

FRANCHISE DISCLOSURE DOCUMENT



TRU FRANCHISE, LLC
a California limited liability company
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Sweet Factory stores or kiosks operate self-service candy and confections retail shops ("Sweet Factory Store(s) or Kiosk(s)").

The total investment necessary to begin operation of a Sweet Factory franchised business is between \$165,600 and \$1,012,100. This includes \$40,500 to \$41,000 that must be paid to the franchisor or its affiliate(s).

Sweet Factory area developers acquire the right to develop multiple Sweet Factory Stores or Kiosks in a designated development area. The total investment necessary to begin operation as an area developer with two Sweet Factory franchises is between \$336,200 and \$2,029,200. This includes \$86,000 to \$87,000 that must be paid to the franchisor or its affiliate(s). The total investment necessary to begin operation of a Sweet Factory area developer business with three Sweet Factory Stores or Kiosks is between \$506,800 and \$3,046,300. This includes \$131,500 to \$133,000 that must be paid to the franchisor or its affiliate(s). The development fee to open up to two Sweet Factory Stores or Kiosks is \$20,000 and the development fee to open up to three Sweet Factory Stores or Kiosks is \$30,000.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our President, John Kim, 1590 N. Batavia Street, #2, Orange, California 92867, (714) 922-8760, ext. 100.

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

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

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

Issuance Date: April 23, 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 in Exhibit E for information about the franchisor or about franchising in your state.

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

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

1. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY MEDIATION OR ARBITRATION ONLY IN THE PRINCIPAL CITY CLOSEST TO OUR PRINCIPAL PLACE OF BUSINESS OR BY LITIGATION IN THE STATE OR FEDERAL COURT IN WHICH OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED (CURRENTLY ORANGE, CALIFORNIA). OUT-OF-STATE MEDIATION/ARBITRATION/LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE/ARBITRATE/LITIGATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.
2. YOUR SPOUSE MUST SIGN A DOCUMENT, SUCH AS A GUARANTEE, THAT MAKES YOUR SPOUSE LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT EVEN THOUGH YOUR SPOUSE DOES NOT OWN ANY PART OF THE FRANCHISE BUSINESS. BOTH YOU AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, INCLUDING YOUR HOUSE, COULD BE LOST IF YOUR FRANCHISE FAILS.
3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

Effective Dates: See next page for state effective dates.



STATE EFFECTIVE DATES

The following states require the 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 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:

Effective Dates for States Requiring Registration and Notice Filings:

STATE	EFFECTIVE DATE
CALIFORNIA	PENDING
HAWAII	NOT REGISTERED
ILLINOIS	NOT REGISTERED
INDIANA	NOT REGISTERED
MARYLAND	NOT REGISTERED
MICHIGAN	PENDING
MINNESOTA	NOT REGISTERED
NEW YORK	NOT REGISTERED
NORTH DAKOTA	NOT REGISTERED
RHODE ISLAND	NOT REGISTERED
SOUTH DAKOTA	NOT REGISTERED
VIRGINIA	NOT REGISTERED
WASHINGTON	PENDING
WISCONSIN	NOT REGISTERED

**NOTICE REQUIRED BY
STATE OF MICHIGAN**

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that the franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its terms except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (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 or under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

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

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

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

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

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

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

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EXHIBITS:

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Exhibit D	List of Current and Former Franchisees/Area Developers
Exhibit E	List of State Administrators and Agents for Service of Process
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APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES REGARDING THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT OR STATE-SPECIFIC AMENDMENTS TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES OR STATE-SPECIFIC AMENDMENTS, IF ANY, APPEAR IN THE STATE ADDENDA AT EXHIBIT H.

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

To simplify the language in this Franchise Disclosure Document, “TFL” and “we,” “us,” and “our” means TRU Franchise, LLC, the franchisor. “You,” “your,” and “Franchisee” means the person, and its owners if the Franchisee is a business entity, who buys the franchise from TFL.

The Franchisor

TFL is a California limited liability company formed on November 6, 2017. We operate under the name TRU Franchise, LLC and Sweet Factory and no other name. Our principal business address is 1590 N. Batavia Street, #2, Orange, California 92867. We offer franchises (“Sweet Factory Franchises” or “Franchises”) for Sweet Factory Stores or Kiosks and have done so since March 2018. We do not conduct business under any other name or in any other line of business and we do not offer franchises in any other line of business. We do not conduct, and have never conducted, a business of the type described in this Franchise Disclosure Document.

Our parent company, Trinity Retail Unlimited, LLC (“TFL Parent”) currently owns and operates ten Sweet Factory stores in two states. TFL Parent is a Nevada limited liability company formed on August 4, 2017. The principal business address of TFL Parent is 1590 N. Batavia Street, #2, Orange, California 92867.

On November 14, 2017, TFL Parent acquired the assets of ten Sweet Factory stores from Sweet Candy, LLC, its wholly-owned subsidiary Sweet Candy Franchise, LLC, and SCSF Newco Inc. (“TFL Predecessors”), which were then operating these businesses prior to a private foreclosure sale. TFL Predecessors operated these business beginning in 2002. TFL Predecessors began offering Sweet Factory franchises in 2004 and did not offer franchises in any other line of business. The shared principal business address of TFL Predecessors was 929 W. Barkley Avenue, Orange, California 92868.

TFL Parent has granted us the right to use and license others to use the trademarks for the Sweet Factory franchise system.

We do not have any affiliates that offer franchises in any line of business or provide products or services to our franchisees.

Our agent for service of process in California is Incorp Services, Inc., 3773 Howard Hughes Parkway, Suite 500S, Las Vegas, NV 89169. Our agents for service of process for other states are identified by state in Exhibit E. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

The Franchise

Sweet Factory franchisees operate stores or kiosks providing self-service candy and confections. Our operating system includes recognizable design, décor color scheme, uniform standards, specifications, rules and procedures of operation, techniques, philosophies, quality and uniformity of products and services offered and procedures for inventory and management control (“System”). We grant franchises to operate Sweet Factory Franchises using the System and our trade names, trademarks, service marks, emblems, logos, slogans and copyrights (“Marks”) as authorized by us from an approved retail location.



You must sign our standard franchise agreement attached to this Franchise Disclosure Document as Exhibit A (“Franchise Agreement”). You may operate one Sweet Factory Store or Kiosk for each Franchise Agreement you sign.

We also offer to select qualified persons (“Area Developers”) the opportunity to sign our area development agreement (“Area Development Agreement”) and acquire the right to develop multiple Sweet Factory Stores or Kiosks in a designated development area (“Development Territory”) in accordance with a specified development schedule (“Development Schedule”). The Development Territory will be established based on the consumer demographics of the Development Territory, geographical area, city, county and other boundaries. If you enter into an Area Development Agreement, you must sign a Franchise Agreement for your first Sweet Factory Store or Kiosk (“Initial Franchise Agreement”) at the same time that you sign the Area Development Agreement. You will be required to sign our then-current form of Sweet Factory Franchise Agreement, which may differ from the current Franchise Agreement included with this Franchise Disclosure Document for each Sweet Factory Store or Kiosk that you develop under the Area Development Agreement, except that any additional franchise agreements signed pursuant to the Development Schedule will have the same royalty rate as the Initial Franchise Agreement. Unless otherwise stated, any reference in this Franchise Disclosure Document to “you” or “franchisee” includes you both as an Area Developer under an Area Development Agreement and as a franchisee under a Franchise Agreement.

Market and Competition

The primary market for the goods and services offered by the Sweet Factory Stores or Kiosks is the general public. The goods and services offered by Sweet Factory Stores or Kiosks are not seasonal. The market, as a whole, is well-developed and highly competitive, and includes retail units and kiosks selling various types of candy and confections. You may have to compete with numerous other independent and chain-affiliated stores or kiosks, some of which may be franchised. Many store or kiosk franchise systems, in particular, have already established national and international brand recognition.

Industry-Specific Laws

Many states and local jurisdictions have enacted laws, rules, regulations and ordinances which may apply to the operation of your Sweet Factory Store or Kiosk, including those which: (a) establish general standards, specifications and requirements for the construction, design and maintenance of your store or kiosk; (b) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements; employee practices concerning the storage, handling, and preparation of food; restrictions on smoking and exposure to tobacco smoke or other carcinogens or reproductive toxicants and saccharin; availability of and requirements for public accommodations, including restrooms; (c) set standards pertaining to employee health and safety; (d) set standards and requirements for fire safety and general emergency preparedness, (e) govern the use of vending machines, (f) regulate the proper use, storage and disposal of waste, insecticides and other hazardous materials, (g) establish general requirements or restrictions on advertising containing false or misleading claims, or health and nutrient claims such as “low calorie” or “fat free”, and (h) establish requirements concerning withholdings and employee reporting of taxes on tips. You must also obtain all necessary permits, licenses, and approvals to operate your Sweet Factory Business.

Many local or state jurisdictions require food service permits for those preparing, handling and serving food to the public. You and your employees may be required to pass a test or other certification process to obtain these permits. There may also be local ordinances and regulations governing food storage, preparation and serving.

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

ITEM 2 BUSINESS EXPERIENCE

President: John Kim

John Kim has been our President in Orange, California since November 2017. From August 2015 to November 2017, Mr. Kim was a partner of Hana Dental Lab in Carmichael, California. Prior to that, Mr. Kim was the CEO of our predecessors, Sweet Candy, LLC and Sweet Candy Franchise, LLC in Orange, California from March 2010 until August 2015.

Vice President of Operations: Anna Stewart

Anna Stewart has been our Vice President of Operations in Orange, California since November 2017. Prior to this, Ms. Stewart worked as Vice President of Operations for Sweet Candy, LLC in Orange, California from May 2012 to November 2017.

Controller: Royce Fernando

Royce Fernando has been our Controller in Orange, California since November 2017. Prior to this, Mr. Fernando worked as Controller for Sweet Candy, LLC in Orange, California from May 2012 to November 2017.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Initial Franchise Fee

The “Initial Franchise Fee” for a single Sweet Factory Store or Kiosk is \$35,000. The Initial Franchise Fee is payment for the pre-opening assistance that we provide to you to allow you to open your Sweet Factory Store or Kiosk and also offsets some of our franchise recruitment expenses. Each Franchise Agreement will grant you the right to operate one Sweet Factory Store or Kiosk. The Initial Franchise Fee is uniform, fully earned by us once paid and is non-refundable under any circumstances. The Initial Franchise Fee is payable when you sign your Franchise Agreement.

During our last fiscal year ended December 31, 2018, we did not collect any Initial Franchise Fees.

Franchise or Development Application Fee

You must pay us an application fee (“Application Fee”) of \$500 per applicant when you submit your application for your Sweet Factory Franchise. The Application Fee is uniform to all individuals applying to purchase a Franchise. If you sign a Franchise Agreement or an Area Development Agreement, we will credit the \$500 towards the Initial Franchise Fee or development fee. If you do not become a Sweet Factory franchisee or area developer for any reason, we will retain \$500 for each person who applied for the Sweet Factory Franchise. You must sign a mutual general release when the refund is paid, which will release any claims which either you or we may have against each other arising out of the application for the Franchise.

Initial Training Fee

You must pay us an initial training fee (“Initial Training Fee”) of \$5,000 for the initial training of up to two people when you sign the Franchise Agreement. This fee is only due for your first Sweet Factory Business, and we do not provide initial training for additional stores. If you would like us to train additional people, the additional initial training fee for each additional trainee is \$3,000 per person (“Additional Training Fee”). The Initial Training Fee is uniform, fully earned when paid and is non-refundable.

Site Evaluation Fee

We will evaluate one site for your Sweet Factory Business at no charge. You will be required to pay a “Site Evaluation Fee” of \$500 for each any additional sites that you would like us to evaluate. Site Evaluation Fees are due in full at the time you request the evaluation and are non-refundable.

Development Fee

Franchisees may also purchase the rights to open additional Sweet Factory Stores or Kiosks by signing our “Area Development Agreement” (attached to this Franchise Disclosure Document as Exhibit B) and paying a development fee (“Development Fee”). You must pay us a Development Fee of \$10,000 for each additional Sweet Factory Store or Kiosk to be developed in your territory. We will determine the number of Sweet Factory Stores or Kiosks you can develop and operate before you sign the Area Development Agreement. The number of Sweet Factory Stores or Kiosks to be developed in your territory will be described in the development schedule attached to the Area Development Agreement. To open additional Sweet Factory Stores or Kiosks under an Area Development Agreement, you will be required to sign the then-current Sweet Factory franchise agreement. The Development Fee is credited towards the Initial Franchise Fee for each Sweet Factory Store or Kiosk to be opened under the Area Development Agreement. The Development Fee is uniform, payable when you sign your Area Development Agreement and is non-refundable under any circumstances, even if you fail to open any Sweet Factory Stores or Kiosks.

If you form an entity to open any of the Sweet Factory Stores or Kiosks within the Development Territory, you must own at least 51% of the issued equity securities in each entity. You must provide us with necessary documentation to show your ownership interest.

**ITEM 6
OTHER FEES**

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Royalty ⁽²⁾	5% of your weekly Gross Sales	Due on Wednesday of each week	The “ <u>Royalty</u> ” is based on “Gross Sales” during the previous week. Your Royalty is an ongoing payment that allows you to use the Marks and the intellectual property of the System and pays for our ongoing support and assistance.
Brand Fund Contribution	Up to 2% of your weekly Gross Sales	Same as Royalty	This contribution will be used for a system-wide “ <u>Brand Fund</u> ” for our use in promoting and building the Sweet Factory brand.
Local Advertising Payment	The difference between the amount you spent on local advertising each month and your required local advertising expenditure	Payable after receipt of invoice	If you fail to meet your required local advertising requirement on local advertising, you must pay us the difference between the amount you spent and the required advertising expenditure, which will be contributed to the Brand Fund, if established, or us.
Local and Regional Advertising Cooperatives ⁽³⁾	Established by cooperative members	Established by cooperative members	We currently do not have a cooperative, but reserve the right to require one to be established in the future. Item 11 contains more information about advertising cooperatives.
Unauthorized Advertising Fee	\$500 per occurrence	On demand	This fee is payable to us or, if established, the Brand Fund, if you use unauthorized advertising in violation of the terms of the Franchise Agreement.
Insurance	Reimbursement of our costs, plus a 20% administration charge	On demand	If you fail to obtain insurance, we may obtain insurance for you, and you must reimburse us for the cost of insurance obtained, plus 20% of the premium as an administrative cost of obtaining the insurance.
Catastrophe Fee	5% of any insurance proceeds	As incurred	You will reimburse 5% of any insurance proceeds due to business interruption as a result of your Sweet Factory Store or Kiosk being closed a result of a casualty event or any other reason.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Additional Training or Assistance Fees	Then-current fee (currently \$3,000 per person for additional initial training, and approximately \$250-\$300 per attendee per day for additional training)	As incurred	We provide initial training at \$5,000 for up to two people. We may charge you for training additional persons, newly-hired personnel, refresher training courses, and additional or special assistance or training you need or request. You are responsible for any expenses incurred by you or your employees in connection with attending training, including transportation, lodging, meals, wages and other incidentals. If the training program is conducted at your Sweet Factory Store or Kiosk, then you must reimburse us for the expenses we or our representatives incur in providing the training.
Computer Maintenance Fee	\$400 per year	As arranged	Paid to third party vendors.
Conference Fee	The then-current fee (currently estimated to be \$0 to \$2,000 per person)	On demand	Payable to us to help defray the cost of your attendance at any annual conference that we choose to hold. This fee is due regardless of whether or not you attend our annual conference in any given year.
Supplier and Product Evaluation Fee	Costs of inspection (estimated to be approximately \$100 to \$500)	On demand	Payable if we inspect a new product, service, or proposed supplier nominated by you.
Replacement of Brand Standards Manual	\$500	On demand	Payable if your copy of the Brand Standards Manual is lost, stolen, destroyed, or significantly damaged.
Customer Issue Resolution	Varies; reasonable costs we incur for responding to a customer complaint, which will typically be between \$20 and \$100	After receipt of invoice	Payable if a customer of your Sweet Factory Store and Kiosk contacts us with a complaint and we provide a gift card, refund, or other value to the customer as part of our addressing the issue.
Payment Service Fee	Up to 4% of total charge	As incurred	If payment is made to us or our affiliate by credit card for any fee required, we may charge a service charge of up to four percent (4%) of the total charge.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Late Payment Fee	\$100 per occurrence, plus the lesser of the daily equivalent of 18% per year simple interest or the highest rate allowed by law, and any late charge imposed	As incurred	Payable if any payment due to us or our affiliates is not made by the due date. Interest accrues from the original due date until payment is received in full.
Non-Sufficient Funds Fee	\$100 per occurrence, plus the lesser of the daily equivalent of 18% per year simple interest or the highest rate allowed by law, and any late charge imposed	As incurred	Payable if any check or electronic payment is not successful due to insufficient funds, stop payment, or any similar event.
Failure to Submit Required Report Fee	\$100 per occurrence and \$100 per week	Your bank account will be debited for failure to submit any requested report or financial statement when due	Payable if you fail to submit any required report or financial statement when due. Fines collected are paid to the Brand Fund, if established, or us. You will continue to incur this fee until you submit the required report.
Audit Expenses	Cost of audit and inspection, any understated amounts, and any related accounting, legal and travel expenses	On demand	You will be required to pay this if an audit reveals that you understated weekly Gross Sales by more than two percent (2%) or you fail to submit required reports.
Management Fee	\$300 per day, plus costs and expenses	As incurred	Payable if we manage the Franchise after (1) you cease to perform your responsibilities (whether due to retirement, death, disability, or for any other reason) and you fail to find an adequate replacement Operating Principal (defined in Item 15) within 30 days; (2) you are in material breach of this Franchise Agreement; or (3) upon a crisis management event.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Professional Fees and Expenses	Will vary under circumstances	As incurred	You must reimburse us for any legal, accounting, or other professional fees (“ <u>Professional Fees</u> ”) that we incur as a result of any breach or termination of your Franchise Agreement or as a result of your indemnity obligations. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement.
Indemnification	Will vary under circumstances	As incurred	You must indemnify and reimburse us for any expenses or losses, including Professional Fees that we or our representatives incur related in any way to your Sweet Factory Store or Kiosk or Franchise.
Renewal Fee	50% of the then-current Initial Franchise Fee	As incurred	Payable if you qualify to renew your Franchise Agreement and choose to enter into a successor franchise agreement.
Relocation Fee	Up to \$5,000, including attorneys’ fees	Upon relocation	You must reimburse us for our reasonable expenses if we permit you to relocate your Sweet Factory Store or Kiosk.
Transfer Fee	\$5,000, plus cost of training	\$1,000 non-refundable deposit at time of transfer application submittal, and the remaining balance of fee at time of the approved transfer	Payable in connection with the transfer of your Sweet Factory Store or Kiosk, a transfer of ownership of your legal entity, or the Franchise Agreement. An administrative fee of \$500 (instead of the Transfer Fee), plus reimbursement to us for all of our fees and costs, is imposed for transfers to corporations, partnerships, limited liability companies or any other business entity you own.
Liquidated Damages ⁽⁴⁾	Will vary under the circumstances	Within 15 days after termination of the Franchise Agreement	Due only if we terminate the Franchise Agreement before the end of the term because of your material breach, or you terminate the Franchise Agreement without legal cause.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Store or Kiosk Audit	Cost of audit (estimated to be approximately \$2,500)	As incurred	If you fail a store or kiosk audit, we will require you to undergo an additional store or kiosk audit at your own expense within 45 days. You will pay the third party auditor directly upon invoicing or must reimburse us if we are invoiced.
Broker Fees	Our actual cost of the brokerage commissions, finder's fees, or similar charges	As incurred	If you transfer your Sweet Factory business to a third party or purchaser, you must reimburse all of our actual costs for commissions, finder's fees and similar charges.

Notes:

1. Fees. All fees paid to us or our affiliates are uniform and not refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We currently require you to pay fees and other amounts due to us or our affiliates via electronic funds transfer (“EFT”) or other similar means. You are required to complete the ACH authorization (in the form attached to this Franchise Disclosure Document in Exhibit I. We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement. If you enter into an Area Development Agreement to operate multiple Sweet Factory Stores or Kiosks, the fees indicated in the chart above are the fees charged and/or incurred for each Sweet Factory Stores or Kiosks. All fees are current as of the Issuance Date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement.
2. “Gross Sales” means the total of all revenues, income, and consideration from the sale of all Sweet Factory Franchise products and other related merchandise, products, and services to your customers whether or not sold or performed at or from the Sweet Factory Store or Kiosk, and whether received in cash, coupon, in services in kind, from barter and/or exchange, on credit (whether or not payment is received) or otherwise, including all proceeds from any business interruption insurance. If you offer any services, all receipts from these services (including additional delivery charges) are included in Gross Sales. You may deduct from Gross Sales for purposes of this computation (but only to the extent they have been included) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if the taxes are separately stated when the customer is charged and if the taxes are paid to the appropriate taxing authority. You may also deduct from Gross Sales the amount of any documented refunds, chargebacks, credits, charged tips, and allowances you give in good faith to your customers. All barter and/or exchange transactions in which you furnish services and/or products in exchange for goods and/or services provided to you by a vendor, supplier, or customer will, for the purpose of determining Gross Sales, be valued at the full retail value of the goods and/or services so provided to you.
3. Local and Regional Advertising Cooperatives. If a local or regional advertising cooperative is established, contribution amounts will be established by the cooperative members, subject to our approval. We anticipate that each Sweet Factory franchisee and each Sweet Factory Franchise that we own will have one vote for each Sweet Factory Franchise operated in the designated market.

Each Sweet Factory Franchise we own that exists within the cooperative's area will contribute to the cooperative on the same basis as franchisees. No local or regional advertising cooperatives have been established as of the Issuance Date of this Franchise Disclosure Document.

4. **Liquidated Damages.** Liquidated damages are determined by multiplying the combined monthly average of Royalties and Brand Fund contributions (without regard to any fee waivers or other reductions) that are owed by you to us, beginning with the date you open your Sweet Factory Store or Kiosk through the date of early termination, multiplied by the lesser of: (i) 36; or (ii) the number of months remaining in the term of the Franchise Agreement, except that liquidated damages will not, under any circumstances, be less than \$30,000.

ITEM 7 ESTIMATED INITIAL INVESTMENT YOUR ESTIMATED INITIAL INVESTMENT

Sweet Factory Franchise Store or Kiosk

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Application Fee ⁽¹⁾	\$500	\$500	Lump Sum	When you Submit your Application to Purchase a Franchise	Us
Initial Franchise Fee ⁽²⁾	\$35,000	\$35,000	Lump Sum	When you sign the Franchise Agreement	Us
Initial Training Fee ⁽³⁾	\$5,000	\$5,000	As Incurred	When you sign the Franchise Agreement	Us
Site Evaluation Fee	\$0	\$500	As Incurred	As Incurred	Us
Training ⁽⁴⁾	\$1,500	\$5,000	As Incurred	As Incurred	Providers of Travel, Lodging, and Food Services
Professional Fees ⁽⁵⁾	\$1,000	\$3,000	As Agreed	As Arranged	Your Attorneys, Advisors, CPA's, and Other Professionals
Licenses ⁽⁶⁾	\$100	\$1,000	As Arranged	As Arranged	Appropriate State/Local Authorities or Third Party
Insurance ⁽⁷⁾	\$1,500	\$3,000	As Agreed	As Arranged	Insurance Company
Security Deposits ⁽⁸⁾	\$5,000	\$30,000	As Arranged	Before Opening	Third Parties, including Utility Companies
3-Months' Lease Rent ⁽⁹⁾	\$15,000	\$100,000	As Agreed	As Arranged	Landlord and Approved Contractors

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Leasehold Improvements ⁽¹⁰⁾	\$50,000	\$500,000	As Arranged	As Arranged	Approved Contractors
Signs ⁽¹¹⁾	\$0	\$10,000	As Agreed	As Incurred	Third Parties
Furniture and Fixtures ⁽¹²⁾	\$25,000	\$250,000	As Agreed	As Incurred	Third Parties
Computer Hardware, Software, and POS System ⁽¹³⁾	\$3,600	\$6,600	As Agreed	As Incurred	Third Parties
Opening Inventory ⁽¹⁴⁾	\$10,000	\$20,000	As Agreed	Before Opening	Vendors
Initial Small Wares, Supplies, Uniforms ⁽¹⁵⁾	\$1,700	\$2,500	As Arranged	As Incurred	Approved Suppliers
Grand Opening Program ⁽¹⁶⁾	\$200	\$2,000	As Arranged	As Incurred	Third Parties
Miscellaneous Opening Expenses ⁽¹⁷⁾	\$500	\$8,000	As Arranged	As Incurred	Designated Suppliers
Additional Funds – 3 Months ⁽¹⁸⁾	\$10,000	\$30,000	As Agreed	As Incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT ⁽¹⁹⁾	\$165,600	\$1,012,100			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Sweet Factory Franchise. We do not offer direct or indirect financing for these items. Our estimates are based on our experience, the experience of our parent, and our current requirements for Sweet Factory Franchises. The factors underlying our estimates may vary depending on several variables, and the actual investment you make in developing and opening your Sweet Factory Franchise may be greater or less than the estimates given, depending upon the location of your Sweet Factory Store or Kiosk, and current relevant market conditions. Your costs will also depend on factors such as how well you follow our methods and procedures; your management skills; your business experience and capabilities; local economic conditions; the local market for our products and services; the prevailing wage rates; competition; and sales levels reached during your initial phase of business operations. All expenditures paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments.

1. Application Fee. See Item 5 for additional information about the Application Fee.
2. Initial Franchise Fee. If you purchase the rights to operate multiple Sweet Factory Stores or Kiosks under an Area Development Agreement, the only additional initial cost that you will incur over the

purchase of a single Franchise, will be the Development Fee until you open the additional Sweet Factory Stores or Kiosks. Once you open additional Sweet Factory Stores or Kiosks, you will incur the costs listed in this Item 7 (except for the Initial Franchise Fee) at the time you open the additional Sweet Factory Stores or Kiosks. These costs may increase in the future depending on when you open the additional Sweet Factory Stores or Kiosks. The estimate does not include the build-out of any Sweet Factory Store or Kiosk other than the first one.

3. Initial Training Fee. See Item 5 for additional information about your Initial Training Fee.
4. Training. We provide training at our training center in Orange, California or at another location designated by us. You must pay for airfare, meals, transportation costs, lodging, and incidental expenses for all Initial Training Program attendees. You must pay us an Initial Training Fee of \$5,000 for our initial training program for up to two people, one of which must be you, or, if you are an entity, your operating principal and your designated manager; if additional initial training is required, or more people must be trained, an additional fee will be assessed.
5. Professional Fees. We strongly recommend that you hire a lawyer, accountant, or other professional to advise you on this Franchise offering and assist you in setting up your Sweet Factory Business. Rates for professionals can vary significantly based on area and experience.
6. Licenses. You may be required to obtain business licenses from the local government agencies to operate your Sweet Factory Business.
7. Insurance. You must obtain and maintain, at your own expense, the insurance coverage we require, and satisfy other insurance-related obligations. Please note that if you have had prior issues or claims from previous operations unrelated to the operation of a Sweet Factory Business, your rates may be significantly higher than those estimated above.
8. Security Deposits. This estimate includes security deposits required by the landlord, cable, and utility companies.
9. 3-Months' Lease Rent. Your actual rent payments may vary depending upon your location and your market's retail lease rates. Stores will typically be 500 to 2,000 square feet in size. Kiosks will typically be 150 to 300 square feet in size. Stores and Kiosks are typically located in a shopping mall or shopping center. If you purchase instead of lease the premises for your Store or Kiosk, then the purchase price, down payment, interest rates, and other financing terms will determine your monthly mortgage payments.
10. Leasehold Improvements. This estimate does not include any construction allowances that may be offered by your landlord. This estimate includes setup expenses you will incur in building out your location, including all costs required to set up the equipment. Building and construction costs will vary depending upon the condition and size of the premises for your Store and local construction costs.
11. Sign. This estimate is for a single exterior sign. These estimates assume you purchase your exterior signage. The type and size of the signage you install will be based upon the zoning and property use requirements and restrictions. There could be an occasion where certain signage is not permitted because of zoning or use restrictions.
12. Furniture, Fixtures and Equipment. This estimate involves the furniture, fixtures, and equipment you will need to open a Sweet Factory Store or Kiosk, such as chairs, tables, and other items. Some

of these expenses will depend on Sweet Factory Store or Kiosk size, shipping distances, supplier chosen and your credit history.

13. Computer Hardware, Software, and POS System. You must purchase our designated point-of-sale system, a computer, a fax machine, and certain other related items necessary to operate and manage the Sweet Factory Business in a professional manner according to our System standards. See Items 6 and 11 for additional information.
14. Opening Inventory. This estimate includes the beginning inventory for three months.
15. Initial Small Wares, Supplies, and Uniforms. This estimate is for uniforms for employees, packaging supplies and office supplies for three months following the opening of the Sweet Factory Business.
16. Grand Opening Program. We may require you to conduct a grand opening program.
17. Miscellaneous Opening Expenses. This estimate covers miscellaneous expenses that you may incur before your Sweet Factory Business first opens for business, which may include Additional Training Fees of \$3,000 for each additional trainee, and a site evaluation fee of \$500 per site after the first site. See Item 5 for additional information.
18. Additional Funds. These amounts represent our estimate of the amount needed to cover your expenses for the initial three month start-up phase of your Sweet Factory Store or Kiosk. We relied upon our franchising experience since March 2018 in formulating these amounts and our officers' experience. They include payroll, administrative, maintenance, utilities, software license fees, working capital and other items. These figures do not include standard pre-opening expenses, Royalties or advertising fees payable under the Franchise Agreement, or debt service, and assume that none of your expenses are offset by any sales generated during the start-up phase. For purposes of this disclosure, we estimated the start-up phase to be three months from the date your Sweet Factory Store or Kiosk opens for business. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting your Sweet Factory Store or Kiosk. You must bear any deviation or escalation in costs from the estimates that we have given. Your costs will depend on factors such as: how well you follow our methods and procedures; your management skills, experience, and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; the sales level reached during the start-up period; and the size of your Sweet Factory Store or Kiosks. Additional funds for the operation of your Sweet Factory Franchise will be required after the first three months of operation if sales produced by the Sweet Factory Franchise are not sufficient to produce positive cash flow.
19. Figures May Vary. This is an estimate of your initial start-up expenses for one Sweet Factory Franchise. You should review these figures carefully with a business advisor before making any decision to purchase the Franchise.

Area Developer

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee ⁽¹⁾	\$35,000	\$35,000	Lump Sum	When you Sign the Franchise Agreement	Us
Development Fee ⁽²⁾	\$10,000	\$30,000	Lump Sum	At the time you sign the Area Development Agreement	Us
Application Fee ⁽³⁾	\$500	\$500	Lump Sum	When you Submit your Application to Purchase a Franchise	Us
Initial Training Fee ⁽⁴⁾	\$5,000	\$5,000	As Incurred	When you sign the Franchise Agreement	Us
Site Evaluation Fee	\$0	\$500	As Incurred	As Incurred	Us
Training ⁽⁵⁾	\$1,500	\$5,000	As Incurred	As Incurred	Providers of Travel, Lodging, and Food Services
Professional Fees ⁽⁶⁾	\$1,000	\$3,000	As Agreed	As Arranged	Your Attorneys, Advisors, CPA's, and Other Professionals
Licenses ⁽⁷⁾	\$100	\$1,000	As Arranged	As Arranged	Appropriate State/Local Authorities or Third Party
Insurance ⁽⁸⁾	\$1,500	\$3,000	As Agreed	As Arranged	Insurance Company
Security Deposits ⁽⁹⁾	\$5,000	\$30,000	As Arranged	Before Opening	Third Parties, including Utility Companies
3-Months' Lease Rent ⁽¹⁰⁾	\$15,000	\$100,000	As Agreed	As Arranged	Landlord and Approved Contractors
Leasehold Improvements ⁽¹¹⁾	\$50,000	\$500,000	As Arranged	As Arranged	Approved Contractors
Signs ⁽¹²⁾	\$0	\$10,000	As Agreed	As Incurred	Third Parties
Furniture and Fixtures ⁽¹³⁾	\$25,000	\$250,000	As Agreed	As Incurred	Third Parties
Computer Hardware, Software, and POS System ⁽¹⁴⁾	\$3,600	\$6,600	As Agreed	As Incurred	Third Parties
Opening Inventory ⁽¹⁵⁾	\$10,000	\$20,000	As Agreed	Before Opening	Us

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Small Wares, Supplies, Uniforms ⁽¹⁶⁾	\$1,700	\$2,500	As Arranged	As Incurred	Approved Suppliers
Grand Opening Program ⁽¹⁷⁾	\$200	\$2,000	As Arranged	As Incurred	Third Parties
Miscellaneous Opening Expenses ⁽¹⁸⁾	\$500	\$8,000	As Arranged	As Incurred	Designated Suppliers
Additional Funds – 3 Months ⁽¹⁹⁾	\$10,000	\$30,000	As Agreed	As Incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT FOR THE FIRST SWEET FACTORY STORE OR KIOSK ⁽²⁰⁾	\$165,600	\$1,012,100			
TOTAL ESTIMATED INITIAL INVESTMENT FOR UP TO TWO SWEET FACTORY STORES OR KIOSKS ⁽²⁰⁾	\$336,200	\$2,029,200			
TOTAL ESTIMATED INITIAL INVESTMENT FOR UP TO THREE SWEET FACTORY STORES OR KIOSKS ⁽²⁰⁾	\$506,800	\$3,046,300			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Sweet Factory Stores or Kiosks under an Area Development Agreement. We do not offer direct or indirect financing for these items. Our estimates are based on our experience, the experience of our parent, and our current requirements for Sweet Factory Franchises. The factors underlying our estimates may vary depending on several variables, and the actual investment you make in developing and opening your Area Development Franchise may be greater or less than the estimates given, depending upon the locations of your Sweet Factory Stores or Kiosks, and current relevant market conditions. All expenses payable to third parties are non-refundable, except as you may arrange otherwise.

1. Initial Franchise Fee. If you purchase the rights to operate multiple Sweet Factory Stores or Kiosks under an Area Development Agreement, the only additional initial cost that you will incur over the purchase of a single Franchise, will be the Development Fee until you open the additional Sweet Factory Stores or Kiosks. Once you open additional Sweet Factory Stores or Kiosks, you will incur the costs listed in this Item 7 (except for the Initial Franchise Fee) at the time you open the additional Sweet Factory Stores or Kiosks. These costs may increase in the future depending on when you open the additional Sweet Factory Stores or Kiosks. The estimate does not include the build-out of any Sweet Factory Store or Kiosk other than the first one.
2. Development Fee. If you sign an Area Development Agreement to develop a mutually agreed number of Sweet Factory Stores or Kiosks, you will pay a Development Fee. The Development Fee is payable when you sign your Area Development Agreement, fully earned immediately upon receipt and is non-refundable, regardless of whether you open any Sweet Factory Stores or Kiosks equal to the Initial Franchise Fee for your first Franchise Agreement (\$35,000), plus \$10,000 multiplied by the number of Sweet Factory Businesses to be developed under the Area Development Agreement. The Development Fee is credited towards the Initial Franchise Fee for each Sweet Factory Store or Kiosk to be opened under the Area Development Agreement. See Item 5 for additional information regarding the Development Fee and the Initial Franchise Fee. The low estimated amount equals the Development Fee for the right to open two Sweet Factory Businesses and the high estimated amount equals the Development Fee for the right to open three Sweet Factory Businesses.
3. Application Fee. See Item 5 for additional information about the Application Fee.
4. Initial Training Fee. See Item 5 for additional information about your Initial Training Fee.
5. Training. We provide training at our training center in Orange, California or at another location designated by us. You must pay for airfare, meals, transportation costs, lodging, and incidental expenses for all Initial Training Program attendees. You must pay us an Initial Training Fee of \$5,000 for our initial training program for up to two people, one of which must be you, or, if you are an entity, your operating principal and your designated manager; if additional initial training is required, or more people must be trained, an additional fee will be assessed.
6. Professional Fees. We strongly recommend that you hire a lawyer, accountant, or other professional to advise you on this Franchise offering and assist you in setting up your Sweet Factory Business. Rates for professionals can vary significantly based on area and experience.
7. Licenses. You may be required to obtain business licenses from the local government agencies to operate your Sweet Factory Business.
8. Insurance. You must obtain and maintain, at your own expense, the insurance coverage we require, and satisfy other insurance-related obligations. Please note that if you have had prior issues or claims from previous operations unrelated to the operation of a Sweet Factory Business, your rates may be significantly higher than those estimated above.
9. Security Deposits. This estimate includes security deposits required by the landlord, cable, and utility companies.
10. 3-Months' Lease Rent. Your actual rent payments may vary depending upon your location and your market's retail lease rates. Stores will typically be 500 to 2,000 square feet in size. Kiosks

will typically be 150 to 300 square feet in size. Stores and Kiosks are typically located in a shopping mall or shopping center. If you purchase instead of lease the premises for your Store or Kiosk, then the purchase price, down payment, interest rates, and other financing terms will determine your monthly mortgage payments.

