engaged in the operation, licensing, franchising or consulting, developing, marketing, organizing, providing, promoting, coordinating or selling ice cream (dairy or non-dairy), frozen yogurt or sweets of any kind at a retail establishment selling primarily such items; or

(c) Induce or attempt to induce, or solicit any of Franchisee's, Sweet Charlie's' or other Sweet Charlie's' affiliates' or franchisees' strategic partners, customers, referral sources, brokers, or other independent contractors to accept a business affiliation of any kind with me or any third party; or

(d) Perform or contribute to any other act injurious or prejudicial to the goodwill associated with Sweet Charlie's or its trademarks, trade names or other intellectual property.

In addition to the above, I agree to at all times during and after this Agreement, treat as confidential all manuals and materials designated for use by Sweet Charlie's with the Sweet Charlie's business (including without limitation the Operations Manual), and such other information as Sweet Charlie's or the Franchisee may designate from time to time for confidential use with the Sweet Charlie's business (as well as all trade secrets and confidential information, knowledge and know-how concerning the operation of the Franchise that may be imparted to, or acquired by, me from time to time in connection with my relationship with Sweet Charlie's and the Franchisee), and shall use all reasonable efforts to keep such information confidential and shall not use the confidential information for any other purpose other than in connection with the operation of the Franchise. I acknowledge that the unauthorized use or disclosure of such confidential information (and trade secrets, if any) will cause incalculable and irreparable injury to Sweet Charlie's and the Franchisee. I accordingly agree that I shall not, at any time, without Sweet Charlie's' and the Franchisee's prior written consent, disclose, use or permit the use (except as may be required by applicable law or authorized by this Agreement) of such information, in whole or part, or otherwise make the same available to any unauthorized person or source. Any and all information, knowledge and know-how not generally known about Sweet Charlie's System Standards and such other information or material as Sweet Charlie's or the Franchisee may designate as confidential, shall be deemed confidential for purposes of this Agreement.

The "Non-Compete Area" means: (1) in Franchisee's territory as granted by Sweet Charlie's to Franchisee under their Franchise Agreement and within twenty (20) miles of such Franchisee's territory,

(2) within any other Sweet Charlie's Franchisee territory or other business which is franchised, owned, operated or managed by Sweet Charlie's, (3) business conducted via the Internet or other form of e-commerce, wherever located; or (4) within twenty (20) miles of any territory in existence or under development during the term of the Franchise Agreement between Sweet Charlie's and Franchisee.

Because of my significant responsibilities and access to proprietary information of the Sweet Charlie's and the Franchisee, I acknowledge that each of my obligations in this Agreement is reasonable and necessary to protect the Franchisee's, Sweet Charlie's' and its franchisees' legitimate business interests. I understand that breaking any of my promises or obligations will irreparably and continually damage Franchisee, Sweet Charlie's, and Sweet Charlie's Franchisees for which money damages may not be adequate.

Consequently, if I violate any of my promises in this Agreement, or Sweet Charlie's and/or Franchisee has reason to believe that I am about to violate this Agreement, without limitation to other available remedies, Sweet Charlie's and Franchisee will be entitled to both: (1) a preliminary or permanent injunction to prevent the continuing harm to Sweet Charlie's (and/or any of its franchisees) and/or Franchisee, and (2) money damages insofar as they can be determined. An injunction ordering me to stop any activities that may violate this Agreement will not prevent me from earning a living. I will pay Sweet Charlie's and/or Franchisee its costs and expenses resulting from any enforcement of this Agreement resulting from my violation of the terms hereof, including reasonable attorney fees.

If any court determines that any of the covenants set forth in this Agreement, or any part thereof, is unenforceable because of the duration or geographic scope of such provision, such court shall have the power to reduce the duration or scope of such provision, as the case may be, and, in its reduced form, such provision shall then be enforceable. This Agreement shall be enforced and governed by and under the substantive law of the State of Delaware, without regard to choice of law rules, unless otherwise provided herein.

This Agreement may be executed in counterparts, and by facsimile or electronic signature, each of which shall be considered to be an original instrument but all of which, taken together, shall constitute one and the same document.

______________________________ ______________________________
Name: Date
Title:

AGREED AND ACKNOWLEDGED:

Sweet Charlie's Franchising, LLC

____
Name:
Title:

Exhibit D
Electronic Funds Transfer (EFT) Authorization

Franchisee Information:

Franchisee Name	

Franchisee Mailing Address (street) Franchise Phone No.

Franchisee Mailing Address (city, state, zip)

Contact Name, Address and Phone number (if different than above)

Bank Account Information:

Bank Name Bank Account No.

Bank Mailing Address (street) Bank Routing No.
[: [:
(9 characters)

Bank Mailing Address (city, state, zip) Bank Phone No.

Payee Information

Sweet Charlie's Franchising, LLC

Authorization:
The Franchisee hereby authorizes the Bank to honor and charge the Bank Account for electronic funds transfers or drafts drawn on the Bank Account and payable to the Payee. The amount of such charge shall be set forth in a notice from the Payee presented to the Bank on Wednesday of each week. The Franchisee agrees to execute such additional documents as may be reasonably requested by the Payee or the Bank to evidence the interest of this EFT Authorization. This authority shall remain in full force and effect until the Payee has received written notification from the Franchisee in such time and manner as to afford the Payee and the Bank to act on such notice. The Franchisee understands that the termination of this authorization does not relieve the Franchisee of its obligations to make payments to the Payee.

Signature: Date:

INDEMNIFICATION OF BANK

In consideration of the Bank's compliance with the foregoing request and authorization, the Payee agrees with respect to any action by the Bank in compliance with the foregoing request and authorization to indemnify the Bank and hold the Bank harmless for, from and against any loss the Bank may suffer as a consequence of the Bank's actions from or in connection with the execution and issuance of any electronic fund transfer or draft, whether or not genuine, purporting to be executed by the Payee and received by the Bank in the regular course of business for the purpose of payment, except to the extent such loss caused by the negligence or willful misconduct of the Bank.

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

Exhibit E
Internet Website and Listing Agreement

INTERNET WEB SITES AND LISTINGS AGREEMENT

THIS INTERNET WEB SITES AND LISTINGS AGREEMENT (the "Internet Listing Agreement") is made and entered into as of the _____ day of__________, 20___ (the "Effective Date"), by and between Sweet Charlie's Franchising, LLC (the "Franchisor"), and __________________________, a ______________________ (the "Franchisee").

WITNESSETH:

WHEREAS, Franchisee desires to enter into a Franchise Agreement with Franchisor (the "Franchise Agreement"); and

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Internet Listing Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. DEFINITIONS

All terms used but not otherwise defined in this Internet Listing Agreement shall have the meanings set forth in the Franchise Agreement. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. TRANSFER; APPOINTMENT

2.1 Interest in Internet Web Sites and Listings. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of the Franchise Agreement, certain right, title, and interest in and to certain domain names, hypertext markup language, uniform resource locator addresses, and access to corresponding Internet web sites, social media platforms such as social networking website, including but not limited to Facebook, MySpace, LinkedIn, Twitter, Instagram, Pinterest, or any blogs or other bulletin boards, or chat rooms, other networking and share sites and the right to hyperlink to certain web sites and listings on various Internet search engines (collectively, the "Internet Web Sites and Listings") related to the Franchised Business or the Marks (all of which right, title, and interest is referred to herein as "Franchisee's Interest").

