FRANCHISE DISCLOSURE DOCUMENT

FOR PROSPECTIVE MASTER FRANCHISEES

Yogen Früz U.S.A., Inc.

a Nevada corporation
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The franchise offered is for the right and obligation to act as a master franchisee and, in that capacity, to grant subfranchises to qualified persons for their development and operation of Yogen Früz® branded frozen yogurt businesses that specialize in the retail sale of proprietary frozen yogurts, yogurt shakes, fruit cups, fresh-pressed tea, and other fruit and yogurt based products and other related products. Master franchisees are also required, through their wholly owned subsidiary, to own and operate at least one Yogen Früz® branded frozen yogurt business.

The total investment necessary to begin operation as a master franchisee is $251,950 to $1,170,950, which includes between $53,000 to $510,000 that must be paid to us or our affiliates. This includes the total investment necessary for a master franchisee's affiliate to open a single model Yogen Früz business.

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

You may wish to receive your Franchise Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our Legal Department at 210 Shields Court, Markham, Ontario L3R 8V2, Canada, and (905) 479-8762.

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

Buying a franchise is a complex investment. The information in this Franchise 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 Franchise 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: June 10, 2025

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former master franchisees. You can find their names and contact information in Item 20 or Exhibit H.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit D includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and master franchised outlets.
Will my business be the only Yogen Früz® business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other master franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Yogen Früz® master franchisee?	Item 20 or Exhibit H lists current and former master franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this Franchise Disclosure Document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

Your state also may have laws that require special disclosures or amendments be made to your master franchise agreement. If so, you should check the State Specific Addenda. See the information in Exhibit I for the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **<u>Out-of-State Dispute Resolution</u>.** The master franchise agreement requires you to resolve disputes with the franchisor by arbitration or litigation only in Nevada. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with franchisor in Nevada than in your own state.
2. **<u>Financial Condition</u>.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

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EXHIBITS

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

The franchisor is Yogen Früz U.S.A., Inc. To simplify the language in this disclosure document (this "Franchise Disclosure Document"), we use the terms "Franchisor" or "we" to refer to Yogen Früz U.S.A., Inc. When we refer to our affiliates, we will refer to them by their names. "You" means the person or entity that buys the Master Franchise (defined below). If you are a corporation, partnership, limited liability company or other entity, certain provisions of the Master Franchise Agreement (defined below) and related agreements will also apply to your owners.

We are a Nevada corporation formed on May 8, 1989, and we began offering Master Franchises in May 1989. We do not currently own or operate any Master Franchises. Our principal place of business is 210 Shields Court, Markham, Ontario, Canada, L3R 8V2, phone number 905-479-8762. We do business under our corporate name and the name "Yogen Früz." We do not do business under any other name. We have no predecessors**.** We have never offered Master Franchises for any other concepts, but we may do so in the future.

Our Parents, Predecessors and Affiliates

Our parent company is Yogen Früz Canada, Inc. ("YFCI"), an Ontario, Canada corporation that shares our principal address. YFCI offers master franchises only in Canada and began doing so in August 1989. It currently has 0 Master Franchisee (defined below) and twenty-eight (28) unit franchisees operating in Canada. YFCI does not offer Master Franchises (defined below) in the United States. YFCI has also entered into several licensing agreements with restaurants, a frozen yogurt vending machine operator, and a movie theatre group to carry Yogen Früz® products at select locations. YFCI employs certain individuals who provide services to us. YFCI's parent is International Franchise Inc. ("IFI"), an Ontario, Canada that also shares our principal place of business. IFI has never owned, offered or operated any Master Franchises.

Our affiliate, YF Franchise LLC ("YF"), was organized in Delaware on August 29, 2000, under the name Coolbrands Franchise LLC. YF changed its name to its current name on December 19, 2005 and shares our principal address. YF offered master franchises for the right to subfranchise Swensen's-branded ice cream outlets from August 2000 to July 2015. YF currently has one master franchisee operating in the United States.

In December 2018, our affiliate, Holy Sweet U.S.A., Inc., a Nevada corporation formed on December 10, 2018 and which shares our principal address ("Holy Sweet"), began offering unit-franchises for quick-serve ice cream shops offering a variety of beverages, pastries and frozen desserts under the Sweet Jesus brand (each a "Shoppe"). Holy Sweet is a wholly-owned subsidiary of Holy Sweet Inc., an Ontario (Canada) corporation that acquired the assets of the Sweet-Jesus brand from Monarch & Misfits, Inc. ("M&M") on November 1, 2018. M&M began offering franchises for Shoppes in Canada in March 2013 and in the United States in March 2017. As a result of this acquisition, Holy Sweet is the franchisor of Shoppes in the United States and Holy Sweet Canada is the franchisor of Shoppes in Canada. As of the date of this Franchise Disclosure Document, there are zero (0) Shoppes operating in the United States.

Except as noted above, none of our parents or affiliates has offered in the United States Master Franchises or master franchises for any other concepts, but they may do so in the future. We do, however, have foreign affiliates who offer master franchises for other concepts located outside of the United States.

We disclose our Agents for Service of Process in each state in Exhibit A.

The Franchise We Offer

We grant master franchises ("Master Franchises") to qualified parties to act as our master franchisees

("Master Franchisees") in a territory that we and the Master Franchisee agree upon (the "Designated Territory"). Master Franchisees, in turn, grant to qualified persons ("Subfranchisees") subfranchises to develop and operate businesses under the Yogen Früz® and related trademarks (the "Marks" or "Proprietary Marks"), using our operating system (the "System"), and specializing in the sale of proprietary frozen yogurts, yogurt shakes, fruit cups, and other fruit and yogurt based products ("Proprietary Products") (each a "Yogen Früz Business"). To become a Master Franchisee, you must sign our form of Master Franchise Agreement (the "Master Franchise Agreement"), the current version of which is attached to this Franchise Disclosure Document as Exhibit B. The Master Franchise Agreement will describe the Designated Territory and a Mandatory Development Schedule (as defined in Item 12) that you and we will agree on prior to your signing the Master Franchise Agreement and that will describe the number and timing of the Yogen Früz Businesses that your Subfranchises must open pursuant to individual Subfranchise Agreements that you will sign with your Subfranchisees ("Subfranchise Agreements"). Each Subfranchise Agreement must be on our then-current form, the terms of which may materially differ from our current form of Subfranchise Agreement. Our current form of Subfranchise Agreement is attached to this Franchise Disclosure Document as Exhibit C. Currently, we have 2 Master Franchisees who service 28 Subfranchisees operating pursuant Subfranchise Agreements.

As a Master Franchisee, you will be obligated to perform the sales services and support services that are described in the Master Franchise Agreement and elsewhere in this Franchise Disclosure Document, and you will be required to comply with your obligations under all Subfranchise Agreements that you sign with your Subfranchisees. "Sales Services" include the obligation to: (i) identify and recruit qualified Subfranchisees in your Designated Territory; and (ii) grant subfranchises to Subfranchisees by executing, with qualified Subfranchisees, individual Subfranchise Agreements that obligate you to provide certain services to the Subfranchisee and that obligate the Subfranchisee to develop and operate a Yogen Früz Business at a specific location. "Support Services" include the obligation to: (i) provide services to both Subfranchisees with whom you sign Subfranchise Agreements and those Subfranchisees we identify in the Master Franchise Agreement, if any, who signed a Subfranchise Agreement with a previous Master Franchisee who no longer has the right to act as our Master Franchisee (each an "Existing Subfranchisee"); and (ii) enforce compliance by all Subfranchisees in the Designated Territory with their respective Subfranchise Agreements. Together, the Sales Services and the Support Services are referred to as the "Master Franchise Rights."

The Master Franchise Agreement does not grant you the right or impose on you the obligation, to develop or operate a Yogen Früz Business. However, it requires that you sign at least one Subfranchise Agreement with your wholly owned subsidiary under which your wholly owned subsidiary, as Subfranchisee, will be obligated to develop and operate a Yogen Früz Business that you will use as a sales and training tool (the "Affiliate Model Outlet"). Your wholly owned subsidiary must continuously operate the Affiliate Model Outlet throughout the time that you are authorized, under the Master Franchise Agreement, to grant Subfranchises and enter into Subfranchise Agreements (the "Development Term"). The Affiliate Model Outlet must be equipped for and offer our Früz Tea product-line.

Additionally, under a different set of agreements, we also offer unit franchises for the right and obligation to develop and operate Yogen Früz® branded frozen yogurt businesses under a different set of obligations than a Master Franchise has.

Market and Competition

The frozen yogurt market is developed and competitive, but fragmented. Your competition will be any restaurant, food service, supermarket, internet catalog seller or other business that offers frozen dessert products (including those products that are similar to the frozen yogurt, yogurt shakes, fruit cups, and other fruit and yogurt based products that are offered by Yogen Früz Businesses) or tea, or whose menu, concept, business model or method of operation is similar to that employed by a Yogen Früz Business.

Industry Laws and Regulations

As a master franchisee, you will be offering and selling franchises. The offer and sale of franchises is regulated at the federal level under the Federal Trade Commission's Franchise Rule, 16 C.F.R. Part 436, released on January 23, 2007 (the "FTC Rule"). Under the FTC Rule, you will be required to create and maintain a Franchise Disclosure Document (a "Unit FDD") that satisfies the requirements of the FTC Rule, and you will be required to provide the Unit FDD to each Subfranchisee prior to entering into a Subfranchise Agreement. We will provide you with certain information about us, the Subfranchise Agreement and the Yogen Früz Businesses, and we may review and approve your proposed Unit FDD. However, compliance with the FTC Rule will be entirely your responsibility. You will be required to complete your Unit FDD as necessary to satisfy the requirements of the FTC Rule, and you must otherwise comply with the FTC Rule in offering and granting subfranchises.

In addition, certain states regulate the offer and sale of franchises in their state or to persons who reside in or will operate a Yogen Früz Business in their state. These state laws vary from state to state, but they generally require, in addition to requiring certain pre-sale disclosures similar to those required under the FTC Rule, that you register your Unit FDD before you offer or sell subfranchises. If the Designated Territory includes any state that regulates the offer and sale of franchises, you will be entirely responsible for complying with the applicable state laws. Several states also regulate the relationships between franchisors and their franchisees, most notably imposing certain limitations on the franchisor's ability to freely terminate or refuse to renew a franchise. You will also be entirely responsible for complying with those laws.

ITEM 2
BUSINESS EXPERIENCE

CEO, President, and Director: Aaron Serruya

Mr. Aaron Serruya has been the CEO of YFCI since February 1, 2019. He was President and a Director of YFCI from August 1987 to January 2019. Mr. Aaron Serruya is a co-founder of Yogen Früz® and has been actively involved in its development since its inception in 1986. His day-to-day responsibilities include selling all new franchises and resales, finding new locations and research and development. Mr. Aaron Serruya has been the Director and Officer of Swensen's Canada Inc. since June 5, 2015. Mr. Aaron Serruya has been the Director and Officer of Holy Sweet Inc. since October 16, 2018. In November 2018, Mr. Aaron Serruya offered franchises for Sweet Jesus™ outlets in Canada, which specialize in the sale of ice cream and frozen dessert products. Mr. Aaron Serruya has been engaged in the line of business associated with the franchise since 1986.

Vice President and Director: Simon Serruya

Mr. Simon Serruya has been the head of New Business Development for YFCI since January 1999 and has served as the Vice President and Director of YFCI since May 2010. Mr. Simon Serruya is one of the co-founders of Yogen Früz®. His day-to-day responsibilities include overseeing operations, marketing and working on new business development for the company. Mr. Simon Serruya has been engaged in the line of business associated with the franchise since 1992.

Franchise Sales & Development: Irena Rakhamimov

Ms. Rakhamimov joined Yogen Früz® in April 2018 and oversees Franchise Sales and Development for YFCI. Prior to this, Ms. Rakhamimov served as Business Development Associate, International for The Second Cup Coffee Company from January 2014 to February 2018. In January 2017, while working with The Second Cup Coffee Company, Ms. Rakhamimov was also provided the additional responsibility of managing the company's new wholesale program. From November 2006 to December 2014, Ms. Rakhamimov held a position as Franchise Development Associated with The Second Cup Ltd. (Canada). Ms. Rakhamimov's responsibilities at Yogen Früz® include evaluating and seeking out qualified franchisees, fostering franchisor-franchisee relationships and franchise sales and development. Ms. Rakhamimov has been engaged in the line of business associated with the franchise since April 2018.

Vice President: Claire Serruya

Ms. Serruya joined Yogen Früz® in March 2021. Prior to this, Ms. Serruya served as Assistant Designer, Intern for Fleur Du Mal from January 2019 to April 2019. While working at Fleur Du Mal, her role was to review and edit the designs prior to entering production. Ms. Serruya later joined Morgan Lane as Assistant Designer in September 2019 to January 2020. Her role at Morgan Lane involved assisting the design prospect from making prints for fabric to creating tech packs that is forwarded along to the manufacturing team to enter mass production. Ms. Serruya's day-to-day responsibilities include but are not limited to overseeing operations, legal, marketing and hiring for the company. She also works closely with the CEO to manage Yogen Früz® business development in North America. Ms. Serruya has been engaged in the line of business associated with the franchise since March 2021.

VP of International Operations & Marketing: Weny Wu

Ms. Wu leads market development and growth as the key contact for Yogen Früz® franchisees worldwide. She also oversees multiple strategic brand teams including marketing, operations, training, and research and development. Prior to joining International Franchise Inc. in 2011, Ms. Wu was the Director of Marketing for Ruby's® Diner, a full-service restaurant chain. Prior to that, Ms. Wu held a variety of Operations and Marketing leadership roles at Pizza Hut®, Inc. Ms. Wu has engaged in the line of business associated with the franchise since 2005.

Director of Operations: Phillip Knox

Mr. Knox joined Yogen Früz® in September 2023. Prior to this, Mr. Knox served as an Operations Manager at McDonalds® Franchise from December 2007 to June 2019. Mr. Knox later joined Amazon Canada as an Area Manager for a short term in July 2021 to August 2021 and shortly after joined IHOP Franchise as a Director of Operations from August 2021 to March 2023. Mr. Knox comes to Yogen Fruz with over 35 years' experience in corporate mid-management, franchisee senior leadership and restaurant operations, overseeing all levels of restaurant operations, logistics and management. Mr. Knox was also a senior Non-Commissioned Member of the Royal Canadian Air Force Reserve and holds a Canadian Forces Decoration. Mr. Knox brings this combined experience to Yogen Fruz where he and his department will support a renewed direction in establishing the foundations and infrastructure to support the growth of the brand and the operators. Mr. Knox has expertise in developing and supporting large teams of management, staff and operators at multiple locations, training each person for personal development as well as operational success.

ITEM 3
LITIGATION

2433872 Ontario Inc., James Cappellano. v. Yogurty's Yogurt Inc., Aaron Serruya, Simon Serruya, Jeff Johnston, Ontario Superior Court of Justice, Court File No. CV-16-551844.

A Yogurty's® franchisee, 2433872 Ontario Inc., and its principal, James Cappellano, as plaintiffs commenced a proceeding against Yogurty's Yogurt Inc., and its "Associates" (as defined in the Arthur Wishart Act (Franchise Disclosure) 2000, S.O. 2000 c.3 and related regulations (collectively, the "Act")), Aaron Serruya, Simon Serruya and Jeff Johnston, by Statement of Claim issued on April 28, 2016. The action seeks, among other things, damages based on allegations that the Yogurtys' Franchise Disclosure Document was materially deficient and did not constitute a Franchise Disclosure Document as the term is defined in the Act; that Yogurty's made misrepresentations upon which the Plaintiff relied to it/his detriment; and that the franchisee had validly rescinded its franchise agreement on February 26, 2016. The notice of rescission alleged that Yogurty's failed to provide a Franchise Disclosure Document as required under the Act. Yogurty's denies the allegations contained in the Statement of Claim. Yogurty's takes the position that the Franchise Disclosure Document was not materially deficient, there were no misrepresentations made to the Plaintiffs, and the franchisee was not entitled to rescind the franchise agreement. Yogurtys' and the other defendants' Statement of Defence has been prepared and filed. The Defendants have also issued a counterclaim against the Plaintiff's for breach of the Yogurty's franchise agreement. As of the date of this Franchise Disclosure Document, no further legal steps have been taken.

ITEM 4
BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Master Franchise Fee. You will pay to us an initial master franchise fee (the "Master Franchise Fee") the amount of which will be determined prior to the execution of the Master Franchise Agreement. The Master Franchise Fee will be due, in a lump sum, upon your execution of the Master Franchise Agreement. The Master Franchise Fee is not refundable under any circumstance.

The amount of the Master Franchise Fee will be determined based upon the estimated population within the Designated Territory. The estimated population is determined using the U.S. Census Bureau's website (http://www.census.gov). To determine the Master Franchise Fee, we will divide the population of the Designated Territory by 120,000 and multiply that number by $25,000. Territories are typically defined to capture between 240,000 and 2,400,000 people, so the Master Franchise Fee typically ranges from $50,000 to $500,000. The method of determining the Master Franchise Fee is uniform for master franchises sold pursuant to this Franchise Disclosure Document, but we may change it for any particular Master Franchisee if, in our discretion, we agree to engage in negotiations with the Master Franchisee.

Grand Opening Materials. You must purchase from us or our affiliate a quantity of reusable pre-opening and grand opening banners, in quantities sufficient to meet demand based on projected openings in the Designated Territory (the "Grand Opening Materials"). The total cost that you will pay us or our affiliate for Grand Opening Materials will range from $3,000 to $10,000 depending on the size of your Designated Territory. These materials are not refundable.

ITEM 6
OTHER FEES

Type of Fee[1]	Amount	Due Date	Remarks
Royalty Fees	3% of the Gross Sales[2] of each Yogen Früz Business in the Designated Territory.	Due on the 15th of each month.	
Renewal Fee (of the Development Term under the Master Franchise Agreement)	50% of the Master Franchise Fee	At the time of renewal.	In order to acquire a successor Development Term (as defined in Item 1) to continue to perform Sales Services, you must satisfy all the conditions contained in Section 1.D of the Master Franchise Agreement.
Renewal Fees (related to Subfranchise Agreement)	33% of any renewal fee which any Subfranchisee in the Designated Territory pays to you for renewal of its Subfranchise Agreement.	Within 10 days after you receive any renewal fee.	You must pay us a renewal fee each time a Subfranchise Agreement in the Designated Territory is renewed for a successor term.
Transfer Fee (under the Master Franchise Agreement)	5% of the total value of all consideration payable by the purchaser to you.	At the time of the transfer.	You will pay a transfer fee should you transfer the Master Franchise Agreement to a third party.
Transfer Fees (related to the Subfranchise Agreement)	33% of any transfer fee which any Subfranchisee in the Designated Territory pays you to transfer its Subfranchise Agreement.	Within 10 days after you receive any renewal fee.	You must pay a transfer fee each time a Subfranchise Agreement in the Designated Territory is renewed for a successor term.
Initial Franchise Fees (Affiliate Model Outlet)	$12,500 for the Affiliate Model Outlet.	Immediately upon your execution of a Subfranchise Agreement for your Affiliate Model Outlet.	You must pay us a portion of your initial franchise fee upon executing a Subfranchise Agreement for your Affiliate Model Outlet.

Type of Fee[1]	Amount	Due Date	Remarks
Initial Franchise Fees (Subfranchisees)	The greater of $8,000 or 33% of the initial fee charged to a Subfranchisee who signs a Subfranchise Agreement in the Designated Territory; or the greater of $3,500 or 33% of the initial fee charged to a Subfranchisee who executes a Subfranchise Agreement for a Non-Traditional Yogen Früz Business.[3]	Immediately upon your execution of a Subfranchise Agreement with a Subfranchisee.	You must pay us a portion of the initial franchise fees you receive upon executing a Subfranchise Agreement with Subfranchisees in the Designated Territory. The amount that you pay will vary depending on the type of Yogen Früz Business you offer under the Subfranchise Agreement.
Opening Assistance and Additional Training	Our then-current per diem charge, currently $250.00 per day.	As incurred.	We may, at our expense, send one or more representatives to assist with the opening of the Affiliate Model Outlet. If you request any additional opening assistance, we will require you pay a per-diem charge, and in addition, you must cover the cost of our additional representatives' travel expenses, salary and fringe benefits for each representative we send would normally receive.
Ongoing and Refresher Training	Our then-current per diem charge, currently $250.00 per day.	As incurred.	You will attend and successfully complete, to our satisfaction, any ongoing or refresher training programs we may require in our sole discretion at any time.
Interest/Late Payment Fees	Lesser of (a) 18% per annum; or (b) the highest rate permitted by law.	Charged from the due date until you have paid the amount owed in full.	Applies only if you do not pay any amount you owe us when it comes due.

Type of Fee[1]	Amount	Due Date	Remarks
Audits	Costs we incur in connection with an audit, including interest on any unpaid amounts that an audit may reveal.	If incurred.	You reimburse our costs if an audit we conduct reveals an understatement in any report of 2% or more.
Indemnification	Amounts incurred.	As incurred.	You must indemnify and hold us harmless under your Master Franchise Agreement.
Brand Fund	1.5% of the Gross Sales of each Subfranchisee operating within the Designated Territory.	Due on the 15th of each month with the royalty payment.	You must contribute this amount to our marketing and branding program that we administer for the Yogen Früz Brand (the "Brand").
Marketing Materials	Will vary but estimated to be $100 to $1,000 per request.	As incurred.	At your request, we may furnish you with samples of materials, layouts, and promotional items in reproducible art format to attract new Subfranchisees and promote the business and goodwill of the System. You will be responsible for all costs associated with these marketing materials.
Legal costs	Will vary under circumstances.	As incurred.	Payable only if you do not comply with the Master Franchise Agreement and we are the prevailing party in any relevant litigation or arbitration.
Manual Replacement Fee	$5,000 per volume.	If incurred.	If any of your Manuals (as defined in Item 11) are lost, stolen or destroyed and replacement copies must be provided.

Type of Fee[1]	Amount	Due Date	Remarks
Liquidated Damages	50% of any liquidated damages fee which any Subfranchisee in the Designated Territory pays to you if you terminate its Subfranchise Agreement.	If incurred.	

NOTES:

1 All fees are imposed by and payable to us or our affiliates. All fees are non-refundable and calculated using US dollars. These fees may not be uniform for Master Franchisees signing the Master Franchise Agreement. Unless otherwise indicated, fees are due under the Master Franchise Agreement.

2 The term "Gross Sales" means the Gross Sales of a Subfranchisee, as each Subfranchise Agreement defines that term. The standard Subfranchise Agreement defines "Gross Sales" as "the entire amount of the actual sales price, whether for cash, credit or otherwise, of all sales of goods and services in respect of the franchised outlet and all other receipts whosoever from all business conducted upon or originating from the premises, including sales from vending machines or other mechanical services, the proceeds from any business interruption insurance received with respect to the franchised business, sales of goods or services where the orders originate in, at or from the premises whether the delivery or performance is made from the premises or from some other place, and including the value of any complimentary products provided by the franchisee at less than normal prices, calculated in accordance with the then-current prices for the franchised business not including any sums collected by the franchisee for any duly constituted governmental authority and paid out by the franchisee to such authority on account of state sales taxes or other like taxes imposed upon the sale of goods or services by the franchisee from the premises."

3 A "Non-Traditional Yogen Früz Business" is a smaller, non-moveable outlet that is located in a single non-traditional location such as a hospital, stadium, hotel, movie theater, or other operational business establishment.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure[1]	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Master Franchise Fee (Note 2)	$50,000 - $500,000	Lump Sum	When you sign the Master Franchise Agreement	Us
Training Expenses (Note 3)	$2,550 - $5,750	As arranged	As incurred	Airlines, hotels, restaurants, etc.
Professional Fees (Note 4)	$10,000 - $25,000	As arranged	As incurred	Legal counsel, state agencies
Insurance Premium (Note 5)	$1,500 - $20,000	As arranged	As incurred	Insurance broker or agency
Grand Opening Advertising (Note 6)	$3,000 - $10,000	As arranged	As incurred	Us or our affiliate
Additional Funds - 3 months (Note 7)	$10,000 - $30,000	As arranged	As incurred	Suppliers
Development of Affiliate Model Outlet (Note 8)	$174,900 - $580,200	As arranged	As incurred	Us, our affiliates and suppliers
TOTAL (Note 9)	$251,950–$1,170,950			

NOTES:

1. All fees payable to us or our affiliates are not refundable. Whether any of the other payments are refundable will depend on the arrangement between you and the supplier.

2. The Master Franchise Fee is not refundable and is earned by us on execution of the Master Franchise Agreement.

3. You (or one of your shareholders or partners, if you are a corporation or partnership) and up to 2 of your representatives, must attend and complete to our satisfaction, our initial training program. You

will be responsible for all travel and living expenses, compensation and other amounts incurred by or owed to your personnel who attend our training programs.

4. This includes fees for legal (e.g. documentation review) and start-up costs associated with your and your Affiliate Outlet Model's new corporate entity. These costs will vary based on the amount of professional services you elect to use and the cost of the service providers you elect to retain. These costs also account for the costs you will incur preparing your Unit FDD to disclose to prospective Subfranchisees. Your Unit FDD must comply with all applicable laws for the sale of franchises in the Designated Territory, and you must engage qualified counsel to prepare and review the Unit FDD. Depending on the Designated Territory, you may also incur costs (i) preparing audited financial statements (as necessary to register your Unit FDD); and (ii) filing fees and costs to register with a state agency before engaging in the sale of franchises. You must submit a copy of your proposed Unit FDD for our review and approval prior to issuing your Unit FDD.

5. You are required to purchase and maintain insurance necessary to comply with all applicable legal requirements and maintain general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in connection with the conduct of your duties under the Master Franchise Agreement. This estimate is based on annual premiums you must pay.

6. You must purchase the Grand Opening Materials from us or our affiliate before commencing operation of the Master Franchise. This figure includes your estimated costs to advertise your Master Franchise using the Grand Opening Materials

7. We estimate that up to 6-12 months will elapse from signing your Master Franchise Agreement to registering your Unit FDD and you beginning to sell Subfranchise Agreements to Subfranchisees. You must have sufficient working capital on hand to cover your initial expenses and cost of operation for at least that period. Our estimate covers working capital needs until the first Subfranchisee opens for business in the Designated Territory, and assumes that neither you nor your officers, directors or shareholders (if you are a corporation) will require a salary. This estimate includes the cost of establishing utility services. The estimate above is based primarily on our experience in the frozen yogurt business and our experience offering Master Franchises.

8. We estimate that you will spend this amount to open your Affiliate Model Outlet. The Affiliate Model Outlet must serve as a training facility for Subfranchisees and must be constructed and equipped to allow for the preparation and sale of our Früz Tea® product-line, which includes a fresh-pressed tea bar. These estimates include the costs for adding the Früz Tea product line to the Affiliate Model Outlet. Prior to opening your Affiliate Model Outlet, you will pay us or our affiliates $12,500 for an initial franchise fee, which is not included in the range disclosed above.

9. Neither we nor our affiliates offer direct or indirect financing for any part of the initial investment. You should review all figures in this Item 7 carefully with a business advisor before you decide to purchase the franchise.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We do not require you as a Master Franchisee to purchase or lease goods, services, supplies, fixtures, equipment, computer hardware and software or real estate from us, our affiliates or any approved suppliers for the operation of your Master Franchise, and we do not have any specifications for your purchase or lease of these goods or services.

You must maintain insurance necessary to comply with all applicable legal requirements and maintain general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in connection with the conduct of your duties under the Master Franchise Agreement and your obligations under Subfranchise Agreements. You will also maintain in force other insurance of the types, in the amounts and with such terms and conditions as we may from time to time reasonably prescribe in the Manuals or otherwise. Each insurance policy will name us and our designated affiliates and our and their respective officers, directors, and owners as additional named insureds, will contain a waiver of all subrogation rights, and will provide for 30 days' prior written notice to us of any material modification, cancellation, or expiration of such policy. You will furnish to us at least annually a copy of the certificates of insurance or other evidence we request that such insurance coverage is in force. The maintenance of sufficient insurance coverage will be your responsibility. We will have no obligation to – and we do not currently - prescribe types or amounts of insurance coverage and will have no obligation to indemnify you if you do not do so or if the types or amounts of insurance coverage we prescribe are insufficient to fully cover a claim made against you.

Currently, because we do not require that, as a Master Franchisee, you purchase items from specific suppliers, we will not derive – and neither we nor our affiliates did derive during our fiscal year ending August 31, 2024 – any revenue from purchases of any products or services by Master Franchisees in their role as such. However, we do require Subfranchisees and Master Franchisees, in their roles operating the Affiliate Model Outlet, to purchase items from us or from specific suppliers. During our 2024 fiscal year, we derived $838,005 from purchases from Master Franchisees and unit franchisees. Required purchases will represent 10% to 20% of your overall purchases in establishing your Affiliate Model Outlet and 10% to 20% of your overall purchases in operating your Affiliate Model Outlet.

There are no designated suppliers making payments to us based on your purchases. There are no purchasing or distribution cooperatives for our System. We do negotiate purchase agreements with suppliers for the benefit of Master Franchisees. None of our owners owns an interest in any designated suppliers of Master Franchisees. We do not provide material benefits to you based on your purchase of particular products or services or use of a particular suppliers. We estimate that all of your initial investment and all of your ongoing expenditures as a Master Franchisee will be directed to purchase products or services that will be restricted by us in any manner, other than fresh fruit that you will purchase locally.

We may, from time to time, designate or approve one or more suppliers (which may be us or our affiliates and one or more of which may be designated as the sole supplier) of any items, products or services used in the development or operation of Yogen Früz Businesses, including Proprietary Products, equipment (and service providers), inventory and supplies. Should we designate or approve suppliers, we may benefit from volume rebates, commissions, advertising allowances or other similar advantages (the "Rebates") that may be obtained from or be paid by any person, firm or company by reason of them supplying products, equipment or services to you and Subfranchisees. During our 2024 fiscal year, our total revenue was $1,078,639. We received $80.00 in Rebates from approved suppliers, which constituted 0% of our total revenue. Our affiliates received $0 in Rebates from approved suppliers during our 2024 fiscal year.

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 Franchise Disclosure Document.

Obligation		Section in Agreement	Franchise Disclosure Document Item
a.	Site selection and acquisition/lease	Article V.G	Item 11
b.	Pre-opening purchases/leases	Not Applicable	Items 5, 7 and 11
c.	Site development and other pre- opening requirements	Not Applicable	Items 7 and 11
d.	Initial and ongoing training	Articles IV.A, IV.C and IV.D	Item 11
e.	Opening	Article III	Item 11
f.	Fees	Articles II and VII	Items 5, 6 and 7
g.	Compliance with standards and policies/Operating Manual	Article V.H	Items 8, 11 and 14
h.	Trademarks and proprietary information	Articles V.Q and VI	Items 13 and 14
i.	Restrictions on products/services offered	Not Applicable	Items 8 and 16
j.	Warranty and customer service requirements	Not Applicable	Not Applicable
k.	Territorial development and sales quotas	Article III	Item 12
l.	Ongoing product/service purchases	Not Applicable	Item 8
m.	Maintenance, appearance and remodeling requirements	Not Applicable	Not Applicable
n.	Insurance	Article X	Item 8
o.	Advertising	Article V.K	Items 6 and 11
p.	Indemnification	Article IX	Item 6
q.	Owner's participation/ management/staffing	Not applicable	Items 11 and 15
r.	Records and reports	Articles V.L and VII.H	Items 6 and 11
s.	Inspections and audits	Sections V.P and VII.G	Item 6
t.	Transfer	Article XII.B	Items 6 and 17
u.	Renewal	Article I.D	Items 6 and 17
v.	Post-termination obligations	Article XIII	Item 17
w.	Non-competition covenants	Article XIII.E and Article XIV	Item 17
x.	Dispute resolution	Article XVIII through Article XXII	Item 17
y.	Other - Liquidated damages	Article VII.E	Item 6

ITEM 10
FINANCING

We do not offer direct or indirect financing. We do not guarantee your promissory notes, mortgages, leases or other obligations.