11. Leasehold Improvements. This estimate does not include any construction allowances that may be offered by your landlord. This estimate includes setup expenses you will incur in building out your location, including all costs required to set up the equipment. Building and construction costs will vary depending upon the condition and size of the premises for your Store and local construction costs.
12. Sign. This estimate is for a single exterior sign. These estimates assume you purchase your exterior signage. The type and size of the signage you install will be based upon the zoning and property use requirements and restrictions. There could be an occasion where certain signage is not permitted because of zoning or use restrictions.
13. Furniture, Fixtures and Equipment. This estimate involves the furniture, fixtures, and equipment you will need to open a Sweet Factory Store or Kiosk, such as chairs, tables, and other items. Some of these expenses will depend on Sweet Factory Store or Kiosk size, shipping distances, supplier chosen and your credit history.
14. Computer Hardware, Software, and POS System. You must purchase our designated point-of-sale system, a computer, a fax machine, and certain other related items necessary to operate and manage the Sweet Factory Business in a professional manner according to our System standards. See Items 6 and 11 for additional information.
15. Opening Inventory. This estimate includes the beginning inventory for three months.
16. Initial Small Wares, Supplies, and Uniforms. This estimate is for uniforms for employees, packaging supplies and office supplies for three months following the opening of the Sweet Factory Business.
17. Grand Opening Program. We may require you to conduct a grand opening program.
18. Miscellaneous Opening Expenses. This estimate covers miscellaneous expenses that you may incur before your Sweet Factory Business first opens for business, which may include Additional Training Fees of \$3,000 for each additional trainee, and a site evaluation fee of \$500 per site after the first site. See Item 5 for additional information.
19. Additional Funds. These amounts represent our estimate of the amount needed to cover your expenses for the initial three month start-up phase of your Sweet Factory Store or Kiosk. We relied upon our franchising experience since March 2018 in formulating these amounts and our officers' experience. They include payroll, administrative, maintenance, utilities, software license fees, working capital and other items. These figures do not include standard pre-opening expenses, Royalties or advertising fees payable under the Franchise Agreement, or debt service, and assume that none of your expenses are offset by any sales generated during the start-up phase. For purposes of this disclosure, we estimated the start-up phase to be three months from the date your Sweet Factory Store or Kiosk opens for business. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting your Sweet Factory Store or Kiosk. You must bear any deviation or escalation in costs from the estimates that we have given. Your costs will depend on factors such as: how well you follow our methods and procedures; your management

skills, experience, and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; the sales level reached during the start-up period; and the size of your Sweet Factory Store or Kiosks. Additional funds for the operation of your Sweet Factory Franchise will be required after the first three months of operation if sales produced by the Sweet Factory Franchise are not sufficient to produce positive cash flow.

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

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your Sweet Factory Store or Kiosk according to our System and specifications. This includes purchasing or leasing all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, and real estate related to establishing and operating the Sweet Factory Franchise under our specifications, which may include purchasing these items from: (i) our designees; (ii) approved suppliers; and/or (iii) us or our affiliates. You must not deviate from these methods, standards and specifications without our prior written consent, or otherwise operate in any manner which reflects adversely on our Marks or the System.

Our confidential operations manual ("Brand Standards Manual") states our standards, specifications and guidelines for all products and services we require you to obtain in establishing and operating your Sweet Factory Franchise and approved vendors for these products and services. We will notify you of new or modified standards, specifications and guidelines through periodic amendments or supplements to the Brand Standards Manual or through other written communication (including electronic communication such as email or through a system-wide intranet).

You must purchase, install, maintain in sufficient supply, and use, only fixtures, furnishings, equipment, signs, and supplies that conform to the standards and specifications described in the Brand Standards Manual or otherwise in writing.

We may utilize proprietary products and may develop and own proprietary recipes. In order to protect our trade secrets and to monitor the manufacture, packaging, processing and sale of proprietary products, we or our affiliates may: (i) manufacture, supply and sell proprietary products to Sweet Factory franchisees; and/or (ii) disclose the formula for methods and preparation of the proprietary products to a limited number of suppliers, including one or more of our affiliates, who we authorize to manufacture these proprietary products to our precise specifications and sell these products to Sweet Factory franchisees. You must purchase the proprietary products we or our affiliates develop from time to time, pursuant to secret recipes or formulas, and purchase them only from us or a third party who we have licensed to prepare and sell the products. All non-proprietary containers, cartons, bags, paper and plastic products, uniforms, and other supplies and materials used in your Store or Kiosk must strictly conform to our reasonable specifications and quality standards. Certain products such as boxes and containers bearing the trademarks must be purchased by you from certain suppliers approved by us who are authorized to manufacture these products bearing our trademarks.

We are not currently an approved supplier of any goods or services provided to franchisees. We, and our affiliates, reserve the right to become approved suppliers of any proprietary products and non-proprietary products.

You must at all times maintain an inventory of approved products in sufficient quantities and variety to realize the full potential of your Store or Kiosk.

You must use the computer hardware and software, including the point-of-sale system that we periodically designate to operate your Sweet Factory Franchise. You must obtain the computer hardware, software, licenses, maintenance and support services, and other related services that meet our specifications from the suppliers we specify. You must use our approved supplier of technology for your software licensing fee, website maintenance, hosting, and other related technologies. You must obtain the insurance coverage required under the Franchise Agreement, as follows: (1) commercial general liability insurance with limits of at least \$2 million per occurrence, at least \$4 million aggregate, and at least \$2 million per person, with \$5,000 per person medical benefits, and a maximum deductible of \$2,500; (2) all risks coverage insurance on all furniture, fixtures, equipment, inventory, supplies and other property used in the operation of the Sweet Factory Store or Kiosk (including flood and/or earthquake coverage where there are known risks) for full replacement value; (3) workers compensation insurance consistent with applicable law; (4) employment practices liability insurance with a limit of at least \$1 million; (5) hired and on-owned automobile coverage with a limit of at least \$1 million; (6) umbrella coverage with a limit of at least \$1 million per occurrence; and (7) cyber coverage encompassing data theft and cybersecurity. The insurance company must be authorized to do business in the state where your Sweet Factory Store or Kiosk is located, and must be approved by us. It must also be rated “A” or better by A.M. Best & Company, Inc. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage at any time. All insurance policies must name us and any affiliates we designate as additional named insured parties. Your policy must provide that the insurer will not cancel or materially alter the policies without giving us at least 30 days’ prior written notice.

We will provide you with a list of our designated and approved suppliers in our Brand Standards Manual. If you want to use or sell a product or service that we have not yet evaluated, or if you want to purchase or lease a product or service from a supplier or provider that we have not yet approved (for products and services that require supplier approval), you must notify us and submit to us the information, specifications and samples we request. We will use commercially reasonable efforts to notify you within 30 days after receiving all requested information and materials whether you are authorized to purchase or lease the product or service from that supplier or provider. We reserve the right to charge a fee to evaluate the proposed product, service or supplier. We apply the following general criteria in approving a proposed supplier: (1) ability to purchase the product in bulk; (2) quality of services; (3) production and delivery capability; (4) proximity to Sweet Factory Franchises to ensure timely deliveries of the products or services; (5) the dependability of the supplier; and (6) other factors. The supplier may also be required to sign a supplier agreement with us. We may periodically re-inspect approved suppliers’ facilities and products, and we reserve the right to revoke our approval of any supplier, product or service that does not continue to meet our specifications. We will send written notice of any revocation of an approved supplier, product or service. We do not provide material benefits to you based solely on your use of designated or approved sources.

Jack’s Candy, First Source and Nassau are the only approved suppliers of candy, gifting and novelty items which incorporate TFL's trade secrets and proprietary information.

We estimate that approximately 75% of purchases required to open your Sweet Factory Store and 75 % of purchases required to operate your Sweet Factory Store will be from us or from other approved suppliers or under our specifications. We estimate that approximately 50% of purchases required to open your Sweet Factory Kiosk and 50% of purchases required to operate your Sweet Factory Kiosk will be from us or from other approved suppliers or under or specifications. We and our affiliates may receive rebates from some suppliers based on your purchase of products or services and we have no obligation to pass them on to our franchisees or use them in any particulate manner. During our last fiscal year ended December

31, 2018, neither we, nor our affiliates, derived revenue or other material consideration as a result of franchisees' required purchases or leases. This revenue represents approximately 0% of our total revenue of \$421,368.

We may negotiate purchase arrangements with suppliers and distributors for the benefit of our franchisees and we may receive rebates or volume discounts from our purchase of equipment and supplies that we resell to you. We currently do not have any purchasing or distribution cooperatives.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Section in Area Development Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease	Section 7		Items 7 and 11
b. Pre-opening purchases/leases	Sections 7 and 15		Items 7, 8 and 11
c. Site development and other pre-opening requirements	Sections 7 and 15		Items 7 and 11
d. Initial and ongoing training	Section 5		Items 6, 7, and 11
e. Opening	Sections 5, 7 and 11		Items 6, 7, 9 and 11
f. Fees	Sections 5, 6, 7, 8, 11, 12, 13, 15, 16 and 19		Items 5, 6 and 7
g. Compliance with standards and policies/Brand Standards Manual	Sections 6, 11 and 12		Items 8, 11, 12, 14 and Exhibit G
h. Trademarks and proprietary information	Sections 12 and 17		Items 13 and 14
i. Restrictions on products/services offered	Section 12		Items 8 and 16
j. Warranty and customer service requirements	Section 12		Items 1 and 11
k. Territorial development and sales quotas	Section 3		Items 1, 11 and 12 and Exhibit B
l. Ongoing product/service purchases	Section 12		Items 8 and 16
m. Maintenance, appearance, and remodeling requirements	Section 12		Items 7, 8 and 11

Obligation	Section in Franchise Agreement	Section in Area Development Agreement	Item in Disclosure Document
n. Insurance	Section 15		Items 6, 7 and 8
o. Advertising	Section 11		Items 11, 15 and 17
p. Indemnification	Section 18		Not Applicable
q. Owner's participation/management and staffing	Section 8		Items 11, 15 and 17
r. Records and reports	Section 15		Item 11
s. Inspections and audits	Section 16		Items 6 and 11
t. Transfer	Section 19		Item 17
u. Renewal	Section 4		Item 17
v. Post-termination obligations	Sections 14 and 21		Item 17
w. Non-competition covenants	Section 14		Item 17 and Exhibit I-1
x. Dispute resolution	Section 22		Item 17

ITEM 10 FINANCING

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

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

Except as listed below, TFL is not obligated to provide you with any assistance.

Pre-opening Obligations

Before you open your Sweet Factory Store or Kiosk, we (or our designee(s)) will provide the following assistance and services to you:

1. Provide an initial training program (See Franchise Agreement – Section 5.1).
2. Loan you one copy of the Brand Standards Manual. The Brand Standards Manual contains approximately 146 pages. The table of contents for the Brand Standards Manual is attached to this Franchise Disclosure Document as Exhibit G (See Franchise Agreement, Section 6.1).
3. Provide you with advice in identifying a suitable location for the Sweet Factory Store or Kiosk, if you request assistance (See Franchise Agreement, Section 7). You must use our approved vendor to advise and counsel you on site selection for the Sweet Factory Store or Kiosk. Although we will consult with you on your site and require your site be subject to our final authorization, you have the ultimate responsibility in choosing, obtaining and developing the site for your Sweet Factory Store or Kiosk. We

do not guarantee the suitability or success of the accepted site. We must approve the site before you sign the lease.

4. In evaluating a proposed site, we consider such factors as general location and neighborhood, traffic patterns, parking, size, lease terms, income per capita, existence of competitors, and other physical characteristics. Before leasing or purchasing the site for your Sweet Factory Store or Kiosk, you must submit to us, in the form we specify, a description of the site, with other information and materials we may reasonably require. We will have 30 days after we receive the information and materials to evaluate the proposed site. If we disapprove of the proposed site, you must select another site, subject to our consent. You must purchase or lease the site for your Sweet Factory Store or Kiosk 180 days after signing the Franchise Agreement. We generally do not own the premises for the Sweet Factory Store or Kiosk and lease it to you.

5. Once you have an approved site for your Sweet Factory Store or Kiosk, we will designate a territory. If you sign an Area Development Agreement, we will designate the Development Territory before you sign the Area Development Agreement.

6. Review your lease agreement for the Sweet Factory Store or Kiosk to ensure that its terms contain our required provisions and otherwise meet our minimum standards (See Franchise Agreement, Section 7.2).

7. We will provide a copy of our basic specifications for the design and layout of your Sweet Factory Store or Kiosk. You are responsible for the costs of preparing architectural, engineering and construction drawings and site plans, which you must submit to us for our review and approval before you begin construction of your Sweet Factory Store or Kiosk. You are responsible for the costs of construction and remodeling (See Franchise Agreement, Section 7.3).

8. Provide you with materials and consultation in connection with the grand opening program for your Sweet Factory Store or Kiosk (See Franchise Agreement, Section 11.2.2).

Schedule for Opening

The typical length of time between signing the Franchise Agreement or the payment of any fees and the opening of the Sweet Factory Store or Kiosk can vary from 90 to 180 days. Some factors, which may affect this timing, are your ability to acquire a location through lease or purchase negotiations; your ability to secure any necessary financing; your ability to comply with local zoning and other ordinances; your ability to obtain any necessary permits and certifications; the timing of the delivery of equipment, tools, and inventory; and the time to convert, renovate, or build-out your Sweet Factory Store or Kiosk. If you are not able to open your Sweet Factory Store or Kiosk within this period, we have the right to terminate your Franchise Agreement. If you do not open your Store or Kiosk 180 days after the Effective Date, then you may request, in writing, one or more 30-day extension periods to open the Store or Kiosk, not to exceed 90 days from the required opening date (180 days from the Effective Date) in total.

If you are an Area Developer, you must sign the Initial Franchise Agreement at the same time you sign the Area Development Agreement. The typical length of time between the signing of the Franchise Agreement and the opening of your first Sweet Factory Store or Kiosk under an Area Development Agreement is the same as for a single Sweet Factory Store or Kiosk. Each additional Sweet Factory Store or Kiosk you develop must be opened according to the terms of your Development Schedule. The site selection and approval process for each Sweet Factory Store or Kiosk under an Area Development Agreement is the same as that for a single Sweet Factory Store or Kiosk and will be governed by the Franchise Agreement signed for that location.



Continuing Obligations

During the operation of your Sweet Factory Store or Kiosk, we (or our designee(s)) will provide the following assistance and services to you:

1. Inform you of mandatory standards, specifications, and procedures for the operation of your Franchise (See Franchise Agreement, Sections 4.2, 7.3, 12.2, 12.6, 12.7, 12.8 and 17.1).
2. Upon reasonable request, provide advice regarding your Sweet Factory Store or Kiosk's operations based on reports or inspections. Advice will be given during our regular business hours and via written materials, electronic media, telephone, or other methods in our discretion (See Franchise Agreement, Section 3.3).
3. Provide you with advice and guidance on advertising and marketing (See Franchise Agreement-Sections 6.4 and 11.5).
4. Provide additional training to you for newly-hired personnel on the Sweet Factory brand and System guidelines, refresher training courses, and additional training or assistance that, in our discretion, you need or request. You may be required to pay additional fees for this training or assistance (See Franchise Agreement, Section 5).
5. Allow you to continue to use confidential materials, including the Brand Standards Manual and the Marks (See Franchise Agreement, Sections 6.1, 12.1, 12.2, 14.2 and 17).

Optional Assistance

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

1. Modify, update, or change the System, including the adoption and use of new or modified trade names, trademarks, service marks, or copyrighted materials, new products, new equipment, or new techniques.
2. Make periodic visits to the Sweet Factory Store or Kiosk for the purpose of assisting in all aspects of the operation and management of the Sweet Factory Franchise, prepare written reports concerning these visits outlining any suggested changes or improvements in the operation of the Sweet Factory Franchise, and detailing any problems in the operations which become evident as a result of any visit. If provided at your request, you must reimburse our expenses and pay our then-current training charges.
3. Maintain and administer a Brand Fund. We may dissolve the Client: how upon written notice. (See Franchise Agreement Section 11.1).
4. Hold periodic national or regional conferences to discuss business and operational issues affecting Sweet Factory franchisees.

Advertising

Brand Fund

We reserve the right to create a fund for promoting the System, the Marks, and Sweet Factory Stores or Kiosks. If established, you must pay up to 2% of your Weekly Gross Sales for the Brand Fund (“Brand Fund Contribution”). We reserve the right to increase the Brand Fund Contribution up to 3% of weekly Gross Sales upon written notice to you. Your contribution to the Brand Fund will be in addition to all other advertising requirements set out in this Item 11. Each franchisee will be required to contribute to the Brand Fund, but certain franchisees may contribute on a different basis depending on when they signed their Franchise Agreement. Sweet Factory Stores or Kiosks owned by us will contribute to the Brand Fund on the same basis as franchisees.

The Brand Fund will be administered by us, or our affiliate or designees, at our discretion, and we may use a professional advertising agency or media buyer to assist us. The Brand Fund will be in a separate bank account, commercial account, or savings account.

We have complete discretion on how the Brand Fund will be utilized. We may use the Brand Fund for local, regional, or national marketing, advertising, sales promotion, and promotional materials; public and consumer relations; website development and search engine optimization; the development of technology for the System; and any other purpose to promote the Marks. We may use any media for disseminating Brand Fund advertisements, including direct mail, print ads, the Internet, radio, billboards, and television. We may reimburse ourselves, our authorized representatives, or our affiliates from the Brand Fund for administrative costs; independent audits; reasonable accounting, bookkeeping, reporting, and legal expenses; taxes; and all other direct or indirect expenses associated with the programs funded by the Brand Fund. We do not guarantee that advertising expenditures from the Brand Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We will not use the Brand Fund contributions for advertising that is principally a solicitation for the sale of franchises, but we reserve the right to include a notation in any advertisement or website indicating “Franchises Available,” or similar phrasing.

We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Brand Fund or to maintain, direct, or administer the Brand Fund. Any unused funds that were collected in any calendar year will be applied to the following year’s funds, and we reserve the right to contribute or loan additional funds to the Brand Fund on any terms we deem reasonable.

The Brand Fund is not audited. Upon your written request, we will provide to you an annual accounting for the Brand Fund that shows how the Brand Fund proceeds have been spent for the previous year. We did not collect or spend any Brand Fund Contributions during our last fiscal year, ended on December 31, 2018.

Local Advertising

In addition to the Brand Fund Contributions, we reserve the right to establish a local advertising requirement. If established, you must spend at least 1% of your Gross Sales on local advertising each month (“Local Advertising Requirement”). We reserve the right to increase the Local Advertising Requirement up to 3% of Gross Sales each month upon written notice to you. If you fail to spend the Local Advertising Requirement, you will be required to pay the difference to us, or if established, the Brand Fund. You agree, at your sole cost and expense, to issue and offer such rebates, giveaways, and other promotions in accordance with advertising programs established by us, and further agree to honor the rebates, giveaways, and other promotions issued by other Sweet Factory franchisees under any such program, so



long as such compliance does not contravene any applicable law, rule, or regulation. You will not create or issue any gift cards/certificates, and will only sell gift cards/certificates that have been issued or sponsored by us and which are accepted at all Sweet Factory Stores or Kiosks, and you will not issue coupons or discounts of any type except as approved by us.

You may be required to participate in any local or regional advertising cooperatives for Sweet Factory Franchises that are established. The area of each local and regional advertising cooperative will be defined by us, based on our assessment of the area. Franchisees in each cooperative will contribute an amount to the cooperative for each Sweet Factory Franchise that the franchisee owns that exists within the cooperative's area. Each Sweet Factory Franchise we own that exists within the cooperative's area will contribute to the cooperative on the same basis as franchisees. Members of the cooperative will be responsible for administering the cooperative, including determining the amount of contributions from each member. We may require that each cooperative operate with governing documents and prepare annual unaudited financial statements. We reserve the right to form, change, dissolve, or merge any advertising cooperative formed in the future. If we elect to form such cooperatives, or if such cooperatives already exist near your territory, you will be required to participate in compliance with the provisions of the Brand Standards Manual, which we may periodically modify at our discretion.

You must order sales and marketing material from us or our designated suppliers. It is a material breach of the Franchise Agreement to use other marketing material without obtaining our prior written approval. If you desire to use your own advertising materials, including your own website, you must obtain our prior approval, which may be granted or denied in our sole discretion. We will review your request and we will respond in writing within 30 days from the date we receive all requested information. Our failure to notify you in the specified time frame will be deemed a disapproval of your request. Use of logos, Marks, and other name identification materials must follow our approved standards. You may not use our logos, Marks, and other name identification materials on items to be sold or services to be provided without our prior written approval. If you use unauthorized advertising materials, you must pay a fee of \$500 per occurrence to us, or if established, the Brand Fund.

Grand Opening Program

You will spend a minimum of \$200 on approved grand opening marketing, advertising and promotion for your Sweet Factory Store or Kiosk during the period commencing 30 days prior to the opening of your Store or Kiosk and ending 90 days after the date on which your Sweet Factory Store or Kiosk opens for business. If requested by us, you will provide us with an accurate accounting (in the form prescribed by us) of your expenditures for grand opening marketing, advertising and promotion within 120 days after the opening of your Sweet Factory Store or Kiosk. All expenditures for grand opening marketing, advertising and promotion will be in addition to your other marketing, advertising and promotion obligations under the Franchise Agreement.

System Website

We have established a website for Sweet Factory Stores or Kiosks ("System Website"). We intend that any franchisee website will be accessed only through our System Website.

If you wish to advertise online, you must follow our online policy which is contained in our Brand Standards Manual. Our online policy may change as technology and the Internet changes. We may restrict your use of social media. We may not allow you to independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique with words or symbols similar to the Marks. We intend that any franchisee website will be accessed only through our home page.

As long as we maintain a System Website, we will have the right to use the Brand Fund's assets to develop, maintain and update the System Website. We may update and modify the System Website from time to time. You must promptly notify us whenever any information on your listing changes or is not accurate. We have final approval rights of all information on the System Website. We may implement and periodically modify System Standards relating to the System Website.

We are only required to reference your Sweet Factory Store or Kiosk on the System Website while you are in full compliance with your Franchise Agreement and all System Standards.

Advisory Council

We currently do not have, but may form, an advisory council ("Council") to advise us on advertising policies. Members of the Council would consist of both franchisees and corporate representatives. Members of the Council would be selected by way of a voting method specified in the Council's bylaws. The Council would be governed by bylaws. The Council would serve in an advisory capacity only. We will have the power to form, change, or dissolve the Council, in our sole discretion.

Computer System

You are required to purchase a computer system that consists of (a) a computer, fax machine and certain other related items and (b) a point-of-sale system ("Computer System"). We estimate the cost of purchasing the Computer System will be between \$3,600 and \$6,600. You will pay our approved supplier a technology fee of \$150 per month, due on the first day of each month, which includes your software licensing fee, website maintenance, hosting, and other fees. You will be responsible for any increase in fees that result from an upgrade, modification, or any additional software. The Computer System will manage the daily workflow of the Sweet Factory Business, coordinate the customer ordering experience, track inventory, labor, and other information. You must record all Gross Sales on the Computer System. You must store all data and information in the Computer System that we designate, and report data and information in the manner we specify. The Computer System will generate reports on the Gross Sales of your Sweet Factory Franchise. You must also maintain a high-speed Internet connection at the Store or Kiosk. In addition to offering and accepting Sweet Factory gift cards and loyalty cards, you must accept all credit cards and debit cards that we determine. We are not required to provide you with any ongoing maintenance, repairs, upgrades, updates, or support for the Computer System (Franchise Agreement – Section 12.6). You must arrange for installation, maintenance, and support of the Computer System at your cost. There are no limitations in the Franchise Agreement regarding the costs of such required support, maintenance, repairs, or upgrades relating to the Computer System. The cost of maintaining, updating, or upgrading the Computer System or its components because it will depend on your repair history, local costs of computer maintenance services in your area, and technological advances, which we cannot predict at this time. We estimate the annual costs to range between \$400 and \$600. We may revise our specifications for the Computer System periodically. You must upgrade or replace your Computer System at such time as specifications are revised. There is no limitation on the frequency and cost of this obligation.

We (or our designee) have the right to independently access the electronic information and data relating to your Franchise and to collect and use your electronic information and data in any manner, including to promote the System and the sale of Franchises. This may include posting financial information of each franchisee on an intranet website. There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system. We may access the electronic information and data from your Computer System remotely, in your Store or Kiosk or from other locations.

Training

Initial Training

You or your Operating Principal and any designated manager (defined in Item 15) or representative that we require must complete the initial training to our reasonable satisfaction, as determined by the specific program instructors, before you open your Sweet Factory Business. You must pay us an Initial Training Fee of \$5,000 for our initial training program for up to two people. This fee is only due for your first Sweet Factory Business.

You must pay the then-current fee (currently \$3,000 per person) for additional initial training for each additional person. The Initial Training Program is held whenever necessary to train new franchisees. You will not receive any compensation or reimbursement for services or expenses for participation in the initial training program. You are responsible for all your expenses to attend any training program, including lodging, transportation, food, and similar expenses. We plan to provide the training listed in the table below.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
<u>Week 1:</u>			
Customer Service	0	4	Your Sweet Factory store or kiosk location and approved field training Sweet Factory stores
Store Standards	0	16	Your Sweet Factory store or kiosk location and approved field training Sweet Factory stores
Store Organization	0	8	Your Sweet Factory store or kiosk location and approved field training Sweet Factory stores
POS Training	0	16	Your Sweet Factory store or kiosk location and approved field training Sweet Factory stores
<u>Week 2:</u>			
Opening & Closing Manuals	0	15	Your Sweet Factory store or kiosk location and approved field training Sweet Factory stores
Employee Scheduling	0	2	Your Sweet Factory store or kiosk location and approved field training Sweet Factory stores
Merchandising	0	8	Your Sweet Factory store or kiosk location and approved field training Sweet Factory stores
Product Management	0	9	Your Sweet Factory store or kiosk location and approved field training Sweet Factory stores
Total	0 hours	78 hours	

Notes:

1. We reserve the right to vary the length and content of the initial training program based upon the experience and skill level of the individual attending the initial training program. We will use the Brand Standards Manual as the primary instruction materials during the initial training program.
2. Anna Stewart, our Vice President of Operations, currently oversees our training program to which she brings more than 12 years of management experience.
3. Other instructors will include experienced Sweet Factory store managers and/or assistant managers with a minimum of three years' experience in management or training.

For your first and second Sweet Factory Stores or Kiosks, for approximately two days before the opening of each Store or Kiosk, and for approximately two days after the opening of each Store or Kiosk, we will provide you with the services of our training personnel (up to a maximum of two training personnel) to facilitate proper operation of the Store or Kiosk and to assist in correcting any operational problems that may arise.

Ongoing Training

From time to time, we may require that you, or your Operating Principal, Designated Manager and other employees attend system-wide refresher or additional training courses. Some of these courses may be optional, while others may be required. If you hire a new Designated Manager or appoint a new Operating Principal, that person must attend and successfully complete our initial training program before assuming responsibility for the management of your Sweet Factory Store or Kiosk. If we conduct an inspection of your Store or Kiosk and determine you are not operating in compliance with the Franchise Agreement, we may require that you or your Operating Principal, Designated Manager and other employees attend remedial training that addresses your operational deficiencies. You may also request that we provide additional training (either at corporate headquarters or at your Store or Kiosk). You must pay us our then-current fee per attendee per day for additional training, and you must pay for airfare, meals, transportation costs, lodging and incidental expenses for all of your training program attendees. If we determine that you are not operating your Sweet Factory Store or Kiosk in compliance with the Franchise Agreement or the Brand Standards Manual, we may require that you or your Operating Principal, Designated Manager, and other employees attend remedial training. If the training program is conducted at your Sweet Factory Store or Kiosk, then you must reimburse us for the expenses we or our representatives incur in providing the training.

ITEM 12 TERRITORY

Franchise Agreement

You may operate the Sweet Factory Store or Kiosk only at the approved location. The approved location for your Sweet Factory Store or Kiosk will be listed in the Franchise Agreement. If you have not identified an approved location for the Store or Kiosk when you sign the Franchise Agreement, as is typically the case, you and we will agree on the approved location in writing and amend the Franchise Agreement after you select and we approve the approved location. You are not guaranteed any specific approved location and you may not be able to obtain your top choice as your approved location. You may not conduct your business from any other location. You may not relocate the Store or Kiosk without our

prior written approval. We may approve a request to relocate the Store or Kiosk in accordance with the provisions of the Franchise Agreement that provide for the relocation of the Store or Kiosk, and our then-current site selection policies and procedures.

Protected Area

You will receive a protected territory (“Protected Area”), which means that during the term of the Franchise Agreement, we will not establish or franchise others to establish another Sweet Factory Business within your designated Protected Area. The Protected Area is determined based on the geographic area and populations properties within that area and other relevant demographic characteristics and will typically be a ten-mile radius around your Store or Kiosk. We will not grant you this right if your Business is located in a metropolitan area (areas in which the population during any 24-hour period exceeds 50,000 persons per square mile). In addition, we may not grant you this right if your Business will be located in a non-traditional location such as an airport, hotel, convention center, sports arena or stadium, college campus, amusement park, grocery store, convenience store, hotel shop and kiosk, theatre, mall, airport, gas station, college campus, sports venue or within another retail location or premises of another business or a similar venue (a “Non-Traditional Location”). Any existing or future Non-Traditional Locations located within the Development Territory are excluded from the Protected Area and will not be considered part of it. Your Protected Territory is not an exclusive territory. You may face competition from other franchisees, from franchisor-owned outlets, or from other channels of distribution or competitive brands that we control. You are not prohibited from directly marketing to or soliciting customers whose principal residence is outside of your Protected Area. If you renew your Franchise, your Protected Area may be modified depending on the then-current demographics of the Protected Area, and on our then-current standards for territories.

We, and our affiliates, have the right to operate, and to license others to operate, Sweet Factory Stores or Kiosks at any location outside the Protected Area, even if doing so will or might affect your operation of your Store or Kiosk. We retain the right, for ourselves and our affiliates, on any terms we deem advisable, and without granting you any rights:

1. to own, franchise or operate a Sweet Factory Stores or Kiosks at any location outside of the Protected Area, regardless of the proximity to your Store or Kiosk;
2. to use the Marks and the System to sell any products or services similar to those which you will sell through any alternate channels of distribution within or outside of the Protected Area. This includes, but is not limited to, other channels of distribution such as television, catalog sales, wholesale to unrelated retail outlets or over the Internet. We exclusively reserve the Internet as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce;
3. to offer and sell candy and confection products, including proprietary products, under the Marks or any other marks, through Non-Traditional Locations;
4. to use and license the use of other proprietary and non-proprietary marks or methods which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution or in the operation of a business offering self-service candy and confection products and related products and services, at any location, including within the Protected Area, which may be similar to or different from the Sweet Factory Store or Kiosk operated by you;
5. to purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with your Sweet Factory Store or Kiosk, wherever located;

6. to acquire and convert to the System operated by us, any businesses offering products and services similar to what is offered by Sweet Factory Businesses, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned, and whether located inside or outside of the Protected Area; provided that in such situations, the newly-acquired businesses may not operate under the Marks in the Protected Area; and

7. to implement multi-area marketing programs, which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.

We are not required to pay you if we exercise any of the rights specified above within your Protected Area. The continuation of your Protected Area is not dependent upon your achievement of a certain sales volume, market penetration, or other contingency. We do not pay compensation for soliciting or accepting orders inside your Protected Area.

If you wish to purchase an additional Sweet Factory Franchise, you must apply to us, and we may, at our discretion, offer an additional Sweet Factory Franchise to you. We consider a variety of factors when determining whether to grant additional Sweet Factory Franchises. Among the factors we consider, in addition to the then-current requirements for new Sweet Factory franchisees, are whether or not the franchisee is in compliance with the requirements under their current franchise agreement.

You do not receive the right to acquire additional Sweet Factory Franchises within the Protected Area unless you purchase the right in your Area Development Agreement. You are not given a right of first refusal on the sale of existing Sweet Factory Franchises.

Area Development Agreement

Under the Area Development Agreement, you are assigned a Development Territory in which you must develop a designated number of Sweet Factory Franchises. The size of the Development Territory will depend on the number of Stores or Kiosks to be developed, the demographics of the territory, the population, and other factors. In certain densely-populated metropolitan areas, a Development Territory may be small if it has a high population density, while Development Territories in less densely-populated urban areas may have significantly larger areas. The Development Territory will be a protected territory for the development of Sweet Factory Franchises during the term of the Area Development Agreement so long as you are in compliance with the Agreement. We grant you the right to open Stores and Kiosks in the Development Territory; provided that you follow the terms of the Area Development Agreement. The rights granted under the Area Development Agreement relate only to the development of the Sweet Factory Franchises identified in the Area Development Agreement. Except as provided in the Area Development Agreement, and subject to your full compliance with the Area Development Agreement and any other agreement among you or any of your affiliates and us or any of our affiliates, neither we nor our affiliates will establish or authorize any other person or entity, other than you, to establish a Sweet Factory Franchise in your Development Territory during the term of the Area Development Agreement. However, we, our affiliates, and any other authorized person or entity (including any other Sweet Factory Franchise) may, at any time, conduct any other type of activities within your Development Territory that we are permitted to conduct under the Franchise Agreement. Any existing or future Non-Traditional Locations located within the Development Territory are excluded from the Development Territory and will not be considered part of it. Your Development Territory is not an exclusive territory. You may face competition from other franchisees, from franchisor-owned outlets, or from other channels of distribution or competitive brands that we control. The Development Territory will terminate upon the completion of the Development Schedule or the termination of the Area Development Agreement, whichever occurs first, and the only

territorial protections that you will receive upon termination will be those under each individual Franchise Agreement.

Upon your first failure to adhere to the Development Schedule, you will lose the protections granted for the Development Territory. Any second or additional failures to adhere to the Development Schedule will constitute a material event of default under the Area Development Agreement for which we may, among other things: (i) terminate the Area Development Agreement; (ii) reduce the area of the Development Territory; (iii) permit you to extend the Development Schedule; or (iv) pursue any other remedy we may have at law or in equity, including, but not limited to, a suit for non-performance.

The size of the Development Area may be a single or multi-city area, single county area or some other area, and will be described in Attachment A of your Area Development Agreement. We will determine the Development Area before you sign the Area Development Agreement based on various market and economic factors.

Area Developers must own at least a 51% equity interest in the franchisee for each Sweet Factory Franchise developed under the Area Development Agreement.

ITEM 13 TRADEMARKS

The Franchise Agreement and your payment of Royalties grant you the non-exclusive right and license to use the System, which includes the use of the Marks. TFL Parent is a party to a license agreement dated July 12, 1991, as amended (“License Agreement”), with The United Sweet Factory Limited (UK) under which the former predecessors were granted a license to use the Marks. On August 6, 2002, Sweet Candy, LLC acquired the rights and assumed the obligations of the former predecessors under this License Agreement, and on November 14, 2017, TFL Parent acquired the rights and assumed the obligations of Sweet Candy, LLC, which significantly limits our rights to use or license the use of the Marks in a manner material to the Franchise. The License Agreement currently has no renewal date and expires in March 2020. If TFL Parent is unable to negotiate a renewal term with The United Sweet Factory Limited (UK), you may have to use a substitute trademark, which may increase your expenses.

TFL Parent has granted us the right to use and license others to use the Marks pursuant to an operating and management agreement dated November 14, 2017 (“Operating and Management Agreement”). The Operating and Management Agreement has an initial term of ten years and will automatically renew unless terminated by either party in writing.