2.2 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately direct all Internet Service Providers, domain name registries, Internet search engines, and other listing agencies (collectively, the "Internet Companies") with which Franchisee has Internet Web Sites and Listings: (i) to transfer all of Franchisee's Interest in such Internet Web Sites and Listings to Franchisor; (ii) to provide the Franchisor primary administrative access to such Internet Web Sites; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Internet Web Sites and Listings, Franchisee will immediately direct the Internet Companies to terminate such Internet

Web Sites and Listings or will take such other actions with respect to the Internet Web Sites and Listings as Franchisor directs. In the event that Franchisor accepts one or more Internet Web Sites and Listings, Franchisor agrees to assume and be responsible for all obligations and liabilities with respect to such Internet Web Sites and Listings.

2.3 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under this Internet Listing Agreement, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Internet Listing Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Internet Listing Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.3.1 Direct the Internet Companies to transfer all Franchisee's Interest in and to the Internet Web Sites and Listings to Franchisor, in such case Franchisor shall assume and be responsible for all obligations and liabilities with respect to the Internet Web Sites and Listings;

2.3.2 Direct the Internet Companies to terminate any or all of the Internet Web Sites and Listings; and

2.3.3 Execute the Internet Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.

2.4 Certification of Termination. Franchisee shall use its best efforts to direct the Internet Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.5 Cessation of Obligations. After the Internet Companies have duly transferred all Franchisee's Interest in such Internet Web Sites and Listings to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations under, such Internet Web Sites and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies for the sums Franchisee is obligated to pay such Internet Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest (and Franchisor shall become liable for any sums to be paid to the Internet Companies for obligations incurred on and after the date Franchisor duly accepted the transfer of such Interest), or for any other obligations not subject to the Franchise Agreement or this Internet Listing Agreement.

3. MISCELLANEOUS

3.1 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement provided that Franchisor prevails in its efforts to enforce this Agreement, which reasonable costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations to the extent that they are related to or are based on Franchisee's breach of this Internet Listing Agreement, unless the claims, obligations or damages are determined to be caused in whole or in part by Franchisor's gross negligence or willful misconduct. Franchisor agrees that it will indemnify, defend, and hold harmless Franchisee and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors of any and all of them, from and against, and will reimburse Franchisee and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations to the extent that are related to or are based on Franchisor's breach of this Internet Listing Agreement, including, but not limited to, Franchisor's failure to assume or pay any claim or obligation to the Internet Companies incurred on and after the date Franchisor duly accepted the transfer of such Interest, unless the claims, obligations or damages are determined to be caused in whole or in part by Franchisee's negligence, fault or willful misconduct.

3.2 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Internet Web Sites and Listings.

3.3 Further Assurances. Franchisee agrees that at any time after the date of this Internet Listing Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Internet Listing Agreement.

3.4 Successors and Assigns. All Franchisor's rights and powers, and all Franchisee's obligations, under this Internet Listing Agreement shall be binding on Franchisee's successors and assigns as if they had duly executed this Internet Listing Agreement.

3.5 Effect on Other Agreements. Except as otherwise provided in this Internet Listing Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein.

3.6 Survival. This Internet Listing Agreement shall survive the Termination of the Franchise Agreement.

3.7 Joint and Several Obligations. All Franchisee's obligations under this Internet Listing Agreement shall be joint and several.

3.8 Governing Law. This Internet Listing Agreement shall be governed by and construed under the laws of the State of Delaware without regard to the application of Delaware conflict of law rules.

3.9 Counterparts. This Internet Listing Agreement may be executed in counterparts, and by facsimile or electronic signature, each of which shall be considered to be an original instrument but all of which, taken together, shall constitute one and the same document.

IN WITNESS WHEREOF, the undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR: Sweet Charlie's Franchising, LLC	FRANCHISEE
By: __________________________	By: __________________________
Name: ________________________	Name: ________________________
Title: _________________________	Title: _________________________

Exhibit F

TELEPHONE LISTING AGREEMENT

THIS TELEPHONE LISTING AGREEMENT (the "Telephone Listing Agreement") is made and entered into as of the ______ day of ______________, 20____ (the "Effective Date"), by and ______________________________, a _______________ between Sweet Charlie's Franchising, LLC (the "Franchisor"), and _______________, a _______________(the "Franchisee").

WITNESSETH:

WHEREAS, Franchisee desires to enter into a Franchise Agreement with Franchisor (the "Franchise Agreement"); and

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Telephone Listing Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged, the parties hereto agree as follows:

1. DEFINITIONS

All terms used but not otherwise defined in this Telephone Listing Agreement shall have the meanings set forth in the Franchise Agreement. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. TRANSFER; APPOINTMENT

2.1 Interest in Telephone Numbers and Listings. Franchisee has, or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, yellow-page, and other telephone directory listings (collectively, the "Telephone Numbers and Listings") related to the Franchised Business or the Marks (all of which right, title, and interest is referred to herein as "Franchisee's Interest").

2.2 Transfer. On Termination of the Franchise Agreement, if Franchisor directs Franchisee to do so, Franchisee will immediately direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the "Telephone Companies") with which Franchisee has Telephone Numbers and Listings: (i) to transfer all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Numbers and Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Numbers and Listings or will take such other actions with respect to the Telephone Numbers and Listings as Franchisor directs. In the event that Franchisor accepts one or more Telephone Numbers and, Franchisor agrees to assume and be responsible for all obligations and liabilities with respect to such Telephone Numbers and Listings.

2.3 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under this Telephone Listing Agreement, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, on Termination of the Franchise Agreement, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Telephone Listing Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including, without limitation, this Telephone Listing Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.3.1 Direct the Telephone Companies to transfer all Franchisee's Interest in and to the Telephone Numbers and Listings to Franchisor, in such case Franchisor shall assume and be responsible for all obligations and liabilities with respect to the Telephone Numbers and Listings;

2.3.2 Direct the Telephone Companies to terminate any or all of the Telephone Numbers and Listings; and

2.3.3 Execute the Telephone Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.

2.4 Certification of Termination. Franchisee shall use its best efforts to direct the Telephone Companies that they shall accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.5 Cessation of Obligations. After the Telephone Companies have duly transferred all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further Interest in, or obligations under, such Telephone Numbers and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Telephone Companies for the sums Franchisee is obligated to pay such Telephone Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest (and Franchisor shall become liable for any sums to be paid to the Telephone Companies for obligations incurred on and after the date Franchisor duly accepted the transfer of such Interest), or for any other obligations not subject to the Franchise Agreement or this Telephone Listing Agreement.

3. MISCELLANEOUS

3.1 Indemnification. Franchisee is solely responsible for all costs and expenses related to Franchisee's performance, Franchisee's nonperformance, and Franchisor's enforcement of this Agreement provided that Franchisor prevails in its efforts to enforce this Agreement, which reasonable costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and the directors, officers, shareholders, partners, members, employees, agents, and attorneys of Franchisor and its affiliates, and the successors of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations to the extent that they are related to or are based on Franchisee's breach of this Telephone Listing Agreement unless the claims, obligations or damages are determined to be caused in whole or in part by Franchisor's gross negligence or willful misconduct. Franchisor agrees that it will indemnify, defend, and hold harmless Franchisee and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors of any and all of them, from and against, and will reimburse Franchisee and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations to the extent that are related to or are based on Franchisor's breach of this Telephone Listing Agreement, including, but not limited to, Franchisor's failure to assume or pay any claim or obligation to the Telephone Companies incurred on and after the date Franchisor duly accepted the transfer of such Interest, unless the claims, obligations or damages are determined to be caused in whole or in part by Franchisee's negligence, fault or willful misconduct.

3.2 No Duty. The powers conferred on Franchisor under this Telephone Listing Agreement are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Telephone Numbers and Listings.

3.3 Further Assurances. Franchisee agrees that at any time after the date hereof, it will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Telephone Listing Agreement.

3.4 Successors and Assigns. All Franchisor's rights and powers, and all Franchisee's obligations, under this Telephone Listing Agreement shall be binding on Franchisee's successors and assigns as if they had duly executed this Telephone Listing Agreement.