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

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

Our Pre-Opening Obligations.

Before commencing operation under the Master Franchise Agreement, we will provide you the following assistance:

1. Initial training for you and up to 2 additional employees at our designated training facility in Markham, Ontario, Canada or another location we designate in the Greater Toronto, Canada area (Section IV.A of the Master Franchise Agreement).

2. We will lend to you, as soon as possible following the execution of your Master Franchise Agreement, one copy of our confidential Operations Manual and a copy of our confidential Construction Manual (collectively, the "Manuals") (Section IV.C of the Master Franchise Agreement).

Site Selection and Opening

You will assume all costs, liabilities, expenses and responsibility for locating, obtaining and developing a site for your Business and for constructing and equipping your Affiliate Model Outlet at the accepted site. You will select the site for the Affiliate Model Outlet subject to our approval. We generally do not own the site or lease sites to franchisees.

Before you lease or purchase the site for the Affiliate Model Outlet, you must locate a site that satisfies our site selection guidelines. Our guidelines for site selection may require that you conduct, at your expense, an evaluation of the demographics of the market area for the location (including the population and income level of residents in the market area), aerial photography, size and other physical attributes of the location, shopping mall, tenant mix, proximity to residential neighborhoods and proximity to schools, shopping centers, entertainment facilities and other businesses that attract consumers and generate traffic. We consider the foregoing factors in deciding whether to approve a site. You must submit to us in the form we specify a description of the site, including evidence that the site satisfies our site selection guidelines, together with other information and materials that we may reasonably require, including a letter of intent or other evidence that confirms your favorable prospects for obtaining the site. You must submit information and materials for the proposed site to us for approval within 30 days after you have signed the Franchise Agreement.

We may conduct an on-site evaluation of your proposed site, at your expense. We will have 15 days after we receive this information and materials from you to accept or not accept the proposed site as the location for your Affiliate Model Outlet. Our acceptance of a site for your Affiliate Model Outlet is not a guarantee that you will be successful at that site. Our acceptance only indicates that the site meets our minimum criteria for an Affiliate Model Outlet.

If you are unable to locate a suitable site for your Affiliate Model Outlet within 180 days after you sign the Franchise Agreement, we may choose to terminate the Franchise Agreement and we will not refund the initial franchise fee.

The typical time from the signing of the Franchise Agreement to the opening of the Affiliate Model Outlet is approximately six (6) to nine (9) months. This time may be shorter or longer depending on the time necessary to obtain an accepted site, to obtain financing, to obtain the permits and licenses for the construction and operation of the Affiliate Model Outlet, to complete construction or remodeling as it may be affected by weather conditions, shortages, delivery schedules and other similar factors, to complete the interior and exterior of your Affiliate Model Outlet, including decorating, purchasing and installing fixtures, equipment and signs, and to complete preparation for operating your Affiliate Model Outlet, including purchasing inventory and supplies. We do not provide assistance conforming the premises to local ordinances and building codes, obtaining any required permits, constructing, remodeling, or decorating the premises, or hiring and training employees.

You must open your Affiliate Model Outlet and begin business within twelve (12) months after you sign the Franchise Agreement. We may provide you with an extension of this timeframe or we may terminate the Franchise Agreement without providing you a refund

Time Between Signing and Commencing Operations:

You will not be able to begin offering and selling subfranchises until you have completed your Unit FDD and, where required, registered your Unit FDD. We estimate that it will take 6-12 months to complete the development, and where required, the registration of your Unit FDD. The length in time to complete the development, and where applicable, the registration of the Unit FDD will vary depending on a variety of factors, including any professionals you hire to draft and review the Unit FDD and how quickly you submit the Unit FDD for registration. After you register your Unit FDD, you may begin offering Subfranchises to Subfranchisees, including to the Affiliate Model Outlet. We estimate that the Affiliate Model Outlet will begin operating within 180 days of signing the Subfranchise Agreement. Factors that affect the time to open the Affiliate Model Outlet vary depending on registration of the Unit FDD, local ordinances and licenses, lease negotiations, financing arrangements and delivery of equipment.

Our Obligations During the Term of the Master Franchise Agreement:

1. We will continue to provide you access to the Manuals (Section IV.C of the Master Franchise Agreement);

2. We will direct and administer the Brand Fund (as defined below) for the benefit of the System (Section V.K of the Master Franchise Agreement);

3. We will, from time to time, provide ongoing and refresher training programs to you (Section V.S of the Master Franchise Agreement); and

4. We may, at our expense, send one or more representatives to assist with the opening of the Affiliate Model Outlet. (Section IV.G of the Master Franchise Agreement)

Advertising Funds.

You and we will jointly and equally administer an advertising fund for Subfranchisees in the Designated Territory (the “Territory Fund”), as described in the Subfranchise Agreements. All Subfranchisees, including the Affiliated Subfranchisee, within the Designated Territory will remit directly to you the advertising contributions due to the Territory Fund under their Subfranchise Agreements, and you will remit to us an amount equal to 1.5% of the aggregate Gross Sales of all Subfranchisees in the Designated Territory for deposit into the marketing and branding program that we administer for the Brand generally (the “Brand Fund”). We may, in our sole discretion, designate that Subfranchisees and the Affiliated Subfranchisee remit payment of the advertising contribution to us, at which point we will take 1.5% of the aggregate Gross Sales from Subfranchisees for deposit into the Brand Fund and pay you the remaining balance as a contribution to the Territory Fund. Each payment will be due as and when royalty fees are due. The amount you do not remit to us must be deposited into the Territory Fund. You must also purchase from us or our affiliate your Grand Opening Advertising in quantities sufficient to meet demand based on projected openings in the Designated Territory. On August 1st and February 1st of each year, you must submit an unaudited detailed report showing all of the advertising contributions collected and all of the expenditures made during the 6-month periods from January through June and July through December for each calendar year. Currently, there is no advertising council composed of Master Franchisees, but we may create one in the future. You are not required to participate in a local or regional advertising cooperative of Master Franchisees.

We or our affiliates or other designees will direct all programs that the Brand Fund funds, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The Brand Fund may, for example, pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining one or more websites and related strategies; administering regional and multi-regional marketing and advertising programs, including purchasing media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; administering online advertising and marketing campaigns (including search engine, social media, email, and display ad campaigns); developing and maintaining application software designed to run on computers and similar devices, including tablets, smartphones and other mobile devices, as well as any evolutions or “next generations” of any such devices; implementing a loyalty program or other marketing programs designed to encourage the patronage of Yogen Früz Businesses generally; supporting public relations, market research, and other advertising, promotion, and marketing activities; reimbursing us or our affiliates or designees for the reasonable salaries and benefits of personnel who manage and administer the Brand Fund, the Brand Fund’s other administrative costs, travel expenses of personnel while they are on Brand Fund business, meeting costs, overhead relating to Brand Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Brand Fund and its programs, including, without limitation, conducting market research, public relations, preparing advertising, promotion, and marketing materials, and collecting and accounting for Brand Fund contributions.

The Brand Fund is not our asset. We are not obligated to conduct any advertising on your behalf, whether at the local, regional, or national level. We do not owe any fiduciary obligation to you or any Subfranchisee for administering the Brand Fund or any other reason. The Brand Fund may spend in any fiscal year more or less than the total contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We may use all interest earned on the Brand Fund contributions to pay costs before using the Brand Fund’s other assets. We will prepare an annual, unaudited statement of the Brand Fund’s activities and give you the statement upon written request. We may have the Brand Fund audited annually, at the Brand Fund’s expense, by an independent certified public accountant. We may incorporate the Brand Fund or operate it through a separate entity whenever we deem appropriate. We will account for contributions to the Brand Fund separately from our general operating funds, but will not be required to segregate the Brand fund from, or deposit it into a separate account.

We need not ensure that Brand Fund expenditures in or affecting any geographic area are proportionate or equivalent to Brand Fund contributions by Yogen Früz Businesses operating in that geographic area or that you derive any particular benefit from the Brand Fund or that any Yogen Früz Business benefits directly or in proportion to its Brand Fund contribution. During our last fiscal year ended August 31, 2024, 100% of the Brand Fund was used to pay for production expenses such as our website, menu development and branding.

If we terminate the Brand Fund, we may either spend all unspent monies in accordance with our then-current marketing policies until all such amounts have been exhausted or distribute the then-existing balance in the Brand Fund to the persons or entities who contributed to it on a pro rata basis.

We do not use the Brand Fund to solicit new Master Franchisees or Subfranchisees.

Approval of Advertising and Promotional Materials

You will not use advertising materials without our prior written approval. To obtain our approval, you must submit to us all sales, promotional and advertising and other materials which relate to recurring Subfranchisee sales. We will notify you of our decision within 15 days after our receipt of the proposed materials. If we do not approve the submitted materials within that period, the materials will be deemed disapproved. You must also submit to us a detailed local store marketing plan and update us every 6 months on how well the plan is working.

Operations Manual

We will lend to you or provide you with access to a copy of the Manuals as updated, revised, or amended from time to time. The Manuals may contain both mandatory and recommended operating procedures. If we provide either of the Manuals in hard copy and your copy is lost, stolen, damaged, or destroyed, you will pay $5,000 per volume for a new copy. A copy of the Table of Contents of the Manuals is attached as Exhibit E hereto, and currently consists of 2 separate operating guides: (i) the Operating Manual (458 pages); and (ii) the Construction Manual (172 pages).

Computer Requirements.

We do not require you to buy or use an electronic cash register or computer system in the operation of your Master Franchise.

Initial Training

We will provide our initial training program ("Initial Training") to you and up to 2 of your representatives, who must complete Initial Training to our satisfaction. We will determine the location, length, composition, and format of Initial Training, as well as the materials used. Currently, Initial Training consists of approximately 8 to 10 days of instruction at our designated training facility in Markham, Ontario, Canada or at such other location in the Greater Toronto, Canada Area as we may designate. We are not required to provide Initial Training outside of Canada. Currently, we offer Initial Training at various times throughout the year, the frequency of which will vary depending on when you sign the Master Franchise Agreement. We use the Manuals, a course workbook and other written materials as training materials during Initial Training. These materials may be provided to you electronically on a preloaded tablet or via the Internet. Except as provided below, we will not charge you a fee for participation in Initial Training. You will be responsible for all travel and living expenses, compensation and other amounts incurred by or owed to your personnel who attend Initial Training. You must complete Initial Training to our satisfaction before providing any Sales Services, Support Services or opening the Affiliate Model Outlet.

Opening Assistance

We may, at our expense, send one or more representatives to assist with the opening of the Affiliate Model Outlet. If we do, you will ensure that our representatives have access to all facilities and personnel necessary to provide the assistance. If we send representatives for this purpose, the timing and length of stay will be at our discretion. Should you request any additional opening assistance, and if we agree to provide it, we will do so at reasonable times we specify, and you will be responsible for all the expenses we incur in providing the additional service, including our representatives' travel from and to Markham, Ontario, Canada, the regular salary and fringe benefits normally received by such personnel, and the cost of reasonable accommodation and living expenses for such personnel.

Ongoing and Refresher Training

You will attend and successfully complete, to our satisfaction, any ongoing or refresher training programs we require from time to time. Currently, our training programs are only offered in Canada. We may charge you a reasonable fee for your and your representatives' attendance at any such training, and, as between us and you, you will be responsible for any expenses, wages and other benefits associated with your and your representatives' attendance.

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

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Franchise Sales	6	0	Markham, Ontario, Canada or other location in the Greater Toronto Area designated by us.
Shop Management	9-13	3	Markham, Ontario, Canada or other location in the Greater Toronto Area designated by us.
Staff Training	1	0	Markham, Ontario, Canada or other location in the Greater Toronto Area designated by us.
Cost Control	3-4	1	Markham, Ontario, Canada or other location in the Greater Toronto Area designated by us.
Purchasing	2-4	0	Markham, Ontario, Canada or other location in the Greater Toronto Area designated by us.
Store Layout	2	0	Markham, Ontario, Canada or other location in the Greater Toronto Area designated by us.

Product Preparation	18-26	16	Markham, Ontario, Canada or other location in the Greater Toronto Area designated by us.
Marketing	4	0	Markham, Ontario, Canada or other location in the Greater Toronto Area designated by us.
TOTAL:	**45-60 hours**	**20 hours**	

Our personnel skilled in operations and marketing with several years of experience in the frozen dessert industry will conduct the training. The person currently responsible for this training is Phillip Knox, who has thirty-five (35) years of experience in a combination of franchisee senior leadership and restaurant operations and management.

ITEM 12
TERRITORY

You will not receive an exclusive territory under the Master Franchise Agreement. You may face competition from other master franchisees, from company-owned outlets or from other channels of distribution or competitive brands that we control. However, while you remain in compliance with the terms of your Master Franchise Agreement, and you and your wholly owned subsidiary(ies) are in compliance with each Subfranchise Agreement for which you or they are a party, we will not grant or authorize the Master Franchise Rights to any other person or entity in the Designated Territory. You may only exercise your Master Franchise Rights within the Designated Territory. You may not relocate your Designated Territory. As noted in Item 5, a Designated Territory typically has between 240,000 and 2,400,000 people. Other than the Designated Territory, you will not receive a minimum territory. Each individual franchise to be developed within the Designated Territory must be operated from a specific location to be approved by us. You or your subfranchise are responsible for selecting proposed sites, and we must approve each site before development or operation may begin.

Our affiliate, YF, offers franchises for Swensen's outlets, which may compete with Yogen Früz Businesses. The principal trademark used by Swensen's outlets is Swensen's®. Swensen's outlets have two main business formats: (i) Swensen's Grill & Ice Cream Restaurants, and (ii) Swensen's Ice Cream Parlours, each of which offer proprietary ice cream, ice cream novelties, frozen confections, milkshakes, specialty drinks and frozen desserts. Swensen's Grill & Ice Cream Restaurants also offer specialty sandwiches and salads.

Our other affiliate, Holy Sweet, offers franchises for Shoppes, which also may compete with Yogen Früz Businesses. Shoppes are quick serve ice cream shops operating under the Sweet Jesus brand that offer ice cream and a variety of dessert and beverage items.

One or more of the competing outlets described above may already be located near a proposed Yogen Früz Business or may be established near a Yogen Früz Business in the future. Additionally, new concepts operating under different trademarks may be established, acquired or co-branded by YF, Holy Sweet or our other affiliates, and may be located near a Yogen Früz Business. We have no system or method for resolving conflicts between Yogen Früz Businesses and franchisees of competing concepts. As stated in Item 1, we share our principal address with YF and Holy Sweet and we have no plans to maintain physically separate offices or training facilities from YF or Holy Sweet.

We are not restricted in any way, including within the Designated Territory, from soliciting, accepting orders from or selling products to customers, including by (1) managing and operating company-owned outlets, acquiring, offering, granting and supporting other franchised businesses, and other retail formats under a different brand in similar and other lines of business; (2) offering and selling yogurt, yogurt-related products, fresh-pressed tea and tea related products under the Marks or any other marks, through mail order or catalogues, infomercials, internet, or direct sales; and (3) offering or selling any products or services, under the Marks or any other marks, through any other channel of distribution.

You will not have any right to participate in these other business activities, whether as a Subfranchisee or otherwise. We are not required to pay you if we exercise any of the rights specified above inside or outside the Designated Territory. You are not provided any options, rights of first refusal or similar rights to acquire additional development rights or to expand the Designated Territory under the Master Franchise Agreement.

Mandatory Development Schedule

You must at all times faithfully, honestly and diligently perform the Sales Services and continuously exert your best efforts to promote and enhance the Brand and the development and operation of Yogen Früz Businesses within the entire Designated Territory. Immediately following the execution of the Master Franchise Agreement, you will form a wholly owned subsidiary, begin work on the development of the Affiliate Model Outlet, and commence a franchise sales, marketing, and development program for the Designated Territory. You will cause your Subfranchisees (including both your Affiliated Subfranchisee and unaffiliated Subfranchisees) to open the number of Yogen Früz Businesses within the Designated Territory as necessary to, at a minimum, satisfy a schedule you and we mutually agree upon (the "Mandatory Development Schedule"). Any sales or openings in excess of the minimum number required under the Mandatory Development Schedule during any period will be credited toward the comparable obligations the subsequent period.

If you fail to satisfy your obligations under the Mandatory Development Schedule, then we may exercise any or all of the following remedies: (i) fashion any remedy which may be reasonable and appropriate in order to complete and maintain the development of the Designated Territory; (ii) require you to attend additional training at your sole cost and expense; (iii) allow other Master Franchisees to operate within your Designated Territory; (iv) reduce the size of the Designated Territory; or (v) terminate the Master Franchise Agreement.

ITEM 13
TRADEMARKS

We grant you the non-exclusive right and obligation to exercise the Master Franchise Rights under the following principal trademarks, service marks, names, logos and commercial symbols which we own for which we have registered on the Principal Register maintained by the United States Patent and Trade Mark Office ("PTO"):

Mark	Registration Number	Registration Date
YOGEN FRÜZ	1535610	April 18, 1989
YOGEN FRÜZ	5339328	November 21, 2017
yogen früz	3603409	April 7, 2009

YOGEN FRÜZ	3792805	May 25, 2010
FRÜZ TEA	3925967	March 1, 2011
Ü	6304063	March 30, 2021
YOGEN FRÜZ	5632832	December 18, 2018
Ü	4964065	May 24, 2016
ÜSERVE	4273018	January 8, 2013
IT'S ALL ABOUT Ü	3661505	July 28, 2009
JUST BE Ü	4339011	May 21, 2013
LÜV LIFE	3644194	June 23, 2009
LÜV LIFE	3731865	December 29, 2009

For each registration noted above, we have filed all required affidavits and applied for or obtained any required renewals.

We may establish new Marks in the future and you must use and display these marks in accordance with specifications and bear all costs associated with changes to Marks or introduction of new Marks.

There is presently no effective determination of the PTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceeding or any pending material litigation involving our principal Marks. We know of no superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

You may not use the Marks as a part of your corporate or other legal name, and you must comply with our instructions in filing and maintaining trade name or fictitious name registrations. You must sign any documents we require to protect the Marks or to maintain their continued validity and enforceability. In addition, you may not directly or indirectly contest the validity of our ownership of, or our rights in and to, the Marks. Your use of the Marks and any goodwill established by that use are exclusively for our benefit.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and you may not communicate with any person other than us and our and our affiliates' attorneys, regarding any infringement, challenge or claim. We may take the action we deem appropriate (including no action) and control exclusively any litigation, PTO proceeding or other administrative proceeding from the infringement, challenge or claim or otherwise concerning any Mark. You must sign the documents and take the actions that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in the Marks. We will reimburse you for your reasonable costs of taking any action that we have asked you to take. However, we are not contractually obligated to protect you against infringement or unfair competition claims arising out of your use of the Marks, nor are we required to participate in your defense or indemnify you.

If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice. We do not have to reimburse you for your costs, loss of revenue or other expenses of promoting a modified and/or substitute trademark or service mark.

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

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents are material to the franchise. We do not have any pending patent applications that are material to the franchise. We and/or our affiliates claim copyrights in the Manuals (which contain our trade secrets), handbooks, all Websites, advertising and marketing materials, all or part of the Marks, and other portions of the System and other similar materials used in operating Yogen Früz Businesses. We have not registered these copyrights with the United States Registrar of Copyrights but need not do so at this time to protect them. You may use these items only as we specify (and must stop using them if we so direct you).

There currently are no effective adverse determinations of the United States Copyright Office (Library of Congress) or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the Confidential Information (defined below) or copyrighted materials. We know of no infringing uses of our copyrights which could materially affect your using the copyrighted materials in any state. We need not protect or defend our copyrights, although we intend to do so if we determine that it is in the System's best interests. We may control any action involving the copyrights, even if you voluntarily bring the matter to our attention. We need not participate in your defense nor indemnify you for damages or expenses in a proceeding involving a copyright.

Our Manuals and other materials contain our and our affiliates' confidential information (some of which constitutes trade secrets under applicable law) (the "Confidential Information"). This information includes specifications, standards, systems, procedures, sales and marketing techniques, and knowledge and experience used in developing and operating Yogen Früz Businesses, training and operations materials, methods, formats, knowledge and specifications regarding products and supplies; marketing and advertising programs and strategies for Yogen Früz Businesses, any computer software or similar technology that is proprietary to us or the System, strategic plans, expansion goals, targeted demographics, and knowledge of the operating results and financial performance of Yogen Früz Businesses.

All ideas, concepts, techniques, or materials concerning a Yogen Früz Business, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the system, and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, you assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

You may not use our confidential information in an unauthorized manner. You must adopt and implement procedures to prevent unauthorized use or disclosure of Confidential Information, including restricting its disclosure to your personnel and certain other people and using non-disclosure and non-competition agreements with those having access to Confidential Information in a form determined by us. We may regulate the form of agreement that you use and we will be a third party beneficiary of that agreement with independent enforcement rights.

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

Your Master Franchise Agreement obligates you to personally participate in operating your Master Franchise. You must supervise and oversee your business and may not hire a supervisor for such a role, but you must maintain sufficient qualified personnel (if applicable) to train and supervise operators of Yogen Früz Businesses in the Designated Territory. Your employees (if applicable) will not be restricted by any non-competition provisions, but as noted in Item 14, you are required to protect the unauthorized disclosure of Confidential Information, including by your employees. If you are a corporation, limited liability company, or partnership, you and any of your owners, partners or members must execute a personal guaranty in the form attached as Exhibit B to the Master Franchise Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We maintain the right to require you only sell products or services that we authorize, to require you to sell all goods or services we authorize, and to change the types of authorized goods or services from time to time, in our discretion. If you develop improvements to the System, the operating procedures, conceive or develop new applications, systems, templates or protocols, you have to disclose those to us and we will determine in our sole discretion whether to incorporate those into the System and Yogen Früz Businesses. We may change the types of authorized goods or services that you sell and there is no limit on our right to do so.

ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

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

THE MASTER FRANCHISE RELATIONSHIP

Provision	Section in Master Franchise Agreement	Summary
a. Length of the master franchise term	Article I.C	The Master Franchise Agreement establishes a Development Term (during which you must provide the Sales Services) and an Agreement Term (during which you must provide the Support Services). The Development Term expires on the earlier of the last Yogen Früz Business you are required to have open under the Mandatory Development Schedule or the last day of the last development period. The Agreement Term expires on the expiration or termination of all Subfranchise Agreements in the Designated Territory.
b. Renewal or extension of the term	Article I.D	Provided you are in compliance with all of the conditions of renewal, you may renew the Development Term. The Agreement Term is not renewable.
c. Requirements for you to renew or extend your right to perform the Master Franchise Rights	Article I.D	Provide written notice of election; not in default; execute our then-current form of Master Franchise Agreement, which may contain terms and conditions that materially differ from your original contract; pay a renewal fee equivalent to 50% of the Master Franchise Fee; comply with our then-current qualification and training requirements applicable to Master Franchisees; execute a general release in a form we prescribe; and you must have reimbursed us for all reasonable costs we incurred in connection with renewal of your right to perform the Master Franchise Rights.
d. Termination by you	Not Applicable	Subject to applicable state law, you do not have this right.
e. Termination by us without cause	Not Applicable	We do not have this right.
f. Termination by us with cause	Article XI.A	We may terminate the Master Franchise Agreement only if you commit one or more of several violations.
g. "Cause" defined - curable defaults	Article XI.A	You have 15 days to cure non-payment of fees. You have 30 days to cure non-submission of reports and failing to comply with obligations in the Master Franchise Agreement.
h. "Cause" defined - non-curable defaults	Article XI.A	Non-curable defaults: failure to timely provide financial information required in accordance with the Master Franchise Agreement; failure to comply with Mandatory Development Schedule; you become insolvent; make material misrepresentations (including intentionally understating or falsifying pertinent financial information); you are convicted of felony; cease or take material steps to cease carrying on the business; misuse the Marks; default on the transfer provisions; or default three or more times in any consecutive 12 month period.

i. Your obligations on termination/non-renewal	Article XIII	Pay amounts due; cease use of System and Marks, including any Confidential Information or copyrighted materials; return or destroy all forms and materials containing any Marks; transfer telephone listings to us; and provide to us all agreements, records, files and other materials or information we reasonably request.
j. Assignment of contract by us	Article XII.A	No restriction on our right to assign the Master Franchise Agreement.
k. "Transfer" by you - defined	Article XII.B	Subject to our consent, you may transfer the Master Franchise Rights, which must also include the transfer of all of your Subfranchise Agreements and your interests in Subfranchise Agreements (to the same purchaser of all Subfranchise Agreements and the Master Franchise Agreement).
l. Franchisor approval of transfer by Master Franchisee	Article XII.B	We must provide prior written consent which will not be unreasonably withheld.
m. Conditions for franchisor approval of transfer	Article XII.D	All of your obligations to us and all of your obligations under the Subfranchise Agreement are fully met; you execute a general release; proposed purchaser enters into signs our then-current form of Master Franchise Agreement and enters into written assignment and assumption of agreement acceptable to us under which purchaser assumes all of your obligations under the Master Franchise Agreement and under each Subfranchise Agreement in which you appear as franchisor; you execute guarantee of purchaser's obligations under all agreements with us post-transfer; purchaser maintains a net-worth as appropriate to satisfy its obligations under all agreements post-transfer; and you pay us a transfer fee equivalent to five percent of the total value of all consideration payable to purchaser to you.
n. Franchisor's right of first refusal to acquire your business	Article XII.C	We may match any bona fide offer for your business with 30 days' written notice to you.
o. Franchisor's option to purchase your business	Article XII.C	We may exercise our option to purchase upon termination.
p. Death or disability of master franchisee	Not Applicable	Not Applicable.

q. Non-competition covenants during the term of the Master Franchise Agreement	Article XIV	You, your owners, your existing and current subsidiaries and affiliates and their owners, and the parents, spouses and children of you or your owners (the "Restricted Persons") will not (a) have any direct or indirect (through a Restricted Person or otherwise) ownership interest in any Competitive Business (as defined below) in the Designated Territory or elsewhere; (b) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for any Competitive Business; (c) interfere with or otherwise attempt to influence any vendor, consultant or agent with whom we conduct business or any relationships we have with such persons or entities; or (d) directly or indirectly employ or seek to employ any person who is employed by us, our affiliates or by any of our other master franchisees or Subfranchisees, nor induce any such person to leave said employment without the prior written consent of such person's employer. A "Competitive Business" is any business (other than an authorized Yogen Früz Business): (i) that sells or provides to its customers frozen yogurt, ice cream, gelato or similar products or tea; (ii) whose menu, concept, business model or method of operation is similar to that employed by Yogen Früz Businesses, (iii) that offers or sells goods or services that are generally the same as or similar to the goods or services being offered by businesses owned, operated, franchised or licensed by us or our affiliates, or (iv) that grants franchises or licenses for the operation of any of the foregoing or provides services to the franchisor or licensor of any of the foregoing.

r. Non-competition covenants after the master franchise is terminated or expires	Article XIII.E	You and the other Restricted Persons: (i) will not have any direct or indirect (through a Restricted Person or otherwise) ownership interest in any Competitive Business located or operating within the Designated Territory, or within any other area in which Yogen Früz Businesses are then under development or in operation; (ii) perform services as a director, officer, manager, employee, consultant, representative, agent, landlord or otherwise for any Competitive Business located or operating within the Designated Territory or within any other area in which Yogen Früz Businesses are then under development or in operation; (iii) interfere with or otherwise attempt to influence any vendor, consultant or agent with whom we or our affiliates conduct business or any relationships we or our affiliates have with such persons or entities; or (iv) directly or indirectly employ or seek to employ any person who is employed by us, our affiliates or by any other master franchisee or Subfranchisee, nor induce nor attempt to induce any such person to leave said employment without our prior written consent and the prior written consent of the person's employer.
s. Modification of the agreement	Article XV	Only as agreed upon in writing by us and you.
t. Integration/merger clause	Article XVII	Only the terms of the Master Franchise Agreement are binding. Any representations made outside this the Master Franchise Agreement may not be enforceable. Notwithstanding the foregoing, nothing in any franchise agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	Article XIX	Except for certain claims, all disputes must be arbitrated in the State of Nevada (subject to applicable state law).
v. Choice of forum	Article XVIII	Litigation must be in the State of Nevada (subject to applicable state law).
w. Choice of law	Article XVIII	The Laws of the State of Nevada apply to the Master Franchise Agreement (subject to applicable state law).

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a master franchisee's future financial performance or the past financial performance of company-owned, Master Franchisees or Subfranchises. 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 master franchise, however, we may provide you with the actual records of that master franchise. 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 the franchisor's Legal Department at 210 Shields Court, Markham, Ontario, Canada L3R 8V2, and (905) 479-8762, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1 Systemwide Master Franchisee Summary
For years ending August 31, 2022 to August 31, 2024

Store Type	Year	Master Franchisees at the Start of the Year	Master Franchisees at the End of the Year	Net Change
Master Franchisees	2022	2	2	0
	2023	2	2	0
	2024	2	2	0
Company-Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Master Franchisees	2022	2	2	0
	2023	2	2	0
	2024	2	2	0

Table No. 2
Transfers of Outlets from Master Franchisees to New Owners (other than the Franchisor)
For years ending August 31, 2022 to August 31, 2024

STATE	YEAR	NUMBER OF TRANSFERS
All States	2022	0
	2023	0
	2024	0
TOTAL	2022	0
	2023	0
	2024	0

Table No. 3
Status of Master Franchisees by State
For years ending August 31, 2022 to August 31, 2024

State	Year	Master Franchises at the Start of the Year	Master Franchises Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations/ Other Reasons	Master Franchises at the End of the Year
Florida	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Puerto Rico	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Virgin Islands	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
TOTAL	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2

Table No. 4
Status of Company-Owned Master Franchises
For years ending August 31, 2022 to August 31, 2024

State	Year	Master Franchises at the Start of the Year	Master Franchises Opened	Master Franchises Reacquired From Master Franchisees	Master Franchises Closed	Master Franchises Sold to Master Franchisees	Master Franchises at the End of the Year
All States	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
TOTAL	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

Table No. 5
Projected Openings as of August 31, 2024

State	Master Franchise Agreements Signed But Store Not Opened	Projected New Master Franchises in the Next Fiscal Year	Projected New Company-Owned Stores in the Current Fiscal Year
All States	0	0	0
TOTAL	0	0	0

Exhibit H of this Franchise Disclosure Document contains a list of all Master Franchisees as of August 31, 2024. No Master Franchisee had a Master Franchise Agreement terminated, canceled or not renewed, or voluntarily or involuntarily ceased to do business under the Master Franchise Agreement through a transfer or otherwise during the most recently completed fiscal year. No Master Franchisee has failed to communicate with us within the 10 weeks of the date of this Franchise Disclosure Document. If you buy the Master Franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last 3 fiscal years, we have not had any Master Franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the System.