The following Marks are registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”) which will be used by the Sweet Factory System:

Registered Mark	Registration Number	Registration Date	Register
THE SWEET-FACTORY	1,591,436	April 10, 1990	Registered on the Principal Register
	1,607,567	July 24, 1990	Registered on the Principal Register

Registered Mark	Registration Number	Registration Date	Register
... Sweet-Factory.	1,607,568	July 24, 1990	Registered on the Principal Register

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

Except for the License Agreement, no agreement significantly limits our right to use or license the Marks in any manner material to the Sweet Factory Store or Kiosk. We do not know of any superior prior rights or infringing uses that could materially affect your use of the trademarks. You must follow our rules when using the Marks. You cannot use our name or Mark as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You must indicate to the public in any contract, advertisement, and with a conspicuous sign in your Store or Kiosk that you are an independently-owned and operated licensed franchisee of TFL. You may not use the Marks in the sale of unauthorized products or services, or in any manner we do not authorize. You may not use the Marks in any advertising for the transfer, sale, or other disposition of the Sweet Factory Store or Kiosk, or any interest in the franchise. All rights and goodwill from the use of the Marks accrue to us.

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

If it becomes advisable at any time, in our sole discretion, for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a 30 days after receiving notice. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue or other indirect expenses due to any modified or discontinued Mark, or for your expenses of promoting a modified or substituted trademark or service mark.

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

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

The information in the Brand Standards Manual is proprietary and is protected by copyright and other laws. The designs contained in the Marks, the layout of our advertising materials and other writings and recordings in print or electronic form are also protected by copyright and other laws. Although we have not applied for copyright registration for the Brand Standards Manual, our advertising materials, the

content and format of our products, or any other writings and recordings, we claim common law and federal copyrights in these items. We grant you the right to use this proprietary and copyrighted information (“Copyrighted Works”) for your operation of your Sweet Factory Franchise, but such copyrights remain our sole property.

There are no effective determinations of the United States Copyright Office or any court regarding any Copyrighted Works of ours, nor are there any proceedings pending, nor are there any effective agreements between us and third parties pertaining to the Copyrighted Works that will or may significantly limit using our Copyrighted Works.

Our Brand Standards Manual, electronic information and communications, sales and promotional materials, the development and use of our System, standards, specifications, policies, procedures, information, concepts and systems on, knowledge of, and experience in the development, operation and franchising of Sweet Factory Franchises, our training materials and techniques, information concerning product and service sales, operating results, financial performance and other financial data of Sweet Factory Franchises, and other related materials are proprietary and confidential (“Confidential Information”) and are our property to be used by you only as described in the Franchise Agreement and the Brand Standards Manual. Where appropriate, certain information has also been identified as trade secrets (“Trade Secrets”). You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Confidential Information and Trade Secrets.

We will disclose parts of the Confidential Information and Trade Secrets to you as we deem necessary or advisable for you to develop your Sweet Factory Franchise during training and in guidance and assistance furnished to you under the Franchise Agreement, and you may learn or obtain from us additional Confidential Information and Trade Secrets during the term of the Franchise Agreement. The Confidential Information and Trade Secrets are valuable assets of ours, and are disclosed to you on the condition that you, and your owners if you are a business entity, and employees agree to maintain the information in confidence by entering into a confidentiality agreement we can enforce. Nothing in the Franchise Agreement will be construed to prohibit you from using the Confidential Information or Trade Secrets in the operation of other Sweet Factory Franchises during the term of the Franchise Agreement.

You must notify us within three business days after you learn about another’s use of language, a visual image, or a recording of any kind, that you perceive to be identical or substantially similar to one of our Copyrighted Works or use of our Confidential Information or Trade Secrets, or if someone challenges your use of our Copyrighted Works, Confidential Information or Trade Secrets. We will take whatever action we deem appropriate, in our sole and absolute discretion, to protect our rights in and to the Copyrighted Works, Confidential Information or Trade Secrets, which may include payment of reasonable costs associated with the action. However, the Franchise Agreement does not require us to take affirmative action in response to any apparent infringement of, or challenge to, your use of any Copyrighted Works, Confidential Information or Trade Secrets, or claim by any person of any rights in any Copyrighted Works, Confidential Information or Trade Secrets. You must not directly or indirectly contest our rights to our Copyrighted Works, Confidential Information or Trade Secrets. You may not communicate with anyone except us, our counsel, or our designees regarding any infringement, challenge or claim. We will take action as we deem appropriate regarding any infringement, challenge or claim, and the sole right to control, exclusively, any litigation or other proceeding arising out of any infringement, challenge or claim under any Copyrighted Works, Confidential Information or Trade Secrets. You must sign any and all instruments and documents, give the assistance, and do acts and things that may, in the opinion of our counsel, be necessary to protect and maintain our interests in any litigation or proceeding, or to protect and maintain our interests in the Copyrighted Works, Confidential Information or Trade Secrets.

No patents or patents pending are material to us at this time.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We require that either you directly operate your Sweet Factory Business or designate a manager (“Designated Manager”) who has been approved by us. If you are not an individual, you must designate an “Operating Principal” acceptable to us who will be principally responsible for communicating with us about the Sweet Factory Business. The Operating Principal must have the authority and responsibility for the day-to-day operations of your Store or Kiosk and must have at least 10% equity. You or your Operating Principal and your Designated Manager, if any, must successfully complete our training program (See Item 11). We may require that the Designated Manager have an ownership interest in the legal entity of the Franchise owner. If you replace your Operating Principal or Designated Manager, the new Operating Principal or Designated Manager must satisfactorily complete our training program at your own expense.

Any Designated Manager and, if you are an entity, an officer that does not own equity in the franchisee entity must sign the “System Protection Agreement”, the form of which is attached to this Franchise Disclosure Document in Exhibit I. All of your employees, independent contractors, agents, or representatives that may have access to our confidential information must sign a confidentiality agreement (unless they already signed a System Protection Agreement), the current form of which is attached to this Franchise Disclosure Document in Exhibit I. If you are an entity, each owner (i.e., each person holding an ownership interest in you) must sign an owner’s agreement, the form of which is attached to the Franchise Agreement as Attachment D. We also require that the spouses of the Franchise owners sign the owner’s agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell or offer for sale only those products and services authorized by us, and which meet our standards and specifications. Authorized products may differ among our franchisees, and may vary depending on the operating season and geographic location of your Sweet Factory Store or Kiosk or other factors. You must follow our policies, procedures, methods and techniques. You must sell or offer for sale all types of products and services specified by us. We may change or add to our required products and services, at our discretion, with prior notice to you. If we change or add to our required products and services, the changes or additions will remain in permanent effect, unless we specify otherwise. The amount you must pay for the changes or additions will depend upon the nature and type of changes or additions. There are no limitations on our rights to make changes to the required products and services offered by you. You must discontinue selling and offering for sale any products or services that we disapprove. We reserve the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions.

You may not sell products or services, or advertise products or services, within another franchisee’s Protected Area. You may not establish an account or participate in any social networking sites (including, without limitation, Facebook, Twitter or any other social or professional networking site or blog) or mention or discuss the franchise, us or any of our affiliates without our prior written consent and as subject to our online policy. Our online policy may completely prohibit you from any use of the Marks in social networking sites or other online use. You may not sell products through other channels of distribution such as wholesale, Internet or mail order sales. Otherwise, we place no restrictions upon your ability to serve customers provided you do so from the location of your Sweet Factory Store or Kiosk in accordance with our policies.



ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

FRANCHISE AGREEMENT

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

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 4.1	Ten years.
b. Renewal or extension of the term	Section 4.1	If you are in good standing and you meet other requirements, you may add two successor terms of five years.
c. Requirements for franchisee to renew or extend	Section 4.2	The term “renewal” refers to extending our franchise relationship at the end of your initial term and any other renewal or extension of the initial term. Your successor franchise rights permit you to remain as a Franchise after the initial term of your Franchise Agreement expires if you are in good standing and you meet other requirements. You must sign our then-current Franchise Agreement and ancillary documents for the successor term, and this new franchise agreement may have materially different terms and conditions (including, e.g. higher royalty and advertising contributions) from the Franchise Agreement that covered your original term.
d. Termination by franchisee	Section 20	You may terminate the Franchise Agreement if you are in compliance with it, and we are in material breach, and we fail to cure that breach within 30 days of receiving written notice.
e. Termination by franchisor without “cause”	Not Applicable	Not applicable.
f. Termination by franchisor with “cause”	Section 20.2	We can terminate upon certain violations of the Franchise Agreement by you.
g. Curable defaults	Section 20.3	You have 30 days to cure defaults listed in Section 20.3
h. Non-curable defaults	Section 20.2	Non-curable defaults: the defaults listed in Section 20.2 of the Franchise Agreement.
i. Franchisee’s obligations on termination/non-renewal	Sections 4.3, 20.5, 21.17	Obligations include complete de-identification; payment of amounts due; and return of confidential Brand Standards Manual, all Confidential Information, Trade Secrets, and records.
j. Assignment of contract by franchisor	Section 19.1	No restriction on our right to assign.

Provision	Section in Franchise Agreement	Summary
k. “Transfer” by franchisee – defined	Attachment A	Includes any voluntary, involuntary, direct, or indirect assignment, sale, gift, exchange, grant of a security interest, or change of ownership in the Franchise Agreement, the Franchise, or interest in the Franchise.
l. Franchisor approval of transfer by franchisee	Section 19.2	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	Section 19.2	If you are in good standing and meet other requirements listed in Section 19.2 we may approve your transfer to a new owner.
n. Franchisor’s right of first refusal to acquire franchisee’s business	Section 19.5	We have 30 days to match any offer for your business.
o. Franchisor’s option to purchase franchisee’s business	Section 21.2	We may, but are not required to, purchase your Franchise, inventory, or equipment at fair market value if your Franchise is terminated for any reason.
p. Death or disability of franchisee	Section 19.4	The agreement must be transferred or assigned to a qualified party within 180 days of death or disability or the Franchise Agreement may be terminated. Your estate or legal representative must apply to us for the right to transfer to the next of kin within 120 calendar days of your death or disability.
q. Non-competition covenants during the term of the Franchise	Section 14.3	You may not participate in a diverting business, have owning interest in of more than 5%, inducing any customer to transfer their business to you, or perform services for a competitive business anywhere. You may not interfere with our or our other franchisees’ Sweet Factory Franchise(s).
r. Non-competition covenants after the Franchise is terminated or expires	Section 14.4	Owners may not have an interest in, own, manage, operate, finance, control, or participate in any competitive business within ten-miles of the Franchise or any Sweet Factory Franchise for one year (two years for franchisees). If you or an Operating Principal engages in any activities prohibited by the Franchise Agreement during the restricted period (other than having an interest in a competitive business that is permitted under Section 14.4), then the restricted period applicable to you or the non-compliant Operating Principal shall be extended by the period of time during which you or the non-compliant Operating Principal, as applicable, engaged in the prohibited activities.

Provision	Section in Franchise Agreement	Summary
s. Modification of agreement	Sections 4, 12.2 and 25.9	No modifications of the Franchise Agreement during the term unless agreed to in writing, but the Brand Standards Manual is subject to change at any time in our discretion. Modifications are permitted on renewal.
t. Integration/merger clause	Section 25.9	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 this Franchise Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 22	Except for certain claims, all disputes must be mediate and arbitrated in the principal city closest to our principal place of business (currently, Orange, California).
v. Choice of forum	Sections 22	All disputes must be mediated and arbitrated in the principal city closest to our principal place of business (currently Orange, California) and must be litigated, if applicable, in the state or federal court in which our principal place of business is located (currently Orange, California) subject to applicable state law.
w. Choice of law	Section 22 and 25	The laws of the state where the franchisee's Sweet Factory Franchise(s) apply, subject to applicable state law.

AREA DEVELOPMENT AGREEMENT

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

Provision	Section in Area Development Agreement	Summary
a. Length of agreement term	Section 2	Until the expiration or termination of the Area Development Agreement.
b. Renewal or extension of the term	Not applicable	Not applicable.
c. Requirements for area developer to renew or extend	Not applicable	Not applicable.
d. Termination by area developer	Not applicable	Not applicable.
e. Termination by franchisor without cause	Not applicable	Not applicable.

Provision	Section in Area Development Agreement	Summary
f. Termination by franchisor with cause	Sections 4.2, 7.1 and 7.3	We can terminate, if you or any of your affiliates materially default under the Area Development Agreement, any individual Franchise Agreement, or any other agreement with us, or if you fail to comply with the Development Schedule on two or more occasions.
g. “Cause” defined – curable defaults	Not applicable	Not applicable.
h. “Cause” defined – non-curable defaults	Sections 4.2, 7.1 and 7.3	If you default on the Area Development Agreement or any individual Franchise Agreement, or any other agreement with us, or if you fail to comply with the Development Schedule on two or more occasions.
i. Area developer’s obligations on termination/non-renewal	Section 7.4	Obligations include the payment of all amounts due. You remain bound by all Franchise Agreements.
j. Assignment of the contract by franchisor	Section 8.1	No restrictions on our right to assign the Area Development Agreement.
k. “Transfer” by area developer – definition	Not applicable	Not applicable.
l. Franchisor approval of transfer by area developer	Section 8.2	You may not assign the Area Development Agreement or any rights to the Development Territory.
m. Conditions for franchisor approval of transfer	Not applicable	Not applicable.
n. Franchisor’s right of first refusal to acquire area developer’s business	Not applicable	Not applicable.
o. Franchisor’s option to purchase area developer’s business	Not applicable	Not applicable.
p. Death or disability of area developer	Section 7.2	The Area Development Agreement must be transferred or assigned to a qualified party within 180 days of death or disability or the Area Development Agreement may be terminated.
q. Non-competition covenants during the term of the franchise	Not applicable	Not applicable.
r. Non-competition covenants after the franchise is terminated or expires	Not applicable	Not applicable.
s. Modification of the agreement	Section 10	No modifications of the Area Development Agreement unless agreed to in writing.
t. Integration/merger clause	Section 10	Only the terms of the Area Development Agreement are binding (subject to state law). Any representations or promises outside of this Disclosure Document and the Area Development Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 13	Except for certain claims, all disputes must be mediated and arbitrated in the principal city closest to our principal place of business (currently Orange, California).

Provision	Section in Area Development Agreement	Summary
v. Choice of forum	Section 13	All disputes must be mediated and arbitrated in the principal city closest to our principal place of business (currently Orange, California) and must be litigated, if applicable, in the state or federal court in which our principal place of business is located (currently Orange, California) subject to applicable state law.
w. Choice of law	Section 13	The laws of the state of where the Area Development Franchise is located apply, subject to applicable state law.

ITEM 18 PUBLIC FIGURES

We do not use any public figure to promote our Franchise.

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to disclose 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 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 performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting our President, John Kim, at 1590 N. Batavia Street #2, Orange, California 92867, (714) 922-8760, ext. 100, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2016-2018

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2016	40	36	-4
	2017	36	26	-10
	2018	26	19	-7

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Company-Owned	2016	8	9	+1
	2017	9	8	-1
	2018	8	8	0
Total Outlets	2016	50	45	-5
	2017	45	35	-10
	2018	35	28	-7

Table No. 2
Transfers from Franchisees to New Owners (other than the Franchisor)
For Years 2016-2018

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

Table No. 3
Status of Franchised Outlets
For Years 2016-2018

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
California	2016	27	0	0	0	0	3	24
	2017	24	1	0	2	0	1	22
	2018	22	0	0	1	1	5	15
Connecticut	2016	1	0	0	0	0	1	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
Indiana	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	2	0
	2018	0	0	0	0	0	0	0
Michigan	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
Ohio	2016	2	0	0	0	0	1	1
	2017	1	0	0	0	0	1	0
	2018	0	0	0	0	0	0	0

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Oregon	2016	1	0	0	0	0	0	1
	2017	1	0	0	1	0	0	0
	2018	0	0	0	0	0	0	0
Texas	2016	2	0	0	0	0	1	1
	2017	1	0	0	0	0	1	0
	2018	0	0	0	0	0	0	0
Virginia	2016	1	0	0	0	0	1	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
Washington	2016	3	0	0	0	0	0	3
	2017	3	0	0	1	0	0	2
	2018	2	0	0	1	0	0	1
Total	2016	41	0	0	0	0	7	34
	2017	34	1	0	4	0	5	26
	2018	26	0	0	2	1	5	18

Table No. 4
Status of Company-Owned Outlets
For Years 2016-2018

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
California	2016	6	2	0	1	0	7
	2017	7	0	0	1	0	6
	2018	6	0	1	1	0	6
Nevada	2016	2	0	0	0	0	2
	2017	2	0	0	0	0	2
	2018	2	0	0	0	0	2
Total Outlets	2016	8	2	0	1	0	9
	2017	9	0	0	1	0	8
	2018	8	0	1	1	0	8

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

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Michigan	0	1	0
Total	0	1	0

The names, addresses, and telephone numbers of our current franchisees are attached to this Franchise Disclosure Document as Exhibit D. The name and last known address and telephone number of every current franchisee and every franchisee who has had a Sweet Factory Franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our franchise agreement during the one-year period ending December 31, 2018, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document, is listed in Exhibit D. In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experiences with Sweet Factory. You may wish to speak with current and former franchisees, but know that not all such franchisees can communicate with you. During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the Sweet Factory System. If you buy a Sweet Factory Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

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

ITEM 21 FINANCIAL STATEMENTS

Exhibit C contains the financial statements required to be included with this Franchise Disclosure Document: audited financial statements as of December 31, 2018 and January 1, 2018. We have not been in business for three years or more, and therefore cannot include the same financial statements as a franchisor that has been in business for three or more years. Our fiscal year end is December 31st.

ITEM 22 CONTRACTS

Exhibit A	Franchise Agreement
Exhibit B	Area Development Agreement
Exhibit F	Franchise Disclosure Questionnaire
Exhibit H	State Addenda and Agreement Riders
Exhibit I	Contracts for use with the Sweet Factory Franchise

ITEM 23 RECEIPT

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

EXHIBIT A

FRANCHISE AGREEMENT

EXHIBIT A



TRU FRANCHISE, LLC
FRANCHISE AGREEMENT

Franchise #:_____

Franchisee:_____

Date:_____

Location:_____

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ATTACHMENTS:

Attachment A	Definitions
Attachment B	Franchise Data Sheet
Attachment C	Statement of Ownership
Attachment D	Owners Agreement

SWEET FACTORY

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (“Franchise Agreement”) is made, entered into and effective as of the “Effective Date” set forth in Attachment B to this Franchise Agreement, by and between Tru Franchise, LLC, a California limited liability company (“we,” “us,” or “our,”), and the franchisee set forth in Attachment B to this Franchise Agreement (“you,” or “your”).

This Franchise Agreement has been written in an informal style in order to make it more easily readable and to be sure that you become completely familiar with all of the important rights and obligations this Franchise Agreement covers before you sign it.

This Franchise Agreement includes several attachments, each of which are legally binding and are a part of the complete Franchise Agreement, including an owners agreement which is attached to this Franchise Agreement as Attachment D (“Owners Agreement”). If you are signing this Franchise Agreement as a legal Entity (for example, a limited liability company or corporation), certain provisions in this Franchise Agreement will also apply to the owners (“Owners”) and their spouses. Each Owner and each Owner’s spouse is required to sign the Owners Agreement.

It is your responsibility to read through the entire Franchise Agreement. This Franchise Agreement creates legal obligations that you must follow. We recommend that you consult with a legal professional to ensure that you understand these obligations. If you have any questions, or if you do not understand a certain provision or section, please review it with us or your legal and financial advisor before you sign this Franchise Agreement.

1. DEFINITIONS. This Franchise Agreement has defined terms. A defined term is a shorthand reference within a document that refers to another name or idea in the document. Defined terms are underlined and surrounded by double quotes typically with capitalized first letters and may be contained in parentheses. Some defined terms are in Attachment A of this Franchise Agreement.

2. GRANT OF FRANCHISE. We hereby grant you a license to own and operate a Sweet Factory franchised business (“Sweet Factory Business” or “Sweet Factory Businesses”) using our Intellectual Property from a single location that we approve (“Sweet Factory Store or Kiosk”). As a Sweet Factory franchisee, you will operate a Sweet Factory Store or Kiosk providing self-service candy and confections. We do not represent your Sweet Factory Store or Kiosk will always be permitted or required to offer all of the retail items currently offered. The license to operate a Sweet Factory Store or Kiosk contained in this Franchise Agreement does not permit you, at or through any location, to: (i) sell any items offered by your Sweet Factory Business outside of the Sweet Factory Store or Kiosk, or (ii) offer products for sale online, through the Internet, or at any Non-Traditional Location, without our express written consent or except as expressly permitted the Brand Standards Manual. We reserve all rights not expressly granted to you.

3. TERRITORIAL RIGHTS AND LIMITATIONS. We will grant you a protected territory consisting of the geographic area identified in Attachment B (“Protected Area”). We may not grant you this right if your Sweet Factory Business will be located in a Non-Traditional Location. Any existing or future Non-Traditional Locations located within the Development Territory are excluded from the Protected Area and will not be considered part of it. Your Protected Area is not an exclusive territory. You may face competition from other franchisees, from franchisor-owned outlets, or from other channels of distribution or competitive brands that we control. During the term of this Franchise Agreement, we will not operate, or grant a franchise or license to a third party to operate, a Sweet Factory Business that is



physically located within your Protected Area, except as otherwise provided in this Section. We, and our affiliates, have the right to operate, and to license others to operate, Sweet Factory Businesses at any location outside the Protected Area, even if doing so will or might affect your operation of your Sweet Factory Business. We retain the right, for ourselves and our affiliates, on any terms we deem advisable, and without granting you any rights:

(i) to own, franchise or operate Sweet Factory Stores or Kiosks at any location outside of the Protected Area, regardless of the proximity to your Sweet Factory Store or Kiosk;

(ii) to use the Marks and the System to sell any products or services similar to those which you will sell through any alternate channels of distribution within or outside of the Protected Area. This includes, but is not limited to, other channels of distribution such as television, catalog sales, wholesale to unrelated retail outlets or over the Internet. We exclusively reserve the Internet as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce;

(iii) to offer and sell candy and confection products, including proprietary products, under the Marks or any other marks, through Non-Traditional Locations within or outside of the Protected Area;

(iv) to use and license the use of other proprietary and non-proprietary marks or methods, which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution or in the operation of a business offering self-service candy and confection products and related products and services, at any location, including within the Protected Area, which may be similar to or different from the Sweet Factory Store or Kiosk operated by you;

(v) to purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with your Sweet Factory Store or Kiosk, wherever located;

(vi) to acquire and convert to the System operated by us, any businesses offering services and products similar to what is offered by Sweet Factory Businesses, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned and whether located inside or outside of the Protected Area, provided that in such situations the newly acquired businesses may not operate under the Marks in the Protected Area; and

(vii) to implement multi-area marketing programs, which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.

We have no express obligation or implied duty to insulate or protect you from or against erosion in your revenues or market share as the result of your Sweet Factory Store or Kiosk competing with other self-service candy and confections businesses, Non-Traditional Locations or in the ways and to the extent this Section provides or contemplates. You waive any right to assert any Claim against us based on the existence, actual or arguable, of any such obligation or duty. We are not required to pay you if we exercise any of the rights specified above within your Protected Area. The continuation of the Protected Area is not dependent upon your achievement of a certain sales volume, market penetration or other contingency. We do not pay compensation for soliciting or accepting orders inside your Protected Area.

4. TERM AND RENEWAL.

4.1. Generally. The term of this Franchise Agreement will begin on the Effective Date and continue for ten years (“Term”). If this Franchise Agreement is the initial franchise agreement for your Sweet Factory Business, you may enter into a maximum of two successor franchise agreements (a “Successor Agreement”) as long as you meet the conditions for renewal specified below. The Successor Agreement shall be the current form of franchise agreement that we use in granting Sweet Factory Franchises as of the expiration of the Term. The terms and conditions of the Successor Agreement may vary materially and substantially from the terms and conditions of this Franchise Agreement, including without limitation higher fees. Each successor term will be five years. Except as provided in Section 4.3 below, you will have no further right to operate your Sweet Factory Business following the expiration of the renewal term unless we grant you another Franchise in our sole discretion. If you are renewing an initial franchise agreement with us under this Franchise Agreement, the renewal provisions in your original franchise agreement will dictate the length of the Term of this Franchise Agreement, as well as your remaining renewal rights, if any.

4.2. Renewal Requirements. In order to enter into a Successor Agreement, you and each of your Owners (as applicable) must: (i) notify us in writing of your desire to enter into a Successor Agreement not less than 60 days nor more than 180 days before the expiration of the Term; (ii) not be in default under this Franchise Agreement or any other agreement with us or any affiliate of ours at the time you send the renewal notice or the time you sign the Successor Agreement; (iii) sign the Successor Agreement and all ancillary documents that we require franchisees to sign; (iv) sign a General Release; (v) pay us a non-refundable renewal fee of 50% of the then-current Initial Franchise Fee at the time you sign the new franchise agreement; (vi) at least 60 days but not more than 180 days before the expiration of the Term you must upgrade and remodel your Sweet Factory Store or Kiosk in accordance with Section 12.8 to comply with our then-current standards and specifications; (vii) have the right under your lease to maintain possession of the premises where your Sweet Factory Store or Kiosk is located for the duration of the renewal term; and (viii) take any additional actions that we reasonably require.

4.3. Interim Term. If you do not sign a Successor Agreement after the expiration of the Term and you continue to accept the benefits of this Franchise Agreement, then at our option, this Franchise Agreement may be treated either as: (i) expired as of the date of the expiration with you then operating without a franchise to do so and in violation of our rights; or (ii) continued on a month-to-month basis (“Interim Term”) until either party provides the other party with 30 days’ prior written notice of the party’s intention to terminate the Interim Term. In the latter case, all of your obligations will remain in full force and effect during the Interim Term as if this Franchise Agreement had not expired, and all obligations and restrictions imposed on you upon the expiration or termination of this Franchise Agreement will be deemed to take effect upon the termination of the Interim Term. Except as otherwise permitted by this Section 4, you have no right to continue to operate your Sweet Factory Business following the expiration of the Term.

5. TRAINING AND CONFERENCES

5.1. Initial Training Fees. We will provide our initial training program at \$5,000 for up to two people, one of which must be you, or, if you are an entity, your Operating Principal (as defined in Section 8.1), and your Designated Manager (if applicable) provided that all persons attend the initial training program simultaneously. This fee only applies for your first Sweet Factory Business. You must pay us our then-current additional initial training fee as specified in our Brand Standards Manual (as of the Effective Date, we charge \$3,000 per person of training in most cases) for persons operating your additional Sweet Factory Businesses (if any), for each additional person that attends our initial training program before you open and for each additional person that attends after you open your Sweet Factory Business (such as a new Operating Principal or Designated Manager) and any person who must retake training after failing

to successfully complete training on a prior attempt. You must pay us our then-current additional training fee for: (i) any remedial training that we require under Section 5.5; (ii) each person to whom we provide additional training that you request; and (iii) each person who attends any system-wide or additional training that we conduct. You or your Operating Principal and your Designated Manager, if any, must attend and successfully complete our initial training program before you open your Sweet Factory Business.

5.2. Initial Training for New Owners/Designated Managers. If you hire a new Designated Manager or appoint a new Operating Principal, the new Designated Manager or Operating Principal, as applicable, must attend and successfully complete our then-current initial training program. You will be required to pay our then-current additional initial training fee.

5.3. Periodic Training. We may offer periodic refresher or additional training courses for you or your Operating Principal, Designated Manager and other employees. Attendance at these training programs may be optional or mandatory. You may be required to pay us our then-current training fee as specified in our Brand Standards Manual.

5.4. Additional Training upon Request. Upon your written request, we may provide additional assistance or training to you at a mutually convenient time. We may charge you our then-current fee for such assistance or training.

5.5. Remedial Training. If we conduct an inspection of your Sweet Factory Store or Kiosk and determine that you are not operating your Sweet Factory Store or Kiosk in compliance with this Franchise Agreement and/or the Brand Standards Manual, we may, at our option, require that you or your Operating Principal and Designated Manager and management personnel attend remedial training that is relevant to your operational deficiencies. You must pay us the then-current per person per day training fee and reimburse us for the expenses we or our representatives incur in providing any remedial training.

5.6. Conferences. We may hold periodic national or regional conferences to discuss various business issues and operational and general business concerns affecting Sweet Factory franchisees. Attendance at these conferences may be mandatory or optional. You are responsible for paying our then-current conference fee, whether or not you attend the conference in any given year.

5.7. Conference and Training Costs. You are solely responsible for all expenses and costs that you or your Operating Principal, Designated Manager (if any) and each of your trainees incur for all trainings and conferences under this Section 5, including wages, travel, lodging and living expenses. You also agree to reimburse us for all expenses and costs that we incur to travel to your Sweet Factory Store or Kiosk under this Section 5, including transportation, food, lodging and travel expenses. All training fees and expense reimbursements must be paid to us within ten days after invoicing.

6. OTHER ASSISTANCE.

6.1. Brand Standards Manual. We will provide you with access to a copy of our current brand standards manual for the term of this Franchise Agreement, and we will later provide you with all periodic modifications thereto and any other manual we may develop specifying the System standards (collectively, the “Brand Standards Manual”). If the copy of the Brand Standards Manual loaned to you is lost, stolen, destroyed, or significantly damaged before you return it to us, you must pay us our then-current replacement fee. We reserve the right to provide the Brand Standards Manual electronically, such as by an intranet or password-protected website. You acknowledge that your compliance with the Brand Standards Manual is vitally important to us and other System franchisees and is necessary to protect our reputation and the goodwill of the Marks and to maintain the uniform quality of operation throughout the System. It is not designed to control the day-to-day operation of the Sweet Factory Business.

6.2. Site Evaluation. We will evaluate one site for your Sweet Factory Business at no charge. You will be required to pay a site evaluation fee of \$500 for each any additional sites that you would like us to evaluate. We may pay a portion of this fee to a third party supplier.

6.3. General Guidance. Based upon our periodic inspections of your Sweet Factory Store or Kiosk or reports that you submit to us, we may provide our guidance and recommendations on ways to improve the marketing and/or operation of your Sweet Factory Business.

6.4. Marketing Assistance. As further described in Section 11, we will provide you with other marketing assistance during the Term.

6.5. Website. We will maintain a website for Sweet Factory franchisees that will include the information about your Sweet Factory Business that we deem appropriate. We may modify the content of and/or discontinue the website at any time in our sole discretion. Throughout the Term, we will provide you with your own local webpage that will be accessed only through our website and will be linked to or a part of our main website. We are only required to reference your Sweet Factory Business on our website and maintain a local webpage for your Sweet Factory Business while you are in full compliance with this Franchise Agreement and all System Standards. If you wish to advertise online, you must follow our online policy, which is contained in our Brand Standards Manual. We must approve all content on your webpage. We will own the website (including your webpage) and domain name at all times.

6.6. Supplier Agreements. We may, but need not, negotiate agreements with suppliers to obtain discounted prices for us and our franchisees. If we succeed in negotiating an agreement, we may arrange for you to be able to purchase the products directly from the supplier at the discounted prices that we negotiate (subject to any rebates the supplier pays to us). We may also purchase certain items from suppliers in bulk and resell them to you at our cost, plus shipping fees and a reasonable markup in our sole discretion.

6.7. Proprietary Products. We may, but need not, create Sweet Factory proprietary products for sale at your Sweet Factory Business. If we develop any of these products, you agree to maintain a reasonable inventory of these items at your Sweet Factory Store or Kiosk at all times.

7. ESTABLISHING YOUR SWEET FACTORY STORE OR KIOSK

7.1. Site Selection. You must use our approved vendor to advise and counsel you on-site selection for the Sweet Factory Store or Kiosk. In addition, we recommend that you retain (a) an experienced commercial real estate broker or salesperson to advise and counsel you on price, economics, viability, location, and acquisition or lease of the site for the Sweet Factory Store or Kiosk; and (b) an experienced attorney to provide advice and counsel you on your business and the terms, conditions and economics of the legal and other documents required to lease or purchase the site. You agree to locate and obtain our approval of the premises from which you will operate your Sweet Factory Business within 60 days after the Effective Date. The premises must be located within the Protected Area identified in Attachment B-1 and must conform to our minimum site selection criteria. Our approved vendor will assist you in managing the site selection process to help you identify potential locations. You must send us a complete site report (containing the demographic, commercial and other information, photographs, and video tapes that we may reasonably require) for your proposed site. We may require that you obtain a feasibility study at your expense for the proposed site at your sole cost. We have the right to accept or reject all proposed sites in our commercially reasonable judgment. We will use our best efforts to accept or reject a proposed site within 30 days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our written approval within the 30 day period. If we disapprove of the proposed site, you must select another site, subject to our consent. Our approval shall be evidenced by the

execution of Attachment B-1 by you and us. You may only operate the Sweet Factory Store or Kiosk at the location specified in Attachment B-1. You understand that our approval of a site does not constitute a representation or warranty of any kind, express or implied, of the suitability of the site for a Sweet Factory Store or Kiosk. Our approval of the site indicates only that we believe the site meets our minimum criteria.

7.2. Lease. If you lease the premises for your Sweet Factory Store or Kiosk, before doing so, you must submit to us, in the form we specify, a description of the site, a proposed copy of the lease and such other information and materials we may reasonably require. We will have 30 days after we receive the information and materials to evaluate the proposed site. You must also provide us with a proposed copy of the lease for the premises at least ten days before signing. We will only review the lease to determine that it is in compliance with the terms of this Franchise Agreement and will not review the lease for or provide you with any business, economic, legal or real estate analysis or advice. Our approved vendor may assist you in negotiating the lease for your Sweet Factory Store or Kiosk. However, you are solely responsible for the terms of the lease and any no-objection letter we provide for the lease does not provide any representation or warranty of any kind, express or implied, concerning the terms of the lease or the viability or suitability of the site for the Sweet Factory Store or Kiosk. You will ensure your landlord signs the Lease Addendum that is attached to the Franchise Disclosure Document as Exhibit I-6 or incorporates the terms of the Lease Addendum into the lease for the Sweet Factory Store or Kiosk. If your landlord refuses, we have the right to disapprove of your lease, in which case you must find a new site for your Sweet Factory Store or Kiosk. You and the landlord must sign the lease and Lease Addendum within 180 days of the Effective Date. You must promptly send us a copy of your fully executed lease and Lease Addendum for our records. Your landlord may require you and, if you are an entity, the owners, and spouses to sign a personal guaranty.

7.3. Construction. We will provide you with specifications for the design and layout for a Sweet Factory Store or Kiosk. You must hire an architect approved by us, in order to modify these plans to comply with all local ordinances, building codes, permits requirements, and lease requirements and restrictions applicable to the premises. You must first review and accept the architect's drafted floor plan, and submit your floor plan to us for our review and acceptance. Once we accept your floor plan, the architect must develop your full construction drawings for the Sweet Factory Store or Kiosk. Upon your review and acceptance, you must submit your construction drawings to us for our final review and approval. Once we accept your floor plan, and approve your construction drawings, drawings and specifications may not be changed or modified without our prior written approval. Once accepted by us, you must, at your sole expense, construct and equip the Sweet Factory Store or Kiosk to the specifications contained in the Brand Standards Manual and purchase (or lease) and install the equipment, fixtures, furnishings, signs and other items that we require. All exterior and interior signs of the Sweet Factory Store or Kiosk must comply with the specifications that we provide to you. We must approve the architects, contractors and other suppliers you use to construct your Sweet Factory Store or Kiosk. You agree to provide us with weekly status updates as to construction of the Sweet Factory Store or Kiosk. You acknowledge these requirements are necessary and reasonable to preserve the identity, reputation and goodwill we developed and the value of the Franchise. Before you open, we must approve the layout of your Sweet Factory Store or Kiosk.

7.4. Opening. You must open your Sweet Factory Business to the public within 180 days of the Effective Date. You may not open your Sweet Factory Business before: (i) successful completion of the initial training program by you or your Operating Principal, and your Designated Manager, if you have one; (ii) you purchase all required insurance; (iii) you obtain all required licenses, permits and other governmental approvals; and (iv) we provide our written approval of the construction, build-out and layout of your Sweet Factory Store or Kiosk. We may conduct a pre-opening inspection of your Sweet Factory Store or Kiosk and you agree to make any changes we require before opening. By virtue of opening your Sweet Factory Business, you acknowledge that we have fulfilled all of our pre-opening obligations to you. If you do not open your Sweet Factory Store or Kiosk within 180 days after

the Effective Date, then you will have the right to request, in writing, up to three separate 30-day extension periods to open the Sweet Factory Store or Kiosk. We may refuse to grant any 30-day extension request if: (A) you are not diligently pursuing the completion of construction and opening of your Sweet Factory Store or Kiosk as determined in our sole discretion; (B) you have already received three opening date extensions; or (C) you do not request an opening extension at least 30 days prior to the date that you are then required to open your Sweet Factory Store or Kiosk.