3.5 Effect on Other Agreements. Except as otherwise provided in this Telephone Listing Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein.

3.6 Survival. This Telephone Listing Agreement shall survive the Termination of the Franchise Agreement.

3.7 Joint and Several Obligations. All Franchisee's obligations under this Telephone Listing Agreement shall be joint and several.

3.8 Governing Law. This Telephone Listing Agreement shall be governed by and construed under the laws of the State of Delaware, without regard to the application of Delaware conflict of law rules.

3.9 Counterparts. This Telephone Listing Agreement may be executed in counterparts, and by facsimile or electronic signature, each of which shall be considered to be an original instrument but all of which, taken together, shall constitute one and the same document.

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

FRANCHISOR: Sweet Charlie's Franchising, LLC	FRANCHISEE
By: ______________________	By: ______________________
Name: ______________________	Name: ______________________
Title: ______________________	Title: ______________________

Exhibit G
Collateral Assignment of Lease

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned ("Assignor") assigns, transfers and sets over to Sweet Charlie's Franchising, LLC, a Delaware limited liability company ("Assignee"), all of Assignor's right and title to and interest in that certain "Lease" a copy of which is attached as Exhibit A respecting premises commonly known as ______________________________. This assignment is for collateral purposes only and, except as specified in this document, Assignee will have no liability or obligation of any kind whatsoever arising from or in connection with this assignment or the Lease unless and until Assignee takes possession of the premises the Lease demises according to the terms of this document and assumes Assignor's obligations under the Lease. This assignment is intended only for non-affiliated third-party leases and shall have no effect if the Assignor or any of Assignor's affiliates own the property subject to the lease.

Assignor represents and warrants to Assignee that it has full power and authority to assign the Lease and that Assignor has not previously assigned or transferred and is not otherwise obligated to assign or transfer any of its interest in the Lease or the premises it demises.

Upon Assignor's default under the Lease or under the "Franchise Agreement" for a Sweet Charlie's Dessert Shop business between Assignee and Assignor or in the event Assignor defaults under any document or instrument securing the Franchise Agreement, Assignee has the right to take possession of the premises the Lease demises and expel Assignor from the premises. In that event, Assignor will have no further right and title to or interest in the Lease but will remain liable to Assignee for any past due rental payments or other charges Assignee is required to pay Lessor to effectuate the assignment this document contemplates.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without Assignee's prior written consent. Throughout the term of the Franchise Agreement, Assignor agrees that it will elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day upon which the option must be exercised unless Assignee agrees otherwise in writing. Upon Assignee's failure to agree otherwise in writing and upon Assignor's failure to elect to extend or renew the Lease as required Assignor appoints Assignee as its true and lawful attorney-in-fact with the authority to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

ASSIGNEE:	ASSIGNOR:
Sweet Charlie's Franchising, LLC	________________________
By:____________________	By:____________________
Name:__________________	Name:__________________
Title:___________________	Title:___________________
Date:___________________	Date:___________________

CONSENT TO COLLATERAL ASSIGNMENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the Lease:

(a) Agrees to notify Assignee in writing of and upon Assignor's failure to cure any default by Assignor under the Lease;

(b) Agrees that Assignee will have the right, but not the obligation, to cure any default by Assignor under the Lease within thirty (30) days after Lessor's delivery of notice of the default under section (a) above;

(c) Consents to the Collateral Assignment and agrees that if Assignee takes possession of the premises the Lease demises and confirms to Lessor that it has assumed the Lease as tenant, Lessor will recognize Assignee as tenant under the Lease, provided that Assignee cures within the thirty (30) day period noted in section (b) above Assignor's defaults under the Lease; and

(d) Agrees that Assignee may further assign the Lease to or enter into a sublease with a person, firm or corporation who agrees to assume the tenant's obligations under the Lease and is reasonably acceptable to Lessor and that upon that assignment Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise, other than to certify that the additional assignee or sublessee operates the premises the Lease demises as a Sweet Charlie's Dessert Shop business.

Dated:____________________

____
______________________________, Lessor

Exhibit H

Franchisee Disclosure Acknowledgment Statement

You are preparing to enter into a franchise agreement (the "Franchise Agreement") for the establishment and operation of a Sweet Charlie's Dessert Shop (the "Franchised Business") with Sweet Charlie's Franchising, LLC (the "Franchisor"). The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor ("Broker") that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading. The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing Franchised Business from an existing Franchisee?

Yes_____ No_____

2. I had my first face-to-face meeting with a Franchisor representative on ____________, 20___.

3. Have you received and personally reviewed the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes_____ No_____

4. Do you understand all of the information contained in the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes_____ No_____

If no, what parts of the Franchise Agreement, any Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary.)

____

____

____

____

____

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

Yes_____ No_____

6. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes_____ No_____

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

Yes_____ No_____

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

____

____

____

____

____

8. Have you discussed the benefits and risks of establishing and operating a Franchised Business with an attorney, accountant, or other professional advisor?

Yes_____ No_____

If No, do you wish to have more time to do so?

Yes_____ No_____

9. Do you understand that the success or failure of your Franchised Business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, location, lease terms, your management capabilities and other economic, and business factors?

Yes_____ No_____

10. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual or potential revenues, profits or operating costs of any particular Franchised Business operated by the Franchisor or its franchisees (or of any group of such businesses), that is contrary to or different from the information contained in the Disclosure Document?

Yes_____ No_____

11. Has any employee of a Broker 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 franchised business that is contrary, different from or in addition to the information contained in the Disclosure Document?

Yes_____ No_____

12. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Franchised Business will generate, that is contrary, different from or in addition to the information contained in the Disclosure Document?

Yes_____ No_____

13. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating the Franchised Business that is contrary, different from or in addition to the information contained in the Disclosure Document?

Yes_____ No_____

14. Has any employee of a Broker 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 a Franchised Business?

Yes_____ No_____

15. Has any employee of a Broker 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 Disclosure Document or franchise agreement?

Yes_____ No_____

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

Yes_____ No_____

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

Yes_____ No_____

18. Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who?

If you have answered No to question 9, or Yes to any one of questions 10-17, please provide a full explanation of each answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered Yes to question 9, and No to each of questions 10-17, please leave the following lines blank.

____

____

____

____

____

I signed the Franchise Agreement and Addendum (if any) on _____________, 20___ and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. In addition, by signing this Questionnaire, you also acknowledge that:

A. You recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including among other things, your skills and abilities, the hours worked by you, competition, interest rates, the economy, inflation, franchise location, operation costs, lease terms and costs and the marketplace. You hereby acknowledge your awareness of and willingness to undertake these business risks.

B. You agree and state that the decision to enter into this business risk is in no manner predicated upon any oral representation, assurances, warranties, guarantees or promises made by Franchisor or any of its officers, employees or agents (including the Broker or any other broker) as to the likelihood of success of the franchise. Except as contained in the Disclosure Document, you acknowledge that you have not received any information from the Franchisor or any of its officers, employees or agents (including the Broker or any other broker) concerning actual, projected or forecasted franchise sales, profits or earnings. If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings other than those contained in the Disclosure Document, please describe those in the space provided below or write "None".

____

____

IN WITNESS WHEREOF, each of the undersigned has executed this Acknowledgement Statement effective as of the date of the Franchise Agreement.