We do not currently have a Master Franchisee advisory council or association. There are no trademark-specific Master Franchisee organizations associated with the franchise being offered in this Franchise Disclosure Document.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit D are interim unaudited financial statements as of April 30, 2025, and audited financial statements for our three prior fiscal years ending August 31, 2022, August 31, 2023, and August 31, 2024..

ITEM 22
CONTRACTS

We have attached the following agreements as Exhibits to this Franchise Disclosure Document:

Exhibit B – Master Franchise Agreement

Exhibit C – Standard Form of Subfranchise Agreement

Exhibit F – Representations and Acknowledgment Statement

Exhibit G – Sample General Release

Exhibit I – State Addenda and Agreement Riders

ITEM 23
RECEIPTS

Attached as Exhibit J to this Franchise Disclosure Document are detachable receipts acknowledging your receipt of this Franchise Disclosure Document. You must sign one copy and give it to us. The other copy is for your records.

EXHIBIT A

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

CALIFORNIA

Department of Financial Protection and Innovation
651 Bannon Street, Suite 300
Sacramento, CA 95811
Toll-free (866) 275-2677 or (916) 327-7585
Agent: Commissioner of Financial Protection and Innovation

ILLINOIS

(state administrator/agent for service of process)

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

NEW YORK

(state administrator)

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8222

(agent for service of process)

Secretary of State
99 Washington Avenue
Albany, NY 12231

+

OREGON

(state administrator/ agent for service of process)

Department of Insurance and Finance
Corporate Securities Section
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4387

VIRGINIA

(state administrator)

State Corporation Commission
Division of Securities and Retail Franchising 1300 E. Main St., Ninth Floor
Richmond, Virginia 23219
(804) 371-9051

(agent for service of process)

Clerk of the State Corporation Commission Division of Securities and Retail Franchising
1300 E. Main St., First Floor
Richmond, Virginia 23219
(804) 371-9672

EXHIBIT B

MASTER FRANCHISE AGREEMENT

YOGEN FRUZ U.S.A. INC.

Master Franchise Agreement

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<u>ATTACHMENTS</u>

YOGEN FRÜZ U.S.A. INC.

MASTER FRANCHISE AGREEMENT

This **MASTER FRANCHISE AGREEMENT** ("**Agreement**"), made effective on ______________________, 20____, ("Effective Date"), is between YOGEN FRUZ U.S.A. INC., a Nevada corporation, with its principal business address at 210 Shields Court, Markham, Ontario, Canada, L3R 8V2 ("**us**") and ____, a ____ with its address at ____ ("**you**").

We and our affiliates have developed, acquired and adopted, and may further develop, acquire and adopt, a system for developing, operating and franchising businesses ("**Yogen Früz Businesses**") that specialize in the sale of proprietary frozen yogurt, yogurt shakes, fruit cups, and other fruit and yogurt-based products, as well as tea ("**Proprietary Products**"), that operate pursuant to designated operating systems (our "**System**"), and that are identified by certain designated trademarks and service marks (the "**Marks**").

We grant master franchise rights to qualified parties to promote and support, in defined market areas, the development and operation of Yogen Früz Businesses. You recognize and acknowledge the benefits to be derived from being identified and associated with us and the Yogen Früz brand (the "**Brand**") and with being able to utilize our system and proprietary information and, therefore, desire to acquire a master franchise from us. We have reviewed the information you have supplied in support of your application and, in reliance on that information, are willing to allow you to acquire a master franchise under the terms and conditions contained in this Agreement.

AGREEMENT

In consideration of the foregoing Recitals (which are incorporated herein), the covenants contained herein, and other valuable consideration, receipt and sufficiency of which are acknowledged, you and we agree as follows:

ARTICLE I GRANT

A. Grant of Master Franchise Rights. We hereby grant to you, and you hereby accept and undertake, the right and license to act as our master franchisee in _________________________________ (the "**Designated Territory**") and, in that capacity and in the Designated Territory, to perform the "**Sales Services**" and the "**Support Services**." As used herein, the "**Sales Services**" mean: (i) to recruit and identify qualified persons ("**Unit Franchisees**") to purchase franchises (each a "**Franchise**") to develop, own and operate Yogen Früz Businesses; and (ii) to enter into individual Unit Franchise Agreements (defined below) with qualified Unit Franchisees. The "**Support Services**" mean: (i) as required under Unit Franchise Agreements and this Agreement, to provide services to both Unit Franchisees with whom you sign Unit Franchise Agreements and those Unit Franchisees identified on Attachment A hereto, if any, who signed a Unit Franchise Agreement with a previous master franchisee who no longer has the right to act as our master franchisee (each an "**Existing Franchisee**"); and (ii) to enforce compliance by all Unit Franchisees in the Designated Territory with their respective Unit Franchise Agreements. Together, the Sales Services and the Support Services are referred to as the "**Master Franchise Rights**."

Except with respect to Existing Franchisees (if any), each Franchised Business (including those owned by your Affiliates) shall be subject to and governed by an individual Unit Franchise Agreement between you and an approved Unit Franchisee, the form of which we must approve, and which may not be modified in any manner without our prior written approval.

B. **Designated Territory**. We agree that, as long as you are in compliance with your obligations under this Agreement and you and your affiliates are in compliance with each Unit Franchise Agreement for which you or they are a party, we will not grant or authorize the grant to any other person or entity of Master Franchise Rights to be exercised within the Designated Territory. However, we reserve the right to do and license others to do anything else, including (1) managing and operating company-owned outlets, offering, granting and supporting other franchised businesses, and other retail formats under a different brand in similar and other lines of business; (2) offering and selling yogurt and yogurt-related products, under the Proprietary Marks (defined below) or any other marks, through mail order or catalogues, infomercials, internet, or direct sales; and (3) offering or selling any products or services, under the Proprietary Marks or any other marks, through any other channel of distribution. We make no representation or warranty that there will be any right for you to participate in these other business activities, whether as a unit franchisee or otherwise.

C. **Term**. The right to perform the Sales Services will commence on the Effective Date and will expire, unless extended or terminated in accordance with the terms of this Agreement, on the last day of the Mandatory Development Schedule (as defined in Article III.A) (the "**Development Term**"). The right to perform the Support Services will also commence on the Effective Date but will end on the earlier of (1) the expiration or termination of the last Unit Franchise Agreement you have signed pursuant to this Agreement and the last Unit Franchise Agreement previously signed by an Existing Franchisee, or (2) the termination of this Agreement (the "**Agreement Term**").

D. **Renewal of the Development Term**. You may, at your option, renew the right to perform the Sales Services for one (1) additional 10-year period, subject to the following conditions which must be met prior to renewal, unless we otherwise waive them: (1) you must give us written notice of your election to renew not less than six (6) months nor more than twelve (12) months prior to the end of the initial Development Term; (2) you or your affiliates must not be in default of this Agreement or any other agreement between us or our affiliates and you or your affiliates, and you and your affiliates must have substantially complied throughout the Development Term with all the terms and conditions of this Agreement and any such other agreement (including all monetary obligations); (3) you must execute upon renewal our then-current form of master franchise agreement, which agreement shall supersede in all respects this Agreement, and the terms of which may differ from the terms of this Agreement, including, without limitation, an increased remuneration schedule and mandatory development schedule; (4) you must pay us a renewal fee equal to fifty percent (50%) of the Master Franchise Fee indicated in Article II below; (5) you must comply with our then-current qualification and training requirements applicable to our master franchisees; (6) you, for yourself, your affiliates, and your and their owners, officers, directors, agents and employees, must execute a general release, in a form we prescribe, of any and all claims you and they have or might have against us, our affiliates, and our and their respective owners, officers, directors, agents and employees; and (7) you must have reimbursed us for all reasonable costs, including attorneys' fees, we incurred in connection with the renewal of the Development Term.

E. **Grant of Security Interest**. You grant to us a blanket security interest in the Collateral (defined below) to secure your obligations under this Agreement. We reserve the right to require you to execute and deliver to us all financing statements and other documents necessary to perfect, and continue the priority of, the security interest under the Uniform Commercial Code, or other applicable law. You may not grant any other security interest in the Collateral without our prior written consent. "**Collateral**" means this Agreement, the Master Franchise Rights, all of your property and interests in property which is located at or relates to the operation of your business under this Agreement, whether now existing or hereafter acquired and wherever located, including accounts, contract rights, chattel paper, instruments, general intangibles and intangible personal property of every kind and nature, inventory, equipment, deposit accounts (general and special) and monies, as well as all attachments, accessories, parts, improvements, appurtenances, accessions and additions to, substitutions for, and replacements, products and proceeds of any of the foregoing items, resulting from the sale or other disposition any of these items, and the proceeds thereof.

F. **Not a Franchise**. This Agreement does not grant you, and the Master Franchise Fee is not payment for, a Franchise. You have no right under this Agreement to use our System or the Marks to operate a Yogen Früz Business. The Affiliate Model Outlet shall be owned and operated by the Affiliated Unit Franchisee pursuant to and in accordance with a Unit Franchise Agreement between you and the Affiliated Unit Franchisee as further outlined in Article III.B below.

ARTICLE II
INITIAL FEE

On your execution of this Agreement, you shall pay to us an initial master franchise fee of ________________Dollars ($________________) ("**Master Franchise Fee**"). This Master Franchise Fee is wholly non-refundable and is earned by us on our execution of this Agreement.

ARTICLE III
MANDATORY DEVELOPMENT SCHEDULE

A. **Development Schedule**. You must at all times faithfully, honestly and diligently perform the Sales Services and continuously exert your best efforts to promote and enhance the Brand and the development and operation of Yogen Früz Businesses within the entire Designated Territory. Immediately following the execution of this Agreement, you will begin work on the development of the Affiliate Model Outlet, as described in Article III.B below, and will commence a franchise sales, marketing, and development program for the Designated Territory. You agree to cause your Unit Franchisees (including both your Affiliated Unit Franchisee (defined below) and unaffiliated Unit Franchisees) to open the number of Yogen Früz Businesses within the Designated Territory as necessary to, at a minimum, satisfy the following Schedule ("**Mandatory Development Schedule**"):

Period (in Months)	Number of New Franchise Agreements Signed During Period	Number of New Yogen Früz Businesses Open During Period	Cumulative Number of Yogen Früz Businesses Operating at End of Period
Eighteen (18) months from Effective Date	_____	_____	_____
Next twelve (12) month period	_____	_____	_____
Next twelve (12) month period	_____	_____	_____

Next twelve (12) month period	______	______	______
Next eighteen (18) month period	______	______	______

Any sales or openings in excess of the minimum number required during any period will be credited toward the comparable obligations the subsequent period.

B. **Affiliate Model Outlet**. You, as master franchisee, and a wholly-owned subsidiary that you create (the "**Affiliated Unit Franchisee**") must enter into a Unit Franchise Agreement under which the Affiliated Unit Franchisee will develop, own and operate a Yogen Früz Business (an "**Affiliate Model Outlet**") to be used by you as a model/training outlet. The Affiliate Model Outlet must open and begin operations before you sign a Unit Franchise Agreement with any unaffiliated Unit Franchisee. You must cause the Affiliated Unit Franchisee to own and operate at least one (1) Affiliate Model Outlet in the Designated Territory throughout the Development Term. You must ensure that the Affiliate Model Outlet comply with the applicable Unit Franchise Agreement.

C. **Failure to Satisfy Mandatory Development Schedule**. If you fail to satisfy your obligations under the Mandatory Development Schedule, then we may, in our full and absolute discretion, exercise any or all of the following remedies: (i) fashion any remedy which may be reasonable and appropriate in order to complete and maintain the development of the Designated Territory; (ii) require you to attend additional training at your sole cost and expense; (iii) allow other Master Franchisees to operate within your Designated Territory; (iv) reduce the size of the Designated Territory; or (v) terminate this Agreement pursuant to Article XI.A(j) below.

D. **No Warranties**. We make no representations or warranties that the Designated Territory can support, or that there are sufficient sites or qualified prospective Unit Franchisees for, the number of Yogen Früz Businesses are required to be opened under the Mandatory Development Schedule. You represent that you have conducted your own investigation as to the feasibility of complying with the Mandatory Development Schedule and acknowledge that, in granting the Master Franchise Rights, we are relying on your own determination, assessment and expertise with respect to the sufficiency of the Designated Territory.

ARTICLE IV
OUR DUTIES

We will be responsible for the following:

A. **Initial Training**. We will furnish to you and up to two (2) of your representatives, who must attend and complete to our satisfaction, an initial training program ("**Initial Training**"). We will determine the location, length, composition, and format of the Initial Training and the materials used. Currently, the Initial Training consists of approximately seven (7) to ten (10) days of instruction at our designated training facility in Markham, Canada or at such other location in the Greater Toronto, Canada Area as we may designate. We are not required to provide the Initial Training outside of Canada. Except as provided below, we will not charge you a fee for participation in the Initial Training. You will be responsible for all travel and living expenses, compensation and other amounts incurred by or owed to your personnel who attend our training programs.

B. **Marketing Materials**. We may, in our sole discretion, furnish you with samples of materials, layouts, and promotional items in reproducible art format to attract new Unit Franchisees and promote the business and goodwill of the System. You will be responsible for all costs associated with the duplication of these items by an approved supplier.

C. **Operations Manual**. During the Agreement Term, we will lend to you or provide you with access to a copy of our confidential Operations Manual and a copy of our confidential Construction Manual (collectively, the "**Manuals**"), as updated, revised, or amended from time to time. The Manuals may contain both mandatory and recommended operating procedures. If we provide either of the Manuals in hard copy and your copy is lost, stolen, damaged, or destroyed, you will be required to pay a fee of Five Thousand Dollars ($5,000) for a new copy.

D. **Additional Guidance**. We may, at our discretion and with or without your approval, periodically review your operations, management, techniques, franchise sales program, and Support Services to ensure that you conduct business in accordance with this Agreement and our standards. We may provide additional guidance or take other actions we determine to be necessary based on the results of these reviews.

E. **Communications with Unit Franchisee**. We reserve the right to directly communicate, from time to time, with your Unit Franchisees regarding all matters pertaining to the development and operation of their Yogen Früz Businesses and their compliance with their Franchise Agreements.

F. **Periodic Meetings**. We may hold periodic meetings with you, your personnel and Unit Franchisees to provide information on developments concerning us, Yogen Früz Businesses generally, and the products and services offered or to be offered by Yogen Früz Businesses.

G. **Opening Assistance**. We may, at our expense, send one or more representatives to assist with the opening of the Affiliate Model Outlet. If we do, you will ensure that our representatives have access to all facilities and personnel necessary to provide the assistance. If we send representatives for this purpose, the timing and length of stay will be at our discretion. Should you request any additional opening assistance, and if we agree to provide it, we will do so at reasonable times we specify, and you will be responsible for all the expenses we incur in providing the additional service, including our representatives' travel from and to Markham, Canada, the regular salary and fringe benefits normally received by such personnel, and the cost of reasonable accommodation and living expenses for such personnel.

H. **Designated and Approved Suppliers**. We may, from time to time, designate or approve one or more suppliers (which may be us or our affiliates and one or more of which may be designated as the sole supplier) of any items, products or services used in the development or operation of Yogen Früz Businesses, including Proprietary Products, equipment (and service providers), inventory and supplies. You acknowledge and agree that we may benefit from volume rebates, commissions, advertising allowances or other similar advantages (the "**Rebates**") that may be obtained from or be paid by any person, firm or company ("**Designated Suppliers**") by reason of them supplying products, equipment or services to you and Unit Franchisees.

ARTICLE V
YOUR DUTIES

In addition to your obligation to meet the Mandatory Development Schedule described in Article III above and your other obligations specifically addressed elsewhere in this Agreement, you agree to diligently and timely comply with or perform the following in respect of all Unit Franchisees and Yogen Früz Businesses in the Designated Territory:

A. **Laws Applicable to the Offer and Sale of Franchises**. You must, at all times, be in compliance with all laws, regulations and rules, including the Federal Trade Commission's Disclosure Requirements and Prohibitions Concerning Franchising (the "**FTC Rule**") and all applicable state laws and regulations, applicable to the exercise of the Master Franchise Rights (collectively, the "**Legal Requirements**"). You acknowledge that the FTC Rule and certain state laws requires that franchisors timely provide a complete and accurate pre-sale Franchise Disclosure Document ("**FDD**") to each prospective franchisee and that certain states also require registration of the franchise prior to offering franchises in their states. While we may provide you with an FDD template, it is your responsibility to adapt it as necessary to ensure that it and you are in compliance in all respects with the Legal Requirements applicable to the Designated Territory. We will provide you from time to time with information regarding us and our affiliates that must be included in your FDD. You acknowledge that certain changes to that information may require that you amend your FDD and, in certain states, amend your registration. Those actions may require re-disclosure and may, in some instances, delay the sale of franchises pending compliance with the applicable Legal Requirements. No such delays will extend your obligations under the Mandatory Development Schedule unless we otherwise agree in writing. We reserve the right to review and approve your FDD prior to your use and, where required, prior to submitting it for registration. If any state examiner requires that any portion of your FDD (including its attachments) be revised in any substantive manner, you must consult with us prior to responding to any such requests.

B. **Completion of Training**. You and your required personnel must attend and complete, to our satisfaction, the Initial Training at our facilities in Markham, Canada or at another location in the Greater Toronto Area we designate at our sole discretion.

C. **Execution of Unit Franchise Agreements**. For each Yogen Früz Business to be developed by a Unit Franchisee or the Affiliated Unit Franchisee in the Designated Territory, you and the Unit Franchisee or Affiliated Unit Franchisee (as applicable) must execute a Unit Franchise Agreement in the form we approve from time to time. You may not make or authorize any changes to the approved form of Unit Franchise Agreement (including with respect to fees owed by the Unit Franchisee) without our prior written consent, which we may withhold or condition in our sole discretion. You will ensure that a Unit Franchise Agreement is fully executed by each Unit Franchisee prior to providing the Unit Franchisee with any access to Confidential Information (defined below) or any training.

D. **Prior Approval of Sales Materials**. You must submit to us for our prior written approval all sales, promotional and advertising and other materials which relate to recruiting new Unit Franchisees or for proposed use by a Unit Franchisee to attract customers. We will notify you of our decision within fifteen (15) days after our receipt of the proposed materials. If we do not approve the submitted materials within that period, the materials will be deemed disapproved. You must also submit to us a detailed local store marketing plan and an update every six (6) months on how well the plan is working. You acknowledge that the Legal Requirements of certain states require that franchise advertising materials be registered with the state prior to their use.

E. **Sales Process**. We have the sole right to formulate and make policy decisions concerning every aspect of franchise sales, promotions, advertising, and other programs. You must comply with and implement our decisions in this regard.

F. **Unit Franchisee Recruitment**. You will make every effort to locate prospective Unit Franchisees who are persons of good standing, professional competence, experience, reputation, ability, and financial responsibility. In our sole discretion, we reserve the right to require our prior written-approval of any prospective Unit Franchisee (and its owners) prior to you entering any Unit Franchise Agreement or creating any obligation regarding the sale or purchase of a Franchise. Should we require prior written-approval of a prospective Unit Franchisee (and its owners), you will submit to us written and completed applications (on our required form) together with such additional information and comments, including credit and background information, as we specify. We will use good faith efforts to notify you of our decision within thirty (30) days of our receipt of the required information, and you must then notify the prospective Unit Franchisee, of our acceptance or rejection of its application. We reserve the right to revoke our approval prior to your execution of a Unit Franchise Agreement if: (i) any of the information on which our decision was based is revealed to have been incorrect, (ii) we determine that any event subsequent to our approval renders the prospective Unit Franchisee or its owners unacceptable, or (iii) you and the approved Unit Franchisee (and, if applicable, its owners) do not execute a Unit Franchise

Agreement within 30 days following our approval.

G. **Site Selection**. You will be responsible for ensuring that each Unit Franchisee strictly follows our site selection and approval process as described in the Manuals.

H. **Compliance with Manuals**. You will ensure that each Yogen Früz Business is developed and operated solely in accordance with the requirements and specifications as set forth in the Manuals and any supplemental bulletins, notices, revisions, modifications or amendments thereto, all of which shall be deemed a part thereof. You agree that we may, from time to time hereafter, upon notice and acting reasonably, modify the System, including, without limitation, the adoption and use of new or modified products, services, equipment and furnishings as well as new techniques and methodologies relating to the preparation, sale, promotion and marketing of such products and services. In order to preserve and enhance the public image of the System, to ensure the continuing uniformity of the System and to increase efficiency and profitability of all Yogen Früz Businesses in the System, you agree to accept all such modifications to the System and implement same at your own expense. We shall have the right to add to and otherwise modify the Manuals from time to time to reflect such modifications in the System. We retain the right to prescribe additions to, deletions from or revisions to the Manuals, which shall become binding upon you upon being mailed or otherwise delivered to you, as if originally set forth therein. The Manuals, and any such additions, deletions or revisions thereto, shall not alter your rights and obligations hereunder.

I. **Ethical Conduct**. In conducting your business under this Agreement and in all dealings with us, public officials and other third parties, you, your affiliates and your and their owners, employees and agents will adhere to high standards of honesty, integrity, fair dealing and ethical conduct, and will refrain from any practice which may be injurious to our reputation, your reputation, the reputation of the Brand or Yogen Früz Businesses generally, or the goodwill associated with the Marks. You will notify us within five (5) days of becoming aware of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect your, your affiliate's, or your Unit Franchisees' operations or financial condition.

J. **Unit Franchisee Support**. You must comply with your obligations under each Unit Franchise Agreement you sign with a Unit Franchisee and, whether or not required under a Unit Franchise Agreement, you must provide reasonable support to all Yogen Früz Businesses to, at a minimum, include the following: pre-opening consultation and assistance; initial and supplemental general training and assistance on all material aspects of operations; periodic and regular telephone calls and visits to monitor the Unit Franchisee's operations and compliance with the Manuals (in no event, less than once per month); telephone support; periodic contacts with the Unit Franchisees' customers and clients; and communication of and assistance regarding updates to products and services and to approved suppliers.

K. **Advertising Funds**. You and we will jointly and equally administer an advertising fund for the Designated Territory in accordance with this Agreement (the "**Territory Fund**"), as described in the Unit Franchise Agreements. All Unit Franchisees, including the Affiliated Unit Franchisee, within the Designated Territory will be required to remit directly to you the advertising contributions due under their Unit Franchise Agreements and you will remit to us an amount equal to one and one-half percent (1.5%) of the aggregate Gross Sales (as defined in Article VII.C.) of all Unit Franchisees in the Designated Territory for deposit into the marketing and branding program that we administer for the Brand generally (the "**Brand Fund**"). At any time, however, we may, in our sole discretion, designate that Unit Franchisees and the Affiliated Unit Franchisee remit payment of the advertising contribution to us, at which point we will take one and one-half percent (1.5%) of the aggregate Gross Sales from Franchisees for deposit into the Brand Fund and pay you the remaining balance as a contribution to the Territory Fund. Each such payment will be due as and when Royalty fees are due, as described in Article VII.C below. The amount you do not remit to us must be deposited into the Territory Fund. You must also purchase from us or our affiliate a quantity of reusable pre-opening and grand opening banners, in quantities sufficient to meet demand based on projected openings in the Designated Territory. On August 1st and February 1st of each year, you must submit an unaudited detailed report showing all of the advertising contributions collected and all of the expenditures made during the six (6) month periods from January through June and July through December for each calendar year, respectively.

We or our affiliates or other designees will direct all programs that the Brand Fund funds, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The Brand Fund may, for example, pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining one or more websites and related strategies; administering regional and multi-regional marketing and advertising programs, including purchasing media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; administering online advertising and marketing campaigns (including search engine, social media, email, and display ad campaigns); developing and maintaining application software designed to run on computers and similar devices, including tablets, smartphones and other mobile devices, as well as any evolutions or "next generations" of any such devices; implementing a loyalty program or other marketing programs designed to encourage the patronage of Yogen Früz Businesses generally; supporting public relations, market research, and other advertising, promotion, and marketing activities; reimbursing us or our affiliates or designees for the reasonable salaries and benefits of personnel who manage and administer the Brand Fund, the Brand Fund's other administrative costs, travel expenses of personnel while they are on Brand Fund business, meeting costs, overhead relating to Brand Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Brand Fund and its programs, including, without limitation, conducting market research, public relations, preparing advertising, promotion, and marketing materials, and collecting and accounting for Brand Fund contributions.

The Brand Fund is not our asset. We do not owe any fiduciary obligation to you or any Unit Franchisee for administering the Brand Fund or any other reason. The Brand Fund may spend in any fiscal year more or less than the total contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We may use all interest earned on the Brand Fund contributions to pay costs before using the Brand Fund's other assets. We will prepare an annual, unaudited statement of the Brand Fund's activities and give you the statement upon written request. We may have the Brand Fund audited annually, at the Brand Fund's expense, by an independent certified public accountant. We may incorporate the Brand Fund or operate it through a separate entity whenever we deem appropriate.

We need not ensure that Brand Fund expenditures in or affecting any geographic area are proportionate or equivalent to Brand Fund contributions by Yogen Früz Businesses operating in that geographic area or that you derive any particular benefit from the Brand Fund or that any Yogen Früz Business benefits directly or in proportion to its Brand Fund contribution.

L. **Compliance Checks and Reports**. You will regularly monitor each Unit Franchisee's operation of its Yogen Früz Business, including by visiting each Yogen Früz Business at intervals we specify from time to time for the purpose of inspecting each Unit Franchisee's compliance with its Unit Franchise Agreement and the Manuals ("**Compliance Checks**"). We may require that you use a specified software, program, form or checklist in conducting each Compliance Check. You will provide us with reports of the results of each visit in the form and format we prescribe. If a Compliance Check reveals that the Unit Franchisee requires coaching in order to maximize its Gross Sales or reveals any operational deficiencies or, you will indicate those opportunities and deficiencies on the required form, discuss them with the Unit Franchisee, and provide counsel and assistance to the Unit Franchisee to correct them. You will conduct follow-up Compliance Checks as necessary to determine whether the Unit Franchisee has timely corrected each operational deficiency.

M. **Communications with Unit Franchisees**. You will establish and maintain communications systems as necessary and appropriate to facilitate and encourage regular communications between you and the Unit Franchisees. You will provide us with monthly, quarterly and/or annual (as we determine) written reports regarding certain aspects of the administration, support and operation of the Yogen Früz Businesses, in the manner and in the form we prescribe.

N. **Accounting for Fees**. You will record and confirm the accuracy of all monies owed and paid by Unit Franchisees. You must submit to us monthly (by the 5th day of each month) and annually (by the 90th day following the end of the year) signed certifications for the preceding calendar month or year, as applicable, in the form and format we prescribe, which includes an accurate accounting of all fees owed and paid by each Unit Franchisee for the applicable period. Should you subsequently discover an error in any report submitted to us, you must notify us within ten (10) days of your discovery.

O. **Enforcement of Unit Franchise Agreements**. You will timely take all necessary steps to enforce the terms of each Unit Franchise Agreement. To secure the performance of your obligations under this Article, you hereby collaterally assign to us all Unit Franchise Agreements subject to our acceptance of the assignment as described in this Article. You agree that, if you fail to comply with your obligations under this paragraph, in addition to any other rights or remedies available to us, the affected Unit Franchise Agreements will be deemed assigned to us immediately and without any further action on our written notice to you of your failure and our election to perfect the assignment. You will execute any documentation we determine to be necessary to reflect the effectiveness of the assignment, and hereby appoint us (or our representative) as your attorney-in-fact for the limited purposes of affecting such assignment pursuant to this paragraph. You must receive our prior written approval before cancelling or terminating any Unit Franchise Agreement entered into by and between you and a Unit Franchisee and before granting any Unit Franchisee a release of any obligation of any kind or nature.

P. **Inspections and Audits**. You will keep accurate records concerning all transactions and communications between us, you and the Unit Franchisees relating to the operation of Yogen Früz Businesses and your activities under this Agreement. We (directly or through our representatives) will have the right at all reasonable hours to examine, with free and full access, all such records. We may, at our option and your expense, copy any such records. You will keep all such records available for at least seven (7) years after the termination or expiration of the Agreement Term.

Q. **Use of Proprietary Marks and System**. Without our prior written consent, you may not use or permit the use of the Proprietary Marks or any other aspect of the System for any purpose other than the conduct of your activities as expressly provided in this Agreement and the operation of Yogen Früz Businesses pursuant to Unit Franchise Agreements granted in accordance with this Agreement.

R. **No Representations; Your Efforts**. You understand that the license and rights granted to you in this Agreement are not a passive investment and that the success of the business you conduct pursuant to this Agreement is dependent on your independent efforts, business judgment, initiative, administrative, leadership and other skills, as well as market conditions over which we have no control. You agree to familiarize yourself thoroughly with the standards and methods of operation under the System. You will render assistance to and cooperate with us and other master franchisees in furtherance of the Brand and will use your best efforts to assist each of the Unit Franchisees to attain success as reasonably as may be necessary to carry out the intents and purposes of this Agreement. Except as expressly provided in the Franchise Disclosure Document we provided to you prior to your execution of this Agreement, we neither make nor authorize (and hereby disclaim) any representations, express or implied, regarding potential earnings, revenues, profits, tax effects or otherwise of your or any Unit Franchisee's business or activities pursuant to this Agreement or any Unit Franchise Agreement.

S. **Ongoing and Refresher Training**. You will attend and successfully complete, to our satisfaction, any ongoing or refresher training programs we require from time to time. We reserve the right to charge you a reasonable fee for your and your representatives' attendance at any such training, and, as between us and you, you will be responsible for any expenses, wages and other benefits associated with your and your representatives' attendance.

ARTICLE VI
USE OF SYSTEM AND PROPRIETARY MARKS

A. **Goodwill and Ownership of Proprietary Marks**. All use of the Proprietary Marks by you and Unit Franchisees and any goodwill created by such use will inure exclusively to our and our affiliates' benefit. This Agreement does not confer any goodwill or other interests in the Proprietary Marks upon you, other than the right to act as described in this Agreement. All provisions of this Agreement applicable to the Proprietary Marks will apply to any other trademarks and commercial symbols we hereafter authorize and license you to use. You acknowledge that we and our affiliates have a prior and superior claim to the Proprietary Marks and the Brand. You will not, either during or after the Agreement Term, use, register, attempt to register, facilitate, or cooperate or assist in the registration of the Proprietary Marks as a trademark or as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form. You agree that neither you, your affiliates nor your or your affiliates' owners will use, claim ownership of, or attempt to register any other trademarks, service marks or other commercial symbol in connection with the operation of any Competitive Business (defined below). You agree that you will not directly or indirectly, either alone or in conjunction with others, challenge or take any action to cause a challenge to the validity or ownership of the Proprietary Marks or to obstruct our and our affiliates' efforts with respect to the registration thereof or the enforcement of our and their rights therein.