7.5. Relocation. You may relocate your Sweet Factory Store or Kiosk within your Protected Area with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate within your Protected Area, you must: (i) comply with Section 7.1 through Section 7.3 of this Franchise Agreement with respect to your new Sweet Factory Store or Kiosk (excluding the 180 day opening period); (ii) open your new Sweet Factory Store or Kiosk and resume operations within 30 days after closing your prior Sweet Factory Store or Kiosk; and (iii) reimburse us for our reasonable expenses (including attorneys' fees and costs) up to \$5,000. You may not relocate your Sweet Factory Store or Kiosk outside of your Protected Area without our prior written approval, which we may withhold in our sole discretion. Upon our approval of the relocation of your Sweet Factory Store or Kiosk, Attachment B shall be updated with the new location, and the remainder of this Franchise Agreement shall remain in full force and effect.

7.6. Catastrophes. If your Sweet Factory Store or Kiosk is destroyed or damaged by fire or other casualty and the Term of this Franchise Agreement and the lease for your Sweet Factory Store or Kiosk has at least two years remaining, you will: (a) within 30 days after the date of such destruction or damage of your Sweet Factory Store or Kiosk, commence all repairs and reconstruction necessary to restore the Sweet Factory Store or Kiosk to its condition prior to such casualty; or (b) relocate the Sweet Factory Store or Kiosk pursuant to Section 7.5 and the Term shall be extended for the period from the date the Sweet Factory Store or Kiosk closed due to the destruction or damage until it re-opens. You will reimburse us 5% of any insurance proceeds due to business interruption as a result of your Sweet Factory Store or Kiosk being closed a result of a casualty event or any other reason.

8. MANAGEMENT AND STAFFING

8.1. Owner Participation. You acknowledge that a major requirement for the success of your Sweet Factory Business is the active, continuing, and substantial personal involvement and hands-on supervision by you or your Operating Principal, who must at all times be actively involved in the operation of the Sweet Factory Business on a full-time basis and provide on-site management and supervision, unless we authorize you to delegate management functions to a Designated Manager. If you are not an individual, you must designate an Operating Principal ("Operating Principal") acceptable to us who will be principally responsible for communicating with us about the Sweet Factory Store or Kiosk. The Operating Principal must have the authority and responsibility for the day-to-day operations of your Store or Kiosk and must have at least 10% equity in you.

8.2. Designated Manager. You may hire a manager to assume responsibility for the daily on-site management and supervision of your Sweet Factory Business ("Designated Manager"), but only if: (i) we approve the Designated Manager in our commercially reasonable discretion; (ii) the Designated Manager successfully completes the initial training program; and (iii) you or your Operating Principal agree to assume responsibility for the on-site management and supervision of your Sweet Factory Business if the Designated Manager is unable to perform his or her duties due to death, disability, termination of employment, or for any other reason, until such time that you obtain a suitable replacement Designated Manager.

8.3. Employees. You must determine appropriate staffing levels for your Sweet Factory Business to ensure full compliance with this Franchise Agreement and our System standards. You are solely responsible to hire, train, and supervise employees or independent contractors to assist you with the proper operation of the Sweet Factory Business. You must pay all wages, commissions, fringe benefits, worker's compensation premiums, and payroll taxes (and other withholdings, levied or fixed by any city, state or federal governmental agency, or otherwise required by law) due for your employees. These employees and independent contractors will be employees of yours and not of ours. We do not control the day-to-day activities of your employees or independent contractors or the manner in which they perform their assigned tasks. You must inform your employees and independent contractors that you are exclusively responsible for supervising their activities and dictating the manner in which they perform their assigned tasks. In this regard, you must use your legal business entity name (not our Marks or a fictitious name) on all employee applications, paystubs, pay checks, employment agreements, consulting agreements, time cards, and similar items. We also do not control the hiring or firing of your employees or independent contractors. You have sole responsibility and authority for all employment-related decisions, including employee selection and promotion, firing, hours worked, rates of pay and other benefits, work assignments, training, and working conditions, compliance with wage and hour requirements, personnel policies, recordkeeping, supervision, and discipline. We will not provide you any advice or guidance on these matters. You must require your employees and independent contractors to review and sign the acknowledgment form we prescribe that explains the nature of the franchise relationship and notifies the employee or independent contractor that you are his or her sole employer. You must also post a conspicuous notice for employees and independent contractors in the back-of-the-house area explaining your franchise relationship with us and that you (and not we) are the sole employer. We may prescribe the form and content of this notice. You agree that any direction you receive from us regarding employment policies should be considered as examples, that you alone are responsible for establishing and implementing your own policies, and that you understand that you should do so in consultation with local legal counsel well-versed in employment law.

8.4. Interim Manager. We have the right, but not the obligation, to designate an individual of our choosing ("Interim Manager") to manage your Sweet Factory Business if: (i) you or your Operating Principal ceases to perform the responsibilities of an Operating Principal (whether due to retirement, death, disability, or for any other reason) and you fail to find an adequate replacement Operating Principal within 30 days; (ii) you are in material breach of this Franchise Agreement; or (iii) upon a Crisis Management Event. The Interim Manager will cease to manage your Sweet Factory Business at such time that you hire an adequate replacement Operating Principal who has completed training, you cure the material breach or the Crisis Management Event ends, as applicable. If we appoint an Interim Manager, you agree to pay us a management fee of \$300 per day per representative, plus costs and expenses incurred by us including our reasonable attorney, accountant and other professional fees and costs. The Interim Manager will have no liability to you except in the case of its direct gross negligence or willful misconduct. We will have no liability to you for the activities of an Interim Manager unless we are grossly negligent in appointing the Interim Manager. Nothing contained herein shall prevent us from exercising any other right that we may have under this Franchise Agreement, including, without limitation, termination of the Franchise Agreement.

9. FRANCHISEE AS ENTITY. If you are an Entity, you agree to undertake each obligation under this Section 9. You must provide us with a list of all of the Owners. You must provide us with a resolution of the Entity authorizing the execution of this Franchise Agreement, a copy of the Entity's organizational documents, and a current Certificate of Good Standing (or the functional equivalent thereof). You represent as of the Effective Date, and covenant during the Term (and any extensions thereof) to ensure that the Entity is duly formed and validly existing under the laws of the state of its formation or incorporation. You are, and will continue to be during the Term (and any extensions thereof) qualified and authorized to do business in the jurisdiction where the Sweet Factory Store or Kiosk is to be located and in

each jurisdiction where it conducts business, maintains offices, owns real estate or where qualification is required. You agree to ensure that your organizational documents will at all times provide your business activities will be confined exclusively to the ownership and operation of the Sweet Factory Store or Kiosk, unless otherwise consented to in writing by us. You agree that Attachment C to this Franchise Agreement completely and accurately describes all of the Owners and their interests in you as of the Effective Date. You and the Owners agree to sign and deliver to us revised versions of Attachment C periodically to reflect any permitted changes in the information that Attachment C now contains. You agree to, at all times, maintain a current schedule of the Owners of you and their ownership interests and to immediately provide us with a copy of the updated ownership schedule whenever there is any change of ownership to you. You acknowledge that you and the Owners have no material liabilities, adverse claims, commitments or obligations of any nature as of the Effective Date, whether accrued, unliquidated, absolute, contingent or otherwise, except as disclosed to us in writing or set forth in your financial statements that have been provided to us. You will, at all times, maintain sufficient working capital to operate the Sweet Factory Store or Kiosk and to fulfill its obligations under this Franchise Agreement, and will take steps to ensure availability of capital to fulfill your obligations to maintain and remodel the Sweet Factory Store or Kiosk premises in accordance with this Franchise Agreement. You agree not to use the name Sweet Factory or any derivative thereof in the name of your Entity. You further acknowledge that the acknowledgments, representations, covenants and warranties contained in this Section are continuing obligations of you and the Owners and that any failure to comply with such representations, warranties and covenants will constitute a material breach of this Franchise Agreement.

10. OWNERS AGREEMENT. If you are an Entity, all Owners (whether direct or indirect) and their spouses must sign the Owners Agreement, attached as Attachment D to this Franchise Agreement, agreeing to be personally bound by all of this Franchise Agreement's terms. You agree that, if any person or Entity ceases to be one of your Owners, or if any individual or Entity becomes an Owner of you, you will notify us in writing and within five days will require the new Owner (and the new Owner's spouse) to execute all documents required by us, including the Owners Agreement.

11. ADVERTISING & MARKETING

11.1. Brand Fund.

11.1.1. Administration. We reserve the right to create a brand promotion fund ("Brand Fund") to promote public awareness of our brand and to improve our System. The Brand Fund may be administered by us, or our affiliate or designees, at our discretion. We may use the Brand Fund to pay for any of the following in our sole discretion: (i) developing, maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions, and programs, including social media management; (ii) public awareness of any of the Marks; (iii) public and consumer relations and publicity; (iv) brand development; (v) research and development of technology, products, and services; (vi) website development and search engine optimization; (vii) development and implementation of quality control programs; (viii) conducting market research; (ix) changes and improvements to the System; (x) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts; (xi) collecting and accounting for Brand Fund Contributions; (xii) preparing and distributing financial accountings of the Brand Fund; (xiii) conducting store audit programs and other reputation management functions; (xiv) any other programs or activities that we deem necessary or appropriate to promote or improve the System; and (xv) our and our affiliates' expenses associated with direct or indirect labor, administrative, overhead, or other expenses incurred in relation to any of these activities. We have sole discretion in determining the content, concepts, materials, media, endorsements, frequency, placement, location, and all other matters pertaining to any of the foregoing activities. Any surplus of monies in the Brand Fund may be invested and we may lend

money to the Brand Fund if there is a deficit. Any unused funds that were collected in any calendar year will be applied to the following year's funds, and we reserve the right to contribute or loan additional funds to the Brand Fund on any terms we deem reasonable. The Brand Fund is not a trust, and we have no fiduciary obligations to you with respect to our administration of the Brand Fund. A financial accounting of the operations of the Brand Fund, including deposits into and disbursements from the Brand Fund, will be prepared annually and made available to you upon written request. We do not ensure that our expenditures from the Brand Fund in or affecting any geographic area are proportionate or equivalent to the Brand Fund Contribution by our franchisees operating in that geographic area or that any of our franchisees benefit directly or in proportion to their Brand Fund Contribution. We reserve the right to change, merge, re-form or dissolve the Brand Fund in our discretion. We will not use the Brand Fund for advertising that is principally a solicitation for the sale of franchises, but we reserve the right to include a notation in any advertisement or website indicating "Franchises Available" or similar phrasing.

11.1.2. Brand Fund Contribution. On the same day your Royalty payment is due, you must contribute to the Brand Fund the amount that we specify in our Brand Standards Manual (the "Brand Fund Contribution"), currently 2% of your weekly Gross Sales. We reserve the right to increase the Brand Fund Contribution to up to 3% of weekly Gross Sales upon written notice to you.

11.1.3 Brand Fund Termination. We may, upon 30 days' prior written notice to you, reduce or suspend Brand Fund Contribution and operations for one or more periods of any length and terminate and/or reinstate the Brand Fund. If we terminate the Brand Fund, we will distribute all unused contributions to contributing franchisees, and to us or our affiliates, in proportion to respective contributions during the preceding 24-month period.

11.2. Your Marketing Activities.

11.2.1. Local Advertising Requirement. In addition to your required Brand Fund Contribution, we reserve the right to establish a local advertising requirement. If established, you must spend at least 1% of Gross Sales each month on local advertising to promote your Sweet Factory Business ("Local Advertising Requirement"). We will measure your compliance with this requirement on a rolling six-month basis, meaning that as long as your average monthly expenditure on local advertising over any six-month period equals or exceeds the minimum monthly amount that we specify, you will be deemed in compliance even if your expenditure in any given month is less than the minimum monthly amount that we specify. If you fail to spend the Local Advertising Requirement, you will be required to pay the difference to us, or if established, the Brand Fund. We reserve the right to increase the Local Advertising Requirement up to 3% of Gross Sales each month upon written notice to you. We must approve all local advertising in accordance with Section 11.2.5. You agree to participate at your own expense in all advertising, promotional, and marketing programs that we require, including any advertising cooperative that we establish pursuant to Section 11.3.

11.2.2. Grand Opening Program. You must spend a minimum of \$200 on approved grand opening marketing, advertising and promotion for your Sweet Factory Store or Kiosk ("Grand Opening Program") during the period commencing 30 days prior to the opening of your Store or Kiosk and ending 90 days after the date on which your Sweet Factory Store or Kiosk opens for business. If requested by us, you will provide us with an accurate accounting (in the form prescribed by us) of your expenditures for grand opening marketing, advertising and promotion within 120 days after the opening of your Sweet Factory Store or Kiosk. All expenditures for grand

opening marketing, advertising and promotion will be in addition to your other marketing, advertising and promotion obligations under the Franchise Agreement.

11.2.3. Standards for Advertising. You must order sales and marketing material from us or our designated suppliers. All advertisements and promotions that you create or use must be completely factual and conform to the highest standards of ethical advertising and comply with all federal, state, and local laws, rules and regulations. You must ensure that your advertisements and promotional materials do not infringe upon the intellectual property rights of others.

11.2.4. Approval of Advertising. Before you use them, we must approve all advertising and promotional materials that we did not prepare or previously approve (including materials that we prepared or approved, and you modify). We will be deemed to have disapproved the materials if we fail to issue our written approval within 30 days after receipt. You may not use any advertising or promotional materials that we have disapproved (including materials that we previously approved and later disapprove). If you use unauthorized advertising materials, you must pay a fee of \$500 per occurrence to us, or, if established, to the Brand Fund.

11.2.5. Internet and Websites. We may require that you utilize our designated supplier for social media marketing services. If you wish to utilize social media or advertise online, you must follow our online policy which is contained in our Brand Standards Manual. Our online policy may change as technology and the Internet changes. We may restrict your use of social media. Subject to Section 3 above, we restrict your ability to independently market on the Internet, and we may not allow you to use any domain name, address, locator, link, metatag, or search technique with words or symbols similar to the Marks. We intend that any franchisee website will be accessed only through our home page. At this time, we do not allow our franchisees to maintain their own websites (other than the localized webpage that we provide) or market their Sweet Factory Store or Kiosk on the Internet (other than through approved social media outlets). Accordingly, you may not maintain a separate website, conduct e-commerce, or otherwise maintain a presence or advertise on the Internet or any other public computer network in connection with your Sweet Factory Business without our express written permission which we may revoke at any time in our sole discretion.

11.3. Advertising Cooperative. We have the right, but not the obligation, to create one or more advertising cooperatives for the purpose of creating and/or purchasing advertising programs for the benefit of all franchisees operating within a particular region, in which you may be required to participate. Members of the cooperative will be responsible for administering the cooperative, including determining the amount of contributions from each member. We may require that each cooperative operate with governing documents and prepare annual unaudited financial statements. We reserve the right to form, change, dissolve or merge any advertising cooperative formed in the future. Upon our request you will be required to participate in compliance with the provisions of the Brand Standards Manual, which we may periodically modify at our discretion. We have the right to determine the composition of all geographic territories and market areas for each advertising cooperative. Franchisees in each cooperative will contribute an amount to the cooperative for each Sweet Factory Franchise that the franchisee owns that exists within any cooperative's geographic area. Each Sweet Factory Franchise we own that exists within the cooperative's area will contribute to the cooperative on the same basis as franchisees.

11.4. Advisory Council. We also have the right to establish an advisory council ("Council") to advise us on advertising policies and to promote communications between us and all franchisees. If the Council is formed, it will be governed by bylaws that will specify that members of the Council would consist of both franchisees and corporate representatives and will specify the manner in which member are selected, subject to any changes to such bylaws or structure that we deem necessary in

our sole discretion. The Council would serve in an advisory capacity only. We reserve the right to grant to the Council any operation or decision-making powers that we deem appropriate. We reserve the right to form, change, merge, or dissolve the Council in our sole discretion.

11.5. Marketing Assistance from Us. We may create and make available to you advertising and other marketing materials for your purchase. We may use the Brand Fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials available over the Internet (in which case you must arrange for printing the materials and paying all printing costs). Alternatively, we may enter into relationships with third party suppliers who will create the advertising or marketing materials for your purchase.

12. BRAND STANDARDS

12.1. Generally. You agree to operate your Sweet Factory Business: (i) in a manner that will promote the goodwill of the Marks; and (ii) in full compliance with our standards and all other terms of this Franchise Agreement and the Brand Standards Manual. Any required standards exist to protect our interests in the System and the Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you. The required standards generally will be set forth in the Brand Standards Manual or other written materials. The Brand Standards Manual also will include guidelines or recommendations in addition to required standards. In some instances, the required standards will include recommendations or guidelines to meet the required standards. You may follow the recommendations or guidelines or some other suitable alternative, provided you meet and comply with the required standards. In other instances, no suitable alternative may exist. In order to protect our interests in the System and Marks, we reserve the right to determine if you are meeting a required standard and whether an alternative is suitable to any recommendations or guidelines.

12.2. Brand Standards Manual. You agree to establish and operate your Sweet Factory Business in accordance with the Brand Standards Manual. The Brand Standards Manual may contain, among other things: (i) a description of the authorized products and services that you may offer at your Sweet Factory Business; (ii) mandatory and suggested specifications, operating procedures and quality standards for goods, products and services that you use or offer at your Sweet Factory Business; (iii) policies and procedures that we prescribe from time to time for our franchisees; (iv) mandatory reporting and insurance requirements; (v) mandatory and suggested specifications for your Sweet Factory Store or Kiosk; (vi) policies and procedures pertaining to any gift card program that we establish; and (vii) a written list of furniture, fixtures, equipment, products and services (or specifications for such items) you must purchase for the development and operation of your Sweet Factory Business and a list of any designated or approved suppliers for such items. The Brand Standards Manual is designed to establish and protect our brand standards and the uniformity and quality of the products and services offered by our franchisees. We can modify the Brand Standards Manual at any time, but such modifications will not alter your rights under this Franchise Agreement. The modifications will become binding immediately when we send you notice of the modification. All mandatory provisions contained in the Brand Standards Manual (whether they are included now or in the future) are binding on you. If your copy of the Brand Standards Manual is lost, stolen, destroyed, or significantly damaged you will be required to pay us \$500.

12.3. Authorized Products and Services. You agree to offer all products and services that we require from time to time. You may not offer any other products or services at your Sweet Factory Business without our prior written permission. You may not use your Sweet Factory Store or Kiosk or permit your Sweet Factory Store or Kiosk to be used for any purpose other than offering the products and services that we authorize. We may, without obligation to do so, add, modify or delete authorized products and services, and you must do the same upon notice from us. Our addition, modification, or deletion of one

or more products or services shall not constitute a termination of the Franchise or this Franchise Agreement. You will not enter into any agreements with any third parties that can process orders for you on your behalf.

12.4. Suppliers and Purchasing. You agree to purchase or lease all products, supplies, equipment, services, and other items specified in the Brand Standards Manual. If required by the Brand Standards Manual, you agree to purchase certain products and services only from suppliers designated or approved by us (which may include, or be limited exclusively to, us or our affiliates). You agree to use the ordering system or service provider designated by us and to pay all ordering or service fees associated with such orders assessed by our approved or designated suppliers. You acknowledge that our right to specify the suppliers that you may use is necessary and desirable so that we can control the uniformity and quality of products and services used, sold, or distributed in connection with the development and ongoing operation of your Sweet Factory Store or Kiosk, maintain the confidentiality of our trade secrets, obtain discounted prices for our franchisees if we choose to do so, and protect the reputation and goodwill associated with the System and the Marks. If we receive rebates or other financial consideration from these suppliers based upon your purchases or any other of our franchisee's purchases, we have no obligation to pass these amounts on to you or to use them for your benefit. If you want us to approve a supplier, service or product that you propose, you must send us a written notice specifying the supplier's name and qualifications or product information and provide any additional information that we request. We will approve or reject your request within 30 days after we receive your notice and all additional information (and samples) that we require. We shall be deemed to have rejected your request if we fail to issue our approval within the 30 day period. You must reimburse us for all costs and expenses that we incur in reviewing a proposed supplier within ten days after invoicing.

12.5. Equipment Maintenance and Changes. You agree to maintain all of your equipment in good condition and promptly replace or repair any equipment that is damaged, worn out, or obsolete. We may require that you add new equipment or change, upgrade or replace your equipment, which may require you to make additional investments. You acknowledge that our ability to require franchisees to make significant changes to their equipment is critical to our ability to administer and change the System, and you agree to comply with any such required change within the time period that we reasonably prescribe.

12.6. Software and Technology. You will, at your expense, purchase and maintain any point-of-sale system, cash register, computer hardware and software, communication equipment, communication services, Internet services (including the requirement to maintain a high-speed internet connection), dedicated telephone and power lines, modems, printers, and other related accessories or peripheral equipment that we may specify for use in the Sweet Factory Business. You will provide any assistance we require to connect your point-of-sale system or computer system with our computer system. We will have the right at any time to retrieve data and other information from your point-of-sale system or computer system as we, in our sole discretion, deem necessary or desirable. You shall ensure that we have access at all times to your point-of-sale system, at your cost. You must provide us with any and all codes, passwords and information necessary to access your computer network. You must receive our prior approval before changing such codes, passwords and other necessary information. You will strictly comply with the policies and procedures specified in the Brand Standards Manual for all items associated with your point-of-sale system, computer system and communication equipment and services. You will keep the point-of-sale system, computer system and communication equipment in good maintenance and repair, and you will promptly install, at your expense, any additions, changes, modifications or substitutions to your point-of-sale system, computer hardware, software, communication equipment, telephone and power lines, and other related accessories or peripheral equipment, as we may specify periodically. We may require that you license from us proprietary software for use in the Sweet Factory Business, and, if so, you will sign the software license agreement we specify, and you will comply with all of its terms and conditions. You will utilize the point-of-sale system, computer system and communication equipment and services in connection

with the Sweet Factory Business pursuant to our policies and procedures as contained in the Brand Standards Manual. You are required to pay the then-current monthly technology fee to our approved supplier in accordance on the first day of each month (or such other time as we may specify) for the use of certain technologies used in the operation of your Sweet Factory Store or Kiosk such as email address, location website and intranet/extranet costs. We reserve the right to upgrade, modify, and add new systems and software. You will be responsible for any increase in fees that result from any upgrades, modifications, or additional systems or software. You are required to purchase or license and use our then-current POS system and pay any applicable support fee for POS license and support to our designated vendor. We reserve the right to: (i) require you to license or purchase certain business solutions and software that will support your business efficiencies including security systems, phone systems, scheduling software, employee shift/task management software, back office financial software, music subscription, inventory solutions and other solutions; (ii) upgrade, modify and add new solutions, software and technologies; (iii) reserve the right to change or add approved suppliers of these services at any time in our sole discretion; and (iv) increase or decrease technology and licensing and expenses that you are required to pay under this Franchise Agreement upon 30 days written notice to you. You acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Franchise Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we will have the right to establish, in writing, reasonable new standards for the implementation of technology in the System and you agree to comply with those reasonable new standards that we establish as if we periodically revised this Section for that purpose. There is no limitation on the frequency and cost of your obligation to maintain, update or upgrade your computer system or its components. It is your responsibility to make sure that you are in compliance with all laws that are applicable to the computer system, your point-of-sale system, or other technology used in the operation of your Sweet Factory Business, including all data protection or security laws as well as Payment Card Industry compliance.

12.7. Maintenance. You agree to maintain your Sweet Factory Store or Kiosk in good order and condition, reasonable wear and tear excepted, and make all necessary repairs, including replacements, renewals, and alterations at your sole expense, to comply with our standards and specifications. Without limiting the generality of the foregoing, you agree to take the following actions at your sole expense: (i) thorough cleaning, repainting, and redecorating of the interior and exterior of the Sweet Factory Store or Kiosk at the intervals we may prescribe (or at such earlier times that such actions are required or advisable); and (ii) interior and exterior repair of the Sweet Factory Store or Kiosk as needed. You agree to comply with any maintenance, cleaning, or facility upkeep schedule that we prescribe from time to time.

12.8. Remodeling. You agree to remodel and make all improvements and alterations to your Sweet Factory Store or Kiosk that we reasonably require from time to time to reflect our then-current image, appearance, and facility specifications. There is no limitation on the cost of any remodeling that we may require. You will not install or permit to be installed on or about the Sweet Factory Store or Kiosk premises any furnishings, fixtures, equipment, signs, décor, ATM machines, vending machines, video games, juke boxes, public telephone or other type of vending machine, whether or not coin operated, or the like that we have not previously approved. The revenues you receive from any approved machines shall be included in your Gross Sales. You may not remodel or significantly alter your Sweet Factory Store or Kiosk without our prior written approval, which will not be unreasonably withheld. However, we will not be required to approve any proposed remodeling or alteration if the same would not conform to our then-current standards, specifications, or image requirements. You agree to complete any remodel of the Sweet Factory Store or Kiosk within nine months after receiving our written request specifying the requirements. Except for maintenance under Section 12.7, we will not require that you remodel the Sweet Factory Store or Kiosk more than once every five years.

12.9. Hours of Operation. You must keep your Sweet Factory Store or Kiosk open for the minimum hours of operation as specified in the Brand Standards Manual, which may change over the Term. Your Sweet Factory Business must be open every day of the year other than federal holidays, unless otherwise agreed to by us. You must establish specific hours of operation and submit those hours to us for approval.

12.10. Customer Complaints. If you receive a customer complaint, you must follow the complaint resolution process that we specify to protect the goodwill associated with the Marks. You must reimburse us for the reasonable costs we incur for responding to a customer complaint, including the value of any gift card, refund or other value we provide to the customer as part of addressing the issue.

12.11. Store or Kiosk Audit. At any time, we reserve the right to engage the services of one or more mystery shoppers or quality assurance inspection firms who will inspect your Sweet Factory Store or Kiosk for quality control purposes. These inspections may address a variety of issues, including, but not limited to, customer service, sanitation, and inventory rotation. You agree to fully cooperate with any such inspection. If we implement such a program, you may be invoiced directly by the mystery shopper or quality assurance firm for the services rendered. Alternatively, we may be invoiced by the mystery shopper or quality assurance firm, in which case you must pay your proportional share of the total fee based on number of inspections performed. You agree to pay us this fee within ten days after invoicing. If you fail a store or kiosk audit, we will require you to undergo an additional store or kiosk audit at your own expense within 45 days.

12.12. Failure to Comply with Standards. You acknowledge the importance of every one of our standards and operating procedures to the reputation and integrity of the System and the goodwill associated with the Marks.

12.13. Methods of Payment and Data Security. You agree to maintain, at all times, credit card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, loyalty and gift cards, and electronic-fund-transfer systems (together, “Credit Card Vendors”) that we may periodically designate as mandatory. The term Credit Card Vendors includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, Apple Pay and Google Wallet). You agree not to use any Credit Card Vendor for which we have not given you our prior written approval or as to which we have revoked our earlier approval. We have the right to modify our requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke our approval of any service provider. You agree to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see www.pcisecuritystandards.org), or any successor organization or standards that we may reasonably specify. Among other things, you agree to implement the enhancements, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards.

12.14. Crisis Management Event. You agree to notify us immediately by telephone and email upon the occurrence of a Crisis Management Event. We may establish emergency procedures which may require you to temporarily close the Sweet Factory Business to the public, in which case you agree that we will not be held liable to you for any losses or costs.

12.15. Gift and Loyalty Cards. You agree to participate in our gift and loyalty card programs, if any, and agree to make gift and loyalty cards available for purchase and redemption at your Sweet Factory Store or Kiosk.

12.16. Privacy. You agree to comply with all applicable laws pertaining to the privacy of customer, employee, and transactional information (“Privacy Laws”). You also agree to comply with our standards and policies pertaining to Privacy Laws.

12.17. Music & Vending. You agree to only play the music selections and purchase the music equipment that has been approved by us in writing and in accordance with the Brand Standards Manual. Without our prior approval, you agree not to install any jukeboxes, vending machines, electronic games, ATM machines, newspaper racks, entertainment devices or gambling devices at the Sweet Factory Store or Kiosk and agree to not sell any tickets, subscriptions, chances, raffles or lottery tickets.

12.18. Annual Conferences. You and such other persons employed or contracted by you as we may require, will attend the annual conferences, franchisee meetings, seminars and other gatherings or group sessions (collectively, “Conferences”) we hold. We have the right to determine the topics covered, duration, date and location of all Conferences. You will pay the then-current conference fee we establish for each person attending a Conference (“Conference Fee”) and will also pay the travel expenses and all other expenses incurred by the persons attending the Conference on your behalf. The Conference Fee is payable to us to help defray the cost of attendance at any Conference and is payable regardless of whether or not you attend any given Conference.

13. FEES

13.1. Initial Franchise Fee. You agree to pay us a \$35,000 initial franchise fee (“Initial Franchise Fee”) in one lump sum at the time you sign this Franchise Agreement. The Initial Franchise Fee is fully earned by us and non-refundable once this Franchise Agreement has been signed. The Initial Franchise Fee is in consideration of all of our pre-opening assistance that we provide to allow you to open your Sweet Factory Store or Kiosk and our lost or deferred opportunity to enter into this Franchise Agreement with others, and it offsets some of our expenses for franchisee recruitment. If you purchase the rights to open additional Sweet Factory Businesses, you will sign the area development agreement the form of which is attached to the Franchise Disclosure Documents in Exhibit I and our then-current form of franchise agreement for each Sweet Factory Business you will open.

13.2. Franchise or Development Application Fee. You must pay us an application fee (“Application Fee”) of \$500 per applicant when you submit your application for your Sweet Factory Franchise. The Application Fee is uniform to all individuals applying to purchase a Franchise. If you sign a Franchise Agreement or an area development agreement, we will credit the \$500 towards the Initial Franchise Fee or development fee. If you do not become a Sweet Factory franchisee or area developer for any reason, we will retain \$500 for each person who applied for the Sweet Factory Franchise. You must sign a mutual general release when the refund is paid, which will release any claims which either you or we may have against each other arising out of the application for the Franchise.

13.3. Site Evaluation Fee. We will evaluate one site for your Sweet Factory Business at no charge. You will be required to pay a site evaluation fee (“Site Evaluation Fee”) of \$500 for each any additional sites that you would like us to evaluate. Site Evaluation Fees are due in full at the time you request the evaluation and are non-refundable. We may pay a portion of the Site Evaluation Fee to a third party supplier to support your efforts to find and develop a site.

13.4 Royalty. On Wednesday of each week (or such other date as we designated), you agree to pay us a royalty fee (“Royalty”) equal to 5% of Gross Sales during the previous week (Sunday through Monday). This Royalty is an ongoing payment that allows you to use the Marks and Intellectual Property of the System and pays for our ongoing support and assistance.

13.5. Other Fees and Payments. You agree to pay all other fees, expense reimbursements, and all other amounts specified in this Franchise Agreement in a timely manner as if fully set forth in this Section 13. You also agree to promptly pay us an amount equal to all taxes levied or assessed against us based upon products or services that you sell or based upon products or services that we furnish to you (other than income taxes that we pay based on amounts that you pay us under this Franchise Agreement).

13.6. Late Fee. If any sums due under this Franchise Agreement have not been received by us when due then, in addition to those sums, you must pay us \$100 per occurrence, plus the lesser of the daily equivalent of 18% per year simple interest or the highest rate allowed by law. If no due date has been specified by us, then interest accrues from the original due date until payment is received in full.

13.7. Method of Payment. You must complete and send us an ACH Authorization Form allowing us to electronically debit a banking account that you designate ("Account") for: (i) all fees payable to us pursuant to this Franchise Agreement (other than the Initial Franchise Fee); and (ii) any amounts that you owe to us or any of our affiliates for the purchase of products or services. We will debit your Account for these payments on or after the due date. Our current form of ACH Authorization Form is attached to the Franchise Disclosure Document in Exhibit I-4. You must sign and deliver to us any other documents that we or your bank may require authorizing us to debit your Account for these amounts. You must deposit into the Account all revenues that you generate from the operation of your Sweet Factory Business. You must make sufficient funds available for withdrawal by electronic transfer before each due date. If any check or electronic payment is not successful due to insufficient funds, stop payment or any similar event; any excess amounts that you owe will be payable upon demand, together with a non-sufficient funds fee, of \$100 per occurrence plus the lesser of the daily equivalent of 18% per year simple interest or the highest rate allowed by law, and any late charge imposed pursuant to Section 13.5. If you make any payment to us or our affiliate(s) by credit card for any fee required, we may charge a service charge of up to four percent (4%) of the total charge.

13.8. Payment Frequency. We reserve the right to periodically specify (in the Brand Standards Manual or otherwise in writing) different payment frequencies (for example weekly/biweekly/monthly payments) for any payment due to us or our affiliates.

13.9. Application of Payments. We have sole discretion to apply any payments from you to any past due indebtedness of yours or in any other manner we feel appropriate. We will not be bound by any instructions for allocation you specify.

13.10. Payment Obligations. Your obligations to pay us the fees under this Franchise Agreement are absolute and unconditional, and will remain in full force and effect throughout the entire duration of this Franchise Agreement, and shall continue for such period of time thereafter as you owe us fees under this Franchise Agreement. You will have no right to offset any fees paid to us and must pay us all fees regardless of any claims you may have against us. We will have the right, at any time before or after termination of this Franchise Agreement, without notice to you, to offset any amounts or liabilities that you may owe to us against any amounts or liabilities that we may owe you under this Franchise Agreement or any other agreement, loan, transaction or relationship between the parties.

14. BRAND PROTECTION COVENANTS

14.1. Reason for Covenants. You acknowledge that the Intellectual Property and the training and assistance that we provide would not be acquired except through implementation of this Franchise Agreement. You also acknowledge that competition by you, the Owners, or persons associated with you or the Owners (including family members) could seriously jeopardize the entire System because

you and the Owners have received an advantage through knowledge of our day-to-day operations and Confidential Information related to the System. Accordingly, you and the Owners agree to comply with the covenants described in this Section to protect the Intellectual Property and our System.

14.2. Our Confidential Information. You will use the Confidential Information only in the operation of the Sweet Factory Business, and you will not disclose Confidential Information to others, except as expressly authorized by this Franchise Agreement. You will take all appropriate actions to preserve the confidentiality of all Confidential Information, including keeping the Brand Standards Manual in a secure location. Access to Confidential Information must be limited to only your employees or independent contractors who need the Confidential Information to perform their jobs and who are subject to your general policy on maintaining confidentiality as a condition of employment or who have first signed our System Protection Agreement or Confidentiality Agreement (the forms of which are attached to the Franchise Disclosure Document in Exhibit I). You will not copy or permit copying of Confidential Information. Your obligations under this section begin when you sign this Franchise Agreement and continue for trade secrets as long as they remain secret, and, for other Confidential Information, for as long as we continue to use the information in confidence (even if edited or revised) plus three years. We will respond promptly and in good faith to any inquiry by you about continued protection of any Confidential Information.

All data that you collect, create, provide or otherwise develop (including, but not limited to customer information) is (and will be) owned exclusively by us, and we will have the right to use such data in any manner that we deem appropriate without compensation to you. Copies and/or originals of such data must be provided to us upon our request. We hereby license use of such data back to you, at no additional cost, solely for the term of this Franchise Agreement and solely for your use in connection with the Sweet Factory Business. You agree to provide us with the information that we reasonably require with respect to data and cybersecurity requirements. You agree to indemnify us for any loss of data including, but not limited to customer information, resulting from a breach of such data caused, in whole or in part, by you.

The restrictions on the disclosure and use of the Confidential Information will not apply to disclosure of Confidential Information: (i) made in confidence to a government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; (ii) made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; or (iii) made in cases of suit for retaliation based on the reporting of a suspected violation of law, disclosure of Confidential Information to an attorney and for use of the Confidential Information in such court proceeding, so long as any document containing the Confidential Information is filed under seal and Confidential Information is not otherwise disclosed except pursuant to court order.

14.3. Competition during Term. You and the Owners agree not to compete with us during the Term by engaging in any of the following activities ("Prohibited Activities"): (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent, or in any similar capacity) in any Competitive Business, other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business; (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); or (iii) inducing any customer of ours (or of one of our affiliates' or franchisees') to transfer their business to you or to any other person that is not then a franchisee of ours.

14.4. Competition after Term. During the Post-Term Restricted Period, you and the Owners agree not to engage in any Prohibited Activities. Notwithstanding the foregoing, you and the Owners may have an interest in a Competitive Business during the Post-Term Restricted Period as long as the Competitive Business is not located within, and does not provide competitive products or services to customers who are located within the Restricted Territory. If you or an Owner engages in a Prohibited

Activity during the Post-Term Restricted Period (other than having an interest in a Competitive Business that is permitted under this Section), then the Post-Term Restricted Period applicable to you or the non-compliant Owner shall be extended by the period of time during which you or the non-compliant Owner, as applicable, engaged in the Prohibited Activity.