Name of Franchisee

BY:______________________________

Name:____________________________

Exhibit C
List of Franchisees

LIST OF FRANCHISEES WITH OPEN UNITS AS OF 12/31/18

Owner Name	Address Line 1	City	State	Email
Joan Rementer	70 Rehoboth Avenue, First Street Station	Rehoboth Beach	Delaware	Rehoboth@sweetcharlies.com
Jim & Lisa Kennedy	1010 Central Avenue	St Petersburg	Florida	stpetersburg@sweetcharlies.com
Laxman Samala	000 Sweet St	Tampa	Florida	tampa@sweetcharlies.com
John Martin	3872 Roswell Road Northeast	Atlanta	Georgia	buckhead@sweetcharlies.com
Bud Lawrence	110 Rhodes Trail	Martinez	Georgia	budbjf@yahoo.com
Saibaba Arcot	2089 Jonesboro Road	McDonough	Georgia	sweetcharliesmcdonough@gmail.com
Rohit Patel	000 Sweet Street	Bowling Green	Kentucky	rohitpatel3089@hotmail.com
Valarie Costanzo	128 Kings Highway East	Haddonfield	New Jersey	valarie.costanzo@gmail.com
Tina Kelly-Corio	53 Gramercy Rd	Old Bridge Township	New Jersey	oldbridge@sweetcharlies.com
Brett Wien	362 Mamaroneck Avenue	Mamaroneck	New York	mamaroneck@sweetcharlies.com
Alton Tyndall	1125 W. Highway 54, Suite 204	Durham	North Carolina	durham@sweetcharlies.com
Lindsey Williams	60 Aviation Place	Amarillo	Texas	lindsey.amarillo@sweetcharlies.com

FRANCHISEES THAT SIGNED FRANCHISE AGREEMENTS BUT HAD NOT OPENED BY 12/31/18

Owner Name	Address Line 1	City	State	Email
David Tran	1240 Deer Trail Road	Hoover	Alabama	david.hoover@sweetcharlies.com
Mehula Patel	351 Bradford Farms Drive	Madison	Alabama	may.huntsville@sweetcharlies.com
William Softley	214 Daleshire Place	Montgomery	Alabama	montgomery@sweetcharlies.com
Kitsana Nakham	243 EDELWEISS WAY	GALT	California	sacramento@sweetcharlies.com
Divyesh Patel		Odessa	Florida	dpatel2910@gmail.com
Raghuram Rachanreddy	2886 Commonwealth Cir	Alpharetta	Georgia	northfulton@sweetcharlies.com
Divyesh Patel	760 Scranton Road	Brunswick	Georgia	brunswick@sweetcharlies.com

Jignesh Patel	760 Scranton Road Unit 106	Brunswick	Georgia	savannah@sweetcharlies.com
Rupalben Patel		Fayetteville	Georgia	Fayetteville@sweetcharlies.com
Nishant Patel	200 Crestview Church Rd Apt 202	Warner Robins	Georgia	warnerrobins@sweetcharlies.com
Tony Dang	14884 West 151st Street	Olathe	Kansas	tonydangn@gmail.com
Joseph Shinn	1017 E. Tampa Ave	Cherry Hill	New Jersey	moorestown@sweetcharlies.com
Barbara Koehler	21 Sunrise Way	Toms River	New Jersey	bkoehler1@gmail.com
Hiren Shah	3336 Hillside Avenue	New Hyde Park	New York	newhydepark@sweetcharlies.com
John Gabrowski	111 City Park Drive	Charlotte	North Carolina	jon@sweetclt.com
Jeemi Dattani		Philadelphia	Pennsylvania	Jeemid@sweetcharlies.com
Peter Aguib	1831 Wild Oaks Court	Nashville	Tennessee	peter.franklin@sweetcharlies.com
Carlous Cummings	123 sweet street	Austin	Texas	austin@sweetcharlies.com

Exhibit D
List of Former Franchisees

RKCK Eateries Corp.
2416 Wimbledon Place
Sprinfield, IL 62704
Owner Name: Ramprasad Talluri
Email - rtalluri@gmail.com*

* *Franchise Agreement signed but terminated prior to opening of the outlet.*

Exhibit E
Operations Manual Table of Contents

Sweet Charlie's Operations Manual Table of Contents

Section A: Preface & Introduction

Section D: SWEET CHARLIE'S Administrative Procedures

Section E: SWEET CHARLIE'S Daily Procedures

Section F: SWEET CHARLIE'S Selling and Marketing

Total number of pages in the operating manual: 190 pages.

Exhibit F
List of State Administrators

California California Department of Business Oversight 320 West 4th St., Suite 750 Los Angeles, CA 90013-2344 (213) 736-2741 Toll Free: 1-866-275-2677	**Michigan** Consumer Protection Division Michigan Department of Attorney General 670 Law Building Lansing, MI 48913 (517) 373-7117	**South Dakota** Department of Labor and Regulation Division of Securities 124 S Euclid, Suite 104 Pierre, SD 57501
Connecticut Department of Banking, Securities Investment Division 260 Constitution Plaza Hartford, CT 06103	**Minnesota** Minnesota Dept. of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-3165 (651) 296-4026	**Texas** Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887
Florida Florida Department of Agriculture And Consumer Services P.O. Box 6700 Tallahassee, FL 32399-6700	**New York** NYS Department of Law, Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8236	**Utah** Department of Commerce 160 East 300 South SM Box 146704 Salt Lake City, UT 84114-6704
Hawaii Business Registration Div. Dept. of Commerce & Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	**Nebraska** Department of Banking and Finance 1230 "0" Street Suite 400 PD. Box 95006 Lincoln, NE 68509-5009	**Virginia** State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street Richmond, Virginia 23219 (804) 371-9051
Illinois Chief, Franchise Division Office of Attorney General 500 South Second Street Springfield, IL 62707 (217) 782-4465	**North Dakota** North Dakota Securities Department 600 East Boulevard Avenue 5th Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	**Washington** Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (106) 753-6928
Indiana Deputy Commissioner, Franchise Division Indiana Securities Commission Secretary of State 302 W. Washington St, Room E-111 Indianapolis, IN 46204 (317) 232-6681	**Oregon** Department of Insurance & Finance Corporate Securities and Franchise Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387	**Wisconsin** Securities and Franchise Registration Wisconsin Securities Commission P.O. Box 1768 Madison, WI 53701 (608) 266-8559
Maryland Office of the Attorney General, Securities Division, 200 St. Paul Place, Baltimore, MD 21202-2020 (410) 576-6360	**Rhode Island** Chief Securities Examiner Department of Business Regulation Securities Division Franchise Section 233 Richmond Street, Suite 232 Providence, RI 02903-4232 (401) 277-3048	

Exhibit G
List of Agents for Service of Process

CALIFORNIA California Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500	**MARYLAND** Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	**RHODE ISLAND** Director of Depart. of Business Regulation Suite 232 233 Richmond Street Providence, Rhode Island 02903-4232 (401) 277-3048
CONNECTICUT Connecticut Department of Banking, Securities and Business Investments Division 260 Constitution Plaza Hartford, CT 06103	**MICHIGAN** Dept. of Commerce, Corp'ns & Securities Bur. 6546 Mercantile Way P.O. Box 30222 Lansing, Michigan 48910 (517) 373-7117	**SOUTH DAKOTA** Department of Labor and Regulation Division of Securities 124 S Euclid, Suite 104 Pierre, SD 57501
HAWAII Comm'r Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	**MINNESOTA** Commissioner of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55101 (612) 296-4026	**VIRGINIA** Clerk of the State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804) 371-9733
ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	**NEW YORK** New York State Department of State 99 Washington Avenue 6th Floor Albany, New York 12231-0001	**WASHINGTON** Director of Depart. of Financial Institutions General Administration Building -Securities Division – 3[14] Floor 150 Israel Road, S. W. Tumwater, Washington 98501 (360) 902-8760
INDIANA Indiana Secretary of State 201 State House Indianapolis, Indiana 46204 (317) 232-6681	**NORTH DAKOTA** North Dakota Securities Commissioner 600 Boulevard Avenue, State Capital Fifth Floor Bismarck, ND 58505-0510 (701)328-4712	**WISCONSIN** Commissioner of Securities 345 West Washington Avenue Fourth Floor Madison, Wisconsin 53703 (608) 261-9555

Exhibit H
State Addenda to Franchise Disclosure Document and Franchise Agreement

ADDENDUM TO THE DISCLOSURE DOCUMENT UNDER CALIFORNIA LAW

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AND COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT WWW.DBO.CA.GOV.