B. **Limitations on Your Use of the Proprietary Marks**. You acknowledge that your right to use the Proprietary Marks is derived solely from this Agreement and is limited to exercising the rights granted to and the obligations you have undertaken in this Agreement and in accordance with the terms of this Agreement. Any unauthorized use of the Proprietary Marks will constitute a breach of this Agreement and an infringement of our and our affiliates' rights in and to the Proprietary Marks. You agree that neither you nor your affiliates will use any Proprietary Mark in connection with the performance or sale of any unauthorized services or products or in any other manner not expressly authorized in writing by us. You, your affiliates, and your and their owners shall not, either during or after the Agreement Term, use any of the Proprietary Marks, except as allowed by us in writing, as part of any domain name or electronic address you or they maintain on the internet, the world wide web, or any other similar proprietary or common carrier electronic delivery system. All Proprietary Marks will be displayed in the manner we prescribe.

C. **Notification of Infringement and Claims**. You will immediately notify us as soon as you become aware of any apparent infringement of or challenge (actual or threatened) to your or a Unit Franchisee's use of any Proprietary Mark, or claim by any person of any rights in any Proprietary Mark or a confusingly or deceptively similar trademark or service mark. You will not communicate with any person other than your counsel, us and our counsel with respect to any such infringement, challenge or claim. We may take such action as we deem appropriate in connection with any such infringement, challenge or claim, and the right to control any settlement, litigation, arbitration or administrative proceeding arising therefrom. You agree to execute any and all instruments and documents, render such assistance, and take such action as may, in the opinion of our counsel, be reasonably necessary or advisable to protect and maintain our and our affiliates' interests in the Proprietary Marks. We will reimburse you for the reasonable expenses you incur and pay in complying with the requirements imposed by this Article, so long as you have used the Proprietary Marks in accordance with this Agreement; provided, however, that if any action we take results in any monetary recovery for you (by way of counterclaim or otherwise) which exceeds your costs, then you must pay your own costs and share pro rata in our costs therefor up to the amount of your share of such recovery.

D. **Discontinuance of Use of Marks**. If, in our sole judgment, we determine it to be in the best interests of the System for you or any Unit Franchisee to modify or discontinue use of any Proprietary Mark or to use one or more additional or substitute trademarks or service marks, you agree to immediately comply with and require your Unit Franchisees to immediately comply with our directions to modify or otherwise discontinue the use of such Proprietary Mark, or use one or more additional or substitute trademarks, logos or commercial symbols. We will have no obligation to reimburse you or any Unit Franchisees for any expenditures made by them to modify or discontinue the use of a Proprietary Mark or to adopt substitutes for discontinued Proprietary Marks, including, without limitation, any expenditures relating to advertising or promotional materials, and no obligation to reimburse you, or Unit Franchisees for any loss of goodwill of their Yogen Früz Businesses related to a discontinued Proprietary Mark.

E. **Disclaimer of Warranties**. We neither make any assurances that, if procured, a registration of any of the Proprietary Marks will remain in effect or that registrations will eventually issue with respect to any applications, whether now pending or filed while this Agreement is in effect. We disclaim all warranties of any kind regarding the Proprietary Marks, including any express or implied warranty that the Proprietary Marks may be used in any particular jurisdiction or that they do not or will not infringe the rights of any third party in any jurisdiction.

F. **Indemnification Against Infringement Claims**. We will indemnify, defend and hold you harmless from and against all claims, damages, liabilities and reasonable costs and expenses you incur arising from any claim, allegation, assertion, action or proceeding that is asserted or brought by a third party claiming to have trademark rights to any of the Proprietary Marks or any name or trademark similar thereto and that arises out of your authorized use of the Proprietary Marks pursuant to and in compliance with this Agreement. As used above, the phrase "costs and expenses" includes attorneys', experts' and other professionals' fees and expenses in connection with claims for which we have failed to satisfy our obligation to defend or indemnify, but otherwise shall exclude such fees and expenses.

ARTICLE VII
PAYMENTS FROM YOU

A. **General Statement**. Your principal source of compensation under this Agreement will be derived from your share of the revenues generated by the sale and operation of Yogen Früz Businesses within the Designated Territory. You will be entitled to your share of the initial franchise and license fees, ongoing royalties, and other fees due under each Unit Franchise Agreement for the Designated Territory, as provided herein, provided that you fully and diligently perform your obligations throughout the Development and Agreement Terms. All Unit Franchisees within the Designated Territory will be required under their Unit Franchise Agreements to remit fees and other payments due under their agreements directly to you, and you will remit to us the payments described below.

B. **Initial Franchise Fees**. For each Unit Franchise Agreement you execute with a Unit Franchisee, you shall pay us, immediately on your execution of the Unit Franchise Agreement, the following:

(a) with respect to the Affiliate Model Outlet, a sum of Twelve Thousand Five Hundred Dollars ($12,500);

(b) with respect to each subsequent Unit Franchise Agreement you execute pursuant to this Agreement for a traditional Yogen Früz Business, the greater of Eight Thousand Dollars ($8,000) or thirty three percent (33%) of the initial fee charged to the Unit Franchisee pursuant to the Unit Franchise Agreement; and

(c) with respect to each Unit Franchise Agreement you execute pursuant to this Agreement for a Non-Traditional Yogen Früz Business (as defined hereunder), the greater of Three Thousand Five Hundred Dollars ($3,500) or thirty three (33%) of the initial fee charged to the Unit Franchisee pursuant to the Unit Franchise Agreement. For the purpose of this Agreement, a "**Non-Traditional Yogen Früz Business**" is a smaller, non-moveable outlet that is located in a single non-traditional location such as a hospital, stadium, hotel or other operational business establishment which itself does not dispense yogurt or yogurt-based products.

C. **Royalty Fees**. With respect to each Yogen Früz Business in the Designated Territory, you will pay us an amount equal to three (3%) of the Gross Sales (as defined in the Unit Franchise Agreement) of each Yogen Früz Business in the Designated Territory. All payments owed under this Article must be received by us on the fifteenth (15th) day of each month based on the Gross Sales for the immediately preceding calendar month.

D. **Renewal and Transfer Fees**. If any Unit Franchisee is obligated under its Unit Franchise Agreement to pay you a fee in connection with a transfer or a renewal of the Unit Franchise Agreement, you will pay us one-third (1/3) of the transfer or renewal fee, as applicable, you receive from the Unit Franchisee. All payments owed under this Article must be paid within ten (10) days after you receive the applicable fee.

E. **Liquidated Damages**. If you terminate any Unit Franchise Agreement and, as a result, collect liquidated damages from the Unit Franchisee in accordance with the Unit Franchise Agreement, you will pay us fifty percent (50%) of the amount of liquidated damages you recover from the Unit Franchisee.

F. **Obligations Regarding Payments**. Unless otherwise provided, all fees owed to use under this Article VII are payable in a lump sum, are non-refundable under any circumstances, and are fully earned by us on their due date. Any amounts not paid by their due date will bear interest from their due date until paid at a rate equal to the lesser of 18% per annum or the highest rate permitted under applicable law. You are solely responsible, at your expense, for the collection of all fees and other amounts owed by Unit Franchisees with whom you execute a Unit Franchise Agreement. However, we reserve the right to collect such fees if you fail to perform you obligations throughout the Agreement Term. You will monitor all payments owed by your Unit Franchisees and will use your best efforts to ensure that all payments and reports are submitted on a timely basis.

G. **Audits**. We have the right at any time during business hours, and without prior written notice, to audit your books and records. An audit will be conducted at our expense unless the audit discloses an understatement in any report of two percent (2%) or more, in which case you must pay for any and all costs and expenses we incur in connection with the audit (including reasonable accounting and attorneys' fees). In addition to paying any unpaid fees revealed by the audit, you will pay interest on the unpaid amounts from their original due date until paid at the rate described in Article VII.F above.

H. **Your Financial Statements**. At your expense, you will submit to us, within thirty (30) days of the end of each month and within ninety (90) days after the end of each fiscal year during the Agreement Term, a signed financial statement (including a balance sheet and profit and loss statement) for the preceding month/year using the format we prescribe. If you are a corporation, the financial statement must be signed by your President or Treasurer attesting that the statement is true and correct. We reserve the right to require that you have the required financial statements certified by an independent accountant. On our request, you will provide us with copies of all financial statements submitted to you by the Unit Franchisees in the Designated Territory.

ARTICLE VIII
RELATIONSHIP OF THE PARTIES

A. **Independent Contractor**. Nothing in this Agreement, including the grant of the Master Franchise Rights, is intended to, nor does it, make either of us the agent, partner, joint venturer, legal representative, or employee of the other. You are an independent contractor with full rights and responsibility for your day-to day activities and shall, at all times, represent yourself accordingly.

B. **No Authority**. You will not use any of the Proprietary Marks in signing any contract, application for any license or permit, or in a manner that may result in our or our affiliates' liability for any of your indebtedness or obligations, nor will you use the Proprietary Marks in any way not expressly authorized herein. Except as expressly authorized in writing, neither you nor we will make any express or implied agreements, warranties, guarantees or representations, or incur any debt in the name of or on behalf of the other, or represent that our relationship is other than franchisor and master franchisee, and neither you nor we will be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing, nor will we be obligated for any damages to any person or property directly or indirectly arising out of the development or operation of Yogen Früz Businesses or the conduct of business by you, your affiliates or Unit Franchisees, including with respect to any sales, value added, use, service, stamp duty, occupation, excise, gross receipts, income, property, payroll or other taxes, whether levied upon this Agreement, you, your affiliates, the Unit Franchisees, or any Yogen Früz Business, or upon us, in connection with the operations you conduct (except any taxes that we are required by law to collect from you with respect to purchases from us or taxes payable by us on our own income). Payment of all such taxes will be your responsibility.

ARTICLE IX
INDEMNIFICATION

You agree to indemnify, defend and hold us, our affiliates, and our and their respective members, managers, shareholders, directors, officers, committee members, employees, agents, and our and their respective successors and assignees (collectively, the "**Released Parties**"), harmless against and to reimburse each Released Party for all claims, causes of action, costs, expenses, loss, liability, damages or obligations arising from or relating to your activities under this Agreement, including obligations under this Article, the direction and administration of the Territory Fund, the development or operation of any Yogen Früz Businesses pursuant to Unit Franchise Agreements you sign with Unit Franchisees, or any obligations under a Unit Franchise Agreement or otherwise to the extent that such claims, causes of action, costs, expenses, loss, liability, damages or obligations do not arise from the negligence or wrongful conduct of such Released Party. For purposes of this indemnification, "claims" will mean and include all obligations, actual and consequential damages, and costs incurred in the defense of any claim against a Released Party, including without limitation reasonable accountants', attorneys', attorney assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses. We will have the right to defend any such claim against us in such manner as we deem appropriate. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

ARTICLE X
INSURANCE

You must maintain insurance necessary to comply with all applicable legal requirements and maintain general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in connection with the conduct of your duties hereunder (including operation of Yogen Früz Businesses by your Affiliated Unit Franchisee) and your obligations under Unit Franchise Agreements. You will also maintain in force other insurance of the types, in the amounts and with such terms and conditions as we may from time to time reasonably prescribe in the Manuals or otherwise. Each insurance policy will name us and our designated affiliates and our and their respective officers, directors, and owners as additional named insureds, will contain a waiver of all subrogation rights, and will provide for thirty (30) days' prior written notice to us of any material modification, cancellation, or expiration of such policy. You will furnish to us at least annually a copy of the certificates of insurance or other evidence we request that such insurance coverage is in force. The maintenance of sufficient insurance coverage will be your responsibility. We will have no obligation to prescribe types or amounts of insurance coverage and will have no obligation to indemnify you if you do not do so or if the types or amounts of insurance coverage we prescribe are insufficient to fully cover a claim made against you.

ARTICLE XI
DEFAULT AND TERMINATION

A. **Termination for Your Default**. We may, at our option, terminate the Development Term or the Agreement Term, immediately and without opportunity to cure, upon the happening of any one or more of the following events:

(a) if you fail or refuse to pay by their due dates any amounts payable to us under this Agreement, and do not correct such failure within fifteen (15) days after our written notice thereof;

(b) if you fail or refuse to timely submit the financial information that we require you to submit under and in accordance with this Agreement, and you do not correct such failure within thirty (30) days after our written notice thereof;

(c) if you intentionally understate the Gross Sales or falsify other pertinent financial information, or if for any reason, you understate Gross Sales by more than two percent (2%) on more than two (2) occasions in any 12-month period;

(d) if you cease or take material steps to cease carrying on the business you are authorized under this Agreement to take, or you take any action to liquidate your assets;

(e) if you file a voluntary petition in bankruptcy or for arrangement, reorganization or other relief under any chapter of the Federal Bankruptcy Code or any similar law, state or federal, now or hereafter in effect, or file an answer or other pleading in any proceeding admitting insolvency, bankruptcy or inability to pay your debts as they mature; or within thirty (30) days after the filing of any involuntary proceedings under the Federal Bankruptcy Code or similar law, state or federal, now or hereafter in effect, such proceeding shall not have been vacated; or all or a substantial part of your assets are attached, seized, subjected to a writ or distress warrant, or are levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within thirty (30) days; or shall be adjudicated a bankrupt; or shall make an assignment for the benefit of creditors or shall admit in writing your inability to pay your debts generally as they become due or consent to the appointment of a receiver or trustee or liquidator of all or the substantial part of your property; or any order appointing a receiver, trustee or liquidator of you or any of your owners or all or a substantial part of your or their property is not vacated within thirty (30) days following the entry thereof;

(f) if an order is made or resolution passed for your winding-up or liquidation or if you adopt or take any corporate proceedings for your dissolution or liquidation;

(g) if you or any of your owners, directors, or officers has made a material misrepresentation or omission in obtaining the Master Franchise Rights or is convicted of or pleads no contest to a felony or offense or engages in a conduct or practice that, in our reasonable opinion, reflects unfavorably upon or is detrimental or harmful to our good name, goodwill or reputation or to the business, reputation or goodwill of the Unit Franchisees or to the Proprietary Marks;

(h) if you are in default of the provisions of Article VI hereof regarding your use of the System or Proprietary Marks;

(i) if you are in default of the transfer provisions of Article XII hereof;

(j) if you fail to satisfy your obligations under the Mandatory Development Schedule;

(k) if you fail to comply with any other requirement or obligation imposed upon you by this Agreement and such default is not cured within thirty (30) days after our written notice, or if you do not take and diligently pursue reasonable steps to cure such default if such default be of such a nature that more than thirty (30) days are required for performance; or

(l) if you have received from us, during any consecutive 12-month period, three (3) or more notices of default in respect of any matter of a material nature (whether such notices relate to the same or to different defaults and whether or not such defaults have been remedied).

B. **Forbearance Due to Unit Franchisee's Default.** We will not issue a notice of default or termination of this Agreement for your failure to pay fees that are calculated as a portion of what your Unit Franchisees are required to pay to you if: (i) your failure to comply is solely and directly attributable to the failure of a Unit Franchisee (other than a Unit Franchisee who is your wholly-owned subsidiary) to pay royalty fees or submit financial information in accordance with the terms of its Unit Franchise Agreement, and (ii) at your sole cost and expense, you immediately take action (including by initiating legal proceedings) to strictly enforce the Unit Franchisee's obligations and to seek appropriate remedies to which you are entitled under the Unit Franchise Agreement or applicable law due to the Unit Franchisee's default.

ARTICLE XII
TRANSFERABILITY

A. **Transfer by Us**. We have the unfettered right to assign this Agreement. If the assignee agrees, in writing to assume all of our obligations under this Agreement, we will have no obligations after the assignment except for those obligations that accrued prior to the assignment.

B. **Transfer by You or Your Owners**. The Master Franchise Rights are personal to you. We have entered into this Agreement and granted you those rights in reliance on the information you (and your owners) have provided to us in support of your application and on our assessment of you, your owners', directors' and officers') particular character, skills, aptitude, and business, legal and financial capacity, and you recognize that we might not have otherwise been willing to grant you those rights. Therefore, you and your owners agree that, without our prior written consent (which we will not unreasonably withhold), you and they will not directly or indirectly, transfer or attempt, cause or authorize a transfer of any interest in (1) you, (2) this Agreement, (3) any Unit Franchise Agreement, or (4) any rights you have under this Agreement. As used herein, a "transfer" includes any sale, assignment, transfer, conveyance, delegation, donation, pledge, mortgage, charge, grant of a security interest, or any similar disposition or encumbrance, whether voluntarily, involuntarily or by operation of law. A proposed transfer of this Agreement must include a transfer of all Unit Franchise Agreements and all of your rights and obligations under this Agreement, and your interests in Unit Franchise Agreements can only be transferred together with a transfer to the same purchaser of all Unit Franchise Agreements and this Agreement.

C. **Our Right of First Refusal**. If you intend to engage in a transfer of this Agreement or all or a significant portion of all the other assets involved in the business relating to this Agreement, we will have the first option to acquire the interests you intend to transfer. If we exercise that option, you will transfer the interests to us in accordance with this Article. If we do not exercise the option, the proposed transfer will nevertheless be subject to our prior written approval as set forth in Article XII.B above. If you receive and intend to accept an offer from a purchaser regarding a transfer subject to this Article, before accepting the offer, you must present it to us along with the following:

(a) a description of the exact terms of the offer including the name of the proposed purchaser, the purchase price and its terms of payment, and the proposed date and time of closing;

(b) information relating to the business and/or professional reputation and qualifications of the proposed purchaser and, if applicable, its owners;

(c) any financial information (including financial statements) and credit information (including copies of credit reports) you have relating to the proposed purchaser and, if applicable, its owners; and

(d) such other information as we may request regarding the proposed transfer, the purchaser and, if applicable, its owners.

(e) We will have the absolute right, to be exercised by notice in writing delivered to you within thirty (30) days of our receipt of the all of the required information described above, to purchase the rights being offered to the purchaser on the same terms and conditions except that we may replace any non-cash consideration with an equivalent cash value. The closing on our purchase will take place within (30) days following the notice of our exercise of the option to purchase.

D. **Conditions for Our Approval**. In assessing your request for our approval of a proposed transfer, we may consider any information that we reasonably believe relevant to the transaction and to the protection of the Brand. We will not unreasonably withhold our approval of a proposed transfer, but we may impose such conditions on our approval as we deem necessary and appropriate under the circumstances. For example, we might require that:

(a) all of your obligations to us and all of your and your wholly-owned subsidiaries' obligations under Unit Franchise Agreements be fully paid and satisfied as at the date of the transfer;

(b) you, your wholly-owned subsidiaries, and your and their directors, officers and owners execute and deliver a general release of all claims against us, our affiliates and our and their directors, officers and owners in form and substance satisfactory to us;

(c) the proposed purchaser enter into a written assignment and assumption agreement acceptable to us, pursuant to which it assumes all of your obligations under this Agreement and under each Unit Franchise Agreement in which you appear as the franchisor or, at our option, that the purchase execute a new master franchise agreement, on our then-current form, which form may contain terms and conditions that are materially different than those contained in this Agreement, and which form will be modified so that the development term expires when the Development Term of this Agreement would have expired;

(d) the persons and entities we specify execute a guarantee of the purchaser's obligations under all agreements with us post-transfer;

(e) you and all persons or entities who are then guarantors of your obligations remain obligated as guarantors of the purchaser's obligations post-transfer;

(f) you pay to us the costs and expenses we reasonably incur in connection with the transfer including reasonable attorneys' fees;

(g) the purchaser have and maintain a certain net worth and liquidity as appropriate to satisfy its obligations under the agreements post-transfer; and

(h) you pay us a transfer fee equal to five percent (5%) of the total value of all consideration payable by the purchaser to you (whether or not included in the purchase and sale agreement) for interests being transferred.

Within thirty (30) days of the later of our receipt of all required information or our election not to exercise our right of first refusal (of the expiration of that right), we will notify you, in writing, of our decision regarding your request for approval and, if granted, the applicable conditions. If you do not complete the transfer within thirty (30) days following notice of our approval, if any of the information on which we based our decision changes prior to completion of the transfer, or if any material terms of the transfer change, our approval will be immediately be rendered null and void, and you must again offer us the right of first refusal in accordance with Article XII.C and request our approval in accordance with Article XII.B.

ARTICLE XIII
RIGHTS AND OBLIGATIONS ON EXPIRATION OR TERMINATION

A. **Payment of Amounts Owed**. On expiration or termination Agreement Term, you will pay all amounts owed to us or our affiliates. Any amounts which remain unpaid as of the tenth (10th) day following expiration or termination will be considered past-due and will accrue interest as described in Article VII.F.

B. **Use of System and Proprietary Marks**. After the termination or expiration of the Agreement Term, you and your owners: (i) will not directly or indirectly identify you as a current or former master franchisee of, or as otherwise associated with, us or the Brand; (ii) will not use the System or any Proprietary Mark, or any trade name, trademark or commercial symbol that is deceptively similar to any Proprietary Mark, in any manner or for any purpose; (iii) will not use any trade name, trademark or commercial symbol that suggests or indicates a connection or association with us or the Brand; (iv) will remove all signs containing any Proprietary Mark and return to us or destroy all forms and materials containing any Proprietary Mark; and (v) will immediately take such action as may be required to cancel or, at our option, to transfer to us or our designee, all registered user agreements, fictitious or assumed name or equivalent registrations relating to use of any Proprietary Mark. Further, since your authority to enter into Unit Franchise Agreements with Unit Franchisees is derived entirely from this Agreement, your authority will automatically and without further action or notice terminate on termination or expiration of the Development Term. You will, from and after the termination or expiration, refrain from approving any Unit Franchisees that are not then approved and from executing any Unit Franchise Agreements that are not then fully executed.

C. **Disposition of Franchise Agreements; Provision of Sales Services and Support Services**.

(a) **Expiration of the Development Term**. On expiration of the Development Term and any extension thereof granted pursuant to Article I.D, you will no longer have the right to perform the Sales Services and must refer all inquiries regarding franchise opportunities to us or our designee. The Agreement Term will continue, and you will be obligated to continue to provide the Support Services for the Unit Franchisees and Existing Franchisees then existing until the Agreement Term expires or is terminated. For the remainder of the Agreement Term, you will be entitled to continue to collect from the existing Unit Franchisees and Existing Franchisees royalties and other payments due under the Unit Franchise Agreements that you signed pursuant to this Agreement or that were previously signed by Existing Franchisees, provided that you continue to perform the Support Services under and with respect to such Unit Franchise Agreements.

(b) **Termination of the Development Term**. On the termination of the Development Term, you will no longer have the right to provide the Sales Services and must refer all inquiries regarding franchise opportunities to us or our designee. The Agreement Term will continue until it is terminated or expires. You agree to assign to us or our designee, at our option, all of its rights and obligations under those Unit Franchise Agreements we designate atany time and from time to time after termination of the Development Term. We may exercise our right to require an assignment of any Unit Franchise Agreement at any time after termination of the Development Term. Such assignment of each Unit Franchise Agreement we designate shall take effect automatically and immediately pon our transmittal of a written notice to the affected Unit Franchisees stating that the applicable Unit Franchise Agreement is thereby assigned from you to us. For the remainder of the Agreement Term, you shall be entitled to continue to collect, from Unit Franchisees and Existing Franchisees whose Franchise Agreements are not assigned to us, royalties and other payments due under such Unit Franchise Agreements, provided that you continues to perform the Support Services under and with respect to those Unit Franchise Agreements.

(c) **Termination of the Agreement Term**. On the termination of the Agreement Term, all of your rights and obligations under the Unit Franchise Agreements shall be assigned to us or our designee. Such assignment of each such agreement shall take effect automatically and immediately upon transmittal by us of a written notice to the affected Unit Franchisee or Existing Franchisee stating that the applicable Unit Franchise Agreement is thereby assigned from you to us or our designee. Thereafter, you shall have no rights or obligations under the Unit Franchise Agreements, except those obligations which expressly or by their nature survive the transfer, such as your obligation to indemnify the Unit Franchisee for claims arising from acts or omissions that occur prior to the assignment date

(d) **Use of Telephone Number and Email Address**. Following expiration or termination of the Agreement Term, you will not use the telephone number or email address that was used or associated with the activities you conducted under this Agreement. You agree to notify the appropriate telephone company and all telephone directory listing agencies of the termination or expiration of your right to use any telephone numbers and any regular, classified or other telephone directory listings associated with any Proprietary Marks. You will authorize the transfer and take all action necessary to transfer the numbers and listings to or at our direction. You agree that, as between us and you, we have the sole right to and interest in all telephone numbers and directory listings associated with any Proprietary Marks. You hereby appoint us and our representatives as your attorney in fact to direct the appropriate telephone company and all listing agencies as described in this Article should you fail or refuse to do so.

(e) **Involvement in Competitive Businesses**. On termination or expiration of the Agreement Term, you agree that you, your owners, your existing or current affiliates and their owners, and the parents, spouses and children of you or your owners (collectively, the "**Restricted Persons**") will not use, copy or adapt the System in any manner and, further, that for a period of two (2) years commencing on the effective date of termination or expiration, you and the other Restricted Persons: (i) will not have any direct or indirect (through a Restricted Person or otherwise) ownership interest in any Competitive Business (as defined in Article XIV.C below) located or operating within the Designated Territory, or within any other area in which Yogen Früz Businesses are then under development or in operation; (ii) perform services as a director, officer, manager, employee, consultant, representative, agent, landlord or otherwise for any Competitive Business located or operating within the Designated Territory or within any other area in which Yogen Früz Businesses are then under development or in operation; (iii) interfere with or otherwise attempt to influence any vendor, consultant or agent with whom we or our affiliates conduct business or any relationships we or our affiliates have with such persons or entities; or (iv) directly or indirectly employ or seek to employ any person who is employed by us, our affiliates or by any other master franchisee or Unit Franchisee, nor induce nor attempt to induce any such person to leave said employment without our prior written consent and the prior written consent of the person's employer.

(f) **Confidential Information and Copyrighted Materials**. On expiration or termination of the Agreement Term: (1) you will immediately cease to use any Confidential Information (as defined in Article XIV below) disclosed to or otherwise learned or acquired by you in any business or otherwise; and (2) you will return to us all copies of the Manuals and any other copyrighted or confidential materials which have been loaned or made available to you by us pursuant to this Agreement.

(g) **Records and Bank Accounts**. On expiration or termination of the Agreement Term, you shall provide to us all agreements, records, files and any other materials or information we reasonably request pertaining to the Unit Franchisees and Unit Franchise Agreements then in effect, including (1) all agreements, records, files and any other materials or information we reasonably request, (2) all agreements, records, files and any other materials or information we reasonably request pertaining to the Territory Fund, and (3) all monies then held in the Territory Fund. Additionally, if you have established a bank or other account for the electronic deposit of fees that Unit Franchisees owe to you, then you shall assign such account to us to allow us to continue using the existing payment mechanism.

(h) **Continuing Obligations**. All of your obligations which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

ARTICLE XIV
CONFIDENTIALITY AND IN-TERM NON-COMPETITION

A. **<u>Confidential Information</u>**. We and our affiliates possess (and may continue to develop and acquire) certain confidential and proprietary information ("**Confidential Information**") relating to the development, operation and franchising of Yogen Früz Businesses, including: the terms of this Agreement; franchisee selection criteria; plans and specifications for the development of Yogen Früz Businesses; recipes; training materials, programs and systems; methods, techniques, formats, specifications, standards, procedures, sales and marketing techniques, computer software programs, statistical data, and knowledge of and experience relating to the development and operation of Yogen Früz Businesses; marketing and advertising programs; knowledge of specifications for and suppliers of certain products, materials, supplies, equipment, fixtures, furnishings and services; the Manuals; and knowledge of operating results and financial performance of Yogen Früz Businesses. We will, in our discretion, disclose certain parts of the Confidential Information to you and to certain of your employees in training programs, the Manuals and in guidance we furnish under this Agreement.

Neither you, your wholly-owned subsidiaries, nor any of your or your wholly-owned subsidiaries' employees will acquire any interest in the Confidential Information other than the right to utilize it in performing your obligations under this Agreement and as disclosed to certain of your employees or your wholly-owned subsidiaries who are Unit Franchisees during the Agreement Term, and the use or duplication of any Confidential Information in any other business or other operation or capacity would constitute an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary, includes our trade secrets, is not generally known or easily accessible and is important to us and our affiliates and our other master franchisees and Unit Franchisees. Consequently, we will disclose the Confidential Information or portions of it to you solely on the condition that you and your owners agree, and you and your owners do hereby agree, that you and the Restricted Persons, both during and after the Agreement Term, will not use the Confidential Information in any other business or other operation or capacity; will maintain the absolute confidentiality of the Confidential Information; will not make unauthorized copies of any portion of the Confidential Information; will adopt and implement all reasonable procedures that we prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure thereof to Unit Franchisees, Yogen Früz Business personnel and others; and will impose all of the aforementioned restrictions and obligations on all Unit Franchisees. Notwithstanding anything to the contrary contained in this Agreement, the restrictions on your disclosure and use of the Confidential Information will not apply to information that is or becomes generally known in other than through disclosure (whether deliberate or inadvertent) by you or a Unit Franchisee, or to the disclosure of the Confidential Information in judicial or administrative proceedings to the extent that you are legally compelled to disclose such information, provided you must have used your best efforts and afforded us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us of confidential treatment for the information required to be disclosed.

B. **<u>Innovations</u>**. As between us and you, we are the sole owner of all right, title, and interest in and to the System and any Confidential Information. All improvements, developments, derivative works, enhancements, or modifications to the System and any Confidential Information (collectively, "**Innovations**") made or created by you, your employees or your contractors, whether developed separately or in conjunction with us, shall be owned solely by us. You represent, warrant, and covenant that your employees and contractors are bound by written agreements assigning all rights in and to any Innovations developed or created by them to you. To the extent that you, your employees or your contractors are deemed to have any interest in such Innovations, you hereby agree to assign, and do assign, all right, title and interest in and to such Innovations to us. To that end, you shall execute, verify, and deliver such documents (including assignments) and perform such other acts (including appearances as a witness) as we may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining, and enforcing such ownership rights in and to the Innovations, and the assignment thereof. Your obligation to assist us with respect to such ownership rights shall continue beyond the expiration or termination of this Agreement. If we are unable for any reason, after reasonable effort, to secure your signature on any document needed in connection with the actions specified in this Article, you hereby irrevocably designate and appoint us and our duly authorized officers and agents as your agent and attorney in fact, which appointment is coupled with an interest and is irrevocable, to act for and on your behalf to execute, verify, and file any such documents and to do all other lawfully permitted acts to further the purposes of this Article with the same legal force and effect as if executed by you. The obligations of this Article shall survive any expiration or termination of the Agreement.

C. **Exclusive Relationship**. You acknowledge and agree that we would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among owners of Yogen Früz Businesses if our master franchisees, Unit Franchisees and their owners and management personnel were permitted to hold ownership interests in or perform services for Competitive Businesses. You further acknowledge and agree that restrictions on the right of you and the Restricted Persons to hold ownership interests in or perform services for Competitive Business are legitimate and reasonable means of protecting the Confidential Information and our and our affiliates' interests in the Proprietary Marks, and that such restrictions will not unduly or unreasonably hinder your or their activities, whether under this Agreement or otherwise, or cause undue hardship. We have entered into this Agreement with you on the express condition that with respect to Competitive Businesses, you and the Restricted Persons will deal exclusively with us. You therefore agree that during the Agreement Term, you and the Restricted Persons will not: (a) have any direct or indirect (through a Restricted Person or otherwise) ownership interest in any Competitive Business in the Designated Territory or elsewhere; (b) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for any Competitive Business;
(c) interfere with or otherwise attempt to influence any vendor, consultant or agent with whom we conduct business or any relationships we have with such persons or entities; or (d) directly or indirectly employ or seek to employ any person who is employed by us, our affiliates or by any of our other master franchisees or Unit Franchisees, nor induce any such person to leave said employment without the prior written consent of such person's employer.