14.5. Employees and Others Associated with You. Any Designated Manager and, if you are an Entity, any officer that does not own equity in you must sign our System Protection Agreement, the form of which is attached to the Franchise Disclosure Document in Exhibit I. You must ensure that all of your employees, officers, directors, partners, members, independent contractors, and other persons associated with you or your Sweet Factory Business who may have access to our Confidential Information, and who are not required to sign a System Protection Agreement, sign and send us a Confidentiality Agreement, the form of which is attached to the Franchise Disclosure Document in Exhibit I, before having access to our Confidential Information. You must use your best efforts to ensure that these individuals comply with the terms of the Confidentiality Agreements and System Protection Agreements, and you must immediately notify us of any breach that comes to your attention. You agree to reimburse us for all reasonable expenses that we incur in enforcing a Confidentiality Agreement or System Protection Agreement, including reasonable attorney fees and court costs.

14.6. Covenants Reasonable. You and the Owners acknowledge and agree that: (i) the terms of this Franchise Agreement are reasonable both in time and in scope of geographic area; (ii) our use and enforcement of covenants similar to those described above with respect to other Sweet Factory franchisees benefits you and the Owners in that it prevents others from unfairly competing with your Sweet Factory Business; and (iii) you and the Owners have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Franchise Agreement. You and the Owners hereby waive any right to challenge the terms of this Section 14 as being overly broad, unreasonable, or otherwise unenforceable.

14.7. Breach of Covenants. You and the Owners agree that failure to comply with the terms of this Section 14 will cause substantial and irreparable damage to us and/or other Sweet Factory franchisees for which there is no adequate remedy at law. Therefore, you and the Owners agree that any violation of the terms of this Section 14 will entitle us to injunctive relief. We may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Franchise Agreement are exclusive of any other, but may be combined with others under this Franchise Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action that you or an Owner may have against us, regardless of cause or origin, cannot be used as a defense against our enforcement of this Section 14.

14.8. Ownership of Public Companies. Notwithstanding the provisions of this Section 14, you and the Owners will have the right to own up to five percent (5%) of any publicly-held company or mutual fund that owns, operates, has an interest in, or controls any Competitive Business, provided that such company has a class of securities that is publicly traded on a national exchange or quotation system and is subject to the reporting requirements of the Securities Exchange Act of 1934, as amended.

15. YOUR OTHER RESPONSIBILITIES

15.1. Insurance. Before your Sweet Factory Store or Kiosk first opens for business, you will obtain insurance in the types and amounts specified herein. You will maintain all required insurance in force during the term of this Franchise Agreement, and you will obtain and maintain any additional or substituted insurance coverage, limits and amounts as we may periodically require. Your compliance with these insurance provisions does not relieve you of any liability under any indemnity provisions of this Franchise Agreement.

We currently require you to maintain the following insurance coverages: (1) commercial general liability insurance with limits of at least \$2 million per occurrence, at least \$4 million aggregate, and at least \$2 million per person, with \$5,000 per person medical benefits, and a maximum deductible of \$2,500; (2) all risks coverage insurance on all furniture, fixtures, equipment, inventory, supplies and other property used in the operation of the Sweet Factory Store or Kiosk (including flood and/or earthquake coverage where there are known risks) for full replacement value; (3) workers compensation insurance consistent with applicable law; (4) employment practices liability insurance with a limit of at least \$1 million; (5) hired and on-owned automobile coverage with a limit of at least \$1 million; (6) umbrella coverage with a limit of at least \$1 million per occurrence; and (7) cyber coverage encompassing data theft and cybersecurity. Our insurance requirements are subject to change during the term of this Franchise Agreement, and you agree to comply with each such change. You agree to provide us a copy of your Certificate of Insurance, or other proof of coverage prior to opening, within ten days of any renewal of a policy, and at any other time on demand. You agree to obtain these insurance policies from insurance carriers that are rated “A” or better by A.M. Best & Company, Inc. and that are licensed and admitted in the state in which you operate your Sweet Factory Business. All insurance policies (except for employment liability insurance policies) must be endorsed to: (i) name us (and our members, officers, directors, and employees) as additional insureds; (ii) contain a waiver by the insurance carrier of all subrogation rights against us; and (iii) provide that we receive 30 days’ prior written notice of the termination, expiration, cancellation, or modification of the policy. If any of your policies fail to meet these criteria, then we may disapprove the policy and you must immediately find additional coverage with an alternative carrier satisfactory to us. Upon ten days’ notice to you, we may increase the minimum protection requirement as of the renewal date of any policy and require different or additional types of insurance at any time, including excess liability (umbrella) insurance, to reflect inflation, identification of special risks, changes in law or standards or liability, higher damage awards, or other relevant changes in circumstances. If you fail to maintain any required insurance coverage, we have the right to obtain the coverage on your behalf (which right shall be at our option and in addition to our other rights and remedies in this Franchise Agreement), and you must promptly sign all applications and other forms and instruments required to obtain the insurance and pay to us, within ten days after invoicing, all costs and premiums that we incur, plus a 20% administrative surcharge.

15.2. Books and Records. You agree to prepare and maintain at your Sweet Factory Store or Kiosk for at least seven years after their preparation, complete and accurate books, records, accounts, and tax returns pertaining to your Sweet Factory Business. You must send us copies of your books and records within five days of our request.

15.3. Reports. You will prepare written periodic reports, in the forms that we require, containing the information we require about your operations during each reporting period. You will submit all required weekly reports by Wednesday each week for the preceding business week (Sunday through Monday). We may modify the deadline days and times for submission of all reports. You will submit all required semi-monthly reports to us within 15 days after the semi-monthly period to which they relate. You will submit all required monthly reports to us within 15 days after the month to which they relate, and all other reports within the time period required by the Brand Standards Manual. If you do not submit the

monthly reports to us within five days of the request, we will debit your Account a late fee of \$100 per occurrence and \$100 per week until you submit the required report. These fees will be payable to the Brand Fund, if established, or to us. You will prepare and submit other reports and information about your operations as we may reasonably request in writing or as required by the Brand Standards Manual. We may require, at our option, that certain reports you are required to submit be certified as accurate and complete by you, your owners or your chief financial officer, and that certain reports be submitted using the formats and communication media that we specify. If requested by us, your profit and loss statements and balance sheets must be certified by a certified public accountant at your expense and you will cause your certified public accountant, if any, to consult with us concerning such statements and balance sheets at your cost.

15.4. Financial and Tax Statements. You will deliver monthly Financial Statements to us within 20 days of the end of each calendar month, which must be certified by you as complete and accurate. You must also prepare annual Financial Statements within 45 days of the end of your fiscal year. All Financial Statements must be in the form specified by us and must conform to our standard chart of accounts as prescribed by us. During the first year of operation, you must use an accepted accounting service to ensure your compliant preparation of required reports and financial statements. You must also provide us with complete signed copies of all state sales tax returns and state and federal income tax returns covering the operation of the Sweet Factory Business within 30 days of filing. If you do not submit the Financial Statements or tax returns to us by the deadline, you will be required to pay a late fee of \$100 per occurrence and \$100 per week until you submit required Financial Statements or tax returns. These fees will be deposited into the Brand Fund, if established.

15.5. Legal Compliance. You are solely responsible for complying with all tax federal, state and local tax laws, agree to timely pay all applicable federal, state and local taxes tax laws and timely file all returns, notices and other forms required to comply with all federal, state and local tax laws in connection with the operation of the Sweet Factory Business. You will indemnify us for any taxes that arise out of or result from your operation of the Sweet Factory Business. If any franchise, sales or other tax which is based upon the revenues, receipts, sales, business activities or operation of the Sweet Factory Business is imposed on us by any taxing authority, you will reimburse us for all such taxes paid by us within 15 days of receiving an invoice from us for such taxes. You must secure and maintain in force all required licenses, permits, and regulatory approvals for the operation of your Sweet Factory Business and operate and manage your Sweet Factory Business in full compliance with all applicable laws, ordinances, rules, and regulations. You must notify us in writing within three business days of the beginning of any action, suit, investigation, or proceeding, or of the issuance of any order, writ, injunction, disciplinary action, award or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation of your Sweet Factory Business or your financial condition. You must immediately deliver to us a copy of any inspection report, warning, certificate, or rating by any governmental agency involving any health or safety law, rule, or regulation that reflects your failure to fully comply with the law, rule, or regulation.

You and the 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 the Owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and the 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, rules, 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 the Owners, or any blocking of your or the Owners’ assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Franchise Agreement.

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

16. INSPECTION AND AUDIT

16.1. Inspections. To ensure compliance with this Franchise Agreement, we or our representatives will have the right to enter your Sweet Factory Store or Kiosk, evaluate your operations, and inspect or examine your books, records, accounts, and tax returns. Our evaluation may include watching or participating during business hours. We may conduct our evaluation at any time and without prior notice. During the course of our inspections, we and our representatives will use reasonable efforts to minimize our interference with the operation of your Sweet Factory Business, and you, your employees and independent contractors will cooperate and not interfere with our inspection. You consent to us accessing your computer system and retrieving any information that we deem appropriate in conducting the inspection. You agree to pay to us our reasonable costs we incur for conducting on-site inspections of your Sweet Factory Store or Kiosk if we determine that your operations have deviated from the System Standards or determine that you are in violation of this Franchise Agreement as a result of such inspection.

16.2. Audit. We have the right, at any time, to have an independent audit made of your books and financial records. You agree to fully cooperate with us and any third parties that we hire to conduct the audit. Any audit will be performed at our cost and expense unless the audit: (i) is necessitated by your failure to provide the information requested or to preserve records or file reports as required by this Franchise Agreement; or (ii) reveals an understatement of any amount due to us by at least two (2%) percent in any week, in which case you agree to reimburse us for the cost of the audit and inspection, including, without limitation, any amount that you owe us, together with any related expenses and late fee payable pursuant to Section 13.5 and reasonable accounting and legal expenses and travel and lodging expenses that we or our representatives incur. The audit cost reimbursements will be due ten days after invoicing. We shall not be deemed to have waived our right to terminate this Franchise Agreement by accepting reimbursements of our audit costs.

17. INTELLECTUAL PROPERTY

17.1. Ownership and Use of Intellectual Property. You acknowledge that: (i) we are the sole and exclusive owner of the Intellectual Property and the goodwill associated with the Marks; (ii) your right to use the Intellectual Property is derived solely from this Franchise Agreement; and (iii) your right to use the Intellectual Property is limited to a license granted by us to operate your Sweet Factory Business during the Term pursuant to, and only in compliance with, this Franchise Agreement, the Brand Standards Manual, and all applicable standards, specifications, and operating procedures that we prescribe from time to time. You may not use any of the Intellectual Property in connection with the sale of any unauthorized product or service, or in any other manner not expressly authorized by us. Any unauthorized use of the Intellectual Property constitutes an infringement of our rights. You agree to comply with all provisions of the Brand Standards Manual governing your use of the Intellectual Property. This Franchise Agreement does not confer to you any goodwill, title, or interest in any of the Intellectual Property.

17.2. Changes to Intellectual Property. We have the right to modify the Intellectual Property at any time in our sole and absolute discretion, including by changing the Marks, the System, the Copyrights, or the Confidential Information. If we modify or discontinue use of any of the Intellectual Property, then you must comply with any such instructions from us within 30 days at your expense. We will not be liable to you for any expenses, losses, or damages that you incur (including the loss of any goodwill associated with a Mark) because of any addition, modification, substitution, or discontinuation of the Intellectual Property.

17.3. Use of Marks. You agree to use the Marks as the sole identification of your Sweet Factory Business; provided, however that you must identify yourself as the independent owner of your Sweet Factory Business in the manner that we prescribe. You may not use any Marks in any modified form or as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos licensed to you by this Franchise Agreement). You agree to: (i) prominently display the Marks on or in connection with any media advertising, promotional materials, posters and displays, receipts, stationery, and forms that we designate and in the manner that we prescribe to give notice of trade and service mark registrations and copyrights; and (ii) obtain any fictitious or assumed name registrations required under applicable law. You may not use the Marks in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument, or other legal obligation or in any manner that is likely to confuse or result in liability to us for any indebtedness or obligation of yours.

17.4. Use of Confidential Information. We will disclose the Confidential Information to you in the initial training program, the Brand Standards Manual, and in other guidance furnished to you during the Term. You agree that you will not acquire any interest in the Confidential Information other than the right to utilize it in strict accordance with the terms of this Franchise Agreement in the development and operation of your Sweet Factory Business. You acknowledge that the Confidential Information is proprietary and is disclosed to you solely for use in the development and operation of your Sweet Factory Business during the Term.

17.5. Improvements. If you conceive of or develop any improvements or additions to the marketing, method of operation, or the products or services offered by a Sweet Factory Business (collectively, “Improvements”), you agree to promptly and fully disclose the Improvements to us without disclosing the Improvements to others. You must obtain our approval prior to using any such Improvements. Any Improvement that we approve may be used by us and any third parties that we authorize to operate a Sweet Factory Franchise, without any obligation to pay you royalties or other fees. You must assign to us or our designee, without charge, all rights to any such Improvement, including the right to grant sublicenses. In return, we will authorize you to use any Improvements that we or other franchisees develop that we authorize for general use in connection with the operation of a Sweet Factory Business.

17.6. Notification of Infringements and Claims. You must notify us within three business days of any: (i) apparent infringement of any of the Intellectual Property; (ii) challenge to your use of any of the Intellectual Property; or (iii) claim by any person of any rights in any of the Intellectual Property. You may not communicate with any person other than us and our counsel in connection with any such infringement, challenge, or claim. We will have sole discretion to take such action as we deem appropriate. We have the right to exclusively control any litigation, Patent and Trademark Office proceeding, or other proceeding arising out of any such infringement, challenge, or claim. You agree to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of our counsel, be necessary or advisable to protect and maintain our interest in any such litigation, Patent and Trademark Office proceeding, or other proceeding, or to otherwise protect and maintain our interest in the Intellectual Property.

18. INDEMNITY. You agree to indemnify the Indemnified Parties and hold them harmless for, from, and against any and all Losses and Expenses incurred by any of them as a result of or in connection with any of the following: (i) the marketing, use, or operation of your Sweet Factory Business or any other use of the Sweet Factory Store or Kiosk, including the preparation and sale of any product sold in the Sweet Factory Store or Kiosk, or your performance and/or breach of any of your obligations under this Franchise Agreement; (ii) any Claim relating to taxes or penalties assessed by any governmental entity against us that are directly related to your failure to pay or perform functions required of you under this Franchise Agreement; (iii) any labor, employment, or similar type of Claim pertaining to your employees, including claims alleging that we are a joint employer of your employees; (iv) any actions, investigations, rulings, or proceedings conducted by any state or federal agency relating to your employees, including, without limitation, the United States Department of Labor, the Equal Employment Opportunity Commission, and the National Labor Relations Board; (v) your failure to pay the monies payable to any Indemnified Party pursuant to this Franchise Agreement, or to do and perform any other act, matter, or thing required by this Franchise Agreement; or (vi) any action by an Indemnified Party to obtain performance by you of any act, matter, or thing required by this Franchise Agreement. You and the Owners agree to give us notice of any action, suit, proceeding, claim, demand, inquiry, or investigation described above. The Indemnified Parties shall have the right, in their sole discretion to: (A) retain counsel of their own choosing to represent them with respect to any Claim; and (B) control the response thereto and the defense thereof, including the right to enter into an agreement to settle such Claim. You may participate in such defense at your own expense. You agree to give your full cooperation to the Indemnified Parties in assisting the Indemnified Parties with the defense of any such Claim, and to reimburse the Indemnified Parties for all of their costs and expenses in defending any such Claim, including court costs and reasonable attorney fees, within ten days of the date of each invoice delivered by such Indemnified Party to you enumerating such costs, expenses, and attorney fees.

19. TRANSFERS

19.1. By Us. You acknowledge that we maintain a staff to manage and operate the System and that staff members can change as employees come and go. You acknowledge that you did not sign this Franchise Agreement in reliance on the continued participation by or employment of any of our shareholders, directors, officers, or employees. We may change our ownership or form and/or assign this Franchise Agreement and any other agreement to a third party without restriction. After our assignment of this Franchise Agreement to a third party who expressly assumes the obligations under this Franchise Agreement, we no longer will have any performance or the other obligations under this Franchise Agreement. This Franchise Agreement and any other agreement will inure to the benefit of any transferee or other legal successor to our interest in it. We may also delegate some or all of our obligations under this Franchise Agreement to one or more persons without assigning this Franchise Agreement.

19.2. By You. You understand that the rights and duties created by this Franchise Agreement are personal to you and the Owners and that we have granted the Franchise in reliance upon the individual or collective character, skill, aptitude, attitude, business ability, and financial capacity of you and the Owners. Because this Franchise Agreement is a personal services contract, neither you nor any Owner may engage in any Transfer without our prior written approval. Any Transfer without our approval shall be void and constitute a breach of this Franchise Agreement. We will not unreasonably withhold our approval of any proposed Transfer, provided that the following conditions are all satisfied:

(i) you have provided us with written notice of the proposed Transfer at least 45 days prior to the transaction;

(ii) the proposed transferee is, in our opinion, an individual of good moral character who has sufficient business experience, aptitude, and financial resources to own and

operate a Sweet Factory Business and otherwise meets all of our then-applicable standards for franchisees;

(iii) all of your monetary obligations to us have been paid in full and you and the Owners are in full compliance with the terms of this Franchise Agreement and all other agreements with us or our affiliate;

(iv) all of the owners of the transferee have successfully completed, or made arrangements to attend, the initial training program (and the transferee has paid us the training fee for each new person who must attend training);

(v) your landlord consents to your assignment of the lease to the transferee, or the transferee is diligently pursuing an approved substitute location within the Protected Area;

(vi) the transferee and its owners, to the extent necessary, have obtained all licenses and permits required by applicable law in order to own and operate the Sweet Factory Business;

(vii) the transferee and its owners sign our then-current form of franchise agreement and related documents, including but limited to our then-current form of Owner's Agreement or other guaranty (unless we, in our sole discretion, instruct you to assign this Franchise Agreement to the transferee), except that: (a) the Term and renewal term(s) shall be the Term and renewal term(s) remaining under this Franchise Agreement; and (b) the transferee need not pay a separate initial franchise fee;

(viii) you must remodel your Sweet Factory Store or Kiosk in accordance with Section 12.8 to comply with our then-current standards and specifications, or you obtain a written commitment from the transferee to do so;

(ix) you or the transferee pays us a transfer fee equal of \$5,000 plus the cost of initial training. An administrative fee of \$500 is imposed for transfers to entities you own. You will pay the transfer fee to us as follows: (1) \$1,000 non-refundable deposit at the time of your transfer application request, and (2) the remaining balance shall be due at or before the time that you consummate the approved transfer;

(x) you and the Owners sign a General Release for all claims arising before or contemporaneously with the Transfer;

(xi) you enter into an agreement with us to subordinate the transferee's obligations to you to the transferee's financial obligations owed to us pursuant to the franchise agreement;

(xii) we do not elect to exercise our right of first refusal described in Section 19.5;

(xiii) you or the transferring Owner, as applicable, and the transferee have satisfied any other conditions we reasonably require as a condition to our approval of the Transfer; and

(xiv) you must reimburse us for our costs that we incur as a result of the Transfer including but not limited to attorney's fees, broker fees, commissions, placement fees, finder's fees, or similar charges.

Our consent to a Transfer shall not constitute a waiver of any claims we may have against you or the Owners, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of the franchise agreement by the transferee.

19.3. Transfer to an Entity. If you are an individual or general partnership, you may transfer your ownership interests to an Entity provided that the Owner or Owners of the Entity are the same persons who signed this Franchise Agreement and comply with all conditions set forth in Section 19.2. Our right of first refusal in Section 19.5 will not apply for a transfer conducted under this Section 19.3 and you must pay an administrative fee of \$500 plus reimburse us for all of our fees and costs, including attorney fees, associated with your transfer to the Entity.

19.4. Death or Disability of an Owner. Upon the death or disability of an Owner, the Owner's ownership interest in you or the Franchise, as applicable, must be assigned to another Owner or to a third party approved by us within 180 days of such Owner's death or disability, as the case may be. For purposes of this Section, an Owner is deemed to have a disability only if the person has a medical or mental illness, problem or incapacity that would prevent the person from substantially complying with his or her obligations under this Franchise Agreement or otherwise operating the Sweet Factory Business in the manner required by this Franchise Agreement and the Brand Standards Manual for a continuous period of at least 90 consecutive calendar days, and from which condition recovery within 90 days from the date of determination of disability is unlikely. If the parties disagree as to whether a person is disabled, the existence of disability will be determined by a licensed practicing physician selected by us, upon examination of the person; or if the person refuses to submit to an examination, then (for the purpose of this Section 19.4) the person automatically will be considered disabled as of the date of refusal. Your estate or legal representative must apply to us for the right to transfer to the next of kin within 120 calendar days after your or your Owner's death or disability. We may appoint an Interim Manager and charge you the applicable fee under Section 8.4 if the death or disability of any Owner or ownership interest in you or the Franchise has any impact on the Sweet Factory Business.

19.5. Our Right of First Refusal. If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain a bona fide, signed written offer from the fully disclosed purchaser and submit an exact copy of the offer to us. We will have 30 days after receipt of the offer to decide whether we will purchase the Sweet Factory Business. If we notify you that we intend to purchase the business within such 30-day period, you or the Owner, as applicable, must sell the Sweet Factory Business to us on the same terms as are contained in the offer that you received provided that we may substitute cash for any non-cash form of payment proposed in the offer. We will have at least an additional 30 days to conduct a due diligence review and to prepare for closing. You agree to provide us with all information and records that we request concerning the Sweet Factory Business and we will have the absolute right to terminate the obligation to purchase the Sweet Factory Business for any reason during the due diligence period. You and we will act in good faith to agree on the terms and conditions of the written offer and closing will take place on the 61st day following receipt of your offer. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you as the seller of the assets or the Owner as the seller of the ownership interest or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to and on the terms of the offer, subject to the requirements of Section 19.2 (including our approval of the transferee). However, if the sale to the purchaser is not completed within 180 days after delivery of the offer to us, or there is a material change in the terms of the sale, we will again have the right of first refusal specified in this Section.

20. TERMINATION

20.1. By You. You may terminate this Franchise Agreement if you are in full compliance and we materially breach this Franchise Agreement and fail to cure the breach within 30 days after you send us a written notice specifying the nature of the breach. If you terminate this Franchise Agreement, you must still comply with your post-termination obligations described in Section 21 and all other obligations that survive the expiration or termination of this Franchise Agreement.

20.2. Termination by Us without Cure Period. We may, in our sole discretion, terminate this Franchise Agreement immediately upon written notice to you, without opportunity to cure, for any of the following reasons, all of which constitute material events of default under this Franchise Agreement:

- (i) if you or your Operating Principal fails to satisfactorily complete the initial training program;
- (ii) if you fail to obtain our approval of your site within the time period required;
- (iii) if you fail to secure a fully executed lease and Lease Addendum within the time period required;
- (iv) if you fail to open your Sweet Factory Business within the time period required;
- (v) if you become insolvent by reason of your inability to pay your debts as they become due or you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution, or composition or other settlement with creditors under any law, or are the subject of an involuntary bankruptcy (which may or may not be enforceable under the Bankruptcy Reform Act of 1978);
- (vi) if your Sweet Factory Business, or a substantial portion of the assets associated with your Sweet Factory Business, are seized, taken over, or foreclosed by a government official in the exercise of his or her duties, or seized, taken over, or foreclosed by a creditor, lienholder, or lessor; or a final judgment against you remains unsatisfied for 30 days (unless a supersedes or other appeal bond has been filed); or a levy of execution has been made upon the license granted by this Franchise Agreement or upon any property used in your Sweet Factory Business, and it is not discharged within five days of the levy;
- (vii) if you abandon or fail to operate your Sweet Factory Business for three consecutive business days, unless the failure is due to an event of force majeure or another reason that we approve;
- (viii) if a regulatory authority suspends or revokes a license or permit held by you or an Owner that is required to operate the Sweet Factory Business, even if you or the Owner still maintain appeal rights;
- (ix) if you or an Owner: (a) is convicted of or pleads no contest to a felony, a crime involving moral turpitude, or any crime which impairs the reputation of the System or the goodwill associated with the Marks; (b) is subject to any material administrative disciplinary action;

or (c) fails to comply with any material federal, state, or local law, rule or regulation applicable to your Sweet Factory Business;

(x) if you or an Owner commits an act that can reasonably be expected to adversely affect the reputation of the System or the goodwill associated with the Marks;

(xi) if you manage or operate your Sweet Factory Business in a manner that presents a health or safety hazard to your customers, employees, or the public;

(xii) if you or an Owner make any material misrepresentation to us, whether occurring before or after being granted the Franchise;

(xiii) if you fail to pay any amount owed to us or an affiliate of ours within ten days after receipt of a demand for payment;

(xiv) if you underreport any amount owed to us by at least 2%, after having already committed a similar breach that had been cured;

(xv) if you make an unauthorized Transfer;

(xvi) if you make an unauthorized use of the Intellectual Property;

(xvii) if you breach any of the brand protection covenants;

(xviii) if any Owner, or the spouse of any Owner, breaches an Owners Agreement;

(xix) you commit a default of any obligation under this Franchise Agreement and have previously received two or more written notices of default from us within the preceding 12 months, regardless of whether any default is cured;

(xx) if the lease for your Sweet Factory Store or Kiosk is terminated due to your default;

(xxi) if you are an entity and you are dissolved;

(xxii) if a final judgment against you in any amount we deem material (but in no event less than \$25,000) remains unsatisfied or of record for 30 days or longer (unless a superseding bond is filed); or

(xxiii) if we terminate any other agreement between you and us or if any affiliate of ours terminates any agreement between you and the affiliate because of your default, except if we terminate an area development agreement with you due to your failure to meet the development schedule set forth therein.

20.3. Additional Conditions of Termination. In addition to our termination rights in Section 20.2, we may, in our sole discretion, terminate this Franchise Agreement upon 30 days' written notice if you or an Owner fails to comply with any other provision of this Franchise Agreement (including any mandatory provision in the Brand Standards Manual) or any other agreement with us, unless such default is cured, as determined by us in our sole discretion, within such 30-day notice period. If we deliver

a notice of default to you pursuant to this Section 20.3, we may suspend performance of any of our obligations under this Franchise Agreement until you fully cure the breach.

20.4. Mutual Agreement to Terminate. If you and we mutually agree in writing to terminate this Franchise Agreement, you and we will be deemed to have waived any required notice period.

20.5. Liquidated Damages. Upon termination of this Franchise Agreement (i) by us due to your material default of this Franchise Agreement or (ii) following your purported termination without cause,, you agree to pay to us within 15 days after the effective date of this Franchise Agreement's termination, in addition to the amounts owed hereunder, liquidated damages equal to the average monthly Royalties and Brand Fund Contribution you paid during the total months of operation preceding the effective date of termination multiplied by (a) 36 , or (b) the number of months remaining in this Franchise Agreement had it not been terminated, whichever is less, but in no case will such damages be less than \$30,000.

You and we acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Franchise Agreement's termination and the loss of cash flow from Royalties due to, among other things, the complications of determining what costs, if any, we might have saved and how much the Royalties would have grown over what would have been this Franchise Agreement's remaining term. You and we consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

The liquidated damages provision only covers our damages from the loss of cash flow from the Royalties. It does not cover any other damages, including damages to our reputation with the public and landlords and damages arising from a violation of any provision of this Franchise Agreement other than the Royalty section. You and each of the 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 Franchise Agreement other than the Royalty section.

21. POST-TERM OBLIGATIONS

21.1. Obligations of You and The Owners. After the termination, expiration, or Transfer of this Franchise Agreement, you and the Owners agree to:

- (i) immediately cease to use the Intellectual Property;
- (ii) pay us all amounts that you owe us;
- (iii) comply with all covenants described in Section 14 that apply after the expiration, termination, or Transfer of this Franchise Agreement or the disposal of an ownership interest by an Owner;
- (iv) return all copies of the Brand Standards Manual, or any portions thereof, as well as all signs, sign faces, brochures, advertising and promotional materials, forms, and any other materials bearing or containing any of the Marks, Copyrights, or other identification relating to a Sweet Factory Business, unless we allow you to transfer such items to an approved transferee;
- (v) return all copies of any software we license to you (and delete all such software from your computer memory and storage);

(vi) take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to your use of any of the Marks;

(vii) make such modifications and alterations to the premises that are necessary or that we require to prevent any association between us or the System and any business subsequently operated by you or any third party at the premises; provided, however, that this subsection shall not apply if your Franchise is transferred to an approved transferee or if we exercise our right to purchase your entire Sweet Factory Business. If you fail to do so, you must pay us any expenses we incur to de-identify your Sweet Factory Business;

(viii) notify all telephone companies, listing agencies, and domain name registration companies (collectively, the “Agencies”) of the termination or expiration of your right to use: (a) the telephone numbers and/or domain names, if applicable, related to the operation of your Sweet Factory Business; and (b) any regular, classified, or other telephone directory listings associated with the Marks (you hereby authorize the Agencies to transfer such telephone numbers, domain names, and listings to us and you authorize us, and appoint us and any officer we designate as your attorney-in-fact to direct the Agencies to transfer the telephone numbers, domain names, and listings to us if you fail or refuse to do so); and

(ix) provide us with satisfactory evidence of your compliance with the above obligations within 30 days after the effective date of the termination, expiration, or Transfer of this Franchise Agreement.

21.2. Right to Purchase Facility and Assets.

21.2.1. Generally. Upon the termination or expiration of this Franchise Agreement, we shall have the right, but not the obligation, to purchase your Sweet Factory Store or Kiosk and/or its assets at fair market value as ascertained by an independent business appraiser. If we elect to exercise this option, the date of determination of the fair market value shall be the effective date of the termination or expiration of this Franchise Agreement (“Appraisal Date”) and, if we elect to make such purchase, we shall give you notice of our intent within 30 days following termination or expiration. We will notify you of the specific items that we wish to purchase (“Acquired Assets”). We may also require that you assign your lease to us at no additional charge.

21.2.2. Selecting Qualified Appraisers. You and we each shall appoint an appraiser with experience appraising businesses comparable to your Sweet Factory Business in the United States (“Qualified Appraiser”). This appointment of the appraisers shall be made within 30 days after the Appraisal Date by giving written notice to the other party of the name and address of the Qualified Appraiser. If either of us fails to appoint a Qualified Appraiser within the 30-day period, the appraisal shall be made by the sole Qualified Appraiser appointed within that period. If each of us shall have appointed a Qualified Appraiser within the 30-day period, then within 30 days after that the two Qualified Appraisers shall appoint a third Qualified Appraiser. If the two Qualified Appraisers fail to agree on the appointment of a third Qualified Appraiser within the 30-day period, then a third Qualified Appraiser shall be appointed by the American Arbitration Association (acting through its office located closest to our corporate headquarters) as promptly as possible after that, upon application by either us or you. Nothing in this provision shall prohibit us and you from jointly approving a single appraiser, nor shall it obligate us or you to do so.

21.2.3. Information for Appraisal. You must furnish to the Qualified Appraisers a copy of your current Financial Statements, as well as your Financial Statements for the prior three years (or the period of time that you have operated your Sweet Factory Business, if less than three

years), together with the work papers and other financial information or other documents or information that the Qualified Appraisers may request. The Qualified Appraisers shall take into account the other information and factors that they deem relevant, but the Qualified Appraisers shall be instructed that there shall be no consideration of goodwill in the determination of fair market value.

21.2.4. Appraisal Process. Within 60 days after the appointment of the third Qualified Appraiser, the three Qualified Appraisers shall appraise the Acquired Assets at fair market value without taking into account any value for goodwill (“Appraised Value”). If the three Qualified Appraisers agree on a single value, then they shall issue a joint report and the Appraised Value shall be the value determined by the agreement of the three Qualified Appraisers. If two of the three Qualified Appraisers agree on a single value, these two Qualified Appraisers shall issue a joint report, and the dissenting Qualified Appraiser may (but need not) issue a separate report, and the value determined by agreement of the two Qualified Appraisers who shall agree shall be the Appraised Value. If none of the Qualified Appraisers are able to agree on a single value, each Qualified Appraiser shall issue a report setting forth the value determined by him or her, and the average of the two values that are closest to each other shall be the Appraised Value. Before the issuance of a report by any Qualified Appraiser, each Qualified Appraiser shall advise the others of the value that will appear in his or her report to ensure that the determination of value made by any Qualified Appraiser is made with knowledge of the values determined by the other Qualified Appraisers. If there shall be only a single Qualified Appraiser (because you or we failed to appoint a Qualified Appraiser within the time provided or because you and we jointly approved a single appraiser), then the Appraised Value shall be the value determined by the single Qualified Appraiser. You and we shall equally bear the cost of the appraisal.

21.2.5. Closing. Once the Appraised Value has been determined, we will have at least 60 days to prepare for the closing. We will be entitled to receive from you all customary representations and warranties given by you as the seller of the Acquired Assets and you must transfer good and clean title to the Acquired Assets, subject to any exceptions agreed to by us. We may deduct from the Appraised Value all amounts owed to us and our affiliates under this Franchise Agreement, any promissory note, and any other agreement between you and us or between you and our affiliates.

22. DISPUTE RESOLUTION.

22.1. Mediation & Arbitration. Except as set forth in Section 22.2, the parties agree to submit any Claim, dispute, or disagreement, including any matter pertaining to the interpretation of this Franchise Agreement or issues relating to the offer and sale of the Franchise or the relationship between the parties and any allegation of fraud, misrepresentation, violation of any state or federal laws, rules or regulations arising under, as a result of or in connection with this Franchise Agreement (“Dispute”) to non-binding mediation before a mutually-agreeable mediator. If the Dispute is not resolved by mediation within 30 days after either party makes a demand for mediation, the parties will submit the Dispute to mandatory and binding arbitration conducted pursuant to the Commercial Arbitration Rules by one arbitrator before the American Arbitration Association. If the American Arbitration Association or its successors are no longer in operation at the time of the Dispute, the parties shall agree to an alternative mediator or arbitrator. If the parties cannot agree, we shall choose an alternate mediator or arbitrator in our sole discretion. We and you will submit any claim that would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the Dispute to which it relates. Any such claim that is not submitted or filed in such proceeding will be barred. The cost of any arbitration fees or costs shall be equally divided between the parties.

The arbitrator will not have authority to award exemplary or punitive damages. The arbitrator will have no authority to add to, delete or modify in any manner the terms and provisions of this Franchise Agreement. The arbitrator must follow the law and must not disregard the terms of this Franchise Agreement. The arbitrator may not consider any settlement discussions or offers that have been made by either you or us. Except for Disputes excluded from mediation and arbitration herein, the arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any Dispute relating to the interpretation, applicability, enforceability or formation of this Franchise Agreement including, but not limited to any claim that all or any part of this Franchise Agreement is void or voidable. All findings, judgments, decisions and awards by the arbitrator shall be final and binding on you and us and the written decision of the arbitrator shall be deemed to be an order, judgment and decree which may be entered by the court of any competent jurisdiction by either party. We and you agree that any mediation and/or arbitration including any findings by any mediator or arbitrator will be confidential, and may not be disclosed except to enforce the determination, judgment or decree or as required by applicable law.

22.2. Disputes Not Subject to Mediation or Arbitration. Notwithstanding the foregoing, the following Disputes will not be subject to mediation or arbitration under Section 22.1 and you or we may immediately file a lawsuit in accordance with this Section 22.2 with respect to any of the following:

- (i) any action that involves an alleged breach of any restrictive covenant under Section 14;
- (ii) any action petitioning specific performance to enforce your use of the Marks or the System or to prevent unauthorized duplication of the Marks or the System;
- (iii) any action for equitable relief, including without limitation, seeking preliminary or permanent injunctive relief, specific performance, or other relief in the nature of equity to enjoin any harm to such party's tangible or intangible party, brought at any time including prior to or during the pendency of any mediation or arbitration proceedings under Section 22.1; or
- (iv) any action in ejectment or for possession of any interest in real or personal property.

22.3. Venue. All Disputes must be mediated and arbitrated in the principal city closest to our principal place of business (currently Orange, California) and must be litigated, if applicable, in the state or federal court in which our principal place of business is located (currently Orange, California) subject to applicable state law. The parties irrevocably waive any objection to such venue.