Item 3, Additional Disclosure:

Neither we nor any person described in Item 2 of the Disclosure Document is subject to any currently effective order of any National Securities Association or National Securities Exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq. suspending or expelling such persons from membership in such association or exchange.

Item 5, Additional Disclosure:

Due to Franchisor's financial condition, please be advised that Franchisor has obtained a surety bond in the amount of $78,000 to demonstrate Franchisor's financial capability to fulfill its pre-opening obligations to franchisees that are subject to the jurisdiction of the California Franchise Investment Law under the Franchise Agreement.

Item 6, Additional Disclosure:

The highest interest rate allowed by California law is 10% annually.

Item 17, Additional Disclosures:

The franchise agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law. California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The franchise agreement requires application of the laws of Delaware. This provision may not be enforceable under California law.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. §101 et seq.).

The franchise agreement requires non-binding mediation and arbitration. The non-binding mediation and arbitration will occur in Delaware. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 and Code of Civil Procedure Section 1281) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

ADDENDUM TO THE FRANCHISE AGREEMENT UNDER CALIFORNIA LAW

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

> Due to Franchisor's financial condition, please be advised that Franchisor has obtained a surety bond in the amount of $78,000 to demonstrate Franchisor's financial capability to fulfill its pre-opening obligations to franchisees that are subject to the jurisdiction of the California Franchise Investment Law under the Franchise Agreement.
>
> The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law. California Corporations Code Section 20010) voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).
>
> The Franchise Agreement requires application of the laws of Delaware. This provision may not be enforceable under California law.
>
> California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. The Federal Bankruptcy Code also provides rights to franchisee concerning termination of the Franchise Agreement upon certain bankruptcy-related events. If the Franchise Agreement is inconsistent with the law, the law will control.
>
> The Franchise Agreement requires non-binding mediation and arbitration. The non-binding mediation and arbitration will occur in Delaware. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 and Code of Civil Procedure Section 1281) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
>
> The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
>
> The highest interest rate allowed by California law is 10% annually.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR: **Sweet Charlie's Franchising, LLC**	**FRANCHISEE:** ____________________
By: ____________________ Its: Date: ____________________	By: ____________________ Its: Date: ____________________

ADDENDUM TO THE DISCLOSURE DOCUMENT
UNDER ILLINOIS LAW

For franchises and franchisees subject to the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 44, the following information replaces or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Sweet Charlie's Franchising, LLC Franchise Disclosure Document:

Item 5.

Due to our financial condition, the Illinois Attorney General's Office has imposed a financial impound condition. We have elected to fulfill the financial impound condition by deferring the receipt of all initial franchise fees until we have completed the initial obligations we owe to you under the Franchise Agreement or other agreements we have entered into with you and you have commenced doing business pursuant to the Franchise Agreement.

Item 17.

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in the Franchise Agreement that designates jurisdiction and venue in a forum outside of Illinois is void. However, the Franchise Agreement may provide for arbitration to take place outside of Illinois.

Franchisee's rights upon termination and renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other Illinois law is void.

ADDENDUM TO THE FRANCHISE AGREEMENT
UNDER ILLINOIS LAW

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 44, the parties to the attached Sweet Charlie's Franchising, LLC Franchise Agreement agree as follows:

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

   Due to our financial condition, the Illinois Attorney General's Office has imposed a financial impound condition. We have elected to fulfill the financial impound condition by deferring the receipt of all initial franchise fees until we have completed the initial obligations we owe to you under the Franchise Agreement or other agreements we have entered into with you and you have commenced doing business pursuant to the Franchise Agreement.
   Illinois law governs the Franchise Agreement.

   In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in the Franchise Agreement that designates jurisdiction and venue in a forum outside of Illinois is void. However, the Franchise Agreement may provide for arbitration to take place outside of Illinois.

   Franchisee's rights upon termination and renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

   In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other Illinois law is void.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:	**FRANCHISEE:**
Sweet Charlie's Franchising, LLC	______________________________
By: ______________________________	By: ______________________________
Its:	Its:
Date: ______________________________	Date: ______________________________

ADDENDUM TO THE DISCLOSURE DOCUMENT UNDER MARYLAND LAW

For franchises and franchisees subject to the Maryland Franchise Registration and Disclosure Law, the following information replaces or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Sweet Charlie's Franchising, LLC Franchise Disclosure Document:

Item 5.

Due to Franchisor's financial condition, please be advised that Franchisor has obtained a surety bond in the amount of $39,000 to demonstrate Franchisor's financial capability to fulfill its pre-opening obligations to franchisees that are subject to the jurisdiction of the Maryland Franchise Registration and Disclosure Law under the Franchise Agreement.

Item 17.

The Franchise Agreement provides that Sweet Charlie's Franchising, LLC may terminate these agreements, as applicable, if you voluntarily or involuntarily file for bankruptcy, as described in the "Summary of Cause Defined" (provision (h.)). The provision that provides for termination of the Franchise Agreement upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq).

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not release Franchisor from any liability imposed by the Maryland Franchise Registration and Disclosure Law.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

ADDENDUM TO THE FRANCHISE AGREEMENT UNDER MARYLAND LAW

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Sweet Charlie's Franchising, LLC Franchise Agreement, Territory Deposit Agreement and Development Rights Rider agree as follows:

1. Sections 2.5(g) and 16.4(b) of the Franchise Agreement shall be supplemented by the addition of the following language to the end of those respective Sections:

   The general release required as a condition of renewal, sale, and/or assignment/transfer shall not release Franchisor from any liability imposed by the Maryland Franchise Registration and Disclosure Law.

2. Section 5.1 of the Franchise Agreement, Section 1.1 of the Territory Deposit Agreement, and Section 5 of the Development Rights Rider shall be supplemented as follows:

   Due to Franchisor's financial condition, please be advised that Franchisor has obtained a surety bond in the amount of $39,000 to demonstrate Franchisor's financial capability to fulfill its pre-opening obligations to franchisees that are subject to the jurisdiction of the Maryland Franchise Registration and Disclosure Law under the Franchise Agreement.

3. Section 21.4 of the Franchise Agreement and Section 4.2 of the Territory Deposit Agreement shall be supplemented as follows:

   A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Section 21.11 of the Franchise Agreement shall be supplemented by the addition of the following:

   Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

5. The Franchise Agreement, Territory Deposit Agreement and Franchisee Disclosure Acknowledgment Statement shall be amended by addition of the following:

   All representations requiring prospective franchisee to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

6. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

7. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:	**FRANCHISEE:**
Sweet Charlie's Franchising, LLC	______________________________
By: ______________________________	By: ______________________________
Its:	Its:
Date: ______________________________	Date: ______________________________

DISCLOSURES REQUIRED BY MICHIGAN LAW

To the extent the Michigan Franchise Investment Law, Mich. Comp. Laws §§445.1501 – 445.1546 applies, the terms of this Addendum apply.

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

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

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

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five (5) years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

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

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

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

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

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

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

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

If the franchisee has any questions regarding this notice, those questions should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Attn.: Franchise, 670 Law Building, Lansing, Michigan 48913, telephone: (517) 373-7117.