A "**Competitive Business**" is any business (other than an authorized Yogen Früz Business): (i) that sells or provides to its customers frozen yogurt, ice cream, gelato or similar products, or tea; (ii) whose menu, concept, business model or method of operation is similar to that employed by Yogen Früz Businesses, (iii) that offers or sells goods or services that are generally the same as or similar to the goods or services being offered by businesses owned, operated, franchised or licensed by us or our affiliates, or (iv) that grants franchises or licenses for the operation of any of the foregoing or provides services to the franchisor or licensor of any of the foregoing.

ARTICLE XV
CHANGES AND MODIFICATIONS

This Agreement may be modified only upon the execution of a written agreement by us and you. We reserve and shall have the sole right to make changes in the Manuals, the System and the Proprietary Marks at any time and without prior notice to you.

ARTICLE XVI
NOTICES

All written notices and reports permitted or required to be delivered by the provisions of this Agreement or of the Manuals will be deemed so delivered at the time delivered by hand, two (2) business days after being placed in the hands of a commercial courier service for express delivery or five (5) days after placement with a government mail service by Registered or Certified Mail (or the equivalent), Return Receipt Requested, postage prepaid. All such notices, reports and payments will be addressed to the parties at the addresses shown on the first page of this Agreement (unless subsequently changed pursuant to notice issued in accordance with this Article), as follows:

If to Us: Attention: Chief Executive Officer

If to You: Attention: ______________________________

Notwithstanding the foregoing, any required payment or report not actually received by us during regular business hours on the date due shall be deemed delinquent.

A change by any party with respect to the address for delivery of all such notices and reports must be delivered in writing to the other party within ten (10) business days of any such change in address.

ARTICLE XVII
ENTIRE AGREEMENT; INTERPRETATION; EXECUTION

This Agreement constitutes the entire agreement of the parties regarding the matters addressed herein and supersedes any prior agreements or understandings between them with regard to the same matters, whether oral or written. There are no representations, promises, warranties, covenants, or undertakings other than those contained in this Agreement. Nothing in this or any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document we furnished to you prior to your execution of this Agreement. The preambles and exhibits are a part of this Agreement. The headings of the several sections and subsections of this Agreement are for convenience only and do not define, limit or construe the contents of such sections or subsections. As used in this Agreement, the term "**including**" and similar words mean "including but not limited to" unless stated otherwise in the text, and the term "**business day**" will excludes Saturdays, Sundays and official holidays in the USA. This Agreement may be executed in multiple copies, each of which will be deemed an original, and signatures via facsimile or scanned/emailed shall have the same force and effect as originals.

ARTICLE XVIII
APPLICABLE LAW; VENUE; JURISDICTION

A. **Governing Law**. Except to the extent governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.), the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other United States federal law, this Agreement shall be interpreted under the laws of the State of Nevada, and any dispute between the parties, whether arising under this Agreement or from any other aspect of the parties' relationship, shall be governed by and determined in accordance with the substantive laws of the State of Nevada, which laws shall prevail in the event of any conflict of law.

B. **Jurisdiction and Venue**. Subject to the obligation to arbitrate under Article XIX below, you and your owners agree that all actions arising under this Agreement or otherwise as a result of the relationship between you and us must be commenced in the court nearest to Las Vegas, Nevada, and you (and each owner) irrevocably submit to the jurisdiction of that court and waive any objection you (or the owner) might have to either the jurisdiction of or venue in such courts.

C. **Injunctive Relief**. Nothing in this Agreement shall bar our right to seek specific performance or injunctive relief (including in the Designated Territory or in any other jurisdiction) against threatened conduct that will cause us loss or damages under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. You agree that we may obtain such injunctive relief in addition to such further or other relief as may be available at law or in equity. You agree that we will not be required to post a bond to obtain any injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by reason of the wrongful issuance of such injunction being expressly waived hereby).

ARTICLE XIX
ARBITRATION

We and you agree that all controversies, disputes, or claims between us or our affiliates, and our and their respective shareholders, officers, directors, agents, and employees, on the one hand, and you (and your owners, guarantors, Affiliates, and employees), on the other hand, arising out of or related to: (1) this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates); (2) our relationship with you; (3) the scope or validity of this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Article XIX, which we and you acknowledge is to be determined by an arbitrator, not a court); or (4) any standard which forms part of the System must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association. The arbitration proceedings will be conducted by one arbitrator and, except as this Article otherwise provides, according to the then-current Commercial Arbitration Rules of the American Arbitration Association. All proceedings will be conducted at a suitable location chosen by the arbitrator in Las Vegas, Nevada. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). The decision of the arbitration shall be final and binding upon each party and may be enforced by any court of competent jurisdiction.

The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs, provided that the arbitrator may not declare any of the trademarks owned by us or our affiliates generic or otherwise invalid or, except as expressly provided in this Article XIX, award any punitive, exemplary, or multiple damages against any party to the arbitration proceeding (we and you hereby waiving to the fullest extent permitted by law any such right to or claim for any punitive, exemplary, or multiple damages against any party to the arbitration proceedings).

We and you agree to be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. We and you further agree that, in any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding. Any claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us.

We and you agree that arbitration will be conducted on an individual basis and that an arbitration proceeding between us and our affiliates, or our and their respective shareholders, officers, directors, agents, and employees, on the one hand, and you (or your owners, guarantors, affiliates, and employees) may not be: (i) conducted on a class-wide basis, (ii) commenced, conducted or consolidated with any other arbitration proceeding, (iii) or brought on your behalf by any association or agency. Notwithstanding the foregoing, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Article, then all parties agree that this arbitration clause shall not apply to that dispute, controversy or claim and that such dispute, controversy or claim shall be resolved in a judicial proceeding in accordance with the dispute resolution provisions of the Agreements.

Despite our and your agreement to arbitrate, we and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that we and you must contemporaneously submit our dispute, controversy or claim for arbitration on the merits as provided in this Article.

You and we agree that, in any arbitration arising as described in this Article, requests for documents shall be limited to documents that are directly relevant to significant issues in the case or to the case's outcome; shall be restricted in terms of time frame, subject matter and persons or entities to which the requests pertain; and shall not include broad phraseology such as "all documents directly or indirectly related to." You and we further agree that no interrogatories or requests to admit shall be propounded. With respect to any electronic discovery, you and we agree that:

(a) production of electronic documents need only be from sources used in the ordinary course of business. No such documents shall be required to be produced from back-up servers, tapes or other media;

(b) the production of electronic documents shall normally be made on the basis of generally available technology in a searchable format which is usable by the party receiving the documents and convenient and economical for the producing party. Absent a showing of compelling need, the parties need not produce metadata, with the exception of header fields for email correspondence;

(c) the description of custodians from whom electronic documents may be collected shall be narrowly tailored to include only those individuals whose electronic documents may reasonably be expected to contain evidence that is material to the dispute; and

(d) where the costs and burdens of electronic discovery are disproportionate to the nature of the dispute or to the amount in controversy, or to the relevance of the materials requested, the arbitrator shall either deny such requests or order disclosure on condition that the requesting party advance the reasonable cost of production to the other side, subject to allocation of costs in the final award as provided herein.

In any arbitration arising out of or related to this Agreement, each side may take no more than three (3) depositions. Each side's depositions are to consume no more than a total of 15 hours, and each deposition shall be limited to 5 hours. There are to be no speaking objections at the depositions, except to preserve privilege.

The provisions of this Article are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of the Agreements.

Any provisions of this Agreement below that pertain to judicial proceedings shall be subject to the agreement to arbitrate contained in this Article.

ARTICLE XX
WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL

Except with respect to your indemnity obligations under Article IX, you and we hereby waive to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, special, indirect or consequential damages against the other and agree that in the event of a dispute between them, except as otherwise provided herein, each will be limited to the recovery of any actual damages sustained by it (provided that this limitation will not apply to statutory penalties such as those set forth in 15 U.S.C. §1117(a)). **YOU AND WE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM.** The parties acknowledge that the parties' waiver of jury trial rights provides the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or out of the parties' relationship created by this Agreement, and further acknowledge the receipt and sufficiency of mutual consideration for such benefit.

ARTICLE XXI
COSTS AND LEGAL FEES

If you or we are required to enforce this Agreement in a proceeding, the party prevailing in such proceeding will be reimbursed by the other party for its costs and expenses, including without limitation reasonable attorneys' fees (for attorneys and legal assistants), accountants' fees, and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Agreement, you will reimburse us for any of the above-listed costs and expenses incurred by it.

ARTICLE XXII
LIMITATION OF CLAIMS

Except with regard to your obligations to pay fees and other payments pursuant to this Agreement, any and all claims arising out of or relating to this Agreement or the relationship between us and you will be barred unless a proceeding is commenced within one year from the date on which the party entitled to assert the claim knew or, exercising reasonable diligence should have known, of the facts giving rise to such claims, or the period of time in which claims must be brought under applicable law, whichever is less, or such claim will be barred. The parties understand that such time limit may be shorter than otherwise allowed by law.

ARTICLE XXIII
WAIVERS

You and we may by written instrument unilaterally waive any obligation of or restriction upon the other under this Agreement. No acceptance by us of any payment from you or any other person and no failure, refusal or neglect by us or you to exercise any right under this Agreement or to insist upon full compliance by the other with its obligations hereunder will constitute a waiver of any provision of this Agreement. We make no warranties or guarantees upon which you may rely, and assumes no liability or obligation to you, by granting any waiver, approval, or consent to you, or by reason of any neglect, delay, or denial of any request therefor. Any waiver we grant will be without prejudice to any other rights we may have, will be subject to our continuing review, and may be revoked by us, at any time and for any reason, effective upon delivery to you of 10 days' prior written notice. You and we will not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including, without limitation, the right to demand exact compliance with every term, condition and covenant herein, or to declare any breach thereof to be a default and to terminate this Agreement prior to the expiration of its term), by virtue of any custom or practice of the parties at variance with the terms of this Agreement; any failure, refusal, or neglect of you or us to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations hereunder, including, without limitation, any System Standard; any waiver, forbearance, delay, failure, or omission by us to exercise any right, power, or option, whether of the same, similar or different nature, with respect to any Yogen Früz Business or any franchise agreement therefor; or the acceptance by us of any payment from you after any breach of this Agreement.

ARTICLE XXIV
CUMULATIVE RIGHTS; SURVIVAL OF OBLIGATIONS

Your and our rights hereunder are cumulative and no exercise or enforcement by either of us of any right or remedy hereunder will preclude the exercise or enforcement of any other right or remedy hereunder or which you or we are entitled by law to enforce. The obligations in this Agreement that, by their terms, require performance after the expiration or termination of this Agreement, will be enforceable after this Agreement expires or is terminated.

ARTICLE XXV
WEBSITE

We alone may establish, maintain, modify or discontinue all internet, world wide web and electronic commerce activities pertaining to the System. We may establish one or more websites to promote the System. Any websites or other modes of electric commerce that we establish or maintain may – in addition to advertising and promoting the products, programs or services available at Businesses– also be devoted in part to offering Business franchises for sale and be used by us to exploit the electronic commerce rights which we alone reserve.

In addition to these activities, we may also establish an intranet through which downloads of operations and marketing materials, exchanges of franchisee e-mail, System discussion forums and system-wide communications (among other activities) can be done. You may not maintain your own website as a Master Franchise; otherwise maintain a presence or advertise on the internet or any other mode of electronic commerce in connection with the System; or at any time establish any other website, electronic commerce presence or URL which in whole or in part incorporates the "Yogen Früz" name or any name confusingly similar to the Marks.

Unless we give you our permission, you are not permitted to promote your Franchised Business or use any of the Marks in any manner on websites or apps, such as Facebook, Snapchat, Instagram, LinkedIn or Twitter. We will control all social media initiatives.

We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any website we establish and maintain, including any and all material you may furnish to us for your "click through" subpage.

ARTICLE XXVI
WITHHOLDING PAYMENTS

You may not withhold payment of any amounts owed to us on the grounds of our alleged nonperformance of any of our obligations under this Agreement or for any other reason, and you specifically waive any right you may have at law or in equity to offset any funds you may owe us or to fail or refuse to perform any of your obligations under this Agreement.

ARTICLE XXVII
CERTAIN REPRESENTATIONS

You represent that neither you nor any of your affiliates, officers, directors, managers, members, or partners (as applicable) or funding sources are subject to U.S. Executive Order 13224, identified on the U.S. Department of the Treasury's Office of Foreign Assets Control Specially Designated National and Blocked Persons list, or any terrorist list or other blocked persons list. In addition, you represent that you have not received funding from nor are you owned, controlled, or acting on behalf of the government of any country that is subject to an embargo by the United States, any foreign government official, political party or international organization, and that no foreign government or government official, political party or international organization has any financial interest in you or any monies earned by you under this Agreement. You represent, warrant and agree that you, your officers, directors, managers, members, or partners (as applicable) will each at all times conduct themselves in an ethical manner and avoid any activity that might result in a violation of the U.S. Foreign Corrupt Practices Act, Anti-Terrorism Laws, or any other applicable anti-corruption or bribery laws.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Agreement the date and year first above written.

FRANCHISOR:

YOGEN FRUZ U.S.A., INC.

By:______________________________________

Its:______________________________________

MASTER FRANCHISEE:

____
[PRINT NAME OF MASTER FRANCHISEE]

By:______________________________________

Its:______________________________________

ATTACHMENT A TO THE MASTER FRANCHISE AGREEMENT

EXISTING UNIT FRANCHISEES IN THE DESIGNATED TERRITORY

ATTACHMENT B TO THE MASTER FRANCHISE AGREEMENT
PERSONAL GUARANTY

In consideration of, and as an inducement to, the execution of that certain Master Franchise Agreement, and any revisions, modifications, addenda and amendments thereto, (hereinafter collectively the "Agreement") dated ________________________________, by and between **Yogen Früz U.S.A. Inc.**, a Nevada corporation (hereinafter the "Franchisor") and ______________________ ________________________________ (hereinafter the "Master Franchisee") each of the undersigned Guarantors agrees as follows:

1. The Guarantors do hereby jointly and severally unconditionally guaranty the full, prompt and complete performance of the Master Franchisee under the terms, covenants and conditions of the Agreement, including without limitation the complete and prompt payment of all indebtedness to the Franchisor under the Agreement. The word "indebtedness" is used herein in its most comprehensive sense and includes without limitation any and all advances, debts, obligations and liabilities of the Master Franchisee, now or hereafter incurred, either voluntarily or involuntarily, and whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, or whether recovery thereof may be now or hereafter barred by any statute of limitation or is otherwise unenforceable.

2. The obligations of the Guarantors are independent of the obligations of the Master Franchisee and a separate action or actions may be brought and prosecuted against any or all of the Guarantors, whether or not actions are brought against the Master Franchisee or whether the Master Franchisee is joined in any such action.

3. The Franchisor shall not be obligated to inquire into the power or authority of the Master Franchisee or its partners or the officers, directors, agents, members or managers acting or purporting to act on the Master Franchisee's behalf and any obligation or indebtedness made or created in reliance upon the exercise of such power and authority shall be guaranteed hereunder. Where the Guarantors are corporations or partnerships it shall be conclusively presumed that the Guarantors and the partners, agents, officers and directors acting on their behalf have the express authority to bind such corporations or partnerships and that such corporations or partnerships have the express power to act as the Guarantors pursuant to this Guaranty and that such action directly promotes the business and is in the interest of such corporations or partnerships.

4. The Franchisor, its successors and assigns, may from time to time, without notice to the undersigned: (a) resort to the undersigned for payment of any of the indebtedness, whether or not it or its successors have resorted to any property securing any of the indebtedness or proceeded against any other of the undersigned or any party primarily or secondarily liable on any of the indebtedness; (b) release or compromise any indebtedness of any of the undersigned hereunder or any indebtedness of any party or parties primarily or secondarily liable on any of the indebtedness; (c) extend, renew or credit any of the indebtedness for any period (whether or not longer than the original period); (d) alter, amend or exchange any of the indebtedness; or (e) give any other form of indulgence, whether under the Agreement or otherwise.

5. The undersigned further waive presentment, demand, notice of dishonor, protest, nonpayment and all other notices whatsoever, including without limitation: notice of acceptance hereof; notice of all contracts and commitments; notice of the existence or creation of any liabilities under the Agreement and of the amount and terms thereof; and notice of all defaults, disputes or controversies between the Master Franchisee and the Franchisor resulting from the Agreement or otherwise, and the settlement, compromise or adjustment thereof.

6. This Guaranty shall be enforceable by and against the respective administrators, executors, successors and assigns of the Guarantors and the death of any Guarantor shall not terminate the liability of such Guarantor or limit the liability of the other Guarantors hereunder.

7. If more than one person has executed this Guaranty, the term "the undersigned," as used herein shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

IN WITNESS WHEREOF, the parties hereto, by and through their respective representatives authorized to enter into and bind the respective party without further consent or authorization, have duly executed and delivered this Guaranty dated this _______day of _______________, 20___.

______________________________	______________________________
Signature	Signature
______________________________	______________________________
Printed Name	Printed Name
______________________________	______________________________
______________________________	______________________________
______________________________	______________________________
Home Address	Home Address
______________________________	______________________________
Home Telephone	Home Telephone
______________________________	______________________________
Business Telephone	Business Telephone
______________________________	______________________________
Date	Date

EXHIBIT C

STANDARD FORM OF SUBFRANCHISE AGREEMENT

YOGEN FRÜZ®

SUBFRANCHISE AGREEMENT

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SUBFRANCHISE AGREEMENT

THIS SUBFRANCHISE AGREEMENT (this "**Agreement**") is made and entered into this ________ day of ______, _____ ("**Effective Date**"), by and between _________________, a _____________ organized under the laws of ________________, with its principal business address at ___________________________________("**Master Franchisee**") and ________________, a ___________ organized under the laws of ____________with its principle business address at ______________________ ("**Unit Franchisee**").

WITNESSETH:

WHEREAS, Yogen Früz U.S.A. Inc., a Nevada corporation ("**Franchisor**"), as the result of significant expenditures of time, skill, effort and money, has developed a unique and proprietary system relating to the establishment, development and operation of franchises under the Yogen Früz® trademark and other related trademarks, trade names, trade dress, copyrights, logos, insignia and domain names (collectively the "**Marks" or "Proprietary Marks**") specializing in the sale of frozen yogurt, yogurt shakes, fruit cups, teas, and other fruit and yogurt-based products ("**Proprietary Products**") which must be operated pursuant to the Manuals (as defined in Article III.B.2) ("**System**");

WHEREAS, Franchisor has entered into a master franchise agreement ("**Master Franchise Agreement**") with Master Franchisee pursuant to which Yogen Früz U.S.A. granted unto Master Franchisee the exclusive right and license to use and to franchise others to use the System in connection with Franchised Businesses (as defined herein) located in __________("**Territory**");

WHEREAS, Unit Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality, cleanliness, appearance and service and the necessity of operating the Franchised Business in conformity with the System and in accordance with the terms and conditions of this Agreement; and

WHEREAS, the Unit Franchisee desires to develop, own and operate a Franchised Business under the System and the Proprietary Marks and to obtain a subfranchise from the Master Franchisee for that purpose, as well as to receive the assistance provided by the Master Franchisee in connection therewith.

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

I. GRANT OF FRANCHISE

A. Grant. The Master Franchisee hereby grants to the Unit Franchisee, upon the terms and conditions herein contained, the non-exclusive right and license to operate a single Yogen Früz franchise (the "**Franchised Business**") in strict conformity with the quality control standards and specifications provided by Master Franchisee which are a material part of the System, which may be changed, improved and further developed from time to time, only at the specific location which will be selected by the Unit Franchisee, approved by the Master Franchisee, and which will be more particularly described in the Site Selection Addendum attached hereto as Attachment C ("**Approved Location**"). The Unit Franchisee hereby accepts such license and agrees to perform all of its obligations in connection therewith as set forth herein. The Unit Franchisee is not receiving any exclusive territory from Master Franchisee. Subject to Master Franchisee's approval, Unit Franchisee may also apply to add certain Früz Tea® products to the offerings of its Franchised Business under the terms and conditions set forth in Exhibit G hereto.

B. Reservation of Rights. Unit Franchisee acknowledges and agrees that the rights granted to it herein shall not in any way hinder or prevent Master Franchisee or any of its affiliates from owning and operating a Yogen Früz Franchised Business and does not hinder or prevent Master Franchisee from granting to others the right to own and operate a Yogen Früz Franchised Business at any location, other than at the Approved Location, or from granting to others additional rights as it may determine, in its sole discretion, for the use of all or any part of the Proprietary Marks and/or the System in any location other than at the Approved Location and through any distribution channels.

II. TERM AND RENEWAL

A. Initial Term. The Term of this Agreement shall commence on the Effective Date and shall continue in full force and effect until it expires on the earlier of: (i) ten (10) years from the Effective Date, or (ii) the term of the underlying lease, unless otherwise terminated pursuant to the terms and conditions of this Agreement ("**Term**").

B. Conditions of Renewal. Subject to the terms and conditions herein, Unit Franchisee shall have the right to renew its rights hereunder for one (1) additional term of ten (10) years, provided it shall have given Master Franchisee written notice of its decision to exercise its right of renewal not less than six (6) months nor more than twelve (12) months prior to the expiration of the initial Term. Within sixty (60) days following receipt of such notice, Master Franchisee shall give Unit Franchisee written notice of its "**Renewal Response**" which will be either:

1. Refusal. Its refusal to renew Unit Franchisee's rights hereunder, stating the reasons therefor which may include, without limitation:

(a) Unit Franchisee being in default of any term or condition of this Agreement, any amendment hereof or any other agreement entered into between Unit Franchisee and Master Franchisee or its affiliates, or Unit Franchisee not having substantially complied with all the terms and conditions of such agreements throughout the initial Term of this Agreement, or

(b) Unit Franchisee not having satisfied all monetary obligations owing by it to Master Franchisee and its affiliates, or Unit Franchisee not having timely met all monetary obligations to Master Franchisee, its affiliates and to trade creditors of the business operated by Unit Franchisee throughout the initial Term of this Agreement; or

2. Acceptance. Its refusal to renew Unit Franchisee's rights hereunder, stating the reasons therefor which may include, without limitation:

(a) Unit Franchisee shall execute all documents and agreements then customarily used by Master Franchisee in the granting of franchises for Franchised Businesses, including, without limitation, Master Franchisee's then-current form of subfranchise agreement. The terms and conditions of such subfranchise agreement may differ from this Agreement including, without limitation, in respect of the fees charged by Master Franchisee which may have been increased. Unit Franchisee shall be required to pay a renewal fee equal to one-half (½) of the then-current initial franchise fee for one additional ten (10) year term, payable upon execution of the then-current form of subfranchise agreement, and shall not have any further right to renew;

(b) Unit Franchisee (and each director, officer, manager, or direct or indirect owner, as applicable) shall execute a general release in the form prescribed by Master Franchisee of any and all claims against Master Franchisee, Franchisor, their respective affiliates and their respective directors, officers, stockholders and employees;

(c) The lease shall be in full force and effect or a new lease or an extension of the Lease is obtained for the Approved Location or a lease for a replacement location has been obtained in accordance with the provisions of Article XIII.E. Unit Franchisee acknowledges and agrees that, if it is subleasing the Approved Location from Master Franchisee, Master Franchisee shall not be required to renew the prime lease for the Approved Location if the Master Franchisee, in good faith, determines that such renewal is contrary to its best interests; however, in such event, Master Franchisee shall use reasonable efforts to assist Unit Franchisee in obtaining a lease for the Approved Location or a replacement location pursuant to Article XIII.E, if Unit Franchisee in writing requests such assistance from Master Franchisee; and

(d) Unit Franchisee shall complete, within ninety (90) days following receipt of the Renewal Response, to Master Franchisee's satisfaction, all maintenance, refurbishing, renovating and remodeling of the Franchised Business and the equipment and furnishings therein as Master Franchisee shall reasonably require in the Renewal Response so that the Franchised Business shall reflect the then-current image required by Master Franchisee for new unit franchisees of the System and have available the then-current wares and services of franchised outlets within the System.

C. Unit Franchisee's Failure to Fulfill Conditions. Notwithstanding the exercise of the right of renewal by Unit Franchisee as provided in Article II.B above or the subsequent acceptance by Master Franchisee of such renewal, in the event that this Agreement is terminated for any reason whatsoever or in the event of the failure by Unit Franchisee to fulfill any of the conditions set forth in Article II.B., after the date upon which Unit Franchisee has exercised its right of renewal but prior to the expiration of the initial Term hereof, any notice to renew delivered by Unit Franchisee, if any, shall automatically be deemed to have been withdrawn and otherwise canceled. In the event of the deemed withdrawal and cancellation of said notice and Master Franchisee's Renewal Response, if any, Unit Franchisee shall have no further right to renew its rights pursuant to this Agreement and Master Franchisee shall not be responsible for any damages, losses, costs or expenses whatsoever incurred by Unit Franchisee as a result thereof.

III. DUTIES OF MASTER FRANCHISEE

A. Pre-Opening Obligations. The duties of the Master Franchisee prior to the opening of the Franchised Business may include some, but not necessarily all, of the following services:

1. Location. Assist Unit Franchisee with obtaining Approved Location for Franchised Business.

2. Training. Allowing Unit Franchisee and one (1) employee of Unit Franchisee to participate in Master Franchisee's initial training program on various aspects of operating a Franchise Business at such time and at such location as Franchisor may determine. The cost of presenting such training, including instruction and materials, shall be borne by Master Franchisee. All other expenses incurred by the Unit Franchisee and Unit Franchisee's employee during the training including, without limitation, costs of accommodation, wages and travel, shall be the responsibility of Unit Franchisee, or its employee, as determined by them. Master Franchisee shall furnish Unit Franchisee with at least one (1) week notice of the date and location of the training.

3. Assistance. Furnish one (1) person experienced in the System to assist Unit Franchisee at the Franchised Business for up to one (1) week following the opening of the Franchised Business to the public.

B. Post-Opening Obligations. Master Franchisee's obligations following the opening of the Franchised Business are as follows:

1. Training. Subsequent to the opening of the Franchised Business, Master Franchisee will provide training to any person who replaces the Unit Franchisee's trained employee (subject to reasonable limitations prescribed by Master Franchisee as to frequency and duration), provided, however, that Unit Franchisee shall reimburse Master Franchisee for all costs and expenses incurred and Master Franchisee shall have the right to charge Unit Franchisee an additional training fee of up to Seven Hundred Fifty Dollars ($750) for such additional training.

2. Construction Manual and Confidential Operations Manual. Provide Unit Franchisee with access to one (1) copy of each the Construction Manual and Confidential Operations Manual ("**Manuals**") for the Term of this Agreement.

3. Inventory. Assist Unit Franchisee with the purchase of an opening inventory of food and beverage products as well as supplies required for the Franchised Business.

4. Bookkeeping. Assist Unit Franchisee in developing systems for bookkeeping and general operating procedures.

5. Sources of Supply. Locate sources of supply of food and beverage products, supplies and services and provide Unit Franchisee with the advantage of bulk purchasing, where possible.

6. Advertising. Direct the development of all advertising and promotional programs and administer the Advertising Fund, as defined in Article X.A. below.

7. Materials Review. Review materials prepared by Unit Franchisee for proposed use in local advertising and promotion in accordance with Article X.A. of this Agreement.

8. Bulletins. Supply Unit Franchisee with periodic bulletins and information concerning various aspects of and improvements to the System, including new product development, whenever available.

9. Advice. Provide Unit Franchisee with administrative, business and other advice from time to time upon reasonable request; provided that all costs involved with respect thereto and any decisions made or actions taken by Unit Franchisee upon any advice of Master Franchisee shall be the sole responsibility of Unit Franchisee, and Master Franchisee shall not be liable or otherwise answerable in any manner for any loss incurred or suffered by Unit Franchisee based upon such advice of Master Franchisee.

IV. FRANCHISE FEES

A. Payment to Master Franchisee. Unit Franchisee shall pay to Master Franchisee the following:

1. Initial Franchise Fee. An initial, one-time franchise fee of Twenty Five Thousand Dollars ($25,000) ("**Initial Franchise Fee**") is payable to Master Franchisee upon the execution of this Agreement in consideration for the rights granted by Master Franchisee to Unit Franchisee under this Agreement. Accordingly, upon execution of this Agreement, the Initial Franchise Fee shall be deemed to be fully earned and non-refundable; and

2. Royalty Fees. To Master Franchisee, a continuing non-refundable royalty fee equal to six percent (6%) of Gross Sales paid weekly throughout the Term of this Agreement ("**Royalty Fees**") as further consideration for the rights granted hereunder as well as for the services and assistance to be rendered by Master Franchisee to Unit Franchisee. Such payment shall be made on or before every Wednesday of each week during the Term of this Agreement (including the Wednesday of the week following the end of the said term) based on the Gross Sales of the week ending on the close of business on the preceding Saturday. If any Wednesday is not a business day, then payment shall be due on the next business day.

3. Definition of Gross Sales. The term "**Gross Sales**" means the Gross Sales attributed, in whatever manner, to the Franchised Business or the rights granted to Unit Franchisee under this Agreement. It is defined as the entire amount of the actual sales price, whether for cash, credit or otherwise, of all sales of goods and services in respect of the Franchised Business and all other receipts whosoever from all business conducted upon or originating from the premises, including sales from vending machines or other mechanical services, the proceeds from any business interruption insurance received with respect to the Franchised Business, sales of goods or services where the orders originate in, at or from the premises whether the delivery or performance is made from the premises or from some other place, and including the value of any complimentary products provided by Unit Franchisee at less than normal prices, calculated in accordance with the then-current prices for the Franchised Business not including any sums collected by Unit Franchisee for any duly constituted governmental authority and paid out by Unit Franchisee to such authority on account of state sales taxes or other like taxes imposed upon the sale of goods or services by Unit Franchisee from the premises.

During the Term of this Agreement and to enable Master Franchisee to operate the System in what Master Franchisee and Franchisor determine to be the most efficient manner, all continuing payments required under this Agreement, including Royalty Fees, Advertising Contributions and interest payments with all other amounts due under this Agreement or in connection with the Franchised Business, shall be paid by automatic bank draft or another payment method elected by Master Franchisee. Unit Franchisee agrees to execute any necessary documents that may be required to pay Master Franchisee by automatic bank draft or other method that is in the sole discretion of Master Franchisee.