22.4. Fees and Costs. If we or you must enforce this Franchise Agreement in a judicial or arbitration proceeding, the substantially prevailing party will be entitled to reimbursement of its reasonable costs and expenses, including reasonable accounting and legal fees. In addition, if you breach any term of this Franchise Agreement or any other agreement with us or an affiliate of ours, you agree to reimburse us for all reasonable legal fees and other expenses we incur relating to such breach, regardless of whether the breach is cured prior to the commencement of any dispute resolution proceedings. If there is a mixed decision involving an award of money or money equivalent and equitable relief, the arbitrator will award the above fees to the party that it deems has prevailed over the other party using reasonable business and arbitrator's judgment.

22.5. JURY TRIAL & CLASS ACTION WAIVER. WE AND YOU IRREVOCABLY WAIVE: (i) TRIAL BY JURY; AND (ii) THE RIGHT TO ARBITRATE OR LITIGATE ON A CLASS ACTION BASIS IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THE PARTIES.

22.6. Survival. We and you (and the Owners) agree that the provisions of this Section 22 shall apply during the term of this Franchise Agreement and following the termination, expiration, or non-renewal of this Franchise Agreement. We and you agree to fully perform all obligations under this Franchise Agreement during the entire mediation, arbitration or litigation process.

23. SECURITY INTEREST

23.1. Collateral. You grant to us a security interest (“Security Interest”) in all of the furniture, fixtures, inventory, equipment, signage, and realty (including your interests under all real property and personal property leases) of the Sweet Factory Business, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Sweet Factory Business. All items in which a security interest is granted are referred to as the Collateral.

23.2. Indebtedness Secured. The Security Interest is to secure payment of the following (the “Indebtedness”):

- (i) All amounts due under this Franchise Agreement or otherwise by you;
- (ii) All sums which we may, at our option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness;
- (iii) All expenses, including reasonable attorney fees, which we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the Security Interest and this Franchise Agreement; and
- (iv) All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of you to us or third parties under this Franchise Agreement, however created, and specifically including all or part of any renewal or extension of this Franchise Agreement, whether or not you execute any extension agreement or Successor Agreement.

Our security interest, as described herein, shall be subordinated to any financing related to your operation of the Sweet Factory Business, including, but not limited to, a real property mortgage and equipment leases.

23.3. Additional Documents. You will from time to time as required by us join with us in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to us.

23.4. Possession of Collateral. Upon default and termination of your rights under this Franchise Agreement, we shall have the immediate right to possession and use of the Collateral.

23.5. Our Remedies in Event of Default. You agree that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options, duties, and remedies of a secured party under, and you shall have the rights and duties of a debtor under, the Uniform Commercial Code (or other applicable law), including, without limitation, our right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by us in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above.

23.6. Special Filing as Financing Statement. This Franchise Agreement shall be deemed a Security Agreement and a Financing Statement. This Franchise Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

24. YOUR REPRESENTATIONS. YOU HEREBY REPRESENT THAT: (i) YOU HAVE NOT RECEIVED OR RELIED UPON ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS, OR SUCCESS OF THE SWEET FACTORY BUSINESS CONTEMPLATED BY THIS FRANCHISE AGREEMENT, EXCEPT FOR ANY INFORMATION DISCLOSED IN THE FRANCHISE DISCLOSURE DOCUMENT; (ii) YOU HAVE NO KNOWLEDGE OF ANY REPRESENTATIONS BY US OR ANY OF OUR OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES, OR REPRESENTATIVES ABOUT THE SWEET FACTORY BUSINESS CONTEMPLATED BY THIS FRANCHISE AGREEMENT THAT ARE CONTRARY TO THE TERMS OF THIS FRANCHISE AGREEMENT OR THE FRANCHISE DISCLOSURE DOCUMENT; (iii) YOU RECEIVED OUR FRANCHISE DISCLOSURE DOCUMENT AT LEAST FOURTEEN CALENDAR DAYS BEFORE YOU SIGNED A BINDING AGREEMENT OR PAID ANY MONEY TO US OR OUR AFFILIATES; (iv) YOU ARE AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE FRANCHISEES OF OURS MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT AND CONSEQUENTLY THAT OUR OBLIGATIONS AND RIGHTS WITH RESPECT TO OUR VARIOUS FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES; (v) YOU ARE AWARE OF THE FACT THAT WE MAY HAVE NEGOTIATED TERMS OR OFFERED CONCESSIONS TO OTHER FRANCHISEES AND WE HAVE NO OBLIGATION TO OFFER YOU THE SAME OR SIMILAR NEGOTIATED TERMS OR CONCESSIONS; AND (vi) YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE SWEET FACTORY BUSINESS CONTEMPLATED BY THIS FRANCHISE AGREEMENT AND RECOGNIZE THAT IT INVOLVES BUSINESS RISKS, MAKING THE SUCCESS OF THE VENTURE LARGELY DEPENDENT UPON YOUR OWN BUSINESS ABILITIES, EFFORTS, AND JUDGMENTS, AND THE ABILITIES, EFFORTS AND SERVICES OF YOU AND THOSE YOU EMPLOY.

25. GENERAL PROVISIONS

25.1. Governing Law. Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), this Franchise Agreement and the franchise relationship shall be governed by the laws of the state in which your Sweet Factory Business is located (without reference to its principles of conflicts of law), but any law of that state that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section. Any issue regarding arbitration will be governed by the Federal Arbitration Act and the federal common law of arbitration.

25.2. Relationship of the Parties. You are an independent contractor. You will exercise full and complete control over, and have full responsibility for, all of your contracts, daily operations, labor relations, employment practices and policies, including the recruitment, selection, hiring, disciplining, firing, training, compensation, work rules, and schedules of your employees and independent contractors. You will direct when, where, or how the work is done in the operation of your Sweet Factory Business. We do not insist on particular individuals performing certain work in the Sweet Factory Business; you are free to assign work and roles to anyone you identify as competent and capable of performing such work. We will not assist you in hiring, supervising, or paying any of your workers or such worker's assistants. You are responsible for determining the hours or days your employees and independent contractors work for your Sweet Factory Business, including whether your employees and independent contractors work in full-time or part-time capacities. All employees or independent contractors hired by or working for you will be your employees or independent contractors alone and will not, for any purpose, be deemed our employees or subject to our control, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. You and we will file our own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation payments with respect to our respective employees and operations, and we will save and indemnify one another of and from any liability of any nature whatsoever by virtue thereof. At all times, including in connection with all uses of any of the Marks, in connection with the operation of the Sweet Factory Business, and in connection with all dealings with customers, suppliers, public officials, the general public, and others, you will conspicuously indicate your status as an independent contractor, including in all contracts, advertising, publicity, promotional and other marketing materials, and on any signage and uniforms, and in the manner specified in the Brand Standards Manual or as we otherwise may require. You will not make any express or implied agreements, guarantees or representations, or incur any debt in our name or on our behalf. You will not represent that the relationship between you and us is anything other than a franchise relationship. We will not be obligated by or have any liability under any agreements or representations made by you, and we will not be obligated for any damages to any person or property directly or indirectly arising out of your operation of the Sweet Factory Business.

25.3. Severability and Substitution. Each section, subsection, term, and provision of this Franchise Agreement, and any portion thereof shall be considered severable. If any applicable and binding law imposes mandatory, non-waivable terms or conditions that conflict with a provision of this Franchise Agreement, the terms or conditions required by such law shall govern to the extent of the inconsistency and supersede the conflicting provision of this Franchise Agreement. If a court concludes that any promise or covenant in this Franchise Agreement is unreasonable and unenforceable: (i) the court may modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable; or (ii) we may unilaterally modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable.

25.4. Waivers. We and you may, by written instrument, unilaterally waive or reduce any obligation of or restriction upon the other. Any waiver granted by us shall be without prejudice to any other rights we may have. We and you shall not be deemed to have waived or impaired any right, power, or option reserved by this Franchise Agreement (including the right to demand exact compliance with every term, condition, and covenant in this Franchise Agreement or to declare any breach of this Franchise Agreement to be a default and to terminate the Franchise before the expiration of its term) by virtue of: (i) any custom or practice of the parties at variance with the terms of this Franchise Agreement; (ii) any failure, refusal, or neglect of us or you to exercise any right under this Franchise Agreement or to insist upon exact compliance by the other with its obligations under this Franchise Agreement, including any mandatory specification, standard, or operating procedure; (iii) any waiver, forbearance, delay, failure, or omission by us to exercise any right, power, or option, whether of the same, similar, or different nature,

relating to other Sweet Factory franchisees; or (iv) the acceptance by us of any payments due from you after breach of this Franchise Agreement.

25.5. Approvals. Whenever this Franchise Agreement requires our approval, you must make a timely written request for approval, and the approval must be in writing in order to bind us. Except as otherwise expressly provided in this Franchise Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request. If we deny approval and you seek legal redress for the denial, the only relief to which you may be entitled is to acquire our approval. Except where this Franchise Agreement states that we may not unreasonably withhold our approval or consent, we may withhold such approval or consent in our sole discretion. You are not entitled to any other relief or damages for our denial of approval.

25.6. Force Majeure. If the performance of any obligation by any party under this Franchise Agreement is prevented or delayed by reason of Force Majeure, which cannot be overcome by use of normal commercial measures, the parties shall be relieved of their respective obligations to the extent the parties are respectively necessarily prevented or delayed in such performance during the period of such Force Majeure. As used in this Franchise Agreement, the term “Force Majeure” shall mean any act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), riot, epidemic, fire or other catastrophe, act of any government and any other similar cause not within the control of the party affected thereby. Neither we nor you shall be liable for loss or damage or deemed to be in breach of this Franchise Agreement if our or your failure to perform our or your obligations results from any event of force majeure. Any delay resulting from an event of Force Majeure will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable under the circumstances. The party whose performance is affected by an event of Force Majeure shall give prompt notice of such Force Majeure event to the other party by facsimile, telephone or email (in each case to be confirmed in writing), setting forth the nature thereof and an estimate as to its duration, and shall be liable for failure to give such timely notice only to the extent of damage actually caused by such failure to give timely notice. Notwithstanding the provisions of this Section 25.6, if, as a result of an event of Force Majeure (including condemnation proceedings), you cease to operate the Sweet Factory Store or Kiosk or lose the right to possession of the Sweet Factory Store or Kiosk premises, you shall apply within 30 days after the event of Force Majeure for our approval to relocate and/or reconstruct the Sweet Factory Store or Kiosk. If relocation is necessary, we agree to use our reasonable efforts to assist you in locating an alternative site in the same general area where you can operate a Sweet Factory Store or Kiosk within the System for the balance of the term of this Franchise Agreement. If we assist you, you shall reimburse us for our reasonable out-of-pocket expenses incurred as a result thereof. This provision shall not be construed to prevent you from receiving the full amount of any condemnation award of damages relating to the closing of the Sweet Factory Store or Kiosk; provided, however, that if we or our affiliate is the lessor of the Sweet Factory Store or Kiosk premises, you specifically waive and release any claim you may have for the value of any building, fixtures and other improvements on the premises, whether or not installed or paid for by you, and you agree to subordinate any claim you may have to our claim for such improvements. Selection of an alternative location will be subject to the site approval procedures set forth in Section 7.1 of this Franchise Agreement. Once you have obtained our approval to relocate and/or reconstruct the Sweet Factory Store or Kiosk, you must diligently pursue relocation and/or reconstruction until the Sweet Factory Store or Kiosk is reopened for business.

25.7. You May Not Withhold Payments. You agree that you will not, on grounds of the alleged nonperformance by us of any of our obligations hereunder, withhold payment of any Royalty, Brand Fund Contribution, amounts due to us for purchases by you or any other amounts due to us.

25.8. Binding Effect. This Franchise Agreement is binding upon the parties to this Franchise Agreement and their respective executors, administrators, heirs, assigns, and successors in

interest. Nothing in this Franchise Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Franchise Agreement; provided, however, that the additional insureds listed in Section 15.1 and the Indemnified Parties are intended third party beneficiaries under this Franchise Agreement with respect to Section 18.

25.9. Integration. This Franchise Agreement constitutes the entire agreement between the parties and may not be changed except by a written document signed by both parties. Any email correspondence or other form of informal electronic communication shall not be deemed to modify this Franchise Agreement unless such communication is signed by both parties and specifically states that it is intended to modify this Franchise Agreement. The attachment(s) are part of this Franchise Agreement, which, together with any amendments or addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Franchise Agreement. As referenced above, all mandatory provisions of the Brand Standards Manual are part of this Franchise Agreement, however, notwithstanding the foregoing, we may modify the Brand Standards Manual at any time. Any representations not specifically contained in this Franchise Agreement made before entering into this Franchise Agreement do not survive after the signing of this Franchise Agreement. This provision is intended to define the nature and extent of the parties' mutual contractual intent, there being no mutual intent to enter into contract relations, whether by agreement or by implication, other than as set forth above. The parties acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both parties which, if not addressed as provided in this Franchise Agreement, would affect the economic terms of this bargain. Nothing in this Franchise Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document.

25.10. Covenant of Good Faith. If applicable law implies a covenant of good faith and fair dealing in this Franchise Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Franchise Agreement. Additionally, if applicable law shall imply the covenant, you agree that: (i) this Franchise Agreement (and the relationship of the parties that is inherent in this Franchise Agreement) grants us the discretion to make decisions, take actions, and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Franchise Agreement that may affect favorably or adversely your interests; (ii) we will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees generally (including ourselves and our affiliates if applicable), and specifically without considering your individual interests or the individual interests of any other particular franchisee; (iii) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.

25.11. Rights of Parties are Cumulative. The rights of the parties under this Franchise Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Franchise Agreement will preclude any other right or remedy available under this Franchise Agreement or by law.

25.12. Survival. All provisions that expressly or by their nature survive the termination, expiration, or Transfer of this Franchise Agreement (or the Transfer of an ownership interest in the Franchise) shall continue in full force and effect subsequent to and notwithstanding its termination, expiration, or Transfer, and until they are satisfied in full or by their nature expire, including, without limitation, Section 7, Section 13, Section 14, Section 18, Section 21, Section 22, Section 23 and Section 25.

25.13. Construction. The headings in this Franchise Agreement are for convenience only and do not define, limit, or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Franchise Agreement unless otherwise specified. All references to days in this Franchise Agreement refer to calendar days unless otherwise specified. The term “you” as used in this Franchise Agreement is applicable to one or more persons or an Entity, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.

25.14. Time of Essence. Time is of the essence in this Franchise Agreement and every term thereof.

25.15. Counterparts. This Franchise Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

25.16. Notices. All notices given under this Franchise Agreement must be in writing, delivered by hand, email (to the last email address provided by the recipient), or first-class mail, to the following addresses (which may be changed upon ten business days’ prior written notice):

You: As set forth on Attachment “B”

Us: TRU FRANCHISE, LLC
1590 N. Batavia Street, #2
Orange, California 92867

Notice shall be considered given at the time delivered by hand, or one business day after sending by fax, email, or comparable electronic system, or three business days after placed in the mail, postage prepaid, by certified mail with a return receipt requested.

The parties to this Franchise Agreement have executed this Franchise Agreement effective as of the Effective Date set forth in Attachment “B”.

FRANCHISOR:

TRU FRANCHISE LLC
a California limited liability company

By: _____

Printed Name: _____

Title: _____

FRANCHISEE:

[FRANCHISEE ENTITY]
a [Entity State], [Entity Business Type]

By: _____

Printed Name: _____

Title: _____

ATTACHMENT “A” TO THE TRU FRANCHISE, LLC FRANCHISE AGREEMENT

DEFINITIONS TO THE TRU FRANCHISE, LLC FRANCHISE AGREEMENT

“**Account**” is defined in Section 13.6.

“**Acquired Assets**” is defined in Section 21.2.1.

“**Agencies**” is defined in Section 21.1(viii).

“**Appraisal Date**” is defined in Section 21.2.1.

“**Appraised Value**” is defined in Section 21.2.4.

“**Brand Fund**” is defined in Section 11.1.1.

“**Brand Fund Contribution**” is defined in Section 11.1.2.

“**Brand Standards Manual**” is defined in Section 6.1.

“**Claim**” or “**Claims**” means any and all claims, actions, demands, assessments, litigation, or other form of regulatory or adjudicatory procedures, claims, demands, assessments, investigations, or formal or informal inquiries.

“**Collateral**” is defined in Section 23.1.

“**Competitive Business**” means any store or kiosk that operates a self-service candy and confection retail shop.

“**Confidential Information**” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Sweet Factory Store or Kiosk, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies, and information comprising the System, the Brand Standards Manual, written directives and all drawings, equipment, computer and point-of-sale programs (and output from such programs), and any other information, know-how, techniques, material and data imparted or made available by us to you.

“**Confidentiality Agreement**” means our form of Confidentiality Agreement, the most current form of which is attached to the Franchise Disclosure Document in Exhibit I.

“**Copyrights**” means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow Sweet Factory franchisees to use, sell, or display in connection with the marketing and/or operation of a Sweet Factory Store or Kiosk, whether now in existence or created in the future.

“**Council**” is defined in Section 11.4.

“**Credit Card Vendors**” is defined in Section 12.13.

“**Crisis Management Event**” means any event that occurs at the Sweet Factory Business that has or may cause harm or injury to customers or employees, such as product contamination, product spoilage/poisoning, product tampering/sabotage, contagious diseases, natural disasters, terrorist acts,



shootings, or any other circumstance which may damage the System, Marks, or image or reputation of the Sweet Factory Store or Kiosk or us or our affiliates.

“Designated Manager” is defined in Section 8.2

“Dispute” is defined in Section 22.1.

“Effective Date” is listed in Attachment “B”.

“Entity” means a corporation, partnership, limited liability company or other form of association.

“Financial Statements” means a balance sheet, profit and loss statement, statement of cash flows and explanatory footnotes prepared in accordance with generally accepted accounting principles applied on a consistent basis.

“Franchise” means the right granted to you by us to use the System and the Marks.

“Franchise Agreement” is defined in the Introductory Paragraph.

“General Release” means our current form of general release of all claims against us and our affiliates and subsidiaries, and our and their respective members, officers, directors, agents, and employees, in both their corporate and individual capacities. A copy of our General Release is attached to the Franchise Disclosure Document in Exhibit I-1.

“Gross Sales” means the total of all revenues, income, and consideration from the sale of all Sweet Factory Store or Kiosk products and other related merchandise, products, and services to your customers whether or not sold or performed at or from the Sweet Factory Store or Kiosk, and whether received in cash, coupon, in services in kind, from barter and/or exchange, on credit (whether or not payment is received) or otherwise, including all proceeds from any business interruption insurance. If you offer any services, including catering or special events, all receipts from these services (including additional delivery charges) are included in Gross Sales. Gross Sales does not include: (i) revenues that you collect from a customer and later refund to that customer; (ii) any sales or use taxes that you pay to a government agency; or (iii) any tips, gratuities or service charges paid directly by customers to your employees. Gross Sales also excludes the amount from sales of prepaid gift cards and certificates, but franchisees must pay Royalty and Brand Fund Contributions on sales from the redemption of gift cards and/or certificates at their Store(s) or Kiosk(s). All barter and/or exchange transactions in which you furnish services and/or products in exchange for goods and/or services provided to you by a vendor, supplier, or customer will, for the purpose of determining Gross Sales, be valued at the full retail value of the goods and/or services so provided to you. We reserve the right to limit any amounts you deduct from Gross Sales in our sole discretion.

“Improvements” is defined in Section 17.5.

“Indebtedness” is defined in Section 23.2

“Indemnified Party” or **“Indemnified Parties”** means us and each of our past, present, and future owners, members, officers, directors, employees, and agents, as well as our parent companies, subsidiaries, and affiliates, and each of their past, present, and future owners, members, officers, directors, employees, and agents.

“Initial Franchise Fee” is defined in Section 13.1.



“Intellectual Property” means, collectively or individually, our Marks, Copyrights, Confidential Information, System, and Improvements.

“Interim Manager” is defined in Section 8.4.

“Interim Term” is defined in Section 4.3.

“Local Advertising Requirement” is defined in Section 11.2.1.

“Losses and Expenses” means all compensatory, exemplary, and punitive damages; fines and penalties; attorney fees; experts fees; court costs; costs associated with investigating and defending against Claims; settlement amounts; judgments; compensation for damages to our reputation and goodwill; and all other costs, damages, liabilities, fees and expenses associated with any of the foregoing losses and expenses or incurred by an Indemnified Party as a result of a Claim.

“Marks” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Sweet Factory Store or Kiosk, including Sweet Factory and any other trademarks, service marks, or trade names that we designate for use in a Sweet Factory Store or Kiosk.

“Non-Traditional Location” is a facility operated under the Marks or other trademarks of ours located within another primary business or in conjunction with other businesses or at institutional settings, including toll roads, train stations, amusement parks and all properties controlled by the amusement park, travel stations, hotels and motels shops and kiosks, malls gas station, sports venues, ships, ports, piers, casinos, stadiums, airports, theaters, big-box retailers, building supply stores, warehouse club stores, colleges and universities, schools, hospitals, military and other governmental facilities, grocery stores, supermarkets and convenience stores.

“Operating Principal” is defined in Section 8.1

“Owner” or **“Owners”** means any individual who owns a direct or indirect ownership interest in the Franchise or the Entity that is the Franchisee under this Franchise Agreement. Owner includes both passive and active owners.

“Owners Agreement” is defined in the Introductory Paragraph.

“Post-Term Restricted Period” means, with respect to you, a period of two years after the termination, expiration, or Transfer of this Franchise Agreement. Post-Term Restricted Period means, with respect to an Owner, a period of one year after the earlier to occur of: (i) the termination, expiration, or Transfer of this Franchise Agreement; or (ii) the Owner’s Transfer of his or her entire ownership interest in the Franchise or the Entity that is the Franchisee, as applicable. If a court of competent jurisdiction determines that the one-year Post-Term Restricted period is too long to be enforceable with respect to you and/or an Owner, then the Post-Term Restricted Period means a period of nine months after the termination, expiration or Transfer of this Franchise Agreement with respect to you and/or such Owner.

“Prohibited Activities” is defined in Section 14.3.

“Qualified Appraiser” is defined in Section 21.2.2.

“Restricted Territory” means the geographic area within: (i) a ten mile radius from your Sweet Factory Store or Kiosk; and (ii) a ten mile radius from all other Sweet Factory Stores or Kiosks that are operating or under construction as of the Effective Date and remain in operation or under construction during all or any part of the Post-Term Restricted Period; provided, however, that if a court of competent



jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the Restricted Territory means the geographic area within a five mile radius from your Sweet Factory Store or Kiosk and all other Sweet Factory Stores or Kiosks that are operating or under construction as of the Effective Date.

“Security Interest” is defined in Section 23.1.

“Site Evaluation Fee” is defined in Section 13.2.

“Successor Agreement” is defined in Section 4.1.

“Sweet Factory Business” is defined in Section 2.

“Sweet Factory Store or Kiosk” is defined in Section 2.

“System” means our proprietary system for the operation of a business that provides self-service candy and confections; the distinctive characteristics of which include logo, trade secrets, concept, style, proprietary programs and products, confidential Brand Standards Manual and operating system.

“Term” is defined in Section 4.1.

“Protected Area” is defined in Section 3.

“Transfer” means any direct or indirect, voluntary or involuntary (including by judicial award, order, or decree), assignment, sale, conveyance, subdivision, sublicense, or other transfer or disposition of the Franchise (or any interest therein), the Sweet Factory Business (or any portion thereof), or an ownership interest in an Entity that is the Franchisee, including by merger or consolidation, by issuance of additional securities representing an ownership interest in the Entity that is the Franchisee, or by operation of law, will, or a trust upon the death of an Owner (including the laws of intestate succession).

“We”, “us”, or “our” is defined in the Introductory Paragraph.

“You” or, “your” is defined in the Introductory Paragraph.

ATTACHMENT “B” TO THE TRU FRANCHISE, LLC FRANCHISE AGREEMENT

FRANCHISE DATA SHEET

1. **Effective Date.** The Effective Date of the Franchise Agreement is: _____, 20____.
2. **Franchisee.** The Franchisee identified in the introductory paragraph of the Franchise Agreement is: _____
3. **Notice Address.** Franchisee’s address for notices as set forth in Section 25.16 of the Franchise Agreement shall be as follows:

Attn: _____

4. **Store or Kiosk Location; Protected Area.** If a particular site for the Sweet Factory Store or Kiosk has been selected and approved at the time of the signing of this Franchise Agreement, it shall be entered in Attachment B-1 as the Sweet Factory Store or Kiosk location, and the Protected Area shall be as listed in Attachment B-1. If a particular site has not been selected and approved at the time of the signing of this Franchise Agreement, Section 5 of this Attachment 1 will describe the location in general terms below in the “General Description.” The General Description does not confer any territory rights to you and is only used for a reference. We may sell other franchised locations in the area in the General Description. After we have approved a location for your Sweet Factory Store or Kiosk, we will complete the Sweet Factory Store or Kiosk location and the Protected Area in Attachment B-1. As the Protected Area is dependent on the location of the Sweet Factory Store or Kiosk, we will present you with the Protected Area upon the identification of the site for the Sweet Factory Store or Kiosk. If you do not wish to accept the Protected Area, you may choose another site location and we will present you with another Protected Area based on the site selected.
5. **General Description of Area For Store or Kiosk Location** (If your Sweet Factory Store or Kiosk’s location is not specified above as of the signing of the Franchise Agreement):

(Signatures on following page)

FRANCHISOR:

TRU FRANCHISE, LLC

a California limited liability company

FRANCHISEE:

[FRANCHISEE ENTITY]

a(n) [Entity State] {Entity Business Type}

By: _____

Printed Name: _____

Title: _____

By: _____

Printed Name: _____

Title: _____



ATTACHMENT B-1 TO THE FRANCHISE AGREEMENT

You have received approval for site location for the Sweet Factory Store or Kiosk that satisfies the demographics and location requirements minimally necessary for a Sweet Factory Store or Kiosk and that meets our minimum current standards and specifications for the build-out, interior design, layout, floor plan, signs, designs, color, and décor of a Sweet Factory Store or Kiosk. We and you have mutually agreed upon a Protected Area based on the site for the Sweet Factory Store or Kiosk which is indicated below. You acknowledge that the Protected Area is in conformance with the territory guidelines stated in Item 12 of the Franchise Disclosure Document.

Location for Sweet Factory Store or Kiosk:

The location for your Sweet Factory Store or Kiosk as provided in Section 7.1 of the Franchise Agreement is:

Protected Area:

The Protected Area as provided in Section 3 of the Franchise Agreement is:

FRANCHISOR:

TRU FRANCHISE, LLC,
a California limited liability company

FRANCHISEE:

[FRANCHISEE ENTITY]
a(n) [Entity State] [Entity Business Type]

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____



ATTACHMENT "C" TO THE TRU FRANCHISE, LLC FRANCHISE AGREEMENT

STATEMENT OF OWNERSHIP

Franchisee: _____

**Form of Ownership
(Check One)**

____ **Individual** ____ **Partnership** ____ **Corporation** ____ **Limited Liability Company**

If a **Partnership**, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a **Corporation**, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a **Limited Liability Company**, give the state and date of formation, the name and address of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

State and Date of Formation/Incorporation: _____

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

Name	Title

Members, Stockholders, Partners:

Name	Address	Percentage Owned

Identification of Operating Principal. Your Operating Principal as of the Effective Date is _____. You may not change the Operating Principal without prior written approval.

(Signature Page Follows)

Identification of Designated Manager. Your Designated Manager, if applicable, as of the Effective Date is _____. You may not change the Designated Manager without prior written approval.

FRANCHISEE:

Date: _____

By: _____

Printed Name: _____

Title: _____



ATTACHMENT "D" TO THE TRU FRANCHISE, LLC
FRANCHISE AGREEMENT

OWNERS AGREEMENT

As a condition to the execution by Tru Franchise, LLC ("we" or "us") of a Franchise Agreement with _____ ("Franchisee"), each of the undersigned individuals ("Owners"), who constitute all of the owners of a direct or indirect beneficial interest in Franchisee, as well as their respective spouses, covenant and agree to be bound by this Owners Agreement ("Owners Agreement").

1. Acknowledgments.

1.1 Franchise Agreement. Franchisee entered into a franchise agreement with us effective as of _____, 20____ ("Franchise Agreement"). Capitalized words not defined in this Owners Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 Role of Owners. Owners are the beneficial owners or spouses of the beneficial owners of all of the equity interest, membership interest, or other equity controlling interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives and assigns. Franchisee's obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee's owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Owners Agreement.

2. Non-Disclosure and Protection of Confidential Information.

2.1 Confidentiality. Under the Franchise Agreement, we will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a Sweet Factory business. The provisions of the Franchise Agreement governing Franchisee's non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, which we designate as confidential, will also be deemed Confidential Information for purposes of this Owners Agreement.

2.2 Immediate Family Members. Owners acknowledge that they could circumvent the purpose of Section 2.1 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). Owners also acknowledge that it would be difficult for us to prove whether Owners disclosed the Confidential Information to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 2.1 if any member of his or her immediate family uses or discloses the Confidential Information or engages in any activities that would constitute a violation of the covenants listed in Section 3, below, if performed by Owners. However, Owners may rebut this presumption by furnishing evidence conclusively showing that Owners did not disclose the Confidential Information to the family member.

3. Covenant Not To Compete.

3.1 Non-Competition During and After the Term of the Franchise Agreement. Owners acknowledge that as a participant in our system, they will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which we have developed. The provisions of the Franchise Agreement governing Franchisee's restrictions on competition both during the term of the Franchise Agreement and following the expiration or termination of the Franchise Agreement are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement.

3.2 Construction of Covenants. The parties agree that each such covenant related to non-competition will be construed as independent of any other covenant or provision of this Owners Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 3.

3.3 Our Right to Reduce Scope of Covenants. Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Owners Agreement, without Owners' consent (before or after any dispute arises), effective when we give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

4. Guarantee.

4.1 Payment. Owners will pay us (or cause us to be paid) all monies payable by Franchisee under the Franchise Agreement on the dates and in the manner required for payment in the relevant agreement.

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Franchisee of all of Franchisee's obligations under the Franchise Agreement on the date and times and in the manner required in the relevant agreement.

4.3 Indemnification. Owners will indemnify, defend and hold harmless us, all of our affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

4.4 No Exhaustion of Remedies. Owners acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Owners Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

4.5 Waiver of Notice. Without affecting Owners' obligations under this Section 4, we can extend, modify, or release any of Franchisee's indebtedness or obligation, or settle, adjust, or compromise any claims against Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

4.6 Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death; and the obligations of any other Owners will continue in full force and effect.

5. Transfers.

Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources and personal character. Accordingly, Owners agree not to sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding Transfers. Owners acknowledge and agree that any attempted Transfer of an interest in Franchisee requiring our consent under the Franchise Agreement for which our express written consent is not first obtained will be a material breach of this Owners Agreement and the Franchise Agreement.

6. Notices.

6.1 Method of Notice. Any notices given under this Owners Agreement shall be in writing and delivered in accordance with the provisions of the Franchise Agreement.

6.2 Notice Addresses. Our current address for all communications under this Owners Agreement is:

Tru Franchise, LLC
1590 N. Batavia Street, #2
Orange, California 92867

The current address of each Owner for all communications under this Owners Agreement is designated on the signature page of this Owners Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

7. Enforcement of This Owners Agreement.

7.1 Dispute Resolution. Any claim or dispute arising out of or relating to this Owners Agreement shall be subject to the dispute resolution provisions of the Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Owners Agreement.

7.2 Choice of Law; Jurisdiction and Venue. This Owners Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Owners Agreement, and any other claim or controversy between the parties, will be governed by the choice of law and jurisdiction and venue provisions of the Franchise Agreement.

7.3 Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Owners' obligations under this Owners Agreement. Owners acknowledge and agree that there is no adequate remedy at law for

Owners' failure to fully comply with the requirements of this Owners Agreement. Owners further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. If injunctive relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

8. Miscellaneous.

8.1 No Other Agreements. This Owners Agreement constitutes the entire, full and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings or agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Owners Agreement, other than those in this Owners Agreement. No other obligations, restrictions or duties that contradict or are inconsistent with the express terms of this Owners Agreement may be implied into this Owners Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.3 (or as otherwise expressly provided in this Owners Agreement), no amendment, change or variance from this Owners Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

8.2 Severability. Each provision of this Owners Agreement, and any portions thereof, will be considered severable. If any provision of this Owners Agreement or the application of any provision to any person, property or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Owners Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e. to provide maximum protection for us and to effectuate the Owners' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

8.3 No Third Party Beneficiaries. Nothing in this Owners Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns) any rights or remedies under or by reason of this Owners Agreement.

8.4 Construction. Any term defined in the Franchise Agreement which is not defined in this Owners Agreement will be ascribed the meaning given to it in the Franchise Agreement. The language of this Owners Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Owners Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation

8.5 Binding Effect. This Owners Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Owners Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

8.6 Successors. References to "Franchisor" or "the undersigned," or "you" include the respective parties heirs, successors, assigns or transferees.

8.7 Nonwaiver. Our failure to insist upon strict compliance with any provision of this Owners Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting any breach or

default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owners Agreement shall be cumulative.

8.8 No Personal Liability. You agree that fulfillment of any and all of our obligations written in the Franchise Agreement or this Owners Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

8.9 Owners Agreement Controls. In the event of any discrepancy between this Owners Agreement and the Franchise Agreement, this Owners Agreement shall control.

(Signatures on following page)

IN WITNESS WHEREOF, the parties have entered into this Owners Agreement as of the effective date of the Franchise Agreement.

OWNERS:

[Insert Name and Address of Owner]

[Insert Name and Address of Owner]

[Insert Name and Address of Owner]

[Insert Name and Address of Owner]

SPOUSES:

[Insert Name and Address of Spouse]

[Insert Name and Address of Spouse]

[Insert Name and Address of Spouse]

[Insert Name and Address of Spouse]

Tru Franchise, LLC hereby accepts the agreements of the Owner(s) hereunder.

TRU FRANCHISE, LLC

By: _____

Title: _____

(Rev. 042418)



EXHIBIT B

AREA DEVELOPMENT AGREEMENT

EXHIBIT B



TRU FRANCHISE, LLC
AREA DEVELOPER AGREEMENT

Area Developer: _____

Date: _____

Territory: _____

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ATTACHMENTS:

- Attachment A: Description of Development Territory
- Attachment B: Development Schedule
- Attachment C: Statement of Shareholders/Members/Partners

**TRU FRANCHISE, LLC
AREA DEVELOPER AGREEMENT**

THIS AREA DEVELOPER AGREEMENT ("Agreement") is made and entered into by and between TRU FRANCHISE, LLC, a California limited liability company ("Sweet Factory"), with a business address at 1590 N. Batavia Street, #2, Orange, California 92867 and the area developer identified on the signature page of this Agreement ("Area Developer") as of the date specified on the "Effective Date" on the signature page.

WITNESSETH:

WHEREAS, Sweet Factory offers franchise rights relating to the establishment, development and operation of businesses that offer self-service candy and confections retail shops ("Sweet Factory Franchise");

WHEREAS, in addition to this Area Developer Agreement, Sweet Factory and Area Developer are entering into a Franchise Agreement on the same date (the "Initial Franchise Agreement") for the right to establish and operate a single Sweet Factory franchised business (the "Initial Business"); and

WHEREAS, Area Developer desires to purchase an option to establish and operate Sweet Factory Franchises within the territory described in Attachment A ("Development Territory"), under the development schedule described in Attachment B ("Development Schedule") and pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other party set forth herein, hereby mutually agree as follows:

1. GRANT

1.1 Sweet Factory hereby grants to Area Developer the right to establish and operate the number of Sweet Factory Franchises indicated in Section 1 of Attachment B within the Development Territory described in Attachment A, the minimum number of which will be two. Each Sweet Factory Franchise shall be operated according to the terms of our then-current form of individual franchise agreement ("Franchise Agreement") except that any fees to be charged under any Franchise Agreement Area Developer signs as part of its obligations under the Development Schedule will be as provided in the form of Franchise Agreement contained in the Franchise Disclosure Document provided to Area Developer prior to execution of this Agreement, other than the royalty rate, which will be the same as under the Initial Franchise Agreement.

1.2 If the Area Developer is developing Sweet Factory Franchises, and complies with the terms of this Agreement, the Development Schedule, the individual Franchise Agreement for each Sweet Factory Franchise, and any other agreements entered into with Sweet Factory or its affiliates, then Sweet Factory will not franchise or license others, nor will it itself directly or indirectly develop, own, lease, construct or operate in any manner, any Sweet Factory Franchises in the Development Territory during the term of this Agreement. However, Sweet Factory, its affiliates, and any other authorized person or entity (including any other Sweet Factory Franchise) may, at any time, conduct any other type of activities within the Development Territory that Sweet Factory is permitted to conduct under the Franchise Agreement. Any existing or future Non-Traditional Locations (as described below) located within the Development Territory are excluded from the Development Territory and will not be considered part of it. The Development Territory is not an exclusive territory. Area Developer may face



competition from other franchisees, from outlets that Sweet Factory owns, or from other channels of distribution or competitive brands that Sweet Factory controls.