ADDENDUM TO THE DISCLOSURE DOCUMENT UNDER THE NEW YORK FRANCHISE LAW

Notwithstanding anything to the contrary in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of New York:

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEANT THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of this Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c), title "Requirements for franchisee to renew or extend", and Item 17(m), entitled "Conditions for franchisor approval of transfer":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issues thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee":

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "Assignment of contract by franchisor":

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

8. The following is added to the end of the "Summary" sections of item 17(v), title "Choice of forum", and Item 17(w), titled "Choice of law":

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

ADDENDUM TO THE FRANCHISE AGREEMENT
UNDER NEW YORK LAW

In recognition of the requirements of Article 33 of the General Business Law of the State of New York, the parties to the Sweet Charlie's Franchising, LLC Franchise Agreement agree as follows:

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

A. The applicable sections of the Franchise Agreement shall be supplemented by adding the following language at the end of that Section: "provided, however, that all rights enjoyed by franchisee and any causes of action arising in franchisee's favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the nonwaiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied;"

B. Section 21.1 of the Franchise Agreement, which are generally under the heading discussing choice of law shall be supplemented by the addition of the following language at the end of the Section: "However, the foregoing choice of law shall not be considered a waiver of any right conferred upon franchisee by the provisions of Article 33 of the General Business Law of the State of New York."

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the General Business Law of the State of New York, Sections 680-695, with respect to each such provision, are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

4. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR: **Sweet Charlie's Franchising, LLC**	**FRANCHISEE:** ____________________
By: ____________________ Its: Date: ____________________	By: ____________________ Its: Date: ____________________

Ohio Notice of Cancellation

(FOR OHIO FRANCHISEES ONLY)

__________________________(Enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to Sweet Charlie's Franchising, LLC at 1921 Walnut Street, Philadelphia, PA 19103, not later than midnight of (enter date).

I hereby cancel this transaction.

______ ____________________

(Date) (Purchaser's signature)

ADDENDUM TO THE DISCLOSURE DOCUMENT
UNDER WISCONSIN LAW

For franchises and franchisees subject to the Wisconsin Fair Dealership Law, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Sweet Charlie's Franchising, LLC Wisconsin Franchise Disclosure Document.

For Wisconsin franchisees, ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract between Franchisor and franchisee inconsistent with the Law.

ADDENDUM TO THE FRANCHISE AGREEMENT
UNDER WISCONSIN LAW

This Addendum shall pertain to franchises sold in the State of Wisconsin and shall be for the purpose of complying with the Wisconsin Fair Dealership Law. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the agreements shall be amended as follows:

1. Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of this Agreement or a related document between Franchisor and franchisee inconsistent with the Law.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR: **Sweet Charlie's Franchising, LLC**	**FRANCHISEE:** ____________________________
By: ________________________ Its: Date: ________________________	By: ________________________ Its: Date: ________________________

Exhibit I
Development Rights Rider

DEVELOPMENT RIGHTS RIDER

1. **Background**. This Development Rights Rider (the "Rider") is made by and between Sweet Charlie's Franchising, LLC ("we," "us," or "our") and ______________________________ ("you" or "your"). This Rider is attached to, and intended to be a part of, the Franchise Agreement that we and you have signed contemporaneously with this Rider for the development and operation of a Sweet Charlie's Dessert Shop (the "Franchise Agreement"). We and you are signing this Rider because you want the right to develop additional Sweet Charlie's Dessert Shops (besides the Sweet Charlie's Dessert Shop covered by the Franchise Agreement) within a certain geographic area over a certain period of time, and we are willing to grant you those development rights if you comply with this Rider. Capitalized terms not defined in this Rider have the meaning ascribed to them in the Franchise Agreement.

2. **Grant of Development Rights**. Subject to your strict compliance with this Rider, we grant you the right to develop a total of ___ Sweet Charlie's Dessert Shops (including the Sweet Charlie's Dessert Shop covered by the Franchise Agreement), according to the mandatory development schedule described in Schedule A to this Rider (the "Schedule"), within the following geographic area (the "Development Area"):

____

____

____

If you (and, to the extent applicable, your affiliated entities, as described in Section 3 below) are fully complying with all of your obligations under this Rider, the Franchise Agreement, and all other franchise agreements then in effect between us and you (and, to the extent applicable, your affiliated entities) for the development and operation of Sweet Charlie's Dessert Shops, then during this Rider's Term (as defined in Section 7 hereof), we (and our affiliates) will not, except in the situations described below, establish or grant to others the right to establish a Sweet Charlie's Dessert Shop the physical premises of which will be located within the Development Area.

You acknowledge and agree that we and our affiliates (and any business that acquires our assets or ownership interests) have the right to engage, and grant to others the right to engage, in any other activities of any nature whatsoever within the Development Area, including, without limitation, those which we reserve in the Franchise Agreement. After this Rider expires or is terminated, regardless of the reason for termination, we and our affiliates (and any business that acquires our assets or ownership interests) have the right, without any restrictions whatsoever, to (a) establish, and grant to others the right to establish, Sweet Charlie's Dessert Shops, the physical premises of which are located within the Development Area; and (b) continue to engage, and grant to others the right to engage, in any other activities that we (and they) desire within the Development Area.

YOU ACKNOWLEDGE AND AGREE THAT TIME IS OF THE ESSENCE UNDER THIS RIDER AND THAT YOUR RIGHTS UNDER THIS RIDER ARE SUBJECT TO TERMINATION (WITHOUT ANY CURE OPPORTUNITY) IF YOU DO NOT COMPLY STRICTLY WITH THE DEVELOPMENT OBLIGATIONS PROVIDED IN THE SCHEDULE. WE MAY ENFORCE THIS RIDER STRICTLY.

3. **Development Obligations**. To maintain your rights under this Rider, you (or your approved affiliated entity or entities) must sign franchise agreements for, and then construct, develop, and

have open and operating within the Development Area, the agreed-upon number of Sweet Charlie's Dessert Shops by the dates specified in the Schedule. If your owners establish a new legal entity to operate one or more of the Sweet Charlie's Dessert Shops to be developed pursuant to this Rider and that new legal entity's ownership is completely identical to your ownership, that legal entity automatically will be considered an "approved affiliated entity" without further action. However, if the new legal entity's ownership is not completely identical to your ownership, you first must seek our approval to allow that new entity to operate the proposed Sweet Charlie's Dessert Shop.

You (and/or your approved affiliated entity) will operate each Sweet Charlie's Dessert Shop under a separate franchise agreement with us. The franchise agreement (and related documents, including without limitation, the Personal Guaranty) that you and your owners (or your affiliated entity and its owners) must sign for each Sweet Charlie's Dessert Shop developed pursuant to this Rider will be our then-current form of franchise agreement (and related documents, including without limitation, the Personal Guaranty), any or all of the terms of which may differ substantially from any or all of the terms contained in the Franchise Agreement, although you will not be required to pay an Initial Franchise Fee under any franchise agreement executed under this Rider. Despite any contrary provision contained in the newly-signed franchise agreements, your additional Sweet Charlie's Dessert Shops within the Development Area must be open and operating by the dates specified in the Schedule. To retain your rights under this Rider, each Sweet Charlie's Dessert Shop opened pursuant to this Rider must operate continuously throughout this Rider's term in substantial compliance with its franchise agreement; provided, however, we may permit you to stop operating any Dessert Shop during the term of this Rider and avoid termination thereof if you develop a replacement Dessert Shop within 180 days after you stop operating the original Dessert Shop.

4. **Subfranchising and Sublicensing Rights**. This Rider does not give you any right to franchise, license, subfranchise, or sublicense others to operate a Sweet Charlie's Dessert Shop. Only you (and/or approved affiliated entities) may construct, develop, open, and operate a Sweet Charlie's Dessert Shop pursuant to this Rider. This Rider also does not give you (or your affiliated entities) any independent right to use the Sweet Charlie's trademark or our other trademarks and commercial symbols. The right to use our trademarks and commercial symbols is granted only under a franchise agreement signed directly with us. This Rider only grants you potential development rights if you comply with its terms.