Any payment or report not actually received by Master Franchisee or its designee by the sixth (6th) day after the end of any week (with respect to payments of any type) or month (with respect to Gross Sales during the previous month) shall be deemed overdue and will be assessed a late fee of Fifty Dollars ($50). All monetary obligations of any nature owed by Unit Franchisee to Master Franchisee or its respective affiliates or assignees shall bear interest after due date at the lesser of: (a) one hundred fifty percent 150% of the Prime Rate of interest as quoted by the *Wall Street Journal* on the date the payment is due; or (b) the maximum rate of interest allowed by law, from the due date thereof until the date of actual payment thereof. Unit Franchisee further acknowledges that, notwithstanding the provisions of this subsection IV.C., Unit Franchisee's failure to pay any amount when due shall constitute grounds for termination of this Agreement pursuant to Article XVI.B hereof, Unit Franchisee further acknowledges that it shall be liable for any legal, collection or other cost incurred by Master Franchisee to collect fees owed to it by Unit Franchisee.

Master Franchisee shall have the sole discretion to apply any payments received from unit Franchise or any indebtedness of Unit Franchisee to Master Franchisee to any past due indebtedness of Unit Franchisee regardless of any designation made by Unit Franchisee regarding the payment.

V. DUTIES OF UNIT FRANCHISEE

A. Compliance with System. In order to promote and protect the goodwill associated with the Proprietary Marks and System, Unit Franchisee covenants and agrees to do and/or perform each of the following:

1. Training. Unit Franchisee and one (1) employee shall attend and successfully complete, to Master Franchisee's satisfaction, the training referred to in Article III.A.2 above at the location determined by Master Franchisee, and to attend and complete such other training as Master Franchisee may from time to time require. Master Franchisee shall only provide instruction and training materials in connection with such additional training. Unit Franchisee shall be responsible for any and all expenses incurred in training, including, without limitation, training fees, costs of meals, entertainment, lodging, travel, laundry and wages.

2. Best Efforts. Unit Franchisee shall devote his/her full time, energy and best efforts to the management and operation of the Franchised Business, and, once initially opened for business, shall continue to operate the Franchised Business in accordance with this Agreement for the remainder of the Term.

3. Compliance. Unit Franchisee shall comply with all federal, state, county or other governmental laws, ordinances, rules, regulations and orders applicable to Unit Franchisee, the Approved Location and the operation of the Franchised Business and obtain and maintain in force all required licenses and permits.

4. Maintenance of Franchised Business. Unit Franchisee shall maintain the Franchised Business in clean and attractive condition, maintain all equipment, fixtures and furnishings in good order and repair and cause the same to be replaced as they become worn or damaged, or obsolete in meeting the standards provided from time to time by Master Franchisee, and do such painting, refurbishing and redecorating as may be required from time to time in the opinion of Master Franchisee. Unit Franchisee shall make no alterations to the Franchised Business or alterations to the equipment, fixtures or furnishings therein unless same shall have first been approved in writing by Master Franchisee.

Unit Franchisee further agrees, that the Master Franchisee may, from time to time, in its sole discretion, at any time during the Term of this Agreement, add to, renovate, change, modify, modernize, withdraw or otherwise revise any of the standards, methods, procedures and specifications of the System, as the Master Franchisee deems to be necessary or desirable, and the Unit Franchisee shall adhere to such. The Unit Franchisee specifically acknowledges that the Master Franchisee, acting reasonably, shall be entitled to require the Unit Franchisee to modernize and/or renovate the Unit Franchisee's retail location and the contents thereof, from time to time, in accordance with the then-current requirements of the System, and the Unit Franchisee shall, within one hundred and eighty (180) days of receiving notice from the Master Franchisee requiring such modernization or renovation, commence and complete same in accordance with plans, designs and specifications approved by and supplied by the Master Franchisee. These renovations may include, without limitation, the signs, equipment, menus, wares and decor so as to reflect the then-current image and services of the System ("**Renovations**"). These Renovations, if necessary, shall be at Unit Franchisee's sole cost and expense and shall not exceed Twenty Five Thousand Dollars ($25,000) (plus applicable taxes) for each set of Renovations.

5. Compliance with Manuals. Unit Franchisee shall conduct the business at the Franchised Business in accordance with all of the provisions set out in the Manuals without deviating therefrom in any way whatsoever, except with the prior written approval of Master Franchisee.

6. Commencement of Litigation. Unit Franchisee shall notify Master Franchisee in writing within five (5) days of the commencement of any action, suit, proceeding or investigation, and of the issuance of any order, writ, injunction, award or decree, by any court, agency or other governmental authority which may adversely affect the reputation, operation or financial condition of Unit Franchisee or the Franchised Business, notwithstanding the fact that Master Franchisee may have no obligations with respect to same.

7. Conduct; Products. Unit Franchisee shall conduct its business in a manner which reflects favorably at all times on the System and the Proprietary Marks. Unit Franchisee shall at no time engage in deceptive, misleading or unethical practices or conduct any other act which may have a negative impact on the reputation and/or goodwill of Franchisor, Master Franchisee, Unit Franchisee or other franchisees within the System. Pursuant to this ongoing responsibility, Unit Franchisee agrees:

(a) to maintain in sufficient supply, as may be prescribed in the Manuals or otherwise in writing and use at all times, supplies as conform to the standards and specifications provided by Master Franchisee, and to refrain from deviating therefrom without Master Franchisee's prior written consent;

(b) to sell or offer for sale only such products and services as meet the uniform standards of quality and quantity of the System which have been expressly approved for sale in writing by Master Franchisee;

(c) to refrain from any deviation from the standards and specifications provided by Master Franchisee for serving or selling such products or services; and to discontinue selling and offering for sale any such products or services as Master Franchisee may, in its sole discretion, disapprove in writing at any time; and

(d) to operate the Franchised Business at a standard of excellence consistent with the requirements set forth in the Manuals.

8. Failure to Maintain. If at any time, in Master Franchisee's sole judgment and discretion, the general state of repair, appearance or cleanliness of the Franchised Business or its fixtures, equipment, furniture, signs or utensils does not meet the standards provided by Master Franchisee, or if Unit Franchisee is not conducting or otherwise managing its business in a proper and businesslike manner

and in accordance with the terms of this Agreement, Master Franchisee shall so notify Unit Franchisee, specifying the action to be taken by Unit Franchisee to correct such deficiency. If Unit Franchisee fails or refuses to remedy any deficiency relating to the cleanliness of the Franchised Business within forty-eight (48) hours of such notice or in the case of any other type of deficiency, fails or refuses to initiate a bona fide program to remedy the deficiency within seven (7) days of such notice, and thereafter continue in good faith and with due diligence, Master Franchisee shall have the right, but shall not be obligated, to enter the Franchised Business and correct the deficiency on behalf of Unit Franchisee, and Unit Franchisee shall pay the entire costs thereof to Master Franchisee on demand, the whole without prejudice to any other rights or resources available to Master Franchisee, including without limitation, the right to terminate this Agreement.

9. Proprietary Methods. Unit Franchisee acknowledges and agrees that Franchisor has developed (and may, at its option, revise its requirements regarding) certain products, services, operational systems and management techniques and may continue to develop additional products and proprietary methods and techniques for use in the operation of the Franchised Business which are highly confidential and which are trade secrets of Franchisor. Unit Franchisee agrees that in the event such information and techniques become a part of the System, Unit Franchisee shall comply and strictly follow these techniques in the operation of its business and shall purchase from Master Franchisee or from an approved source designated by Master Franchisee any supplies or materials necessary to protect and implement such products, services, systems and techniques.

10. Development of the Market. Unit Franchisee shall at all times use its best efforts to promote and increase the sales and consumer recognition of the products and services offered by the Franchised Business pursuant to the System and the Manuals, to effect the widest and best possible distribution of services from the Franchised Business, and to devote its best efforts in controlling the Franchised Business.

11. Display of Proprietary Marks and Logos. Unit Franchisee shall display the Proprietary Marks and logos in the manner prescribed by Master Franchisee. The color, design and location of said displays shall be specified by Master Franchisee and may be changed from time to time in the sole discretion of Master Franchisee at Unit Franchisee's sole expense.

VI. PROPRIETARY MARKS

A. Ownership of Marks. Unit Franchisee acknowledges that as between it and Franchisor and Master Franchisee, Franchisor or its affiliates own and have superior rights to the Proprietary Marks. Unit Franchisee shall not have any right, title or interest in or to the Proprietary Marks as a result of this Agreement or the operation of its business, except for the right to use the Proprietary Marks solely in connection with the Franchised Business and in accordance with the terms and conditions of this Agreement. Any unauthorized use of the Proprietary Marks by Unit Franchisee shall constitute an infringement of Franchisor's, its affiliates, its licensees and Master Franchisee's rights in and to the Proprietary Marks. Unit Franchisee shall not use the Proprietary Marks, which in any manner indicates or might appear to represent that it is the owner thereof and shall not, directly or indirectly during the Term of this Agreement or at any time thereafter, dispute or contest the validity or enforceability of the Proprietary Marks, attempt any registration thereof or attempt to dilute the value of any goodwill attaching thereto.

B. Grant of License. Master Franchisee, as a licensee of Franchisor, hereby grants Unit Franchisee the right and license to use the Proprietary Marks in connection with the operation of the Franchised Business and the provision of products and services to its customers in accordance with and subject to the terms and conditions in this Agreement.

C. Conditions for Use. Without limiting the generality of the foregoing provisions, Unit Franchisee undertakes and agrees as follows:

1. Maintenance of Marks. Contemporaneously with the execution of this Agreement or forthwith upon any request by Franchisor, its affiliates or Master Franchisee, Unit Franchisee shall execute such instruments, in such form and with such parties as Master Franchisee shall specify, in its discretion, for the purpose of protecting the interests and rights of Franchisor, its affiliates or Master Franchisee in the Proprietary Marks, or of complying with any applicable fictitious or assumed name, trademark, service mark or other similar legislation.

2. Use of Marks; Corporate Name. Unit Franchisee shall not use the Proprietary Marks or any variations thereof as part of its corporate, firm, business, fictitious or assumed name or for any other purposes save and except in accordance with the terms and conditions of this Agreement or as may otherwise be specifically authorized by Master Franchisee in writing, nor shall Unit Franchisee hold out or otherwise employ the Proprietary Marks to perform any activity or to incur any obligation or indebtedness in such manner as might make Franchisor and/or Master Franchisee liable therefor.

3. Registration of Marks. Franchisee shall not register or attempt to register the Proprietary Marks in its name or the name of any person, firm, corporation or entity, and shall not take any action which might invalidate the Proprietary Marks, impair any rights of Franchisor, its affiliates and/or Master Franchisee in and to such Proprietary Marks or create any rights adverse to those of Franchisor, its affiliates and/or Master Franchisee. Furthermore, Franchisee shall use the Proprietary Marks correctly spelled and/or depicted and not as a verb or in the plural or in any other manner which might endanger the validity of the Proprietary Marks and/or, if registered, their registration. Franchisee shall use the Proprietary Marks only in the style as may be registered, or if not registered, as prescribed by Franchisor, its affiliates or Master Franchisee.

4. Identification as Licensee. During the Term of this Agreement and any renewal hereof, Unit Franchisee shall identify itself as a licensee and not the owner of the Proprietary Marks and shall make any necessary filings under state law to reflect such status. In addition, Unit Franchisee shall identify itself as a licensee of the Proprietary Marks on all invoices, order forms, receipts, business stationery and contracts, as well as the display of a notice in such form and content and at such conspicuous locations as the premises of the Franchised Business as Master Franchisee may designate in writing. Unit Franchisee shall also affix in a conspicuous location on the Approved Location, a sign containing the following notice of such variation thereof as may be designated by Master Franchisee:

This franchise is independently owned and operated by _______________.

5. Unauthorized Use. Unit Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement or in the Manuals, and any unauthorized use thereof shall constitute an infringement of Master Franchisee's, Franchisor's and/or its affiliates' rights and shall be grounds for termination of this Agreement.

6. Indebtedness. Unit Franchisee shall not use the Proprietary Marks to incur or secure any obligation or indebtedness.

D. Infringement. Unit Franchisee shall promptly notify Master Franchisee of any suspected infringement of or challenge to the validity of Franchisor's or its affiliates' ownership of, or right to use or license the use of the Proprietary Marks or of any claim by any person of rights in any Mark or any similar trade name, trademark or service mark. Unit Franchisee acknowledges that Franchisor shall in its sole and absolute discretion take such action as it deems appropriate and has the right to exclusively control any litigation, United States Patent and Trademark Office proceeding or other administrative proceeding involving the Proprietary Marks. Unit Franchisee agrees to cooperate with Franchisor, its affiliates or Master Franchisee in respect of any such matters, including executing any and all documents and doing such acts and things as may, in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain the interests of Franchisor, its affiliates and/or Master Franchisee in any such litigation, or proceeding or to otherwise protect and maintain the interests of Franchisor, its affiliates and/or Master Franchisee in the Proprietary Marks. Franchisor and/or Master Franchisee agrees to reimburse Unit Franchisee for its costs in doing such acts and things, except that Unit Franchisee shall bear the cost of salaries of its employees. Unit Franchisee shall not, under any circumstance whatsoever, institute or take any legal proceedings relating to the Proprietary Marks.

E. Indemnification. Master Franchisee agrees to indemnify Unit Franchisee against, and to reimburse Franchisee for, all damages for which he or she is held liable in any proceeding in which Franchisee's use of the Proprietary Marks pursuant to and in compliance with this Agreement is held to constitute trademark infringement, unfair competition or dilution, and for all costs reasonably incurred by Franchisee, in the defense of any such claim brought against it or in any such proceeding in which it is named as a party, provided that Franchisee has timely notified Master Franchisee of such claim or proceeding and has otherwise complied with this Agreement and that Master Franchisee or Franchisor shall have the right to defend any such claim. If Master Franchisee or Franchisor defends such claim, Master Franchisee or Franchisor shall have no obligation to indemnify or reimburse Unit Franchisee with respect to any fees or disbursements of any attorney retained by Unit Franchisee.

F. Modification; Discontinuance. If it becomes advisable at any time, in Franchisor's sole discretion, for Franchisor, Master Franchisee and/or Franchisee to modify or discontinue use of any Mark, and/or use one or more additional or substitute trademarks or service marks, Franchisee agrees to comply with such modification or discontinuance within a reasonable time after notice thereof by Master Franchisee, and the sole liability and obligation of the Master Franchisee in any such event shall be to reimburse Franchisee for the out-of-pocket costs of complying with this obligation. Neither Master Franchisee nor Franchisor shall have any obligation to reimburse Franchisee for its out-of-pocket expenses if Franchisee is changing or updating signage for the Franchised Business at the request of the landlord for the premises.

G. Non-Exclusive Status. Franchisee understands and expressly agrees that its license to use the Proprietary Marks is non-exclusive to the extent that Franchisor and Master Franchisee, each respectively, have and retain the rights to use the Proprietary Marks and grant to other persons licenses for the use of the Proprietary Marks. Accordingly, Master Franchisee may: (a) use, and grant franchises and licenses to others to use, the Proprietary Marks and the System; (b) establish, develop and franchise other systems, different from the System licensed to Franchisee herein, without offering or providing Franchisee any rights in, to or under such other systems; and (c) modify or change, in whole or in part, any aspect of the Proprietary Marks or the System and require that Franchisee implement such changes at Franchisee's sole expense.

H. Goodwill. Franchisee acknowledges and expressly agrees that any and all goodwill associated with the Proprietary Marks and the System used in connection therewith shall inure directly and exclusively to the benefit of Franchisor and its affiliates, and is the property of Franchisor and its affiliates. Accordingly, upon the termination or expiration of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with any of Franchisee's activities and the operation of the Franchised Business hereunder or in Unit Franchisee's use of the Proprietary Marks.

I. Right to Inspect. In order to preserve the validity and integrity of the Proprietary Marks licensed herein and to ensure that Franchisee is properly employing same in the operation of the

Franchised Business, Master Franchisee and its respective agents shall at all reasonable times have the right to inspect the Franchised Business and make periodic evaluations of the services provided and the goods sold and used therein. Franchisee shall cooperate with Master Franchisee and its respective agents in such inspections and render such assistance to them as they may reasonably request.

VII. CONFIDENTIAL MANUALS

A. Compliance. In order to protect the reputation and goodwill of Franchisor and Master Franchisee, and to maintain uniform standards of operation in connection with the Proprietary Marks, Franchisee shall conduct its business in strict compliance with the operational systems, procedures, standards, policies, methods and requirements prescribed in Manuals and any supplemental bulletins, notices, revisions, modifications or amendments thereto.

B. Use. Franchisee agrees to immediately adopt and use the programs, services, methods, standards, materials, policies and procedures set forth in the Manuals, as they may be modified by Master Franchisee from time to time. Franchisee acknowledges that Franchisor is the owner or licensor of all proprietary rights in and to the System, and the Manuals, and any changes or supplements thereto.

C. Confidentiality. Franchisee shall at all times treat the Manuals, any other manuals created for or approved for use in the operation of the Franchised Business, and all of the information contained therein as proprietary and confidential information, and shall use all reasonable efforts to maintain such information as confidential.

D. Trade Secrets. Franchisee acknowledges, knows and agrees that significant portions of the Manuals are “trade secrets" owned and treated as such by Franchisor

E. Access. The trade secrets must be accorded maximum security consistent with Franchisee's need to make frequent reference thereto. Franchisee shall strictly limit access to the Manuals to employees who have a demonstrable and valid need to know the information contained therein in order to perform their duties. Franchisee shall strictly follow any provisions in the Manuals regarding the care, storage and use of the Manuals and all related proprietary information.

F. Duplication. Franchisee shall not at any time, without Master Franchisee's prior written consent, copy, duplicate, record of otherwise reproduce in any manner any part of the Manuals, updates, supplements or related materials, in whole or in part, or otherwise make the same available to any unauthorized person.

G. Property of Master Franchisee. The Manuals shall at all times remain the sole property of Master Franchisee. Upon the expiration or termination of this Agreement for any reason, Franchisee shall return to Master Franchisee and refrain from any further attempts to use or gain access to the Manuals and all supplements thereto.

H. Updates or Revisions. Franchisee agrees that Master Franchisee may, from time to time hereafter, upon notice and acting reasonably, modify the System, including, without limitation, the adoption and use of new or modified products, services, equipment and furnishings as well as new techniques and methodologies relating to the preparation, sale, promotion and marketing of such products and services. Franchisee agrees to accept all such modifications to the System and implement same at its own expense. Master Franchisee shall have the right to add to and otherwise modify the Manuals from time to time to reflect such modifications in the System. Franchisor retains the right to prescribe additions to, deletions from, or revisions to the Manuals, which shall become binding on Franchisee upon being mailed or otherwise delivered to Franchisee, as if originally set forth herein.

I. Master Set. Franchisee shall at all times ensure that its set of the Manuals is kept current and up-to-date, and in the event of any dispute as to the contents of the Manuals, the terms contained in the master set of the Manuals maintained by Master Franchisee shall be controlling.

J. Replacement Fee. If the Manuals, or any volumes thereof, are lost, stolen or destroyed, Franchisee shall pay Master Franchisee a non-refundable replacement fee of Five Thousand Dollars ($5,000) for each volume of either of the Manuals.

VIII. CONFIDENTIAL INFORMATION

A. Confidential Relationship. The parties expressly understand and agree that the relationship established between Master Franchisee and Franchisee by this Agreement is one of confidence and trust, and that as a result, Master Franchisee will be disclosing and transmitting to Franchisee, in the Manuals or otherwise, certain trade secrets and other confidential proprietary information concerning various aspects of Franchisee's operation of the Franchised Business, its methods of operation, techniques and all proprietary systems, procedures and materials relevant thereto pursuant to the System and this Agreement.

B. Obligations of Franchisee. In order to preserve and protect the trade secrets and the confidential and proprietary information ("Confidential Information") which are disclosed to Franchisee during the term of this Agreement, Franchisee agrees that:

1. <u>Duration</u>. Franchisee shall treat and maintain the Confidential Information as confidential both during the term of this Agreement;

2. <u>Use</u>. Franchisee shall use the Confidential Information only for its operation of the Franchised Business under and in strict accordance with this Agreement;

3. <u>Need to Know</u>. Franchisee shall disclose the Confidential Information only as necessary to its employees or agents who have a demonstrable and valid need to know the Confidential Information and not to anyone else;

4. <u>Connection to Work</u>. Franchisee shall restrict disclosure of the Confidential Information to only those of its employees or agents who are directly connected with the performance of work requiring knowledge thereof and shall disclose only so much of the Confidential Information as is required to enable those employees or agents to carry out their assigned duties;

5. <u>Notice to Employees, Agents</u>. Franchisee shall advise its employees or agents of the confidential nature of such information and the requirements of nondisclosure thereof; and

6. <u>Review</u>. Master Franchisee and Franchisee shall conduct a review to determine which employees will have access to the Confidential Information and to the Manuals. Franchisee shall not disclose any Confidential Information or provide access to the Manuals to such employee or agent until that person executes a nondisclosure agreement in a form approved by Master Franchisee, acknowledging the confidential and proprietary nature of the Confidential Information and agreeing not to disclose such information during the course of employment or thereafter. Franchisor and Master Franchisee shall be designated as third-party beneficiaries of such nondisclosure agreements with the independent right to enforce its provisions.

C. Confidential Information Defined. Any and all information, knowledge, know-how, systems, programs and other methods and techniques regarding the development, operation or promotion of the Franchised Business (including the Manuals themselves) shall be deemed Confidential Information for purposes of this Agreement, except information which Franchisee can demonstrate came to its attention prior to its disclosure by Master Franchisee or which, at the time of its disclosure by Master Franchisee to Franchisee, had become a part of the public domain through publication or communication by others or which, after disclosure to Franchisee by Master Franchisee, becomes a part of the public domain through publication or communication by others who, by doing so, are not violating confidentiality obligations. It is understood and agreed that information, improvements to the System or techniques prepared, compiled or developed, by Franchisee, its employees or agents during the term of this Agreement and relating to the Franchised Business, whether developed separately or in conjunction with Master Franchisee, shall be considered as part of the Confidential Information. Franchisee hereby grants to Franchisor and/or Master Franchisee an irrevocable, worldwide, exclusive, royalty-free license, with the right to sub-license such information, improvements or techniques.

D. Protection of Information. Franchisee acknowledges that it has knowledge of confidential matters, trade secrets, management and training techniques, operational, accounting, quality control procedures, programs and other methods developed by Franchisor or Master Franchisee through and in the System which, for purposes of this Agreement, are owned by Franchisor and which are necessary and essential to the operation of the Franchised Business, without which information Franchisee could not efficiently, effectively and profitably operate the same. Franchisee further acknowledges that such Confidential Information was unknown to it prior to negotiation for and execution of this Agreement and that the unique and novel combination of "know how" and methods developed by Franchisor or Master Franchisee are licensed to Franchisee by Master Franchisee for the operation of the Franchised Business are unique to Franchisor. Franchisee shall take, at its own expense, all necessary steps to protect the Confidential Information and shall not divulge the same either during or upon the termination of this Agreement without the prior written consent of Master Franchisee.

E. Remedies. Franchisee acknowledges that in addition to any remedies available to the Master Franchisee under this Agreement, Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor and Master Franchisee in obtaining specific performance of a temporary restraining order and/or an injunction against violations of the requirements of this Article VIII.

IX. RECORDS, REPORTING AND AUDITS

A. Maintenance of Books, Records. Franchisee shall establish a bookkeeping, accounting, and record-keeping system conforming to the requirements prescribed from time to time by Master Franchisee, and maintain the records for at least three (3) years. The system will include, without limitation, the use and retention of cash register tapes or data, invoices, Franchisee's purchase orders, payroll records, check stubs, bank deposit receipts, sales tax records and returns, copies of such portions of Franchisee's state and federal income tax returns as reflect the operation of the Franchised Business, cash disbursement journals and general ledgers, together with such further and other records and documents as may be required from time to time by Master Franchisee to accommodate any changes in such systems, including any computerized bookkeeping and accounting systems established from time to time, by Master Franchisee. Franchisee and all personnel employed by Franchisee shall record at the time of sale, in the presence of customers, all receipts from sales or other transactions in cash registers having a cumulative total, which shall be sealed in a manner and have such other features as shall be approved by Master Franchisee.

B. Reports. Franchisee shall submit to Master Franchisee, in such form and style as Master Franchisee may reasonably require, the following:

1. Gross Sales. Not later than 5 pm Eastern Time on every Tuesday of each week during the Term of this Agreement, a statement accurately reporting the Gross Sales for the week ending on the close of business on the preceding Saturday signed by Franchisee or as applicable, by a senior officer of Franchisee, together with such other information and supporting records as Master Franchisee may reasonably require from time to time;

2. Monthly Report. Not later than thirty (30) days following the end of each fiscal month of the Franchised Business, a profit and loss statement and source and use of funds statement of the Franchised Business for such fiscal month, a year-to-date profit and loss statement and source and use of funds statement, as well as a balance sheet as of the end of such fiscal month, and other such information regarding advertising and item sales as the Master Franchisee shall require; and

3. Financial Statements. Not later than the sixtieth (60th) day following the end of each fiscal year of Franchisee, a copy of Franchisee's audited financial statements for the preceding fiscal year, including a balance sheet, a profit and loss statement and a source and use of funds statement of the Franchised Business (setting forth in each case, in comparative form, the corresponding figures for the same period in the previous fiscal year) audited by an independent certified public accountant and signed by Franchisee or, in the case of a corporation, by a senior officer of Franchisee.

C. Inspection. Master Franchisee or its authorized representatives shall have the right, at any time during business hours, to inspect the books and records of Franchisee relating to the business operated at the Franchised Business. Master Franchisee shall also have the right to have a person on the Approved Location to verify and tabulate Gross Sales and may cause a complete audit to be made of the business carried on by Franchisee at the Approved Location, at any reasonable time, for the period covered by any statement issued by Franchisee as provided by this Article IX. Franchisee shall fully cooperate and cause its employees to cooperate with Master Franchisee or its representatives including, without limitation, providing them with exact copies of all state sales tax returns, such portions of Franchisee's federal and state income tax, business records as well as bookkeeping and accounting records of the Franchised Business and of Franchisee.

D. Overpayment; Underpayment. If any such inspection or audit performed in accordance with Article IX.C hereof discloses either an overstatement or understatement of Gross Sales for any period or periods, then, within fifteen (15) days after receipt of the inspection or audit report, Master Franchisee shall remit any overpayment to Franchisee or Franchisee shall pay to Master Franchisee any amount shown thereby to be owing on account of Royalty Fees and Advertising Contributions, with interest thereon as set forth in Article IV.C hereof. Furthermore, if such an inspection or audit is made necessary by the failure of Franchisee to furnish reports, financial statements or any other documentation as herein required, or if the audit discloses that Gross Sales for the period in question was understated by two percent (2%) or more, Franchisee shall immediately take such steps as may be necessary to remedy such default in accordance with the recommendations of such auditor and shall promptly reimburse Master Franchisee for the cost of such inspection or audit including, without limitation, the charges of any independent accountants and the travel expenses, room and board and compensation of employees of Master Franchisee. If the certified public accountant performing such audit determines that, in his opinion, Franchisee's records and procedures were insufficient to permit a proper determination of Gross Sales for any year or part thereof to be made, Master Franchisee shall have the right to prepare and deliver to Franchisee an estimate of Gross Sales for the relevant period and Franchisee shall immediately pay to Master Franchisee any amount shown thereby to be owing on account of Royalty Fees and Advertising Contributions, with interest thereon as set forth in Article IV.C hereof.

E. G.A.A.P. Any report prepared pursuant to generally accepted accounting principles by the certified public accountant appointed by Master Franchisee from time to time pursuant to this Article IX shall be final and binding upon all the parties hereto.

F. Use of Reports. The receipt and/or use by Master Franchisee of any report or statement provided by Franchisee pursuant to this Article IX or the acceptance of any payment of Royalty Fees or Advertising Contributions based thereon, shall neither constitute acceptance of such report or statement or of the Royalty Fees or Advertising Contributions payable with respect to any period, nor constitute a waiver of Master Franchisee's termination rights or of any obligations of Franchisee herein, and such receipt and/or use shall be without prejudice to Master Franchisee's right to examine all Franchisee's books and records with respect to the business carried on by Franchisee in connection with this Agreement.

X. ADVERTISING AND PROMOTION

A. Advertising Fund. Franchisee recognizes the value of uniform advertising and promotion to the goodwill and acceptance of the Proprietary Marks and the System and accordingly, Franchisee agrees to pay to an advertising and sales promotion fund to be administered by Master Franchisee ("Advertising Fund"), an amount equal to three percent (3%) of Gross Sales for each week throughout the Term of this Agreement (or such greater percentage of Gross Sales as may from time to time be agreed upon by a majority of the franchisees of Master Franchisee then contributing to the Advertising Fund) ("Advertising Contributions"), payable at the same time and in the same manner as Royalty Fees. Contributions to the Advertising Fund shall be accounted for separately from Master Franchisee's general operating funds but shall, not be required to be segregated from or deposited in a separate account. Contributions to the Advertising Fund shall be used and disbursed by Master Franchisee for regional and/or local advertising, for promotional events, for the purchase of Franchisor's printed advertising materials, market research costs, creative and production costs, as well as to reimburse Master Franchisee for reasonable administrative expenses associated with the Advertising Fund. The Advertising Contributions shall not be used, in whole or in part, for advertisement or promotion of the sale of franchises for Franchised Businesses. The selection of media and locale for media placement, the nature of promotional programs and the content of advertising and promotional material shall be at Master Franchisee's sole discretion and Master Franchisee may engage the services of an advertising agency or agencies to formulate, develop, produce and conduct any or all such advertising and promotion, the cost of which shall be payable from the Advertising Fund. Franchisee understands and acknowledges that the Advertising Fund is intended to maximize general recognition of the Proprietary Marks and patronage of all outlets within the System for the benefit of Franchisor, Master Franchisee and all franchisees of Master Franchisee in the System. Accordingly, Master Franchisee does not undertake any obligation to ensure that expenditures are proportionate to Franchisee's contributions are made for the market area of the Franchised Business or that any individual franchisee benefits directly or pro rata from the placement of advertising. Except as is expressly provided in this Article X, Master Franchisee assumes no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction or administration of the Advertising Fund. Master Franchisee shall, upon Franchisee's written request, provide Franchisee a statement (which may be unaudited) setting forth the receipts to and activities of the Advertising Fund. There shall be no requirement that the entire Advertising Fund be disbursed within any accounting period, and any monies remaining in the Advertising Fund at the end of any fiscal year shall carry over to the next fiscal year.

B. Advertising by Franchisee. In addition to the payment of Advertising Contributions, Franchisee must spend One Thousand Dollars ($1,000) on advertising prior to opening and one percent (1%) of Gross Sales per month after opening to advertise and promote the Franchised Business as Franchisee shall in its reasonable discretion desire, provided that:

1. Goodwill, Reputation. Franchisee shall advertise and promote only in a manner that will reflect favorably on the Franchised Business, Franchisor, Master Franchisee, the System, the Proprietary Marks and the goodwill and reputation thereof, and in a manner intended to develop customer confidence in Franchisee. Franchisee shall not conduct any advertising or promotion that is or may be deceptive or otherwise misleading;

2. Consistency. Franchisee shall, in all advertising or sales promotions, be consistent with the quality and general overall advertising and promotional campaigns being conducted by Master Franchisee;

3. Conformance to Manuals. Franchisee shall use the Proprietary Marks in all advertising and promotions and shall conform to the guidelines set forth in the Manuals;

4. Approval. Franchisee shall in all cases submit to Master Franchisee for its written approval all advertising and promotional plans and materials that Franchisee desires to use that have not been prepared or previously approved by Master Franchisee. Master Franchisee shall be deemed to have given the required approval if it does not notify Franchisee in writing of its disapproval of such plans or materials within fifteen (15) days of its receipt of same from Franchisee; and

5. Cooperation. Franchisee covenants and agrees to fully and expeditiously cooperate with Master Franchisee and participate in any and all advertising and promotional events and programs organized and/or directed by Master Franchisee.