Sweet Factory, and its affiliates, have the right to operate, and to license others to operate, Sweet Factory stores or kiosks at any location outside the Development Territory, even if doing so will or might affect Area Developer's operation of Area Developer's store or kiosk. Sweet Factory retains the right, for itself and its affiliates, on any terms Sweet Factory deems advisable, and without granting Area Developer any rights:

(a) to own, franchise, or operate a Sweet Factory store or kiosk at any location outside of the Development Territory, regardless of the proximity to Area Developer's store or kiosk;

(b) to own, franchise, or operate a Non-Traditional Location under Sweet Factory and its affiliates' trademarks (the "Marks") or any other marks at any location, including within the Development Territory, regardless of the proximity to Area Developer's store or kiosk;

(c) to use the Marks and the Sweet Factory system (the "System") to sell any products or services similar to those which Area Developer will sell through any alternate channels of distribution within or outside of the Development Territory. This includes, but is not limited to, other channels of distribution such as television, catalog sales, wholesale to unrelated retail outlets or over the Internet. Sweet Factory exclusively reserves the Internet as a channel of distribution for itself, and Area Developer may not independently market on the Internet or conduct e-commerce;

(d) to offer and sell candy and confection products, including proprietary products, under the Marks or any other marks, through any Non-Traditional Location within or outside of the Development Territory;

(e) to use and license the use of other proprietary and non-proprietary marks or methods which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution or in the operation of a business offering self-service candy and confection products and related products and services, at any location, including within the Development Territory, which may be similar to or different from the Sweet Factory store or kiosk operated by Area Developer;

(f) to purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with Area Developer's store or kiosk, wherever located;

(g) to acquire and convert to the System operated by us, any businesses offering services and products similar to offered by Sweet Factory businesses, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned and whether located inside or outside of the Development Territory, provided that in such situations the newly acquired businesses may not operate under the Marks in the Development Territory; and

(h) to implement multi-area marketing programs, which may allow us or others to solicit or sell to customers anywhere. Sweet Factory also reserves the right to issue mandatory policies to coordinate such multi-area marketing programs.

Any store or kiosk operated from a non-traditional location will be considered a “Non-Traditional Location.” A “Non-Traditional Location” is a facility operated under the Sweet Factory trademarks or other trademarks of Sweet Factory located within another primary business or in conjunction with other businesses or at institutional settings, including toll roads, train stations, amusement parks and all properties controlled by the amusement park, travel stations, hotels and motels shops and kiosks, malls gas station, sports venues, ships, ports, piers, casinos, stadiums, airports, theaters, big-box retailers, building supply stores, warehouse club stores, colleges and universities, schools, hospitals, military and other governmental facilities, grocery stores, supermarkets and convenience stores.

Sweet Factory reserves all other rights, including the right, for itself, its affiliates, and any other authorized person or entity (including any other Sweet Factory Franchise) to otherwise act in the manner permitted in any Franchise Agreement and permitted in any Development Agreement. Upon the expiration or termination of this Agreement; (a) Area Developer shall have no further right to construct, equip, own, open or operate additional Sweet Factory Franchises which are not, at the time of such termination or expiration, the subject of a then-existing franchise agreement between Area Developer (or an affiliate of Area Developer) and Sweet Factory which is then in full force and effect, and (b) Sweet Factory or its affiliates may thereafter itself construct, equip, open, own or operate, and license others to (or grant development rights to) construct, equip, open, own or operate Sweet Factory Franchises at any location(s) (within or outside of the Development Territory), without any restriction, subject only to the territorial rights granted, if any, for any then-existing Sweet Factory Franchise pursuant to a validly existing franchise agreement executed for such Sweet Factory Franchise. The rights granted under this Section 1.2 shall automatically terminate on Area Developer’s failure to adhere to the Development Schedule.

1.3 This Agreement is not a franchise agreement and Area Developer shall have no right to use in any manner the Sweet Factory trademarks or area developer system by virtue hereof. Each Sweet Factory Franchise will be governed by the individual Franchise Agreement signed by Sweet Factory and Area Developer, or its affiliate, for each Sweet Factory Franchise.

1.4 The Area Developer must own at least a 51% equity interest in the franchisee for each Sweet Factory Franchise developed hereunder. In addition, Area Developer shall ensure that a person having at least a 10% beneficial equity interest in such franchisee shall at all times devote his or her full time and attention to managing, supervising, and developing each Sweet Factory Franchise and that the person is at all times identified to Sweet Factory. Area Developer shall identify all equity owners of Area Developer by completing the Statement of Shareholders/Members/Partners attached to this Agreement as Attachment C. Area Developer shall provide Sweet Factory with an updated form of Attachment C within ten business days of any change in the equity ownership of Area Developer. The failure of Area Developer to provide Sweet Factory with an updated Attachment C within the time frame specified in this Section 1.4 shall constitute a material default of this Agreement.

2. TERM

Unless sooner terminated pursuant to the provisions of Section 7, the term of this Agreement shall expire upon the earlier of (a) the Termination Date listed on Section 2 of Attachment B, or (b) completion of the obligations of the Development Schedule. Upon expiration or termination of this Agreement, the only territorial protections that Area Developer will retain are those under each individual Franchise Agreement.

3. DEVELOPMENT FEE

Area Developer must pay Sweet Factory the total “Development Fee” set forth in Attachment A. The initial franchise fee for the first unit to be opened under this Agreement will be as provided in the Initial Franchise Agreement. The initial franchise fee due upon the execution of each additional single-unit Franchise Agreement to be developed under this Agreement will be the then-current Initial Franchise Fee. The Development Fee for each such Sweet Factory Franchise will be credited towards such then-current Initial Franchise Fee. The Development Fee shall be deemed fully earned immediately upon receipt and shall be non-refundable, regardless of whether Area Developer opens any of the Sweet Factory Franchises it is obligated to open in the Development Territory.

4. DEVELOPMENT SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

4.1 Area Developer shall exercise the development rights granted under this Agreement only by entering into a separate Franchise Agreement with Sweet Factory for each Sweet Factory Franchise for which a development right is granted. The Franchise Agreement to be executed for the first Sweet Factory Franchise to be developed by Area Developer under this Agreement shall be executed and delivered, concurrently with the execution and delivery of this Agreement. All subsequent Sweet Factory Franchises developed under this Agreement shall be established and operated pursuant to the form of Franchise Agreement, and ancillary documents, then being used by Sweet Factory for a Sweet Factory Franchise. Area Developer acknowledges that the then-current form of Franchise Agreement may differ from the Initial Franchise Agreement, except that each shall have the same royalty rate as the Initial Franchise Agreement.

4.2 Development Schedule.

(a) Acknowledging that time is of the essence, Area Developer agrees to exercise its development rights according to Section 4.1 and according to the Development Schedule set forth on Attachment B, which schedule designates the number of Franchise Agreements that must be executed prior to the expiration of each of the designated development periods (“Development Periods”) for the operation of Sweet Factory Franchises in the Development Territory.

(b) During any Development Period, Area Developer may, with Sweet Factory’s prior written consent, develop more than the number of Sweet Factory Franchises that Area Developer is required to develop during that Development Period by executing multiple Franchise Agreements during a single Development Period. Any Franchise Agreements executed during a Development Period in excess of the minimum number to be executed prior to expiration of that Development Period shall be applied to satisfy Area Developer’s development obligation during the next succeeding Development Period. Area Developer shall not execute more than the cumulative total number of Franchise Agreements that Area Developer is obligated to execute under this Agreement, as set forth above in the Development Schedule.

(c) Area Developer shall open each Sweet Factory Franchise in accordance with the terms of the Franchise Agreement and shall execute the Franchise Agreements in accordance with the Development Schedule set forth on Attachment B.

(d) Upon Area Developer’s first failure to adhere to the Development Schedule, Area Developer will lose the protections granted for the Development Territory. Any second or additional failures to adhere to the Development Schedule will constitute a material default under this Agreement, as described below.

(e) If Sweet Factory is not legally able to deliver a Franchise Disclosure Document to Area Developer by reason of any lapse or expiration of its franchise registration, or because Sweet Factory is in the process of amending any such registration, or for any reason beyond Sweet Factory's reasonable control, Sweet Factory may delay acceptance of the site for Area Developer's proposed Sweet Factory Franchise, or delivery of a Franchise Agreement, until such time as Sweet Factory is legally able to deliver a Franchise Disclosure Document.

5. LOCATION OF SWEET FACTORY FRANCHISES

The location of each Sweet Factory Franchise shall be selected by the Area Developer in accordance with the terms set forth in each Franchise Agreement signed by Area Developer, within the Development Territory.

6. FRANCHISE AGREEMENT

Area Developer shall not commence construction on, or open any Sweet Factory Franchise until, among other things; the individual Franchise Agreement for that Sweet Factory Franchise has been signed by both the Area Developer and Sweet Factory.

7. DEFAULT AND TERMINATION

7.1 Area Developer will be in default of this Agreement if it (or its affiliate(s)): (a) fails to comply with the Development Schedule on two or more occasions; (b) fails to perform any of its obligations under this Agreement or any individual Franchise Agreement; or (c) fails to comply with the provisions on transfer contained herein. Upon default, Sweet Factory shall have the right, at its option, and in its sole discretion, to do any or all of the following:

- (a) terminate this Agreement;
- (b) terminate the territorial exclusivity granted to Area Developer;
- (c) reduce the size of the Area Developer's Development Territory;
- (d) permit Area Developer to extend the Development Schedule; or

(e) pursue any other remedy Sweet Factory may have at law or in equity, including but not limited to, a suit for non-performance.

7.2 Upon the death or Disability of Area Developer or any controlling shareholder, member or partner of Area Developer (if Area Developer is an entity)(a "Controlling Principal"), Sweet Factory shall allow a period of up to 180 days after such death or Disability for his or her heirs, personal representatives, or conservators (the "Heirs") to seek and obtain Sweet Factory's consent to the assignment of his or her rights and interests in this Agreement (or the assignment of his or her equity and voting power) to the Heirs or to another person acceptable to Sweet Factory. If, within said 180 day period, said Heir(s) fail to receive Sweet Factory's consent as aforesaid or to effect such consented-to assignment, then this Agreement shall immediately terminate at Sweet Factory's election. Such consent shall be withheld or granted in Sweet Factory's sole discretion. For purposes of this Section 7.2, a "Disability" shall mean the person has a medical or mental illness, problem or incapacity that would prevent the person from substantially complying with his or her obligations under this Area Development Agreement or in the guaranty made part of this Agreement for a continuous period of at least 90 consecutive calendar days, and from which condition recovery within 90 days from the date of

determination of disability is unlikely. Disability shall be determined by a licensed practicing physician selected by Sweet Factory, upon examination of the person. If the person refuses to submit to an examination, such person shall automatically be deemed Disabled as of the date of such refusal for the purpose of this Section 7.2. The costs of any examination required by this Section 7.2 shall be paid by Sweet Factory. Upon the death or claim of Disability of Area Developer or any Controlling Principal, Area Developer or a representative of Area Developer must promptly notify Sweet Factory of such death or claim of Disability within 15 days of its occurrence.

7.3 In addition, if any individual Franchise Agreement issued to Area Developer or an approved affiliate of Area Developer, whether or not issued pursuant to this Agreement, is terminated for any reason, Sweet Factory shall have the right to terminate this Agreement on immediate written notice to Area Developer. Upon termination or expiration of the term of this Agreement, this Agreement shall be of no further effect, and Sweet Factory shall have the right to open, or license others to open, Sweet Factory Franchises within the Development Territory. For purposes of this Section 7.3, any Franchise Agreement issued by Sweet Factory to Area Developer or its approved affiliates, or any corporation, partnership or joint venture, or their affiliates, in which Area Developer or any stockholder, partner or joint venturer of Area Developer, has any direct or indirect ownership or participation interest, shall be deemed a Franchise Agreement issued to Area Developer.

7.4 In the event of a default by Area Developer, all Sweet Factory's costs and expenses arising from such default, including reasonable accountant fees, attorney fees and reasonable hourly charges of administrative employees shall be paid to Sweet Factory by Area Developer within five days after cure or upon demand by Sweet Factory if such default is not cured.

8. ASSIGNMENT

8.1 Sweet Factory shall have the absolute right to transfer or assign all or any part of its rights or obligations hereunder to any person or legal entity which assumes its obligation under this Agreement and Sweet Factory shall thereby be released from any and all further liability to Area Developer.

8.2 Area Developer may not assign this Agreement or any rights to the Development Territory. The provisions of this Section 8.2 shall not restrict Area Developer from transferring an open and operating Sweet Factory Franchise in compliance with the assignment provisions contained in such Sweet Factory Franchise's Franchise Agreement.

9. FORCE MAJEURE

In the event that Area Developer is unable to comply with the Development Schedule due to strike, riot, civil disorder, war, failure to supply, fire, natural catastrophe or other similar events beyond its control, and upon notice to Sweet Factory, the Development Schedule and this Agreement shall be extended for a corresponding period, not to exceed 90 days.

10. ENTIRE AGREEMENT

This Agreement constitutes the entire understanding of the parties with respect to the development of the Development Territory, and shall not be modified except by a written agreement signed by the parties hereto. However, nothing in this Agreement or any related agreement is intended to disclaim the Sweet Factory's representations made in the Franchise Disclosure Document. Where this Agreement and any Franchise Agreement between the parties' conflicts with respect to the payment terms of initial franchise fees or equity interests held by the Area Developer or operating partners, the terms of

this Agreement shall govern. Under no circumstances do the parties intend that this Agreement be interpreted in a way as to grant Area Developer any rights to grant sub-franchises in the Development Territory.

11. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

11.1 It is acknowledged and agreed that Area Developer and Sweet Factory are independent contractors and nothing contained herein shall be construed as constituting Area Developer as the agent, partner or legal representative of Sweet Factory for any purpose whatsoever. Area Developer shall enter into contracts for the development of the Development Territory contemplated by this Agreement at its sole risk and expense and shall be solely responsible for the direction, control, supervision and management of its agents and employees. Area Developer acknowledges that it does not have authority to incur any obligations, responsibilities or liabilities on behalf of Sweet Factory, or to bind Sweet Factory by any representations or warranties, and agrees not to hold itself out as having this authority.

11.2 Area Developer agrees to protect, defend, indemnify and hold Sweet Factory harmless from and against all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities, directly or indirectly incurred as a result of, arising from, out of, or in connection with Area Developer's carrying out its obligations hereunder. Area Developer agrees to reimburse Sweet Factory within 30 days of submitting invoice to Area Developer for all costs of defending the matter, including all attorney fees incurred by Sweet Factory whether or not Area Developer's insurer assumes defense of Sweet Factory promptly when requested. Sweet Factory has the right to approve any resolution or course of action, including but not limited to the selection of an attorney for the defense of a matter that could directly or indirectly have any adverse effect on Sweet Factory or its trademarks or area developer system, or could serve as a precedent for other matters.

12. SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their heirs, successors, permitted assigns and personal representatives.

13. APPLICABLE LAW

This Agreement shall be governed by and construed in accordance with the laws of the state in which the Development Territory is located, which laws shall govern in the event of any conflict of laws, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 *et. seq.*), and except that any state law relating to (1) the offer and sale of franchises, (2) franchise relationships, or (3) business opportunities, will not apply unless the applicable jurisdictional requirements are met independently with reference to this paragraph. The parties expressly consent to personal jurisdiction in the state or Area Developer's principal place of business (currently the State of California) and agree that, except as set forth in Section 15, the state and federal court(s) located within the jurisdiction in which Sweet Factory has its principal place of business (currently, Orange, California) will have exclusive jurisdiction and be the mandatory venue for the purposes of carrying out this provision.

If applicable law implies a covenant of good faith and fair dealing in this Agreement, Area Developer and Sweet Factory agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply the covenant, Area Developer agrees that: (i) this Agreement (and the relationship of the parties that is inherent in this Agreement) grants Sweet Factory the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with its explicit rights and obligations under this

Agreement that may affect favorably or adversely Area Developer's interests; (ii) Sweet Factory will use its judgment in exercising the discretion based on its assessment of its own interests and balancing those interests against the interests of Sweet Factory's franchisees and area developers generally (including Sweet Factory and its affiliates if applicable), and specifically without considering Area Developer's individual interests or the individual interests of any other particular area developer or franchisee; (iii) Sweet Factory will have no liability to Area Developer for the exercise of its discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.

14. NOTICE

Whenever this Agreement requires notice, it shall be in writing and shall be sent by registered or certified mail, return receipt requested: (a) to Sweet Factory at the address on the first page of this Agreement, unless written notice is given of a change of address, and (b) to Area Developer at the address set forth on the signature page, unless written notice is give of a change of address.

All notices to Area Developer shall be conclusively deemed to have been received by Area Developer upon the delivery or attempted delivery of this notice to Area Developer's address listed herein, or the changed address.

15. DISPUTE RESOLUTION

Sweet Factory and Area Developer agree that any dispute between the parties arising out of the terms of this Agreement shall be governed in accordance with the terms and conditions set forth in the Initial Franchise Agreement, which terms and conditions are by this reference incorporated herein.

16. ACKNOWLEDGEMENTS

16.1 Area Developer acknowledges and recognizes that different terms and conditions, including different fee structures, may pertain to different area developer agreements and franchise agreements offered in the past, contemporaneously herewith, or in the future, and that Sweet Factory does not represent that all area developer agreements or franchise agreements are or will be identical.

16.2 Area Developer represents to Sweet Factory that it has the business acumen, corporate authority, and financial wherewithal to enter into this Agreement and to perform all of its obligations hereunder, and furthermore, that the execution of this Agreement is not in contravention of any other written or oral obligation of the Area Developer.

16.3 Area Developer acknowledges and accepts the following:

The success of the Area Developer in managing and operating multiple Sweet Factory Franchises is speculative and will depend on many factors including, to a large extent, Area Developer's independent business ability. Area Developer has been given the opportunity and been encouraged to obtain independent advice from legal and other professionals before entering into this Agreement. This offering is not a security as that term is defined under applicable Federal and State securities laws. The obligation to train, manage, pay, recruit and supervise employees of the Sweet Factory Franchises rests solely with Area Developer. Area Developer has not relied on any warranty or representation, expressed or implied, as to the potential success or projected income of the business venture contemplated hereby. No representations or promises have been made by Sweet Factory to induce Area Developer to enter into this Agreement except as specifically included herein. Sweet Factory has not made any representation, warranty or guaranty, express or implied, as to the potential revenues, profits or services of the business

venture to Area Developer and cannot, except under the terms of this Agreement, exercise control over Area Developer's business. Area Developer acknowledges and agrees that it has no knowledge of any representation made by Sweet Factory or its representatives of any information that is contrary to the terms contained herein.

(Signatures on following page)

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Agreement on the day and year first written above.

**TRU FRANCHISE, LLC,
a California limited liability company**

By: _____

Printed Name: _____

Title: _____

Effective Date: _____

AREA DEVELOPER:

Entity name (if any)
a(n) _____

By: _____

Printed Name: _____

Title: _____

Area Developer's Address for Notices:

Date Signed: _____



ATTACHMENT A

DESCRIPTION OF THE DEVELOPMENT TERRITORY

DEVELOPMENT FEE

1. Number of Sweet Factory Franchises
(not including the Initial Business) _____

___ Sweet Factory Franchises	+
@ \$10,000/ea:	\$
	=
Total Development Fee:	\$

TRU FRANCHISE, LLC,
a California limited liability company

By: _____

Printed Name: _____

Title: _____

AREA DEVELOPER:

Entity name (if any)
a(n) _____

By: _____

Printed Name: _____

Title: _____



ATTACHMENT B

DEVELOPMENT SCHEDULE

1. Number of Sweet Factory Franchises to be developed under this Agreement (including the Initial Business): _____
2. The termination date of this Agreement shall be the earlier of the date the Development Schedule is complete or _____, 20____.
3. Development Schedule:

Sweet Factory Franchise	Development Period	Franchise Agreement Execution Deadline
1	_____ to _____	Date of execution of Area Developer Agreement
2	_____ to _____	
3	_____ to _____	
4	_____ to _____	
5	_____ to _____	

TRU FRANCHISE, LLC,
a California limited liability company

By: _____

Printed Name: _____

Title: _____

AREA DEVELOPER:

Entity name (if any)

a(n) _____

By: _____

Printed Name: _____

Title: _____



ATTACHMENT C

STATEMENT OF SHAREHOLDERS/ MEMBERS/PARTNERS

The shareholders, members, or partners (collectively the “Shareholders”) of the Area Developer and their respective shareholdings are as follows:

Name Of Shareholder	Number And Designation Of Shares	Ownership Percentage

AREA DEVELOPER:

Entity name (if any)

a(n) _____

By: _____

Printed Name: _____

Title: _____

EXHIBIT C

FINANCIAL STATEMENTS

TRU FRANCHISE, LLC

Financial Statements

December 31, 2018 and January 1, 2018

TIPPING & COMPANY
Certified Public Accountant
540 North Golden Circle Drive, Suite 105
Santa Ana, California 92705
website: www.tippingtax.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members
TRU FRANCHISE, LLC

I have audited the accompanying financial statements of TRU FRANCHISE, LLC, a California limited liability company, (the "Company"), which comprise the balance sheets as of December 31, 2018 and January 1, 2018, and the related statements of earnings, member's equity, and cash flows for the year ended December 31, 2018 and the year beginning November 5, 2017 and ended January 1, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

INDEPENDENT AUDITOR'S REPORT (Continued)

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and January 1, 2018, and the results of its operations and its cash flows for the year ended December 31, 2018 and the year beginning November 6, 2017 and ended January 1, 2018 in conformity with generally accepted accounting principles in the United States of America.


TIPPING & COMPANY
April 15, 2019

TRU FRANCHISE, LLC
Balance Sheets
December 31, 2018 and January 1, 2018

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 12,185	26,931
Trade receivables, net	35,803	101,810
Due from related party	<u>250,796</u>	<u>-</u>
Total assets	\$ <u>298,784</u>	<u>128,741</u>
LIABILITIES AND MEMBER'S EQUITY		
Accounts payable	\$ (2,455)	-
Management fees payable	-	28,929
Deferred revenue	-	67,880
Income taxes	<u>901</u>	<u>800</u>
Total liabilities	(1,554)	97,609
MEMBER'S EQUITY		
Member's equity		
Total member's equity	<u>300,338</u>	<u>31,132</u>
Total liabilities and member's equity	\$ <u>298,784</u>	<u>128,741</u>

See accompanying footnotes to these financial statements.

TRU FRANCHISE, LLC
Statements of Earnings and Member's Equity
For the Year Ended December 31, 2018
For the Year Beginning November 6, 2017 and Ended January 1, 2018

	<u>2018</u>	<u>2017</u>
Revenues:		
Royalty income	\$ 364,201	62,928
Other income	<u>57,167</u>	<u>11,210</u>
Total revenues	421,368	74,138
Operating expenses:		
Professional fees	16,870	-
Bad debt provision	38,795	13,240
Taxes and licenses	1,500	-
Management fees	93,250	28,929
General and administrative expenses	<u>47</u>	<u>37</u>
Total operating expenses	<u>150,462</u>	<u>42,206</u>
Income before income taxes	270,906	31,932
Income taxes	<u>1,700</u>	<u>800</u>
Net income	269,206	31,132
Member's equity at beginning of period/year	<u>31,132</u>	<u>-</u>
Member's equity at end of year	\$ <u>300,338</u>	<u>31,132</u>

See accompanying footnotes to these financial statements.

TRU FRANCHISE, LLC
Statement of Cash Flows
For the Year Ended December 31, 2018
For the Year Beginning November 6, 2017 and Ended January 1, 2018

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Net income	\$ 269,206	31,132
Adjustments to reconcile net income to net cash provided by operating activities:		
Net change in:		
Accounts payable	(2,455)	-
Management fees payable	(28,929)	28,929
Deferred revenue	(67,880)	67,880
Income taxes	101	800
Total adjustments	<u>(99,163)</u>	<u>97,609</u>
Net cash provided (used) by operating activities	170,043	128,741
Cash flows from investing activities:		
Trade receivables, net	<u>66,007</u>	<u>(101,810)</u>
Net cash (used) by investing activities	66,007	(101,810)
Cash flows from financing activities:		
Due from related party	<u>(250,796)</u>	-
Net cash provided (used) by financing activities	<u>(250,796)</u>	-
Net change in cash and cash equivalents	(14,746)	26,931
Cash and cash equivalents at beginning of period/year	<u>26,931</u>	-
Cash and cash equivalents at end of year	\$ <u><u>12,185</u></u>	<u><u>26,931</u></u>
Supplemental cash flow disclosures:		
Cash paid during the year for:		
Interest	\$ <u><u>-</u></u>	<u><u>-</u></u>
Income taxes	\$ <u><u>1,600</u></u>	<u><u>-</u></u>

See accompanying footnotes to these financial statements.

TRU FRANCHISE, LLC
Notes to Financial Statements
December 31, 2018

NOTE 1 NATURE OF OPERATIONS

TRU FRANCHISE, LLC (the “Company”), a California limited liability company, was organized on November 6, 2017. The Company commenced operations shortly thereafter. The Company is in the business of selling franchises which sell bulk candy through franchisee owned stores, called the Sweet Factory.

The Company currently used a calendar year end basis for accounting purposes. The Company is in the process of changing to a four-five-four week fiscal calendar year with the week ending on a Monday.

The Company acquired the rights and assets to the franchise on November 13, 2017 through a related entity called Trinity Retail Unlimited, LLC, (“Trinity Retail”), a Nevada limited liability company.

Trinity Retail, through as Asset Purchase Agreement dated November 13, 2017, acquired all the assets and rights of Sweet Candy, LLC, a Nevada limited liability company and its wholly-owned subsidiary, Sweet Candy Franchise, LLC, a Nevada limited liability company and all the rights, title, and interest to the Sweet Factory brand name and its franchising system, proprietary products, and proprietary marks. The Company will be the operator selling franchises to independent store owners who will manage the retail Sweet Factory stores.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make sure use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the financial statement

TRU FRANCHISE, LLC
Notes to Financial Statements
December 31, 2018

date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the balance sheet and the statement of cash flows, the Company considers all highly liquid investments which are readily convertible into known amounts of cash and have original maturities of three months or less, to be cash and cash equivalents.

Concentration of Credit Risk

Substantially all of the Company's cash and cash equivalents are deposited with a single major financial institutions, which encompasses a concentration of credit risk with respect to amounts which exceed \$250,000 limit for federal deposit insurance. The Company had no uninsured amounts at December 31, 2018.

Allowance for Possible Credit Losses

The allowance for possible credit losses is based on an analysis of the trade receivable portfolio and reflects an amount which, in the judgment of management, is adequate to provide for the potential credit losses after giving consideration to the character of the portfolio, current and future economic conditions, past credit losses of the Company, historical credit losses for this industry, and such other factors that deserve recognition in estimating credit losses.

Income Taxes

The Company accounts for income taxes in accordance with Financial Accounting Standards Board ("FASB") and the Accounting Standards Codification ("ASC") with further clarification found in the Accounting Standards Updates ("ASU") which prescribe an asset and liability approach to accounting for income taxes. The asset and

TRU FRANCHISE, LLC
Notes to Financial Statements
December 31, 2018

liability method requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between tax bases and financial reporting bases of assets and liabilities. Valuation allowances are established to reduce deferred tax assets to the amount expected to be realized. The provision (benefit) for income taxes is the tax payable (refundable) for the period and the change during the period in deferred tax assets and liabilities.

Revenue Recognition

Revenue is recognized at the time the contract is signed and accepted by the franchisee and an agreement is formed.

Accounting Standards Codification

In June 2009, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 168 “the FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, - a replacement of FASB Statement No. 162,” which established FASB accounting Standards Codification (the “Codification” or “ASC”) and is now codified in FASB ASC 105, The Hierarchy of Generally Accepted Accounting Principles. The Codification became the single United States of America source of authoritative accounting principles in preparation of financial statements in conformity with GAAP recognized by the FASB to be applied by non governmental entities. Prospectively, only one level of authoritative GAAP will exist, excluding the guidance issued by the SEC. All other literature will be non-authoritative. The Codification did not change current GAAP, but is intended to simplify user access to all authoritative GAAP by providing all the authoritative guidance, by particular topic, using a consistent structure. The Codification was effective on a prospective basis for periods ending after September 15, 2009. As the Codification did not change existing GAAP, the adoption of the Codification did not have an impact on the Company’s financial condition or results of operations.

TRU FRANCHISE, LLC
Notes to Financial Statements
December 31, 2018

Recently Issued Account Pronouncements and Interpretations

ASC 855-10. "Subsequent Events," was issued in May 2009 and provides guidance on a when a subsequent event should be recognized in the financial statement. Subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet should be recognized at the balance sheet date. Subsequent events that provide evidence about conditions that arose after the balance sheet date but before financial statement are issued, or are available to be issued, are not required to be recognized. The date through which subsequent events have been evaluated must be disclosed as well as whether it is the date the financial statements were issued or the date the financial statements were available to be issued. For non-recognized subsequent events which should be disclosed to keep the financial statement from being misleading, the nature of the event and an estimate of its financial effect, or a statement that such an estimate cannot be made, should be disclosed. The standard is effect for annual periods ending after June 15, 2009. In accordance with FASB ASC 855-10, the Company evaluated all events or transactions that occurred after December 31, 2018 up through April 15, 2019, the date the Company issued these financial statements.

During this period the Company did not have any material recognizable subsequent events other than described in these Notes.

Impairment of Assets

Management reviews for impairment of its long-lived assets whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Management believes that there were no such indicators during the year ended December 31, 2018, and accordingly, no impairment charges were recorded during the year ended December 31, 2018.

TRU FRANCHISE, LLC
Notes to Financial Statements
December 31, 2018

Statement of Cash Flows

For cash flow purposes, “investing activities” are defined as making and collecting loans and acquiring and disposing of debt or equity investments and property and equipment. “Financing activities” include obtaining resources from owners and providing them with a return on their investments, borrowing money, and repaying amounts borrowed. All other activities are considered “operating.”

NOTE 3 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Selling expenses and potential taxes are not included. Accounting Standards Codification (“ASC”) 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1: Inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices within Level 1 that are observable, either directly or indirectly such as quoted prices for similar assets or liabilities in active markets or inactive markets, or inputs other than quoted prices that are observable for the asset or liability.

Level 3: Inputs are unobservable. Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models,

TRU FRANCHISE, LLC
Notes to Financial Statements
December 31, 2018

discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The Company uses appropriate valuation techniques based on the available inputs to measure the fair value of their investments, when available, the Company measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The valuation levels are not necessarily an indication of the risk or liquidity associated with various assets and liabilities.

The Company's financial instruments, including cash, accounts receivables, prepaid expenses, accounts payable, and accrued expenses and liabilities, represent net transactions of a short-term nature for which the carrying value is considered a reasonable estimate of fair value.

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Selling expenses and potential taxes are not included. The Company's financial instruments, including cash, accounts receivables, prepaid expenses, accounts payable, and accrued expenses and liabilities, represent net transactions of a short-term nature for which the carrying value is considered a reasonable estimate of fair value.

TRU FRANCHISE, LLC
Notes to Financial Statements
December 31, 2018

NOTE 4 TRADE RECEIVABLE - FRANCHISEES

Trade receivable - franchisees arise from the sales of franchisees of Sweet Factory stores to independent retailers and business persons

Trade receivables at December 31, 2018 and January 1, 2018 is comprised as follows:

	<u>2018</u>	<u>2017</u>
Trade receivables	\$79,876	115,050
Gross trade receivables	79,876	115,050
Less:		
Reserve for bad debts	<u>48,073</u>	<u>13,240</u>
Trade receivables, net	<u>\$30,803</u>	<u>101,810</u>

The reserve for bad debts will be maintained at a level considered adequate to provide for potential losses. In determining the adequacy of the reserve for bad debts, management considers factors such as prior loss experience, results of internal review procedures and an assessment of the impact of current and anticipated future economic conditions on the franchise business portfolio.

Activity in the reserve for bad debts for the years ended December 31, 2018 and 2017 was as follows:

	<u>2018</u>	<u>2017</u>
Beginning of year	\$13,240	-
Add:		
Provision charged to earnings	38,795	13,240
Less:		
Charge-offs, net of recoveries	<u>2,962</u>	<u>-</u>
End of year	<u>\$48,073</u>	<u>13,240</u>

TRU FRANCHISE, LLC
Notes to Financial Statements
December 31, 2018

NOTE 5 DUE FROM RELATED PARTY

Due from related party are monies advanced to Trinity Retail Unlimited, LLC, the entity which actually acquired the rights and assets of the franchise and the name Sweet Candy. The amount of \$250,796 is net of management fees of \$93,250 paid to Trinity Retail. There is no interest element attached to these amounts nor a maturity date/

NOTE 6 DEFERRED REVENUE

The Company had deferred revenue in the approximate of \$67,880 as of January 1, 2018. This represented royalty income and franchise fee income receivable from approximately 20 Sweet Factory franchisees that were purchased as part of the Asset Purchase Agreement from November 13, 2017 and were earned and recognized during 2018.

NOTE 7 INCOME TAXES

The Company, as limited liability company, generally does not have any federal income liability. However, the Company is subject to the California limited liability company rules that taxes the gross receipts of the Company, with a minimum tax each year of \$800, regardless of income, gross receipts, or loss. The Company, as a single member limited liability company, is considered a disregarded entity for federal income tax purposes. A disregarded entity does not file a federal tax return but rather the sole owner (member) reflects all income and expenses of the limited liability company on that member's individual income tax return as a sole proprietorship business on a federal Form Schedule C. All limited liability companies are required to file a California Form 568, pages one and two, and pay the annual tax and fee, if applicable.