5. **Development Fee**. As consideration for the development rights we grant you in this Rider, you must pay us, at the same time you sign this Rider, a total of ______________ (the "Development Fee"). The Development Fee is consideration for the rights we are granting you in this Rider and for reserving the Development Area for you to the exclusion of others (except as provided in this Rider), is fully earned by us when we and you sign this Rider, and is not refundable under any circumstances.

6. **Grant of Franchises**. You agree and acknowledge that you must: (i) enter into our then-current form of franchise agreement for each additional Sweet Charlie's Dessert Shop that you are required to open under this Agreement, and (ii) enter into such franchise agreement(s) at such times as are required for you to timely meet, and strictly adhere to, the Schedule.

7. **Term**. This Rider's term begins on the date we and you sign it and ends on the date when (a) the final Sweet Charlie's Dessert Shop to be developed under the Schedule has been opened (or, if earlier, must have opened), or (b) this Rider otherwise is terminated ("Term").

8. **Termination**. We may at any time terminate this Rider and your rights under this Rider to develop a Sweet Charlie's Dessert Shop within the Development Area, such termination to be effective upon delivery to you of written notice of termination:

(a) if you fail to satisfy either your development obligations under the Schedule or any other obligation under this Rider, which defaults you have no right to cure;

(b) if the Franchise Agreement is terminated or any other franchise agreement between us and you (or your affiliated entity) for a Sweet Charlie's Dessert Shop is terminated, even if that other franchise agreement was not signed pursuant to your rights under this Rider; or

(c) if we have delivered a formal written notice of default to you under the Franchise Agreement or to you (or your affiliated entity) under any other franchise agreement between us and you (or your affiliated entity) for a Sweet Charlie's Dessert Shop (even if that other franchise agreement was not signed pursuant to your rights under this Rider), whether or not you (or your affiliated entity) cure that default and whether or not we subsequently terminate the Franchise Agreement or the other franchise agreement.

(d) A termination of this Rider is not deemed to be the termination of any franchise rights (even though this Rider is attached to the Franchise Agreement) because this Rider grants you no separate franchise rights. Franchise rights arise only under franchise agreements signed directly with us. A termination of this Rider does not affect any franchise rights granted under any then-effective individual franchise agreements.

9. **Assignment**. Your development rights under this Rider are not assignable under any circumstances. This means that we will not under any circumstances allow the development rights to be transferred. A transfer of the development rights would be deemed to occur (and would be prohibited) if there is an assignment of the Franchise Agreement, a transfer of any ownership interest in you, a transfer of this Rider separate and apart from the Franchise Agreement, or any other event attempting to assign the development rights.

10. **Rider to Control**. Except as provided in this Rider, the Franchise Agreement remains in full force and effect as originally written. If there is any inconsistency between the Franchise Agreement and this Rider, the terms of this Rider will control.

Dated this _____ day of ___________, 20__.

SWEET CHARLIE'S FRANCHISING, LLC

By:______________________________

Title:______________________

Date:______________________

FRANCHISEE

____

[Name]

By:__________________________

Date:

SCHEDULE A

DEVELOPMENT SCHEDULE

Number of New Dessert Shops To Open	Cumulative Number of Dessert Shops to be Open	Open & Operating On or Before
1	1	First Anniversary of the first Franchise Agreement
1	2	Second Anniversary of the first Franchise Agreement
1	3	Third Anniversary of the first Franchise Agreement
1	4	Fourth Anniversary of the first Franchise Agreement
1	5	Fifth Anniversary of the first Franchise Agreement

Exhibit J
Territory Deposit Agreement

TERRITORY DEPOSIT AGREEMENT

THIS TERRITORY DEPOSIT AGREEMENT ("**Agreement**") is entered into between Sweet Charlie's Franchising, LLC, a Delaware limited liability company ("**we**," "**us**," or "**our**") and ____________________ ("**you**") as of ____________ ("**Effective Date**").

A. We grant franchises for Sweet Charlie's Dessert Shops. You acknowledge that you received a copy of our Franchise Disclosure Document, containing a copy of this Agreement as an exhibit, at least fourteen (14) calendar days before you signed this Agreement, and that you received a signature-ready copy of this Agreement with all the blanks filled in.

B. You would like to enter into our then-current form of franchise agreement to operate a Sweet Charlie's Dessert Shop (the "**Franchise Agreement**"). However, before you sign a Franchise Agreement with us, you want to evaluate the potential territory and begin the process of locating a specific site for the Sweet Charlie's Dessert Shop (the "**Location**").

NOW, THEREFORE, in reliance on and in consideration of the above facts and the terms and conditions stated below, the parties agree as follows:

1. DEPOSIT, TERRITORY & SITE SELECTION ASSISTANCE.

1.1 Deposit. Upon the execution of this Agreement, you shall pay to us the sum of five thousand dollars ($5,000) ("**Deposit Fee**") in exchange for certain territorial protections in the Territory (as defined below). The Deposit Fee will not be refunded under any circumstances. If the parties enter into a Franchise Agreement, the entire Deposit Fee will be applied toward your Initial Franchise Fee for the purchase of a Sweet Charlie's Dessert Shop.

1.2 Protected Area. We grant to you, for a period of ninety (90) days from the Effective Date ("**Term**"), the exclusive right to locate a Sweet Charlie's Dessert Shop within the following territory: ________________________________ (the "**Territory**"). So long as you are in compliance with this Agreement, we will not locate, or license a third party, to locate a Sweet Charlie's Dessert Shop in the Territory.

1.3 Site Selection Assistance. We shall use reasonable efforts to help analyze the Territory, to determine site feasibility, and to assist in the designation of the Location which we must approve; provided, however, that we will not conduct site selection activities on your behalf and nothing contained herein shall be interpreted as a guarantee of success for said Location nor shall any site recommendation or approval made by us be deemed a representation that any particular site is available for the Dessert Shop. It shall be your sole responsibility to undertake site selection activities and otherwise secure the Location for your Dessert Shop. We may, in our sole discretion, provide on-site location selection assistance at your request but you must pay our travel and out-of-pocket costs and expenses.

2. YOUR ADDITIONAL AGREEMENTS

2.1 Acknowledgements and Agreements by You. By executing this Agreement, you agree and acknowledge that:

2.1.1 You have conducted an independent investigation of the business venture contemplated by this Agreement and the Franchise Agreement and recognize that the success of this business venture involves substantial business risks and will largely depend upon your individual ability.

2.1.2 Our acceptance of the Deposit Fee does not constitute the grant of any rights for a franchise to operate a Sweet Charlie's Dessert Shop; and that such rights may only be granted through a Franchise Agreement that has been duly executed by both us and you and payment of the balance of the Initial Franchise Fee specified therein

2.1.3 We have not made any representations or promises concerning the grant of a Sweet Charlie's Dessert Shop to you or any other person or entity, nor have you been induced to take any action as a result of, or in reliance upon, any representations or promises by us.

2.1.4 We may refuse to grant to you or any other person or entity a Sweet Charlie's Dessert Shop for any reason, within our sole discretion.

2.1.5 We are in no manner restricted from exercising any rights not expressly granted to you under this Agreement and reserve all said rights.

2.1.6 You acknowledge that under applicable law you may not pay any consideration or execute any binding agreement in anticipation of signing a Franchise Agreement unless you shall have received a copy of our most recent franchise disclosure document at least fourteen (14) calendar days, and a copy of the execution-ready Franchise Agreement at least five (5) business days, prior thereto. In addition, until we have delivered a Franchise Agreement fully executed by all parties, you should not sign any lease, purchase agreement or other binding agreement for the Location unless you independently determine that leasing or purchasing the Location is in your best interest regardless of whether we accept the Location or execute a Franchise Agreement for the Location, and not in reliance upon any prospective acceptance of us, and you assume the entire risk of doing so and shall hold us harmless on account thereof.