C. Gift Card Program. Franchisee shall sell or otherwise issue gift cards or certificates (collectively "Gift Cards") that have been prepared utilizing the standard form of Gift Card provided or designated by Franchisor, and only in the manner specified by Franchisor in the Manual or otherwise in writing. Franchisee shall fully honor all Gift Cards that are in the form provided or approved by Franchisor regardless of whether a Gift Card was issued by Franchisee or another Yogen Früz outlet. Franchisee shall sell, issue, and redeem (without any offset against any Royalty Fees) Gift Cards in accordance with procedures and policies specified by Franchisor in the Manual or otherwise in writing, including those relating to procedures by which Franchisee shall request reimbursement for Gift Cards issued by other Yogen Früz outlets and for making timely payment to Franchisor, other operators of Yogen Früz outlets, or a third-party service provider for Gift Cards issued from the Franchised Restaurant that are honored by Franchisor or other Yogen Früz outlet operators. All funds from sales of Gift Cards shall be retained in the selling franchisee's account until Franchisor performs a reconciliation of all Gift Card sales among all franchisees. During the reconciliation, each franchisee's account will be debited or credited, as applicable, to account for sales and redemptions of Gift Cards.

D. Internet Advertising. Franchisee acknowledges and agrees that it shall not establish or create a website on the Internet or have any other Internet presence in connection with the Franchised Business, System or Proprietary Marks.

XI. INSURANCE; INDEMNIFICATION

A. Procurement by Franchisee. Franchisee shall, at a minimum, procure and maintain in full force and effect throughout the Term of this Agreement such insurance coverage as Master Franchisee may from time to time require, as may be amended from time to time. All of Franchisee's insurance coverage must extend to and provide indemnity for all obligations assumed by Franchisee under this Agreement and all other items for which Franchisee is required to indemnify Master Franchisee under the provision of this Agreement. The insurance must also provide that Master Franchisee is entitled to receive prior written notice of any intent to reduce policy limits, restrict coverage, cancel or otherwise alter or amend the policy. All costs in connection with the placing and maintaining of such insurance shall be borne solely by Franchisee and such insurance shall be written by an insurance carrier approved by Master Franchisee. Franchisor and Master Franchisee and their respective subsidiaries, affiliates, stockholders, directors, officers, employees, agents and assignees shall be additional named insured in all such policies, as their respective interests may appear.

B. Certificates. At least ten (10) days prior to the commencement of construction of the required improvements to the Approved Location or operation of the Franchised Business, Franchisee shall provide Master Franchisee with certificates of insurance showing compliance with the foregoing requirements. Certificates confirming the renewal of each insurance policy shall be furnished to Master Franchisee at least ten (10) days prior to the expiry of such policy or renewal thereof. Such certificates shall contain a waiver of the insurance carriers' right of subrogation against Master Franchisee and Franchisor and shall state that the policy or policies referred to therein shall not be canceled or altered without prior written notice to Master Franchisee.

C. Cancellation or Lapse of Franchisee's Policies. If Master Franchisee receives notice from any insurance carrier regarding impending cancellation or lapse of any such policy due to the non-payment by Franchisee of any premium installments, Master Franchisee may at its option pay the required premium installments on behalf of and for the account of Franchisee and Franchisee agrees to promptly reimburse Master Franchisee for all amounts so paid.

D. Procurement by Master Franchisee. If required by the terms of any agreement between Master Franchisee and third parties or if Franchisee fails to insure as required hereunder, Master Franchisee may, at its option, obtain all or any part of the insurance required of Franchisee hereunder, in the name and on behalf of Franchisee and for Franchisee's account. Franchisee agrees to make timely payment of all premiums and other charges with respect to such insurance so obtained by Master Franchisee.

E. Blanket Insurance Coverage. Notwithstanding the foregoing provisions of this Article XI, Master Franchisee may, at its option, require or allow that in lieu of placing its own insurance as aforesaid, Franchisee must or may participate in any blanket insurance coverage maintained by Master Franchisee at the sole cost and expense of Franchisee. The cost of such participation to Franchisee shall be reasonably competitive with the cost to Franchisee of placing its own insurance as aforesaid; however, if the said blanket coverage is not sufficient or broad enough for the purposes of Franchisee, Franchisee shall be responsible, at its sole cost and expense, for the placement of such additional insurance as Franchisee may require.

F. Indemnification. Franchisee agrees to indemnify and hold Franchisor, its affiliates, Master Franchisee and its and their respective subsidiaries, affiliates, stockholders, directors, officers, employees, agents and assignees harmless against, and to reimburse them for, any loss, obligation, liability, taxes or damages (actual or consequential) and all reasonable costs and expenses of defending any claim brought against any of them or any action in which any of them is named as a party (including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses) which any of them may suffer, sustain or incur by reason of, arising from or in connection with Franchisee's ownership, development or operation of the Franchised Business, unless (i) such loss, obligation, liability, taxes or damage is solely due to the gross negligence of Franchisor, in which case Franchisor shall not benefit from the indemnification set forth herein above; or (ii) such loss, obligation, taxes or damage is solely due to the negligence of Master Franchisee, in which case Master Franchisee shall not benefit from the indemnification set forth herein above. The indemnities and assumptions of liabilities and obligations herein shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

XII. SALE, ASSIGNMENT, TRANSFER OF INTEREST

A. Right to Assign. This Agreement shall inure to the benefit of the successors and assigns of Master Franchisee. Master Franchisee shall have the right to assign its rights under this Agreement to any person, persons, partnership, association, corporation or other entity ("Assignee"), provided that the Assignee shall agree in writing to assume all obligations undertaken by Master Franchisee under this Agreement. Upon such assignment and assumption, Master Franchisee shall be under no further obligation hereunder, except for accrued liabilities, if any. Furthermore, the parties hereto acknowledge that Franchisor is the third party beneficiary of the rights granted herein. Therefore, in accordance with the provisions of Article XVI hereof, in the event of a termination or termination of this Agreement by Master Franchisee to its Assignee, prior to the expiration of the Term of this Agreement for any reason whatsoever, Franchisee acknowledges and agrees that Master Franchisee's rights and obligations under this Agreement may be transferred and reassigned to Franchisor and, accordingly, Franchisee acknowledges that this Agreement may continue in full force and effect as if Franchisor were substituted for Master Franchisee herein.

B. Acknowledgment by Franchisee. Franchisee hereby acknowledges that Master Franchisee is granting the rights to Franchisee to use the System and the Proprietary Marks as a result of, among other things, the character, experience, ability and financial capacity of Franchisee (and, as applicable, that of its officers, directors and owners). Accordingly, Franchisee hereby covenants and agrees that:

1. Covenant Not to Sell, Assign. Franchisee shall not, by operation of law or otherwise, sell, assign, transfer, convey, mortgage, pledge, hypothecate, donate, encumber or otherwise deal with this Agreement, any interest in Franchisee or with the rights to use the System and/or the Proprietary Marks granted to it pursuant to the terms and conditions of this Agreement as well as all other assets used in connection with the Franchised Business (including, without limitation, by consolidation or merger, by issuance of additional securities representing an ownership interest in Franchisee, by conversion of a general partnership to a limited partnership, by transfer or creation of an interest as a general partner of a partnership, by transfer of an interest in Franchisee or in this Agreement in a divorce proceeding, or in the event of death of Franchisee or an owner of Franchisee by will, declaration of or transfer in trust or the laws of intestate succession), nor offer, permit or suffer same without the prior written consent of Master Franchisee, which consent shall not be unreasonably withheld, and shall be subject to the provisions of Article XII.C and following of this Agreement; and

2. Corporate Franchisee. If Franchisee is a corporation or other legal entity, the provisions of Article XIX hereof shall also apply. Any purported sale, assignment, transfer or encumbrance thereof whether by operation of law or otherwise, without the prior written consent of Master Franchisee, shall be null and void and shall constitute a default under this Agreement.

C. Offer to Purchase. If Franchisee receives an offer to purchase its rights hereunder and all or a significant portion of the other assets used in connection with the operation of the Franchised Business, Franchisee shall, prior to accepting such offer, make written application to Master Franchisee for the purpose of obtaining Master Franchisee's consent to such sale, assignment and transfer. The said written application shall be accompanied by a copy of the proposed offer and a check payable to Master Franchisee in the amount of Two Thousand Five Hundred Dollars ($2,500), being a portion of the transfer fee referred to in Article XII.E.3 hereof, of which One Thousand Dollars ($1,000) will be refunded to Franchisee if Franchisor does not consent to the proposed sale, assignment or transfer. The written application shall set out (i) information relating to the proposed purchaser's (and, as applicable, its owners') business experience and reputation, and its and their qualifications to operate the Franchised Business; (ii) information regarding the financial capacity and stability of the proposed purchaser (including the proposed purchaser's latest financial statements and the personal net worth statements of its owners); (iii) his personal net worth statement and if the proposed purchaser is a corporation, partnership or other entity, its latest financial statements; and (iv) such other information as may be relevant or material to the proposed sale, assignment or transfer.

D. Right to Purchase. Master Franchisee or its nominee shall have the right, exercisable by written notice delivered to Franchisee within fifteen (15) days following receipt of all of the information required under Article XII.C hereof, to purchase the items or interests proposed to be sold, assigned or transferred. If Master Franchisee exercises its right to purchase, Master Franchisee shall complete the purchase on the same terms and conditions set out in the original offer, except that (i) Master Franchisee may substitute cash for any proposed form of payment and (ii) there shall be deducted from the purchase price the amount of any commission or fee that would otherwise be payable to any broker or agent in connection with the sale to the proposed purchaser.

E. Consideration of Factors. If Master Franchisee does not exercise its right to purchase as set out in Article XII.D hereof, Master Franchisee shall then determine if it shall consent to the proposed sale, assignment and transfer to the proposed purchaser and shall notify Franchisee of its decision within twenty-one (21) days after the earlier of (i) the date on which Franchisor declines, in writing, its right to purchase or (2) the following the last date on which Franchisor may exercise its right to purchase as described in Article XII.D. In considering the request for sale, assignment or transfer, Master Franchisee will consider, among other factors, the financial resources, credit rating, business experience, moral character and reputation of the proposed purchaser and, as applicable, its owners. In addition, Master Franchisee shall require the following as conditions precedent to the granting of its consent:

1. Default. Franchisee not being in default under this Agreement, including, without limitation, all monetary obligations of Franchisee to Master Franchisee, Franchisor and affiliates thereof being fully paid and satisfied as at the date of closing of the proposed sale, assignment and transfer;

2. Continuing Obligation. Franchisee agreeing to remain obligated under the terms and provisions contained in Article XVII of this Agreement as if this Agreement had been terminated on the date of the sale, assignment and transfer;

3. Expenses. Franchisee paying to Master Franchisee (i) an Administrative Fee of Two Thousand Five Hundred Dollars ($2,500) and (ii) a transfer fee equal to the greater of Five Thousand Dollars ($5,000) or five percent (5%) of the gross sale price stated in the accepted offer to purchase or other contract of sale between Franchisee and the proposed purchaser, including, without limitation, amounts allocated to property of every kind, nature and description (such as furniture, fixtures, signs, equipment, inventory and goodwill), and excluding only real property if owned by Franchisee. The transfer fee specified in (ii) hereinabove shall not be payable in the event of a sale, assignment or transfer following the death or permanent incapacity of Franchisee (or if Franchisee is a corporation, the death or permanent incapacity of the beneficial owner of the majority of the issued and outstanding voting stock of each class of the capital stock of Franchisee) or in the event of a sale, assignment or transfer to a corporation in which individual singing this Agreement as Franchisee (the "**Designated Representative**") has the effective voting control;

4. General Release. Franchisee and, as applicable, its directors, officers and owners, executing and delivering in favor of Master Franchisee, Franchisor, affiliates thereof and their respective

directors, officers, shareholders and employees, a general release in such form as may be required by Master Franchisee of any claims against Master Franchisee, Franchisor, affiliates thereof and their respective officers, directors, stockholders and employees;

5. Assignment and Assumption Agreement. The proposed purchaser (and, as applicable, its owners) entering into a written assignment and assumption agreement acceptable to Master Franchisee, assuming and agreeing to be bound by all the terms and conditions of this Agreement or, at the option of Master Franchisee, the proposed purchaser executing a new subfranchise agreement for the unexpired portion of the Term of this Agreement in the form then being used by Master Franchisee, which agreement shall provide for the same Royalty Fees as are required hereunder;

6. Designation. The proposed purchaser and/or such other individuals as shall be designated by Master Franchisee, successfully completing the training course then in effect for new franchisees of the System, reimbursing the Franchisor for all costs and expenses incurred in connection with such training, and paying the Franchisor its then-current training fee;

7. Consent to Assignment. If required, the lessor of the Approved Location shall have consented to the assignment of the Lease to the proposed assignee; and

8. Execution of Documents. The proposed purchaser executing all other documents and agreements required by Master Franchisee in connection with this Agreement and each officer, director and owner of the proposed purchaser executing Master Franchisee's standard form of Personal Guaranty, substantially similar to the Personal Guaranty attached hereto as Attachment A.

For the purposes of this Agreement, "transfer" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition of any interest in Franchisee, including: any transfer of ownership interest that requires the purchaser be provided a Franchise Disclosure Document, or is a result of divorce, death, insolvency, or by operation of law; merger, consolidation or issuance of additional ownership interests; sale of security convertible to ownership interest; grant of mortgage, pledge, collateral assignment or otherwise creating a lien or encumbrance; and, any other transfer, surrender of loss of possession or control in Franchisee's Franchised Business.

F. Completion of Transfer. Should Master Franchisee approve the sale, assignment and transfer pursuant to Article XII.E of this Agreement, Franchisee may complete the transfer to the third party offer or in accordance with the terms and conditions set out in the offer submitted. If the transaction is not completed in conformity therewith, the provisions of this Article XII shall apply again and shall be repeated so often as Franchisee desires to complete any sale, assignment and transfer.

XIII. LEASE ARRANGEMENTS, DEVELOPMENT AND OPENING OF FRANCHISED OUTLET

A. Selection of Site. In the event that the location of the Franchised Business is not determined at the date of execution of this Agreement, Franchisee and Master Franchisee shall, within sixty (60) days of execution of this Agreement, select a mutually acceptable location for the Franchised Business. If the parties do not agree on a site for the Franchised Business within sixty (60) days of executing this Agreement, then Master Franchisee shall have the right, in its sole discretion, to select a site for the Franchised Business.

B. Execution of Lease. Master Franchisee shall, as soon as reasonably possible following the later of the execution hereof or the selection of a mutually acceptable location, execute a lease for the location upon terms and conditions acceptable to Master Franchisee. On the request of Master Franchisee or any landlord of the Approved Location, Franchisee shall execute a covenant and/or agreement directly in favor of such landlord, covenanting and agreeing to be bound by and to perform and observe all of the terms and conditions of the lease or any other instruments (including the sublease) under which the right to occupy the Approved Location has been obtained (the "**Lease**"). In addition, Franchisee agrees to obtain the guaranty of the officers, directors and shareholders of Franchisee in favor of Master Franchisee and/or any landlord of the Approved Location, against any losses, damages or expenses arising from the non-payment of any amounts to be paid and/or the non-performance or non-observance of any terms and conditions to be performed and/or observed by Franchisee, under the Lease.

C. Plans, Specifications. Master Franchisee shall have plans and specifications prepared for the Franchised Business and cause the Franchised Business to be constructed, decorated and outfitted with the required fixtures, furnishings, equipment, signs, accessories, supplies and other items as may be necessary in Master Franchisee's opinion to permit Franchisee to commence the operation of business from the Approved Location. In consideration therefor, Franchisee agrees to pay to Master Franchisee all costs and expenses incurred by Master Franchisee ("**Development Cost**") together with a sum equal to ten percent (10%) of the total of such costs and expenses, representing Master Franchisee's administration and supervision costs ("Development Fee"). The Development Cost and Development Fee shall be paid by Franchisee to Master Franchisee as follows: (i) one-half of the estimated Development Cost and Development Fee to be paid when the contractor begins construction of the outlet; and (ii) the remaining balance of the Development Cost and Development fee to be paid at or prior to delivery of the Approved Location. Title to the fixtures, equipment, supplies, etc., shall vest in Master Franchisee until payment in full of the Development Cost and Development Fee.

D. Termination. If a location mutually acceptable to the parties hereto is not selected within the timeframe stipulated in Article XIII.A or if Franchisee, its officers, directors or owners do not execute the instruments required pursuant to Article XIII.B hereof as and when required, Master Franchisee may terminate this Agreement upon ten (10) days written notice given to Franchisee.

E. Alternate Arrangements. In the event that the Lease terminates or expires, without the fault of Franchisee, prior to the termination or expiration of the Term of this Agreement, and provided that Franchisee has not otherwise breached or violated any of the provisions of this Agreement, Franchisee shall, within a period of three (3) months following the date of termination or expiration of the Lease, make leasing arrangements for a location approved by Master Franchisee acting reasonably, complete the construction, decoration and outfitting of the new premises and commence operation of the business franchised hereunder using the rights granted to it pursuant to this Agreement, the whole in accordance with the provisions of this Article XIII, except that (i) no portion of the Initial Franchise Fee shall be reimbursed to Franchisee; (ii) as and from the date of approval of the new location by Master Franchisee, all references to the Approved Location shall be deemed to refer to such new location; and (iii) the parties shall accordingly modify Attachment C attached hereto. Should Franchisee be unable to comply with all its foregoing obligations within the aforesaid period, this Agreement shall terminate and have no further force and effect, notwithstanding anything herein contained, and Master Franchisee shall not be responsible for any losses, costs or expenses whatsoever incurred by Franchisee as a result of such early termination, it being hereby acknowledged that the Term of this Agreement shall not necessarily coincide with the term of the Lease.

XIV. PURCHASE OF PRODUCTS AND SUPPLIES

A. Uniform Image. Franchisee acknowledges and agrees that the presentation of a uniform image to the public and the offering of uniform menu items is an essential element of a successful franchise system. Accordingly, Franchisee agrees to (i) maintain such standards of quality and uniformity of products as are presently incorporated into the System and/or which may be otherwise prescribed in the

Manuals, (ii) purchase, sell, merchandise, promote or otherwise deal only in products and services as form part of the System from time to time, (iii) purchase, sell, merchandise, promote and otherwise deal in all such products and services as form part of the System from time to time, and (iv) use only such formulations, recipes and ingredients in the making of or preparing of such products. Franchisee furthermore agrees to maintain a sufficient inventory of food and beverage products (including ingredients) to realize the full potential of the Franchised Business.

B. Proprietary Products. Franchisee acknowledges that Franchisor manufactures or has manufactured on its behalf certain yogurt and related products and supplies ("**Proprietary Products**") which are uniquely suited for distribution through franchised outlets of the System and which, in the mind of the public, are inextricably interrelated with the Proprietary Marks, and (i) which are prepared in accordance with certain secret recipes and formulations, (ii) which are the exclusive property of Franchisor, (iii) with which no other substitute material can reasonably assure a consistent quality and uniformity of product as is required by the System, and (iv) which are to be used by franchisees in the preparation and sale of certain of their products. Accordingly, in order to protect the high standards established by Franchisor for the benefit of all franchisees of the System and, in particular, in order to ensure a consistent quality and uniformity of the Proprietary Products, it is agreed that Franchisee shall purchase the Proprietary Products directly from Franchisor or a party designated in writing by Franchisor During any such time as Franchisor, or the party designated by Franchisor in accordance with the foregoing, is unable to furnish Franchisee its total requirement of Proprietary Products, Franchisee may purchase from an alternative supplier approved in writing by Franchisor (which approval will not be unreasonably withheld or unduly delayed) that portion of Proprietary Products as shall exceed the quantities available from Franchisor or the party designated by Franchisor

C. Yogurt Machine. Franchisee agrees to purchase a yogurt machine required for the preparation of various products from and have it serviced by the suppliers approved in writing by Franchisor. Notwithstanding the foregoing, should Franchisee wish to purchase such yogurt machine from suppliers not previously approved by Master Franchisee, it may purchase same from such other suppliers provided that such alternate suppliers are reputable and are able to supply a similar yogurt machine which produces a yogurt that is identical to that which can be obtained from Franchisor's approved suppliers, and in the quantities and on the delivery dates as may be required by Franchisee from time to time, and further provided that Franchisee has obtained the prior written approval of Franchisor, which approval shall not be unreasonably withheld. Franchisor shall have the right to require, prior to the giving of any such approval, that the yogurt machine, as well as samples of all yogurt products which it produces, be submitted to it for testing by independent laboratories, at the expense of Franchisee, in order to determine whether they comply with the standards of quality established by Franchisor for the System. Franchisor reserves the right at any time to re-inspect the yogurt machine supplied by any such approved suppliers as well as the yogurt products which it produces and to revoke its approval thereof upon failure to continue to meet any of its criteria.

D. Products and Supplies. Franchisee hereby agrees to purchase all other food and beverage products as well as all equipment, materials and supplies required for the operation of the Franchised Business including, without limitation, fixtures, furnishings, signs, displays, decorations, menus, paper goods, dishes, utensils and uniforms ("Products and Supplies") from suppliers as may be approved from time to time by Master Franchisee, including Master Franchisee itself. If Franchisee can purchase any of such Products and Supplies from alternate suppliers at prices lower than those charged by Master Franchisee or its approved suppliers, Franchisee shall have the right to purchase same from such alternate suppliers for as long as such lower prices prevail, provided as follows:

1. Other Products, Suppliers. Such alternate suppliers are able to supply such other Products and Supplies of a similar or superior quality than those which can be obtained from suppliers

approved by Master Franchisee and in the quantities and on the delivery dates as may be required from time to time by Franchisee.

2. Approval by Master Franchisee. Such alternate suppliers have been approved in writing by Master Franchisee, which approval shall not be unreasonably withheld. Master Franchisee shall have the right, prior to the giving of any such approval and at Franchisee's expense, to require that specifications, photographs and/or other information or samples be submitted to it or its authorized representatives for a determination as to whether same comply with the standards of quality established by Master Franchisee for the System. Master Franchisee reserves the right, at its option, to re-inspect from time to time the products of any such approved supplier and to revoke the approval thereof upon failure to continue to meet any of its criteria.

E. Examination; Acceptance. Franchisee shall examine all food products and beverages shipped to Franchisee in accordance with the procedures set forth in the Manuals and shall have final responsibility in accepting or rejecting any food product or beverage which does not conform to applicable laws. Franchisee agrees that all food products and beverages sold or served at or from the Franchised Business shall comply with all applicable laws and shall be wholesome and fit for human consumption.

F. Suggested Prices. Master Franchisee may furnish Franchisee from time to time with a list or lists setting forth the suggested prices at which products and services may be sold by Franchisee. Notwithstanding such suggestions, it is understood and agreed that Franchisee shall have complete discretion as to the prices it charges for products and services sold at the Approved Location. It is furthermore understood and agreed that any list of prices furnished to Franchisee by Master Franchisee shall be treated as being a recommendation only and failure to accept or implement any such suggestion shall not in any way affect the relationship between Master Franchisee and Franchisee.

G. Discounts; Rebates. Franchisee acknowledges and agrees that Franchisor, its affiliates and Master Franchisee shall be entitled to the benefit of any and all discounts, volume rebates, advertising allowances or other similar advantages that either of said parties may obtain from any person, firm or corporation by reason of their supplying products or services to Franchisor, its affiliates and Master Franchisee, Franchisee or other franchisees in the Territory.

H. Profit on Products. Franchisee acknowledges and agrees that Franchisor shall be entitled to the benefit of any profits it shall make on the direct or indirect sale of Proprietary Products that are sold to franchisees throughout the System.

I. POS System. Franchisee must purchase the POS system used by its Franchised Business mandated by Master Franchisee and must purchase the mandated POS system only from vendors approved by Franchisor and/or Master Franchisee. The current POS system is the FRANPOS system. Franchisee must enter into the POS system all sales and other information Master Franchisee requires, as well as configure and connect the POS system so that Master Franchisee may have a continuous real-time access to all information and data stored on the POS system. Franchisee must also obtain and maintain, at its expense and from the vendor approved or mandated by Master Franchisee, a processing service provider for credit card, debit card or other non- cash payment transactions.

XV. ENGAGEMENT IN SIMILAR BUSINESS, COMPETITION AFTER TERMINATION, NON-DISCLOSURE OF INFORMATION

A. Owner of Other Business. Franchisee covenants and agrees that during the Term of this Agreement, neither Franchisee nor any affiliate thereof shall have any direct or indirect interest by, with or through any other person, as a disclosed or beneficial owner of any other business relating to the retail or wholesale distribution of yogurt or any other business offering franchises or licenses for or developing or operating retail outlets selling yogurt or yogurt-based products as their principal product (a "**Competitive Business**"). Franchisee covenants and agrees that neither it, its affiliates, the Designated Representative nor any director, officer or owner of Franchisee or its affiliates will directly or indirectly own beneficially or of record any capital stock, partnership interest or any other equity interest in Competitive Business within the State in which the Franchised Business is situated. Franchisee covenants and agrees that neither it, its affiliates, the Designated Representative nor any director, officer or shareholder of Franchisee will directly or indirectly actively participate (including as an officer, director, employee, general partner, consultant, agent or in any other similar, active capacity) in the management or operation of any business is a Competitive Business in the United States of America, except that these restrictions shall not apply with respect to the interest in or association with Franchisee, the operation of a franchised outlet under the terms of another subfranchise agreement with Master Franchisee, or to the disclosed or beneficial ownership of capital stock or limited partnership interests in a business which conducts all of its activities outside of the State in which the Franchised Business is situated and in which the Designated Representative or such director, officer or owner, as the case may be, does not actively participate.

B. Geographic Limitation. Franchisee covenants and agrees that following the termination of this Agreement for any reason, including the expiration of the Term of this Agreement, and for a period of two (2) years thereafter, neither Franchisee, the Designated Representative nor any director, officer or owner of Franchisee will have any direct or indirect interest by, with or through any other person as a disclosed or beneficial owner in any Competitive Business within a radius of five (5) miles of the Approved Location or within a radius of two (2) miles of any other location in which either Franchisor, Master Franchisee or a franchisee of the System is operating an outlet at the date of termination or expiration hereof.

C. Unfair Advantage. Franchisee covenants and agrees that during the term of this Agreement and following the expiration or termination of this Agreement for any reason whatsoever and for a period of two (2) years thereafter, neither Franchisee, its affiliates, the Designated Representative, nor any director, officer or owner of Franchisee or its affiliates shall attempt to obtain any unfair advantage over Master Franchisee, any other franchisee of Master Franchisee or any affiliate of Master Franchisee by soliciting for employment any person who is, at the time of such solicitation, employed by such other franchisee, Master Franchisee or the said affiliate, nor shall they directly or indirectly induce any such person to leave his employment as aforesaid.

D. Disclosure of Information. Franchisee covenants and agrees that Franchisee, its affiliates, the Designated Representative and the directors, officers and owners of Franchisee and its affiliates shall treat the Confidential Information as strictly confidential, shall make use of same solely and exclusively for the purposes permitted hereunder and without in any way limiting the generality of the foregoing, shall not furnish or disclose any part of the Confidential Information or permit same except as permitted hereunder.

E. Reasonableness of Restrictions. Franchisee hereby acknowledges that the restrictions contained herein are reasonable in order to protect the legitimate business interests of Franchisor and Master Franchisee, and Franchisee hereby waives and renounces to all defenses to the strict enforcement of the said restrictions.

F. Ownership of Other Corporations. Nothing contained in this Article XV shall prevent Franchisee or any other party from owning less than five percent (5%) of the shares of any other corporation whose shares are listed for trading on a recognized stock exchange in the United States of

America nor prevent any affiliate of Franchisee from owning and operating a franchised outlet under the terms of a franchise agreement, as herein provided for.

G. Agreement to Be Bound. Franchisee covenants and agrees to deliver to Master Franchisee forthwith upon the request of Master Franchisee, the written acknowledgment of the Designated Representative, the directors, officers and stockholders of Franchisee acknowledging that they have reviewed the provisions of this Article XV and that they agree to abide by and be bound by all such provisions. The parties hereto acknowledge that if the Designated Representative or any director, officer, stockholder or employee of Franchisee ceases to hold such office, ceases to be employed by Franchisee or ceases to have an interest in Franchisee, as the case may be, while the Franchise Agreement remains in force, the two (2) year period referred to in Articles XV.B and XV.C shall, in respect of such individual, be deemed to commence on the date on which the Designated Representative, the director, officer, employee or stockholder ceases to hold such office, ceases to be employed by Franchisee or ceases to have an interest in Franchisee.

XVI. TERMINATION

A. Breach; Failure to Cure. If Franchisee is in substantial compliance with this Agreement and Master Franchisee substantially breaches a material provision of this Agreement and fails to cure such breach within thirty (30) days after written notice thereof is delivered to Master Franchisee, Franchisee may terminate this Agreement. Such termination shall be effective ten (10) days after delivery to Master Franchisee of notice that such breach has not been cured and Franchisee elects to terminate this Agreement. A termination of this Agreement by Franchisee for any reason, other than a substantial breach of a material provision of this Agreement by Master Franchisee and Master Franchisee's failure to cure such breach within thirty (30) days after receipt of written notice thereof, shall be deemed a termination by Franchisee without cause.