TRU FRANCHISE, LLC
Notes to Financial Statements
December 31, 2018

In addition to the annual minimum tax, every limited liability company must pay a fee, above and beyond the minimum \$800 franchise fee, based on gross receipts which is due annually according to the following schedule:

<u>Equal to or over</u>	<u>But not over</u>	<u>Fee</u>
\$ 250,000	499,999	\$ 900
\$ 500,000	999,999	\$ 2,500
\$1,000,000	4,999,999	\$ 6,000
\$5,000,000		\$11,790

EXHIBIT D

LIST OF CURRENT AND FORMER FRANCHISEES/AREA DEVELOPERS



Current Franchisees as of December 31, 2018:

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	Email
Hong	Mike	MK International Inc.	#182 Buena Ventura/ 3836 Poppyseed Ln. #14	Calabasas	CA	91302	818-269-2743	mkhong123@hotmail.com
Holly	Jerry	Husband & Wife	#133 Valencia/ 17774 Heron Ln.	Fair Oaks Ranch	CA	91351	661-877-5070	thehollyfamily@sbcglobal.net
Chon	Christopher & Kathy	Sweet Castle, LLC	#459 Santa Anita/ 2586 Pearblossom St	Fullerton	CA	92835	714-309-8329	sweetcastlellc@yahoo.com
Chon	Christopher & Kathy	Forever Sweets, LLC	#104 Brea/ 2586 Pearblossom St.	Fullerton	CA	92835	714-309-8329	sweetcastlellc@yahoo.com
Chon	Christopher & Kathy	Sweet Castle, LLC	#134 Northridge/ 2586 Pearblossom St.	Fullerton	CA	92835	714-309-8329	sweetcastlellc@yahoo.com
Choi	Young	Husband & Wife	#402 Inland Center/ 2100 Forestwood Ct.	Fullerton	CA	92883	714-458-3908	youngmansil@gmail.com
Kim	Young	Husband & Wife	#431 Temecula/ 1156 W. La Palmas Ave.	Fullerton	CA	92835	714-423-1362	yhkim92835@gmail.com
Chung	Sam & Christy	Tae Shin Corp.	#113 South Bay/ 11 Alaska	Irvine	CA	92606	949-285-1097	christy0131@hotmail.com, ischung@hotmail.com
Morrison	Steve	Heavenly Sweets LLC	#119 Cerritos/ 15532 Wilder Ave.	Norwalk	CA	90650	562-505-0695	heavenlysweetsllc@yahoo.com
Lee	Sue	Sue's Candy LLC	#485 Victor Valley/ 9372 Centola Rd.	Phelan	CA	92371	949-878-2042	suescandyllc@gmail.com
Kim	Johnny	ISweetz Inc.	#115 Carlsbad/ 18791 Caminito Pasadero #77	San Diego	CA	92128	714-955-3608	johnny@sweetfactorycandy.com
Kim	Johnny	Husband & Wife	#166 North County/ 2286 Aspen St.	Tustin	CA	92782	714-955-3608	johnny@sweetfactorycandy.com
Choi/Hong	Won/Suk	HCL Holdings Inc.	#109 Parkway/ 151 Via Monte	Walnut Creek	CA	94598	619-206-9073	sukhoan.hong@gmail.com, wkchoi2011@gmail.com
Min	Roger	Husband & Wife	#114 Solano/ 151 Via Monte	Walnut Creek	CA	94598	415-385-7223	rogermin@hotmail.com
Min	Roger	Husband & Wife	#492 Sun Valley/ 151 Via Monte	Walnut Creek	CA	94598	415-385-7223	rogermin@hotmail.com
Naber	Farah	FN Treats Inc.	#331 Sommerset/ 29196 Manchester Rd.	Westland	MI	48185	734-207-1930	gus.s@raychris.com
Naber	Farah	FN Treats Inc.	#497 Great Lakes/ 29196 Manchester Rd.	Westland	MI	48185	734-207-1930	gus.s@raychris.com
Chen	James	All About Candy LLC	#180 Bellevue/ 7823 122 nd Place SE	New Castle	WA	98056	425-999-5746	allaboutcandyllc@live.com

Franchisees with Unopened Outlets as of the Issuance Date:

None

Former Franchisees:

The name and last known address of every franchisee who had a Sweet Factory Franchise transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period January 1, 2018 to December 31, 2018, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	Email
Hong	Suk Hoan/Myung Ok	Husband & Wife	#288 Horton Plaza/ 16275 Avenida Suavidad	San Diego	CA	92128	619-451-3428	sukhoan.hong@gmail.com
Kim*	Eun Keyong	Individual	#451 Stoneridge/ 3130 Gach Ct.	Pleasanton	CA	94588	925-417-8924	N/A
Knight*	Myung Hee	Individual	#451 Stoneridge/ 2223 Oakland Ave.	Pleasanton	CA	94588	925-989-3973	myungheelk@hotmail.com
Nam	Ki Hoon	L.N.P. Enterprise, Inc.	#105 Montclair/ 212 Arden Blvd.	Los Angeles	CA	90004	323-819-2815	hroyal2000@gmail.com
Nam	Ki Hoon	L.N.P. Enterprise, Inc.	#340 Ontario Mills/ 212 Arden Blvd.	Los Angeles	CA	90004	323-819-2816	hroyal2000@gmail.com
Nam	Ki Hoon	L.N.P. Enterprise, Inc.	#127 Tyler/ 212 Arden Blvd.	Los Angeles	CA	90004	323-819-2816	hroyal2000@gmail.com
Nam	Ki Hoon	L.N.P. Enterprise, Inc.	#155 Mission Viejo/ 212 Arden Blvd.	Los Angeles	CA	90004	323-819-2816	hroyal2000@gmail.com
Patel	Shared/Mina	Husband & Wife	#226 Main Place/ 8881 Vesta Via Ave.	Buena Park	CA	90621	714-746-3968	sweetfactory1@sbcglobal.net
Yim	David	DH & TH LLC	#174 Vancouver/ 1713 SE 185th Pl.	Vancouver	WA	98683	360-984-7471	yyyimster@gmail.com

* Eun Keyong Kim and Myung Hee Knight were partners for a single location in Pleasanton, CA.

EXHIBIT E

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

**STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**

<u>CALIFORNIA</u> <u>State Administrator and Agent for Service of Process:</u> Commissioner Department of Business Oversight 320 W. 4th Street, #750 Los Angeles, CA 90013 (213) 576-7500 (866) 275-2677 <u>HAWAII</u> Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722 <u>Agent for Service of Process:</u> Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722 <u>ILLINOIS</u> Illinois Attorney General Chief, Franchise Division 500 S. Second Street Springfield, IL 62706 (217) 782-4465 <u>INDIANA</u> Secretary of State Securities Division Room E-018 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	<u>MARYLAND</u> Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360 <u>Agent for Service of Process:</u> Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 <u>MICHIGAN</u> Michigan Department of Attorney General Consumer Protection Division 525 W. Ottawa Street Lansing, MI 48913 (517) 373-7117 <u>MINNESOTA</u> Department of Commerce Commissioner of Commerce 85 Seventh Place East, Suite 280 St. Paul, MN 55101-3165 (651) 539-1600 <u>NEW YORK</u> <u>Administrator:</u> NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8236 <u>Agent for Service of Process:</u> New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492	<u>NORTH DAKOTA</u> North Dakota Securities Department State Capitol, Fifth Floor, Dept. 414 600 E. Boulevard Avenue Bismarck, ND 58505-0510 (701) 328-4712 <u>RHODE ISLAND</u> Department of Business Regulation 1511 Pontiac Avenue, Bldg. 68-2 Cranston, RI 02920 (401) 462-9527 <u>SOUTH DAKOTA</u> Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563 <u>VIRGINIA</u> State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9th Floor Richmond, VA 23219 <u>Agent for Service of Process:</u> Clerk of the State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, VA 23219 <u>WASHINGTON</u> Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760 <u>WISCONSIN</u> Department of Financial Institutions Division of Securities 201 W. Washington Avenue Madison, WI 53703 (608) 266-3364
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Rev. 100318



EXHIBIT F

FRANCHISE DISCLOSURE QUESTIONNAIRE



FRANCHISE DISCLOSURE QUESTIONNAIRE

As you know, TRU Franchise, LLC (“we” or “us”), and you are preparing to enter into a Franchise Agreement, and if applicable, an Area Development Agreement, for the operation of an Sweet Factory franchise. The purpose of this questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement, and if applicable, the Area Development Agreement.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer in the table provided below.

1. Yes___ No___ Have you received and personally reviewed the Franchise Agreement, and if applicable, the Area Development Agreement, and each attachment or exhibit attached to it that we provided?

2. Yes___ No___ Have you received and personally reviewed the Franchise Disclosure Document and each attachment or exhibit attached to it that we provided?

3. Yes___ No___ Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?

4. Yes___ No___ Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement, and if applicable, the Area Development Agreement?

5. Yes___ No___ Have you reviewed the Franchise Disclosure Document and Franchise Agreement, and if applicable, the Area Development Agreement, with a franchise attorney, accountant, or other professional advisor, or have you had the opportunity for such review and chosen not to engage such professionals?

6. Yes___ No___ Have you had the opportunity to discuss the benefits and risks of developing and operating a Sweet Factory Franchise with an existing Sweet Factory franchisee?

7. Yes___ No___ Do you understand the risks of developing and operating a Sweet Factory Franchise?

8. Yes___ No___ Do you understand the success or failure of your Sweet Factory Franchise will depend in large part upon your skills, abilities, and efforts, and those of the persons you employ, as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs, and other relevant factors?

9. Yes___ No___ Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement, and if applicable, the Area Development Agreement, must be arbitrated in California, if not resolved informally or by mediation?

10. Yes___ No___ Do you understand that you must satisfactorily complete the initial training program before we will allow your Sweet Factory Franchise to open or consent to a transfer of the Sweet Factory Franchise to you?
11. Yes___ No___ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Sweet Factory Franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
12. Yes___ No___ Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, and if applicable, the Area Development Agreement, and any addendum, concerning advertising, marketing, media support, marketing penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
13. Yes___ No___ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Sweet Factory Franchise will generate that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
14. Yes___ No___ Do you understand that the Franchise Agreement, including each attachment or exhibit to the Franchise Agreement, and if applicable, the Area Development Agreement, contains the entire agreement between us and you concerning the Sweet Factory Franchise, meaning any prior oral or written statements not set out in the Franchise Agreement, and if applicable, the Area Development Agreement, or the attachments or exhibits to the Franchise Agreement, and if applicable, the Area Development Agreement, will not be binding?
15. Yes___ No___ Do you understand that we are relying on your answers to this questionnaire to ensure that the franchise sale was made in compliance of state and federal laws?

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Date

Date

EXPLANATION OF ANY NEGATIVE RESPONSES (REFER TO QUESTION NUMBER):

Question Number	Explanation of Negative Response

EXHIBIT G

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EXHIBIT H

STATE ADDENDA AND AGREEMENT RIDERS

STATE ADDENDA AND AGREEMENT RIDERS

ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS, AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR TRU FRANCHISE, LLC

The following modifications are made to the TRU Franchise, LLC (“**Franchisor**,” “**us**,” “**we**,” or “**our**”) Franchise Disclosure Document (“**FDD**”) given to franchisee (“**Franchisee**,” “**you**,” or “**your**”) and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated _____, 20____ (“**Franchise Agreement**”). When the term “**Franchisor’s Choice of Law State**” is used, it means the laws of the state where the Sweet Factory business is located. When the term “**Supplemental Agreements**” is used, it means Area Development Agreement.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. This State-Specific Addendum (“**State Addendum**”) will modify these agreements to comply with the state’s laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements.

CALIFORNIA

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the FDD.

California Corporations Code Section 31125 requires us to give to you a FDD approved by the Department of Business Oversight before we ask you to consider a material modification of your Franchise Agreement.

The Franchise Agreement contains, and if applicable, the Supplemental Agreements may contain, provisions requiring binding arbitration with the costs being awarded to the prevailing party. The arbitration will occur in Franchisor’s Choice of Law State. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement or Supplemental Agreements restricting venue to a forum outside the State of California. The Franchise Agreement may contain a mediation provision. If so, the parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator’s fees.

The Franchise Agreement and Supplemental Agreements require the application of the law of Franchisor’s Choice of Law State. This provision may not be enforceable under California law.

Neither Franchisor nor any other person listed in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the

Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. SEC. 101 et seq.).

The Franchise Agreement contains, and if applicable, the Supplemental Agreements may contain, a covenant not to compete provision which extends beyond the termination of the Franchise. Such provisions may not be enforceable under California law.

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.

You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

Our website has not been reviewed or approved by the California Department of Business Oversight. Any complaints concerning the content of this website may be directed to the California Department of Business Oversight at www.dbo.ca.gov.

HAWAII

The following is added to the Cover Page:

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

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

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

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

The status of the Franchisor's franchise registrations in the states which require registration is as follows:

1. States in which this proposed registration is effective are listed on the third page of the FDD on the page entitled, "State Effective Dates."
2. States which have refused, by order or otherwise, to register these Franchises are:

None
3. States which have revoked or suspended the right to offer the Franchises are:

None
4. States in which the proposed registration of these Franchises has been withdrawn are:

None

ILLINOIS

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The FDD, Franchise Agreement and Supplemental Agreements are amended accordingly.

The governing law or choice of law clause described in the FDD and contained in the Franchise Agreement and Supplemental Agreements is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of Illinois law in all situations to which it is applicable.

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void." The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

Item 17.v, Choice of Forum, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act.”

Item 17.w, Choice of Law, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act”.

The termination and non-renewal provisions in the Franchise Agreement and the FDD may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three years after the act or transaction constituting the violation upon which it is based, the expiration of one year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

INDIANA

Item 8 of the FDD is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The “Summary” column in Item 17.r. of the FDD is deleted and the following is inserted in its place:

No competing business for two years within the Protected Area.

The “Summary” column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The “Summary” column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

Litigation regarding Franchise Agreement in Indiana; other litigation in Franchisor’s Choice of Law State. This language has been included in this Franchise Disclosure Document as a condition

to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The “Summary” column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws; otherwise Franchisor’s Choice of Law State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor’s Choice of Law State law, if such provisions are in conflict with Indiana law.
2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.
3. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.
4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).
5. The following provision will be added to the Franchise Agreement:

No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

IOWA

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to TRU Franchise, LLC, 1590 N. Batavia Street, #2, Orange, CA 92867, or send a fax to TRU Franchise, LLC at 714-922-3931 not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: _____

By: _____

Print Name: _____

Its: _____

Date: _____

MARYLAND

AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENTS AND AREA DEVELOPMENT AGREEMENT

Item 17 of the FDD and the Franchise Agreement are amended to state: "The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

Representations in the Franchise Agreement and Area Development Agreements 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.

Item 17 of the FDD and sections of the Franchise Agreement and Area Development Agreements are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the Franchise.

The Franchise Agreement and Franchise Disclosure Questionnaire are amended to state that all representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A Sec. 101 et seq.).

MICHIGAN

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

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

- (a) A prohibition on your right to join an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the Franchise business are not subject to compensation. This subsection applies only if: (i) the term of the Franchise is less than five years; and (ii) you are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the Franchise or you do not receive at least six months' advance notice of our intent not to renew the Franchise.
- (e) A provision that permits us to refuse to renew a Franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits us to refuse to permit a transfer of ownership of a Franchise, except for good cause. This subdivision does not prevent us from exercising a right of first refusal to purchase the Franchise. Good cause shall include, but is not limited to:

(i) the failure of the proposed transferee to meet our then-current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of us or our subfranchisor.

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

(iv) your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

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

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

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
525 W. Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.

2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.
3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.
4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.
5. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.
6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.
7. The following language will appear as a new paragraph of the Franchise Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C.
8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.

NEW YORK

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 E OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN 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, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NY 10005, 212-416-8236. 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.

The following is added at the end of Item 3:

Except as provided above, with regard to Franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the Franchise System or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge, or within the ten-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 injunction 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.

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 the offering circular: (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 one year after the officer or general partner of the franchisor held this position in the company or partnership.

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.

The following is added to the end of the “Summary” sections of Item 17(c), titled “Requirements for Franchisee to renew or extend,” and Item 17(m), entitled “Conditions for Franchisor approval of transfer:”

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

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.

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.

The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of Forum,” and Item 17(w), titled “Choice of Law:”

The foregoing choice of law should not be considered a waiver of any right conferred upon the Franchisor or upon the Franchisee by Article 33 of the General Business Law of the State of New York.

NORTH DAKOTA

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(r) of the FDD and Section 14 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

OHIO

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials _____ Date _____

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five 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 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to TRU Franchise, LLC, 1590 N. Batavia Street, #2, Orange, CA 92867, or send a fax to TRU Franchise, LLC at 714-922-3931 not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

Date: _____

By: _____

Print Name: _____

Its: _____



RHODE ISLAND

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.” The FDD, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law.

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including, but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

SOUTH DAKOTA

Intentionally left blank.

VIRGINIA

Item 17(h). The following is added to Item 17(h):

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable.”

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for TRU Franchise, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 8 and Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON

The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement and Supplemental Agreements in your relationship with the franchisor, including the areas of termination and renewal of your Franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your Franchise. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

In any arbitration involving a Franchise purchased in Washington, the arbitration site shall be either in Washington or in a place as mutually agreed upon at the time of the arbitration, or as determined by the arbitrator. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

(Signatures on following page)

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states (“**Addenda**”) is checked as an “Applicable Addenda” below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

☐	California	☐	Michigan	☐	Rhode Island
☐	Hawaii	☐	Minnesota	☐	South Dakota
☐	Illinois	☐	New York	☐	Virginia
☐	Iowa	☐	North Dakota	☐	Washington
☐	Indiana	☐	Ohio	☐	Wisconsin
☐	Maryland				

Dated: _____, 20____

FRANCHISOR:

TRU FRANCHISE, LLC

By: _____

Title: _____

FRANCHISEE:

By: _____

Title: _____

Rev. 050918



EXHIBIT I

CONTRACTS FOR USE WITH THE SWEET FACTOR FRANCHISE

The following contracts contained in Exhibit I are contracts that Franchisee is required to utilize or execute after signing the Franchise Agreement in the operation of the Sweet Factory Business. The following are the forms of contracts that TRU Franchise, LLC uses as of the Issuance Date of this Franchise Disclosure Document. If they are marked “Sample,” they are subject to change at any time.



EXHIBIT I-1

SWEET FACTORY FRANCHISE

SAMPLE GENERAL RELEASE AGREEMENT

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims ("Release") is made as of _____, 20__ by _____, a(n) _____ ("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of TRU Franchise, LLC, a California limited liability company ("Franchisor," and together with Releasor, the "Parties").

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement ("Agreement") pursuant to which Franchisee was granted the right to own and operate a Sweet Factory business;

WHEREAS, [Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee/enter into a successor franchise agreement/amend the Agreement] or [the Agreement is being terminated/or indicate other reason for the requirement of this waiver and release], and Franchisor has consented to such [transfer/successor franchise agreement/amendment/termination/other reason]; and

WHEREAS, as a condition to Franchisor's consent to [transfer the Agreement/enter into a successor franchise agreement/amend the Agreement/terminate the Agreement/other reason], Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor's consent, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. Each individual executing this Release on behalf of Franchisee represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. Release. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third party claim.

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. Confidentiality. Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Agreement to any third party without Franchisor's express written consent, except as required by law.

5. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the state where the Sweet Factory business is located.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

(Signatures on following page)

IN WITNESS WHEREOF, Releasor has executed this Release as of the date first written above.

FRANCHISEE:

_____, a

By: _____

Printed Name: _____

Title: _____

FRANCHISEE'S OWNERS:

Date _____

Signature

Typed or Printed Name

Signature

Typed or Printed Name

Rev. 061518

EXHIBIT I-2

SWEET FACTORY FRANCHISE

SAMPLE SYSTEM PROTECTION AGREEMENT

This System Protection Agreement (“Agreement”) is entered into by the undersigned (“you” or “your”) in favor of TRU Franchise, LLC, a California limited liability company, and its successors and assigns (“us,” “we,” or “our”), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

“*Competitive Business*” means any business that: (i) sells or offers to sell products the same as or similar to the type of products sold by you in and/or from the Franchisee Territory (including, but not limited to, the products we authorize); or (ii) provides or offers to provide services the same as or similar to the type of services sold by you in and/or from the Franchisee Territory (including, but not limited to, the services we authorize), but excludes a Sweet Factory business operating pursuant to a franchise agreement with us.

“*Copyrights*” means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell, or display in connection with the marketing and/or operation of a Sweet Factory business or the solicitation or offer of a Sweet Factory franchise, whether now in existence or created in the future.

“*Franchisee*” means the Sweet Factory franchisee for which you are a manager or officer.

“*Franchisee Territory*” means the territory granted to you pursuant to a franchise agreement with us.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Sweet Factory business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“*Manual*” means our confidential operations manual for the operation of a Sweet Factory business, which may be periodically modified by us.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Sweet Factory business, including “SWEET FACTORY,” and any other trademarks, service marks, or trade names that we designate for use by a Sweet Factory business. The term “Marks” also includes any distinctive trade dress used to identify a Sweet Factory business, whether now in existence or hereafter created.

“*Prohibited Activities*” means any or all of the following: (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent, or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly-traded company that is a Competitive Business); and (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees).

“*Restricted Period*” means the one-year period after you cease to be a manager or officer of Franchisee’s Sweet Factory business; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the “Restricted Period” means the nine-month period after you cease to be a manager or officer of Franchisee’s Sweet Factory business.

“Restricted Territory” means the geographic area within: (i) a ten-mile radius from Franchisee’s Sweet Factory business (and including the premises of the approved location of Franchisee); and (ii) a ten-mile radius from all other Sweet Factory businesses that are operating or under construction as of the beginning of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the *“Restricted Territory”* means the geographic area within a five-mile radius from Franchisee’s Sweet Factory business (and including the premises of the approved location of Franchisee).

“System” means our system for the establishment, development, operation, and management of a Sweet Factory business, including Know-how, proprietary programs and products, Manual, and operating system.

2. Background. You are a manager or officer of Franchisee. As a result of this relationship, you may gain knowledge of our System. You understand that protecting the Intellectual Property and our System are vital to our success and that of our franchisees and that you could seriously jeopardize our entire System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. Know-How and Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the Sweet Factory business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer a manager or officer of Franchisee’s Sweet Factory business. You further agree that you will not use all or part of the Intellectual Property or all or part of the System for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee. These restrictions on Know-how, Intellectual Property and the System shall not apply to any information which is information publicly known or becomes lawfully known in the public domain other than through a breach of this Agreement or is required or compelled by law to be disclosed, provided that you will give reasonable notice to us to allow us to seek protective or other court orders.

4. Unfair Competition During Relationship. You agree not to unfairly compete with us at any time while you are a manager or officer of Franchisee’s Sweet Factory business by engaging in any Prohibited Activities.

5. Unfair Competition After Relationship. You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity.

6. Immediate Family Members. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, grandparent or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family: (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities; or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

7. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and

business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

8. Breach. You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Sweet Factory franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action that you may have against us, our owners or our affiliates, or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

9. Miscellaneous.

a. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

b. This Agreement will be governed by, construed, and enforced under the laws of the state where the Sweet Factory business is located, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

c. Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration, and geographic area.

d. You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration, and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory, and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

(Signatures on following page)

EXECUTED on the date stated below.

Date _____ Signature _____

Typed or Printed Name _____

Rev. 041116

EXHIBIT I-3

SWEET FACTORY FRANCHISE

SAMPLE CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement (“Agreement”) is entered into by the undersigned (“you”) in favor of TRU Franchise, LLC, a California limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

“*Copyrights*” means all works and materials for which we or our affiliate(s) have secured common law or registered copyright protection and that we allow Sweet Factory franchisees to use, sell, or display in connection with the marketing and/or operation of a Sweet Factory Business, whether now in existence or created in the future.

“*Franchisee*” means the Sweet Factory franchisee for which you are an employee, independent contractor, agent, representative, or supplier.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, Manual, and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Sweet Factory Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“*Manual*” means our confidential operations manual for the operation of a Sweet Factory Business.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Sweet Factory Business, including “SWEET FACTORY” and any other trademarks, service marks, or trade names that we designate for use by a Sweet Factory Business. The term “Marks” also includes any distinctive trade dress used to identify a Sweet Factory Business, whether now in existence or hereafter created.

“*Sweet Factory Business*” means a business that operates self-service candy and confection shops and other related products and services using our Intellectual Property.

“*System*” means our system for the establishment, development, operation, and management of a Sweet Factory Business, including Know-how, proprietary programs and products, confidential operations manuals, and operating system.

2. Background. You are an employee, independent contractor, agent, representative, or supplier of Franchisee. Because of this relationship, you may gain knowledge of our Intellectual Property. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees, and that you could seriously jeopardize our entire Franchise System if you were to use such Intellectual Property in any way other than as described in this Agreement. In order to avoid such damage, you agree to comply with this Agreement.

3. Know-How and Intellectual Property: Nondisclosure and Ownership. You agree: (i) you will not use the Intellectual Property in any business or capacity other than for the benefit of the Sweet Factory Business operated by Franchisee or in any way detrimental to us or to the Franchisee; (ii) you will maintain the confidentiality of the Intellectual Property at all times; (iii) you will not make unauthorized copies of documents containing any Intellectual Property; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Intellectual Property; and



(v) you will stop using the Intellectual Property immediately if you are no longer an employee, independent contractor, agent, representative, or supplier of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performing your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

The Intellectual Property is and shall continue to be the sole property of TRU Franchise, LLC. You hereby assign and agree to assign to us any rights you may have or may acquire in such Intellectual Property. Upon the termination of your employment or engagement with Franchisee, or at any time upon our or Franchisee's request, you will deliver to us or to Franchisee all documents and data of any nature pertaining to the Intellectual Property, and you will not take with you any documents or data or copies containing or pertaining to any Intellectual Property.

4. Immediate Family Members. You acknowledge you could circumvent the purpose of this Agreement by disclosing Intellectual Property to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Intellectual Property to family members. Therefore, you agree you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Intellectual Property. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Intellectual Property to the family member.

5. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

6. Breach. You agree that failure to comply with this Agreement will cause substantial and irreparable damage to us and/or other Sweet Factory franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

7. Miscellaneous.

a. Although this Agreement is entered into in favor of TRU Franchise, LLC, you understand and acknowledge that your employer/employee, independent contractor, agent, representative, or supplier relationship is with Franchisee and not with us, and for all purposes in connection with such relationship, you will look to Franchisee and not to us.

b. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

c. This Agreement will be governed by, construed, and enforced under the laws of the state where the Sweet Factory business is located, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

d. Each section of this Agreement, including each subsection and portion, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

EXECUTED on the date stated below.

Date_____

Signature

Typed or Printed Name

Rev. 032916

EXHIBIT I-4

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

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

Bank Account Information:

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

Authorization:

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

Signature: _____ Date: _____
Printed Name: _____
Its: _____

Federal Tax ID Number: _____

Rev. 032916

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



EXHIBIT I-5

SWEET FACTORY FRANCHISE

SAMPLE APPROVAL OF REQUESTED ASSIGNMENT

This Approval of Requested Assignment (“**Agreement**”) is entered into this _____ day of _____, 20____, between TRU Franchise, LLC (“**Franchisor**”), a California limited liability company, _____ (“**Former Franchisee**”), the undersigned owners of Former Franchisee (“**Owners**”) and _____, a California limited liability company (“**New Franchisee**”).

RECITALS

WHEREAS, Franchisor and Former Franchisee entered into that certain franchise agreement dated _____, 20____ (“**Former Franchise Agreement**”), in which Franchisor granted Former Franchisee the right to operate a Sweet Factory franchise located at _____ (“**Franchised Business**”); and

WHEREAS, Former Franchisee desires to assign (“**Requested Assignment**”) the Franchised Business to New Franchisee, New Franchisee desires to accept the Requested Assignment of the Franchised Business from Former Franchisee, and Franchisor desires to approve the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Agreement, including that New Franchisee sign Franchisor’s current form of franchise agreement together with all exhibits and attachments thereto (“**New Franchise Agreement**”), contemporaneously herewith.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, the parties hereto hereby covenant, promise, and agree as follows:

1. Payment of Fees. In consideration for the Requested Assignment, Former Franchisee acknowledges and agrees to pay Franchisor the Transfer Fee, as required under the Franchise Agreement (“**Franchisor’s Assignment Fee**”).

2. Assignment and Assumption. Former Franchisee hereby consents to assign all of its rights and delegate its duties with regard to the Former Franchise Agreement and all exhibits and attachments thereto from Former Franchisee to New Franchisee, subject to the terms and conditions of this Agreement, and conditioned upon New Franchisee’s signing the New Franchise Agreement pursuant to Section 5 of this Agreement.

3. Consent to Requested Assignment of Franchised Business. Franchisor hereby consents to the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon receipt of the Franchisor’s Assignment Fee from Former Franchisee and the mutual execution of this Agreement by all parties. Franchisor waives its right of first refusal set forth in the Former Franchise Agreement and waives any obligation for Former Franchisee to enter into a subordination agreement pursuant to the Former Franchise Agreement.

4. Termination of Rights to the Franchised Business. The parties acknowledge and agree that effective upon the date of this Agreement, the Former Franchise Agreement shall terminate and all of Former Franchisee’s rights to operate the Franchised Business are terminated and that from the date of this Agreement only New Franchisee shall have the sole right to operate the Franchised Business under the New Franchise Agreement. Former Franchisee and the undersigned Owners agree to comply with all of the covenants in the Former Franchise Agreement that expressly or by implication survive the termination,



expiration, or transfer of the Former Franchise Agreement. Unless otherwise precluded by state law, Former Franchisee shall execute Franchisor's current form of General Release Agreement.

5. New Franchise Agreement. New Franchisee shall execute the New Franchise Agreement for the Franchised Business (as amended by the form of Addendum prescribed by Franchisor, if applicable), and any other required contracts for the operation of a Sweet Factory franchise as stated in Franchisor's Franchise Disclosure Document.

6. Former Franchisee's Contact Information. Former Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three-year period following the execution of this Agreement.

7. Acknowledgement by New Franchisee. New Franchisee acknowledges and agrees that the purchase of the rights to the Franchised Business ("**Transaction**") occurred solely between Former Franchisee and New Franchisee. New Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to the approval of Requested Assignment and any required actions regarding New Franchisee's signing of the New Franchise Agreement for the Franchised Business. New Franchisee agrees that any claims, disputes, or issues relating New Franchisee's acquisition of the Franchised Business from Franchisee are between New Franchisee and Former Franchisee, and shall not involve Franchisor.

8. Representation. Former Franchisee warrants and represents that it has not heretofore assigned, conveyed, or disposed of any interest in the Former Franchise Agreement or Franchised Business. New Franchisee hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the New Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.

9. Notices. Any notices given under this Agreement shall be in writing, and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

10. Further Actions. Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Agreement, including any and all actions that may be required or contemplated by the Former Franchise Agreement.

11. Affiliates. When used in this Agreement, the term "**Affiliates**" has the meaning as given in Rule 144 under the Securities Act of 1933.

12. Miscellaneous. This Agreement may not be changed or modified except in a writing signed by all of the parties hereto. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

13. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the state where the Sweet Factory business is located.

IN WITNESS WHEREOF, the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

FRANCHISOR:

TRU FRANCHISE, LLC

By: _____

Printed Name: _____

Title: _____

FORMER FRANCHISEE:

By: _____

Printed Name: _____

Title: _____

NEW FRANCHISEE:

By: _____

Printed Name: _____

Title: _____

Rev. 082418

EXHIBIT I-6

SWEET FACTORY FRANCHISE

LEASE ADDENDUM

This Addendum to Lease (“**Addendum**”), dated _____, 20____, is entered into by and between _____ (“**Landlord**”), _____ (“**Tenant**”) and _____ (“**Franchisor**”), collectively referred to herein as the “**Parties**”.

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

B. Landlord acknowledges that Tenant intends to operate a franchised business from the leased premises (“**Premises**”) pursuant to a Franchise Agreement (“**Franchise Agreement**”) with Franchisor under Franchisor’s trademarks and other names designated by Franchisor (herein referred to as “**Franchised Business**” or “**Franchise Business**”).

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

NOW, THEREFORE, it is hereby mutually covenanted and agreed among the Parties as follows:

1. Use of the Premises. During the term of the Franchise Agreement, the Premises shall be used only for the operation of the Franchised Business.

2. Franchise System. Landlord hereby consents to Tenant’s use of such proprietary marks, signs, interior and exterior décor items, color schemes and related components of the Franchised Business required by Franchisor. Tenant’s use of such items shall at all times be in compliance with all applicable laws, ordinances, rules and regulations of governmental authorities having jurisdiction over the Premises.

3. Assignment. Tenant shall have the right, without further consent from Landlord, to sublease or assign all of Tenant’s right, title, and interest in the Lease to a Franchise Assignee at any time during the term of the Lease, including any extensions or renewals thereof. If Tenant fails to timely cure any default under either the Lease or the Franchise Agreement, Franchisor or a Franchise Assignee that Franchisor designates, will, at its option, have the right, but not the obligation, to take an assignment of Tenant’s interest under the Collateral Assignment of Lease or other form of assignment and assumption document reasonably acceptable to Landlord, provided such Franchise Assignee cures a default of the Lease no later than ten (10) days following the end of Tenant’s cure period. No assignment shall be effective until: (i) a Franchise Assignee gives Landlord written notice of its acceptance of the assignment and assumption of the Lease; and (ii) Tenant or the Franchise Assignee has cured all material defaults of the Lease for which it has received notice from Landlord. Nothing contained herein or in any other document shall create any obligation or liability of Franchisor, any Franchise Assignee, or guarantor thereof under the Lease unless and until the Lease is assigned to, and accepted in writing by a Franchise Assignee. In the event of any assignment or purported assignment under this Addendum, Tenant shall remain liable under the terms of the Lease and the assignee or subtenant shall retain all of the Tenant’s rights granted in the Lease including without limitation: (x) any grant of a protected territory or use exclusivity; and (y) the renewal or extension of the Lease term. With respect to any assignment proposed or consummated under this Addendum, Landlord hereby waives any rights it may have to: (A) recapture the Premises; (B) terminate the Lease; or (C) modify any terms or conditions of the Lease. If Franchisor accepts an assignment and

assumes the Lease under this section, Franchisor shall have the right to further sublet or reassign the Lease to another Franchise Assignee without Landlord's consent in which event Franchisor shall be released from any obligation or liability under the Lease. As used in this Addendum, "**Franchise Assignee**" means: (i) Franchisor or Franchisor's parent, subsidiary, or affiliate; or (ii) any franchisee of Franchisor or of Franchisor's parent, subsidiary, or affiliate.

4. Default and Notice.

a. If Tenant defaults on or breaches the Lease and Landlord delivers a notice of default to Tenant, Landlord shall contemporaneously send a copy of such default notice to Franchisor. Franchisor shall have the right, but not the obligation, to cure the default during Tenant's cure period plus an additional ten (10) day period. Franchisor will notify Landlord whether it intends to cure the default prior to the end of Tenant's cure period.

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

TRU Franchise, LLC
1590 N. Batavia Street, #2
Orange, California 92867

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

c. Tenant and Landlord agree not to terminate, or materially amend the Lease during the term of the Franchise Agreement or any renewal thereof without Franchisor's prior written consent. Any attempted termination, or material amendment shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect shall be included in the Lease.

5. Termination or Expiration.

a. If Franchisor does not elect to take an assignment of the Tenant's interest, Landlord will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Landlord, to remove all signs, awnings, and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect the Franchisor's trademarks and franchise system and to distinguish the Premises from a Franchised Business provided that Franchisor repairs any damage caused to the Premises by exercise of its rights hereunder.

b. If any Franchise Assignee purchases any assets of Tenant, Landlord shall permit such Franchise Assignee to remove all the assets being purchased, and Landlord waives any lien rights that Landlord may have on such assets.

6. Consideration; No Liability.

a. Landlord acknowledges that the Franchise Agreement requires Tenant to receive Franchisor's approval of the Lease prior to Tenant executing the Lease and that this Addendum is a material requirement for Franchisor to approve the Lease. Landlord acknowledges Tenant would not lease the Premises without this Addendum. Landlord also hereby consents to the Collateral Assignment of Lease from Tenant to Franchisor as evidenced by Attachment 1.

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

7. Amendments. No amendment or variation of this Addendum shall be valid unless made in writing and signed by the Parties hereto.

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

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

LANDLORD:

TENANT:

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

FRANCHISOR:

By: _____

Printed Name: _____

Title: _____

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EXHIBIT I-6 Attachment 1

ATTACHMENT 1 TO LEASE ADDENDUM

COLLATERAL ASSIGNMENT OF LEASE

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

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

Upon a default by Assignor under the Lease or under that certain franchise agreement for a franchise between Assignee and Assignor (“**Franchise Agreement**”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered, in Assignee’s sole discretion, to: (i) cure Assignor’s default of the Lease; (ii) take possession of the premises demised by the Lease; (iii) expel Assignor from the premises, either temporarily or permanently; (iv) terminate Assignee’s rights, title, and interest in the Lease; and/or (v) assume the Lease. If Assignee expends sums to cure a default of the Lease, Assignor shall promptly reimburse Assignee for the cost incurred by Assignee in connection with such performance, together with interest thereon at the rate of two percent (2%) per month, or the highest rate allowed by law.

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

(Signatures on following page)

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

ASSIGNOR:

By: _____

Printed Name _____

Its: _____

ASSIGNEE:

By: _____

Printed Name _____

Its: _____

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EXHIBIT J

RECEIPT

RECEIPT
(Retain This Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If TRU Franchise, 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.

Under Iowa law, if applicable, TRU Franchise, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires TRU Franchise, LLC to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If TRU Franchise, 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, DC 20580, and the appropriate state agency identified on Exhibit E.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:
John Kim, 1590 N. Batavia Street #2, Orange, CA 92867, Tel: 714-922-8760 ext. 100

Issuance Date: April 23, 2019

I received a disclosure document issued April 23, 2019 which included the following exhibits:

Exhibit A	Franchise Agreement
Exhibit B	Area Development Agreement
Exhibit C	Financial Statements
Exhibit D	List of Current and Former Franchisees/Area Developers
Exhibit E	List of State Administrators and Agents for Service of Process
Exhibit F	Franchise Disclosure Questionnaire
Exhibit G	Brand Standards Manual Table of Contents
Exhibit H	State Addenda and Agreement Riders
Exhibit I	Contracts for use with the Sweet Factory Franchise
Exhibit J	Receipt

_____	_____	_____
Date	Signature	Printed Name
_____	_____	_____
Date	Signature	Printed Name

Rev. 012417

PLEASE RETAIN THIS COPY FOR YOUR RECORDS.



**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 TRU Franchise, 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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If TRU Franchise, 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, DC 20580, and the appropriate state agency identified on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:
John Kim, 1590 N. Batavia Street #2, Orange, CA 92867, Tel: 714-922-8760 ext. 100

Issuance Date: April 23, 2019

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Exhibit J	Receipt

_____	_____	_____
Date	Signature	Printed Name

_____	_____	_____	Rev. 012417
Date	Signature	Printed Name	

Please sign this copy of the receipt, date your signature, and return it to TRU Franchise, LLC, 1590 N. Batavia Street, #2, Orange, CA 92867.