2.2 Confidential Information.

2.2.1 In connection with your ongoing discussions with us pertaining to the feasibility of you entering into a Franchise Agreement for the operation of a Sweet Charlie's Dessert Shop, we will disclose to you certain confidential and proprietary information of a non-public nature (the "**Confidential Information**").

2.2.2 In consideration of such disclosures, you agree that any and all Confidential Information, whether written, oral, visual or otherwise, including all data, books, materials, reports or other information developed by us or our affiliates prior to or during any discussion with you, that is made available to you or that you obtain or to which you have access by any means, shall be held and treated by you, your agents and employees as our trade secret and in the strictest confidence. Such Confidential Information shall not be disclosed in whole or in part by you, your agents or employees in any manner whatsoever or used or reproduced for any purposes other than for purposes directly connected with the discussions and activities described in this Agreement.

2.2.3 You agree that all documents and other materials containing or referring to the Confidential Information shall remain our property at all times and that you shall account for and return to us all documents, papers, books, records, data, translations and other information provided by us under this Agreement, within ten (10) days of the decision by you and/or us not to proceed further with your operation of a Sweet Charlie's Dessert Shop as described in this Agreement, or upon our written request.

2.2.4 The confidentiality provisions of this Agreement shall survive the expiration or termination of this Agreement.

2.3 No License. You understand and agree that no right or license is granted to you by us in or to the name SWEET CHARLIE'S or any of our other trademarks, the Confidential Information or any documents or data contained therein, derived therefrom, or relating thereto (except as otherwise permitted herein). Further, you agree that, without limiting any of our other rights and remedies of, upon breach of this Agreement, we may exercise any and all remedies, including obtaining an injunction to protect our rights hereunder. If we exercise any of our legal or equitable remedies, you will be responsible for any reasonable attorneys' fees or costs incurred by us.

2.4 Franchise Agreement Execution. Prior to the expiration of the Term, you shall execute and deliver to us the Franchise Agreement and pay the balance of the Initial Franchise Fee owed by to us.

3 TERMINATION AND NO REFUND

3.1 Termination. We may elect to terminate your rights under this Agreement for either of the following reasons:

3.1.1 Our discovery that you have misstated or omitted any information required by the franchise application submitted to us or otherwise given to us in connection with your potential purchase of a franchise; or

3.1.2 Your failure to deliver to a signed Franchise Agreement and the remainder of the Initial Franchise Fee prior to the expiration of the Term. However, you will not be required to sign a franchise agreement until the expiration of any waiting periods required by applicable law.

3.2 No Refund. The parties understand that we will incur expense in reviewing and making a decision on your proposal or proposals for a location. We will earn the Deposit Fee whether or not you ultimately are granted a franchise. The parties further acknowledge that the amount of actual damages that would result if we find it necessary to terminate this Agreement is uncertain and would be extremely difficult to ascertain. Consequently, if we elect to terminate this Agreement, you agree that we will be entitled to retain the Deposit Fee as liquidated damages. You understand that you will not receive a refund under any circumstances.

4 MISCELLANEOUS PROVISIONS

4.1 Construction of Contract. The headings of sections are for convenience only and do not define, limit or construe the contents of such sections. All words used in this Agreement, regardless of the number or gender in which they are used, will be construed to include any other number, singular or plural, in any other gender, masculine, feminine or neuter, as the context of this Agreement may require. Time is of the essence in complying with this Agreement.

4.2 Governing Law and Dispute Resolution. Section 21 of the Franchise Agreement is hereby expressly incorporated herein by reference thereto and shall govern any disputes that arise under this Agreement.

4.3 Successors and Assigns. None of your rights or duties may be assigned or delegated without our prior written consent. We shall have the right to assign this Agreement in whole or in part to any person, firm or entity. This Agreement will benefit, and be binding on, the parties to this Agreement and their permitted heirs, successors, representatives, and transferees.

4.4 Waiver. Waiver of any provision of this Agreement will not be valid unless in writing and signed by the person against whom such provision is sought to be enforced. The failure by either party to insist upon strict performance of any provision will not be construed as a waiver or relinquishment of the right to insist upon strict performance of the same provision at any other time, or any other provision of this Agreement.

4.5 Integration. This Agreement composes the entire Agreement between the parties relating to its subject matter, and supersedes all prior agreements, proposals, representations and commitments, oral or otherwise. This Agreement may only be amended by an instrument signed by the authorized officers of both parties.

4.6 Severability. If any of the provisions of this Agreement are held invalid for any reason, the remainder will not be affected and will remain in full force and effect in accordance with its terms.

4.7 Disclaimer of Representations. NO REPRESENTATIONS, PROMISES, GUARANTIES OR WARRANTIES OF ANY KIND ARE MADE BY US TO INDUCE YOU TO SIGN THIS AGREEMENT EXCEPT THOSE SPECIFICALLY STATED IN THIS AGREEMENT; PROVIDED, HOWEVER, THAT NOTHING IN THIS OR ANY RELATED AGREEMENT IS INTENDED TO DISCLAIM THE REPRESENTATIONS MADE BY US IN THE FRANCHISE DISCLOSURE DOCUMENT THAT WAS FURNISHED TO YOU BY US. YOU ACKNOWLEDGE THAT WE HAVE MADE NO PROMISES OR WARRANTIES TO YOU CONCERNING THE APPROPRIATENESS OF THE TERRITORY OR THE LOCATION FOR A DESSERT SHOP OR CONCERNING THE PROFITABILITY OR LIKELIHOOD OF SUCCESS OF THE DESSERT SHOP.

IN WITNESS THEREOF, the parties have signed this Agreement as of the dates below.

FRANCHISOR
SWEET CHARLIE'S FRANCHISING, LLC

By:________________________________
Steven Billig, CFO
Dated:________________________________

Address:
1921 Walnut Street
Philadelphia, PA 19103

YOU

____
Dated:_
Address:

Exhibit K

RECEIPT

(OUR COPY)

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Sweet Charlie's Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this 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. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Sweet Charlie's Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit F.

The franchisor is Sweet Charlie's Franchising, LLC, 1921 Walnut Street, Philadelphia, PA 19103, (856) 287-0777. The franchise sellers are Steven Billig, Kyle Billig, Tom DuFore and Michael Goldberg, 1921 Walnut Street, Philadelphia, PA 19103, (856) 287-0777.

Issuance Date: February 22, 2019. The Issuance Date is not the Effective Date. See Page 4 of this disclosure document to determine if your state's Effective Date varies from the Issuance Date.

Sweet Charlie's Franchising, LLC authorizes the agents listed on Exhibit G to receive service of process in the respective states.

I received a disclosure document dated February 22, 2019, that included the following Exhibits:

A. Financial Statements
B. Franchise Agreement
C. List of Franchisees
D. List of Former Franchisees
E. Operations Manuals Table of Contents
F. List of State Administrators
G. List of Agents for Service of Process
H. State Specific Addenda
I. Development Rights Rider
J. Territory Deposit Agreement
K. Receipts

____
Date Received

____
Prospective Franchisee Signature

____
Prospective Franchisee Printed Name

Mail signed and dated Receipt to: Sweet Charlie's Franchising, LLC, 1921 Walnut Street, Philadelphia, PA 19103 or email to Steven Billig at steven@sweetcharlies.com.

RECEIPT
(YOUR COPY)

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Sweet Charlie's Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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Date Received

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Prospective Franchisee Signature

____
Prospective Franchisee Printed Name

Mail signed and dated Receipt to: Sweet Charlie's Franchising, LLC, 1921 Walnut Street, Philadelphia, PA 19103 or email to Steven Billig at steven@sweetcharlies.com.