B. Right to Terminate. Notwithstanding anything contained in this Agreement, Master Franchisee shall have the right to terminate this Agreement and the rights granted to Franchisee herein, forthwith and without notice, upon the occurrence of any one or more of the following events:

1. Failure to Pay. Should Franchisee fail or refuse to pay any amount payable to Master Franchisee under this Agreement as and when same shall become due and payable, and should such default continue for a period of seven (7) days after written notice thereof has been given by Master Franchisee to Franchisee;

2. Financial Information. Should Franchisee fail or refuse to submit the financial information or reports that Master Franchisee requires of Franchisee in accordance with the provisions of this Agreement and should such default continue for a period of seven (7) days after written notice thereof has been given by Master Franchisee to Franchisee;

3. Falsification. Should Franchisee intentionally understate Gross Sales or falsify other pertinent financial information, or should Franchisee understate Gross Sales for any reason by more than two percent (2%) on more than two (2) occasions in any twelve (12) month period;

4. Carrying on of Business. Should Franchisee cease or take material steps to cease carrying on business, or take any action to liquidate its assets;

5. Bankruptcy. Should Franchisee or any of its owners file a voluntary petition in bankruptcy or for arrangement, reorganization or other relief under any chapter of the Federal Bankruptcy

Code or any similar law, state or federal, now or hereafter in effect, or file an answer or other pleading in any proceeding admitting insolvency, bankruptcy or inability to pay its debts as they mature; or should any involuntary proceedings under the Federal Bankruptcy Code or similar law, state or federal, now or hereafter in effect, not have been vacated within thirty (30) days after the filing thereof; or should all or a substantial part of its assets be attached, seized, subjected to a writ or distress warrant, or be levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within thirty (30) days; or should Franchisee or any of its owners be adjudicated a bankrupt, or make an assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or consent to the appointment of a receiver or trustee or liquidator of all or a substantial part of its property; or should any order appointing a receiver, trustee or liquidator of Franchisee or any of its shareholders or all or a substantial part of the property of any of them not be vacated within thirty (30) days following the entry thereof;

6. Winding-Up. Should an order be made or resolution passed for the winding-up or the liquidation of Franchisee or should Franchisee adopt or take any corporate proceedings for its dissolution or liquidation;

7. Material Misrepresentation. Should Franchisee or any director, officer or shareholder thereof (i) make a material misrepresentation or omission in obtaining the franchise rights; (ii) be convicted of or plead no contest to a felony or offense; or (iii) engage in a conduct or practice that, in the reasonable opinion of Master Franchisee, reflects unfavorably upon or is detrimental or harmful to the good name, goodwill or reputation of Master Franchisee, Franchisor or to the business, reputation or goodwill of any franchisees in the System or to the Proprietary Marks;

8. Default; Transfer. Should Franchisee be in default of the transfer provisions of Article XII hereof;

9. Failure to Take Possession. Should Franchisee fail to take possession of the Franchised Business or to pay Master Franchisee the Development Cost or Development Fee in accordance with the provisions of Article XIII hereof, should Franchisee fail to commence operation of the Franchised Business within one hundred and eighty (180) days following the commencement of the Term of this Agreement;

10. Failure to Remedy. Should Franchisee fail to remedy within five (5) days any default under the Lease, or should there be a termination of the Lease or should Franchisee lose the right to occupy the Approved Location for any reason whatsoever unless there has been a relocation of the Franchised Business in accordance with the provisions of Article XIII.E hereof;

11. Notices of Default. Should Franchisee have received from Master Franchisee, during any consecutive twelve (12) month period, three (3) or more notices of default in respect of any matter of a material nature (whether such notices related to the same or to different defaults and whether or not such defaults have been remedied by Franchisee);

12. Function of Designated Representative. Should the Designated Representative not exercise his functions or cease to exercise his functions for any reason whatsoever; or

13. Failure to Comply. Should Franchisee fail to comply with any other requirements imposed upon Franchisee by this Agreement and such default not be cured within thirty (30) days after receipt of written notice to cure from Master Franchisee.

14. Failure to Comply with Laws. Should Franchisee fail to comply with all

applicable laws and ordinances relating to the Franchised Business, including Anti-Terrorism Laws, or if Franchisee's or any of its owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or Franchisee or any of its owners otherwise violate any such law, ordinance, or regulation.

C. Appointment of Manager. Without in any way limiting any right or recourse of Master Franchisee hereunder, upon the occurrence of any of the events of default contained in Article XVI.B hereof, Master Franchisee shall have the right to appoint a manager to the Franchised Business on a daily basis to conduct the operation thereof, at Franchisee's expense, until such time as the default has been remedied. Franchisee shall reimburse Master Franchisee, immediately upon demand, all costs incurred on providing such manager.

D. Purchase of Interest. If the Master Franchise Agreement is terminated prior to its expiration, Franchisor has the option, pursuant to the provisions of the Master Franchise Agreement, to purchase from Master Franchisee all of Master Franchisee's right, title and interest in and to this Agreement and Franchisor, upon the exercise of such option, shall succeed to the rights and obligations of Master Franchisee hereunder. However, if Franchisor does not exercise the said option, this Agreement shall terminate sixty (60) days following the termination of the Master Franchise Agreement or upon the receipt of any prior notice from Franchisor stating that Franchisor has elected not to purchase Master Franchisee's right, title and interest herein. In such case, the provisions of this Agreement relating to the rights and obligations of the parties upon termination of this Agreement shall be applicable save and except that the covenant not to compete set forth in Article XV.B hereof shall not apply to Franchisee if Franchisee is not an entity or enterprise that is directly or indirectly owned or controlled by, or under common control with or controls, Master Franchisee.

XVII. OBLIGATIONS UPON TERMINATION

A. Effect of Termination. Upon expiration or termination of this Agreement for any reason whatsoever:

1. Payment of Amounts Owed. Franchisee shall pay to Master Franchisee within fifteen (15) days after the effective date of expiration or termination of this Agreement such royalty fees, advertising contributions, amounts owed for products purchased by Franchisee from Master Franchisee, Franchisor or their affiliates, interest due to Master Franchisee or Franchisor on any of the foregoing and all other amounts owed to Master Franchisee and its affiliates which are then unpaid. Franchisee shall contemporaneously with such payment furnish a complete accounting of all such amounts owed to Master Franchisee and its affiliates.

2. Cessation of Rights. All rights of Franchisee under this Agreement, including, without limitation, the right to use the System and the Proprietary Marks, shall cease forthwith and Franchisee shall immediately thereafter cease operating the Franchised Business.

3. Delivery of Manuals, Documents. Franchisee shall forthwith deliver to Master Franchisee the Manuals and all other forms or documents provided to Franchisee pursuant to this Agreement as well as all copies thereof and shall retain no copy or record of any of the foregoing.

4. Cessation of Use of Marks. Franchisee shall immediately cease to use, in any manner whatsoever, the Proprietary Marks and any materials, methods, procedures and/or techniques associated with the System and without limiting the generality of the foregoing, Franchisee shall cease to use all signs, menus, bags, furniture, fixtures, equipment, advertising materials, stationery, forms and any other articles which display the Proprietary Marks or any distinctive features or designs associated with the System. Furthermore, Franchisee shall take such action as may be required to cancel all fictitious or

assumed names or equivalent registrations relating to its use of the Proprietary Marks.

5. Vacation of Approved Location. In the event Franchisee is not entitled to remain in possession of the Approved Location, Franchisee shall vacate the Approved Location forthwith upon the date of expiration or termination of this Agreement.

6. Retention of Approved Location. In the event Franchisee remains in possession of the Approved Location, Franchisee agrees not to use any reproduction, counterfeit, copy or colorable imitation of the Proprietary Marks which is likely to cause confusion or mistake or to deceive, and further agrees not to utilize any commercial symbol or designation of origin or description or representation which falsely suggests or represents an association or connection with Master Franchisee or Franchisor. In addition, Franchisee shall make such changes and modifications in the physical appearance and structure of the Franchised Business, including the removal of signs and other distinctive physical structural features identifying outlets forming part of the System, as Master Franchisee may in its discretion require. In the event Franchisee shall, upon request, fail or omit to make such modifications, then Master Franchisee or its representatives shall have the right to enter upon the Franchised Business, without responsibility for any actual or consequential damages to the property of Franchisee or other and without liability for trespass or other tort or criminal act, and make such changes and modifications at Franchisee's sole risk and expense, which Franchisee undertakes to pay on demand. Franchisee acknowledges that its failure to make such changes and modifications will cause irreparable injury to Master Franchisee and Franchisor and consents to entry, at Franchisee's expense, of an ex-parte order by any court of competent jurisdiction authorizing Master Franchisee or its representatives to take such action, if Master Franchisee seeks such an order.

B. Master Franchisee's Option to Purchase. Upon expiration or termination of this Agreement by Master Franchisee in accordance herewith or by Franchisee without cause, Master Franchisee shall have the option exercisable by written notice delivered to Franchisee within fifteen (15) days of the date of expiration or termination of this Agreement, to purchase from Franchisee all or any part of the fixtures, equipment, signs, furniture or other assets owned by Franchisee (excluding any unamortized portion of the cash and inventory) and located at the Approved Location or otherwise used in connection with the Franchised Business ("Option Assets") under the following terms and conditions:

1. Purchase Price. The purchase price payable by Master Franchisee to Franchisee for the Option Assets purchased by Master Franchisee shall be an amount equal to the aggregate net depreciated book value of such Option Assets. In calculating "net depreciated book value," each Option Asset shall be valued as if it had been depreciated on a "straight-line" basis from the date of its acquisition over its useful life, without provision for salvage value. No amount shall be payable hereunder, under any circumstances, for goodwill.

2. Effective Date of Purchase, Sale. The effective date of any purchase and sale pursuant to this Article XVII.B shall be deemed to be the date upon which Master Franchisee delivers written notice exercising its right to purchase the Option Assets. Master Franchisee shall deliver to Franchisee, on the forty-fifth (45) day following the exercise of the right to purchase of Master Franchisee ("Closing Date"), a statement setting forth the basis upon which the purchase price of the Option Assets so purchased by Master Franchisee has been calculated in reasonable detail and such statement shall be conclusive and binding upon all parties to this Agreement. Without in any way limiting any rights or remedies to which Master Franchisee or Franchisee may otherwise be entitled, Master Franchisee shall also deliver to Franchisee a statement setting forth an accounting between Master Franchisee and Franchisee of any monies due and owing each to the other as of the date of expiration or termination of this Agreement, pursuant to this Agreement and any other agreement or instrument entered into in

connection with this Agreement. At the Closing Date, each party shall pay to the other the amounts stated to be owing to it pursuant to such statement. Notwithstanding any of the provisions hereof, Master Franchisee may, in its sole discretion, take possession of the Option Assets so purchased immediately following the giving of the aforesaid fifteen (15) day written notice to Franchisee of its intent to exercise the option.

3. Effect of Purchase. In the event of the purchase of any Option Assets by Master Franchisee pursuant hereto, the provisions of this Article XVII.B shall, without any further notice, act or other formality, be deemed to constitute the actual sale pursuant to which Master Franchisee has acquired title to such Option Assets. Notwithstanding the foregoing, Franchisee shall, upon request by Master Franchisee, execute and deliver promptly to Master Franchisee such agreements of sale, assignments, assurances or other document as Master Franchisee may request, in order to vest in Master Franchisee clear title to such Option Assets, free and clear of all liens, encumbrances, demands or claims whatsoever. In the event that Franchisee cannot deliver clear title to all of the Option Assets as aforesaid or in the event that there shall be other unresolved issues, the closing of the sale shall, at Master Franchisee's option, be accomplished through an escrow.

4. Appointment of Master Franchisee as Agent. Notwithstanding any of the foregoing provisions, should Franchisee not give Master Franchisee possession of such Option Assets and/or not execute the deeds or instruments required to give effect to the foregoing, as and when required by Master Franchisee, Franchisee hereby irrevocably appoints Master Franchisee as Franchisee's agent and representative with full power and authority to execute and deliver on behalf of Franchisee any and all documents and instruments and to do any act which may be required from time to time to give full force and effect to this Agreement. Franchisee agrees to notify and confirm all such acts of Master Franchisee as his representative and agent and to indemnify and hold Master Franchisee harmless from and against any claims, losses, damages which may result therefrom.

5. Appointment of Manager. Master Franchisee shall have the right to appoint a manager to maintain the operation of the Franchised Business until the Closing Date. Alternatively, Master Franchisee may require Franchisee to close the Franchised Business during such time period without removing therefrom any assets of the Franchised Business, other than perishable food products. In either case, however, until the Closing Date, Franchisee shall maintain in full force and effect the insurance coverage as is required pursuant to the provisions of Article XI.A of this Agreement.

6. Bulk Sales. At the option of Master Franchisee, the parties shall comply with the Bulk Sales provisions of the Uniform Commercial Code as enacted in the state where the Franchised Business is located.

C. Franchisee Obligations. Termination or expiration of the Term of this Agreement shall not release Franchisee from any obligations which remain unfulfilled at such time nor release Franchisee from those obligations hereunder which survive termination or expiration, including, without limitation, those obligations set forth in Article XI and XV of this Agreement.

D. No Substitution for Franchisee. No person acting for the benefit of the creditors of Franchisee or any receiver, liquidator, sequestrator, trustee in bankruptcy, sheriff, bailiff or any other officer of a court or other person in possession of Franchisee's assets or business shall have any right to continue the performance of this Agreement in any circumstances whatsoever.

E. Non-Exclusive Remedy. The right of Master Franchisee to terminate this Agreement in accordance with the provisions hereof shall not be an exclusive remedy and Master Franchisee shall be entitled, alternatively or cumulatively, to damages arising out of any breach of this Agreement, to a court order requiring performance of the obligations of this Agreement and/or enjoining violation thereof or to any other remedy available under the laws of any applicable jurisdiction.

F. Liquidated Damages. Upon termination of this Agreement according to its terms and conditions, and as a result of a material breach of this Agreement by Franchisee, Franchisee agrees to pay to Master Franchisee within fifteen (15) days after the effective date of this Agreement's termination, in addition to the amounts owed hereunder, liquidated damages equal to the average monthly Royalty Fees owed by Franchisee during the twelve (12) months of operation preceding the effective date of termination multiplied by (a) twenty-four (24), being the number of months in two (2) full years, or (b) the number of months remaining in the Agreement had it not been terminated, whichever is higher.

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

The liquidated damages provision only covers Master Franchisee's damages from the loss of cash flow from the Royalty Fees. It does not cover any other damages, including damages to its reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fees section. Franchisee and each of its owners agree that the liquidated damages provision does not give Master Franchisee an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fee section.

XVIII. DEATH OR INCAPACITY

A. Transfer of Franchise. In the event of the death or permanent incapacity of Franchisee (or if Franchisee is a corporate entity, in the event of death or incapacity of the Designated Representative), the legal representatives of Franchisee or the Designated Representative (as the case may be), in the latter case with all surviving shareholders or members, if any, shall within sixty (60) days of such event forward written application to Master Franchisee requesting the right to transfer the franchise granted hereunder or the interest of the Designated Representative, as the case may be, to such person or persons set forth in said application ("Transferees"). The approval of such transfer by Master Franchisee shall be subject to compliance with all the requirements set forth in Article XII hereof, except that should the Transferees be the legal representatives of Franchisee or the Designated Representative, as the case may be, Master Franchisee shall not have the right to purchase as set forth in Article XII.D hereof. For the purposes of interpretation of this Article XVIII.A, it is agreed and understood that in the case of permanent incapacity, a certificate of a physician shall have to be furnished, all attesting that Franchisee or the Designated Representative, as the case may be, has been or shall be unable to devote his full time and attention to the Franchised Business for at least four (4) months in the aggregate in any consecutive twelve (12) month period. In calculating the period of such incapacity, unless and until Franchisee or the Designated Representative, as the case may be, shall have returned to attend to the affairs of the said business on a full-time basis for thirty (30) consecutive, normal working days, said period of incapacity shall be deemed to have been continued without any interruption whatsoever.

B. Automatic Termination. In the event that the proposed transfer is not applied for within the periods set forth in Article XVIII.A hereof, or is not completed within thirty (30) days following the grant of approval of the transfer by Master Franchisee, or in the event that an acceptable transferee is not proposed within one hundred and twenty (120) days of such death or permanent incapacity, this

Agreement shall automatically terminate forthwith without notice, the whole without further rights, remedies or resources one party against the other.

XIX. CORPORATE FRANCHISEE

A. Restriction on Sale of Stock. If Franchisee or a successor of Franchisee is a corporation or other non-individual legal entity, the issued and outstanding shares of the stock or other indicia of ownership thereof shall not be sold, assigned, pledged, mortgaged or transferred, nor shall there be any issuance of securities, such that the effective control of the corporation is changed without the prior written consent of Master Franchisee. Master Franchisee's consent shall not be unreasonably withheld, but shall be subject to the provisions of Article XII.C and following which shall apply to any such transactions insofar as they are applicable.

B. Sale by Beneficial Owner. In the event that any stockholder who is the beneficial owner of more than five percent (5%) of the issued and outstanding shares of any class of stock or other indicia of ownership of Franchisee desires to sell, other than to another then-current owner of Franchisee when such transaction would not have the effect of altering the effective voting control of Franchisee, or in the event that a transaction affecting the stock of Franchisee not covered by this subsection, together with other previous simultaneous or proposed transactions, would have the effect of altering the effective control of Franchisee, the provisions of Articles XII.C through XII.F inclusively shall apply mutatis mutandis to such transaction.

C. List of Owner. Franchisee shall furnish Master Franchisee with a list containing the name, address, phone number, social security number, and entity ownership interest, for each officer, director, shareholder, partner, member, manager (and each officer, director, shareholder, partner, member, and manager of an entity owner) or any other person directly or indirectly holding an ownership interest in Franchisee. Franchisee shall forthwith advise Master Franchisee in writing of any changes in such information within five (5) days after such change is effective.

D. Personal Guaranty. All officers, directors, managers and owners of Franchisee shall execute a Personal Guaranty substantially similar to the Personal Guaranty attached hereto or in such other form as may be specified from time to time by Master Franchisee.

E. Recitation of Restriction. The articles of incorporation, by-laws and other organizational documents of any corporation or other legal entity which is Franchisee hereunder shall recite that the issuance and assignment of any interest therein is restricted by the terms of Article XII of this Agreement and all issued and outstanding stock certificates of Agreement and all issued and outstanding stock certificates of such corporation shall bear a legend reflecting or referring to the restrictions contained in Article XII of this Agreement.

XX. ENFORCEMENT

A. Severability. Except as expressly provided to the contrary herein, each section, paragraph, term and provision of this Agreement, and any portion thereof, shall be considered severable and if, for any reason, any such portion of this Agreement is held to be invalid, contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which Master Franchisee is a party, such ruling shall not impair the operation of, or have any other effect upon, such other portions of this Agreement as may remain otherwise intelligible, which shall continue to be given full force and effect and bind the parties hereto, although any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires, if Franchisee is a party thereto, otherwise upon Franchisee's receipt of a notice of non-enforcement thereof from Master Franchisee.

B. Modification of Unenforceable Provisions. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required hereunder, or the taking of some other action not required hereunder, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by Master Franchisee is invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provisions hereof, and Master Franchisee shall have the right, in its sole discretion, to modify such invalid or unenforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable. Franchisee agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof, or any specification, standard or operating procedure prescribed by Master Franchisee, any portion or portions which a court may hold to be unenforceable in a final decision to which Master Franchisee is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order. Such modifications to this Agreement shall be effective only in such jurisdiction, unless Master Franchisee elects to give them greater applicability, and this Agreement shall be enforced as originally made and entered into in all other jurisdictions.

XXI. WAIVER OF OBLIGATION

A. Waiver by Master Franchisee. Master Franchisee may, by written instrument, unilaterally waive or reduce any obligation of or restriction upon Franchisee under this Agreement, and Franchisee may, by written instrument, unilaterally waive or reduce any obligation of or restriction upon Master Franchisee under this Agreement, effective upon delivery of written notice thereof to the other or such other effective date stated in the notice of waiver. Whenever this Agreement requires Master Franchisee's prior approval or consent, Franchisee shall make a timely written request therefor, and such approval shall be obtained in writing.

B. No Warranties, Guaranties. Master Franchisee makes no warranties or guaranties upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by granting any waiver, approval or consent to Franchisee, or by reason of any neglect, delay or denial of any request therefor. Any waiver granted by Master Franchisee shall be without prejudice to any other rights Master Franchisee may have, will be subject to continuing review by Master Franchisee, and may be revoked, in Master Franchisee's sole discretion, at any time and for any reason, effective upon delivery to Franchisee of ten (10) days prior written notice.

C. Custom, Practice. Master Franchisee and Franchisee shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including, without limitation, the right to demand exact compliance with every term, condition and covenant herein, or to declare any breach thereof to be a default and to terminate this Agreement prior to the expiration of its term), by virtue of any custom or practice of the parties at variance with the terms hereof; any failure, refusal or neglect of Master Franchisee or Franchisee to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations hereunder including, without limitation, any mandatory specification, standard or operating procedure; any waiver, forbearance, delay, failure or omission by Master Franchisee to exercise any right, power or option, whether of the same, similar or different nature, with respect to other franchised outlets forming part of the System, or the acceptance by Master Franchisee of any payments due from Franchisee after any breach of this Agreement.

D. Force Majeure. Neither party shall be liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform its obligations results from: (1) transportation shortages, inadequate supply of labor, material or energy, or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof; (2) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state or municipal government or any department or agency thereof; (3) acts of God; (4) acts or omissions of the other party; (5) fires, strikes, embargoes, war or riot; or (6) any other similar event or cause. Any delay resulting from any of said causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable; provided, however, that Force Majeure as described herein shall not apply to any payments required to be made by Franchisee hereunder.

XXII. SPECIFIC PERFORMANCE; INJUNCTIVE RELIEF

Nothing herein contained shall bar Master Franchisee's right to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause it loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. Franchisee agrees that Master Franchisee may have 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 Franchisee, in the event of the entry of such injunction, shall be the dissolution of such injunction, if warranted, upon hearing duly had (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby).

XXIII. RIGHTS OF PARTIES ARE CUMULATIVE

The rights of Master Franchisee and Franchisee hereunder are cumulative and no exercise or enforcement by Master Franchisee or Franchisee of any right or remedy hereunder shall preclude the exercise or enforcement by Master Franchisee or Franchisee of any other right or remedy hereunder or which Master Franchisee or Franchisee is entitled by law to enforce.

XXIV. COSTS AND ATTORNEYS' FEES

If a claim for amounts owed by Franchisee to Master Franchisee or any of its affiliates is asserted in any legal proceeding before a court of competent jurisdiction or arbitrator, or if Master Franchisee or Franchisee is required to enforce this Agreement in a judicial or arbitration proceeding, the party prevailing in such proceeding shall be entitled to reimbursement of its costs and expenses, incurred in connection therewith, including reasonable accounting and legal fees.

XXV. GOVERNING LAW

This Agreement takes effect upon its acceptance and execution by the Master Franchisee. This Agreement shall be interpreted and construed under the laws of the State in which the Master Franchisee is located.

XXVI. EXCLUSIVE JURISDICTION

Franchisee and Master Franchisee agree that any action arising out of or relating to this Agreement (including, without limitation, the offer and sale of the franchise) shall be instituted and maintained only in a state or federal court of competent jurisdiction in the State in which the Master Franchisee is located, and Franchisee irrevocably submits to the jurisdiction of such court and waives any objection it may have to either the jurisdiction or venue of such court.

XXVII. BINDING EFFECT

Subject to the provisions of Article XII hereof, this Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest.

XXVIII. CONSTRUCTION

A. Entire Agreement. This Agreement, the documents referred to herein and the Attachments hereto, which are incorporated herein by reference, constitute the entire, full and complete Agreement between the parties hereto concerning the subject matter hereof, and they supersede all prior agreements. No other representations of the Master Franchisee or any third party have induced the Franchisee to execute this Agreement. No amendment, change or variance from this Agreement shall be binding on the parties hereto unless mutually agreed to by the parties and executed by themselves or their authorized officers or agents in writing, unless otherwise permitted by this Agreement. Nothing in this or any related agreement, however, is intended to disclaim the representations made by Master Franchisee in the Franchise Disclosure Document that was furnished to Franchisee by Master Franchisee.

B. No Conference of Rights, Remedies. Except as otherwise expressly provided herein, nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto.

C. No Amendment. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing.

D. Headings. The headings of the sections hereof are for convenience only and do not define, limit or construe the contents of such sections.

E. Terms. The term "Franchisee" as used herein is applicable to one or more persons, a corporation or a partnership, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two (2) or more persons are at any time Franchisee hereunder, their obligations and liabilities to Master Franchisee shall be joint and several. References to "Franchisee" and "assignee" which are applicable to an individual or individuals shall mean the owner or owners of the equity or operating control of Franchisee or the assignee, if Franchisee or the assignee is a corporation or partnership.

F. Execution. This Agreement shall be executed in multiple copies, each of which shall be deemed an original.

G. Time of Essence. Time is of the essence of this Agreement.

XXIX. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by certified mail, return receipt requested, or dispatched by courier or overnight delivery, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Master Franchisee: ____

____

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____

Notices to Franchisor: Yogen Früz, U.S.A. Inc.
210 Shields Court
Markham, Ontario L3R

8V2 Canada

Notices to Franchisee: ____

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With copies to: ____

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Any notice sent by certified mail shall be deemed to have been given at the date and time of mailing.

XXX. INDEPENDENT INVESTIGATION

Franchisee acknowledges that it has conducted an independent investigation of the matters dealt with by this Agreement, has consulted independent counsel with respect thereto and acknowledges and recognizes that the business venture contemplated by this Agreement involves business risks and the success thereof is largely dependent upon the ability of Franchisee. Master Franchisee expressly disclaims the making of, and Franchisee acknowledges that it has not received any warranty, representation or guarantee, expressed or implied, as to the choice of the location for the Franchised Business, potential volume of sales, profits or success of the business venture contemplated by this Agreement.

XXXI. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

A.Independent Contractor

1. No Fiduciary Relationship. It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that Franchisee shall be an independent contractor, and that nothing in this Agreement is intended to make either party an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose whatsoever.

2. Public Representation. During the term of this Agreement and any extensions hereof, Franchisee shall hold itself out to the public as an independent contractor operating the Franchised Business pursuant to a license from Master Franchisee and as an authorized user of the System and the Proprietary Marks which are owned by Franchisor Franchisee agree to take such affirmative action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place in the premises where the Franchised Business operates. Master Franchisee reserves the right to specify the contents of such notice.

3. Control. Master Franchisee shall not have the power to hire or fire Franchisee's employees, and except as herein expressly provided, Master Franchisee may not control or have access to Franchisee's funds or the expenditures thereof or in any other way exercise dominion or control over the Franchised Business.

B. No Liability. It is understood and agreed that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty or representation on Master Franchisee's behalf or to incur any debt or other obligation in Master Franchisee's name. Master Franchisee shall in no event assume liability for or be deemed liable hereunder as a result of any such action or by reason of any act or omission of Franchisee in Franchisee's conduct of the Franchised Business or of any claim or judgment arising therefrom. Franchisee agrees at all times to defend at its own cost and to indemnify and hold harmless to the fullest extent permitted by law Master Franchisee, Franchisor, and their respective corporate subsidiaries, affiliates, successors, assigns and designees of any such entity, and the respective directors, officers, employees, agents, owners, designees, and representatives of each from all losses and expenses incurred in connection with any action, suit, proceeding, claim, demand, investigation or formal or informal inquiry, regardless of whether any are reduced to judgment, or any settlement thereof which arises out of or is based upon any of the following: (i) Franchisee's alleged infringement or any other alleged violation of any patent, trademark, copyright or other proprietary right owned or controlled by third parties; (ii) Franchisee's alleged violation or breach of any contract, federal, state or local law, regulation, ruling, standard or directive of any industry standard; libel, slander or any other form of defamation by Franchisee; (iii) Franchisee's alleged violation or breach of any warranty, representation, agreement, covenant or obligation in this Agreement; (iv) any acts, errors or omissions of Franchisee or any of its agents, servants, employees, contractors, partners, proprietors, affiliates, or representatives; (v) latent or other defects in the Franchised Business, whether or not discoverable by Master Franchisee or Franchisee; (vi) the inaccuracy, lack of authenticity or nondisclosure of any information by any customer of the Franchised Business; (vii) any services or products provided by Franchisee at, from or related to the operation of the Franchised Business; (viii) any services or products provided by any affiliated or non-affiliated participating entity; (ix) any action by any customer of the Franchised Business; and (x) any damage to the property of Franchisee or Master Franchisee, their agents or employees or any third person, firm or corporation, whether or not such losses, claims, costs, expenses, damage, or liabilities were actually or allegedly caused wholly or in part through the active or passive negligence of Master Franchisee or any of its agents or employees, or resulted from any strict liability imposed on Master Franchisee or any of its agents or employees.

C. Exceptions to No Liability. Notwithstanding the foregoing Article XXXI.B., Master Franchisee agrees that unless such liability is determined to be related to a material and integral part of Master Franchisee's prescribed operating system, Master Franchisee agrees to cooperate and participate in defending any claim arising therefrom.

D. Identification. Franchisee shall conspicuously identify itself and the Franchised Business in all dealings with its clients, contractors, suppliers, public officials and others, as an independent franchisee of Master Franchisee. Franchisee shall place a notice of independent ownership on all forms, business cards, stationery, advertising, signs and other materials and in such fashion as Master Franchisee may, in its sole and exclusive discretion, specify and require from time to time in the Operations Manual or otherwise.

E. No False Representations. Except as otherwise expressly authorized by this Agreement, neither party hereto will make any express or implied agreements, warranties, guarantees or representations, incur any debt in the name of or on behalf of the other party, or represent that the relationship between Master Franchisee and Franchisee is other than that of master franchisee and franchisee. Master Franchisee does not assume any liability, and will not be deemed liable, for any agreements, representations or warranties made by Franchisee which are not expressly authorized under this Agreement. Master Franchisee will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to the operation of the Franchised Business.

XXXII APPLICABLE LAW

A. Governing Law. This Agreement takes effect upon its acceptance and execution by Master Franchisee. This Agreement shall be interpreted and construed under the laws in which the Franchised Business is located.

B. Jurisdiction and Venue. The parties agree that any action brought by either party against the other shall be brought in the State in which the Master Franchisee is located (except for a claim arising out of or related to Franchisee's misuse of the Proprietary Marks, which may be brought in any court of competent jurisdiction) and the parties do hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

C. Remedy. No right or remedy conferred upon or reserved by Master Franchisee or Franchisee by this Agreement is intended and it shall not be deemed to be exclusive of any other right or remedy provided or permitted herein, by law or at equity, but each right or remedy shall be cumulative of every other right or remedy.

D. Injunctive Relief. Nothing herein contained shall bar Master Franchisee's right to obtain injunctive relief against threatened conduct that will cause it loss or damage under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

E. Anti-Terrorism Laws. Franchisee and its owners, officers, directors, members or partners (as applicable) agree to comply, and to assist Master Franchisee to the fullest extent possible in its efforts to comply, with Anti-Terrorism Laws (defined below), U.S. Foreign Corrupt Practices Act, or any other applicable anti-corruption or bribery laws. In connection with that compliance, Franchisee and its owners, officers, directors, members or partners (as applicable) certify, represent, and warrant that none of Franchisee's property or interests is subject to being blocked under, and that Franchisee and its owners, officers, directors, members or partners (as applicable) otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by Franchisee or its owners, or any blocking of Franchisee's or its owners' assets under the Anti- Terrorism Laws, shall constitute good cause for immediate termination of this Agreement. In addition, Franchisee represents that it has not received funding from nor is it owned, controlled, or acting on behalf of the government of any country that is subject to an embargo by the United States, any foreign government official, political party or international organization, and that no foreign government or government official, political party or international organization has any financial interest in the Franchised Business or any monies earned by the Franchised Business.

XXXIII. ARBITRATION

A. Resolution of Disputes. Any dispute arising out of or relating to this Agreement shall be resolved in accordance with the procedures specified in this Article XXXIII, which shall be the sole and exclusive procedures for the resolution of such disputes. Each party shall continue to perform its obligations under this Agreement pending final resolution of any dispute arising out of or relating to this Agreement, unless to do so would be impossible or impracticable under the circumstances.

B. Arbitration. Any dispute arising out of or relating to this Agreement or breach, termination or validity thereof (including the validity of these provisions regarding arbitration) shall be settled by final and binding arbitration in accordance with the American Arbitration Association's Commercial Arbitration Rules by a sole arbitrator. The Arbitrator shall hear the dispute in the State in which the Master Franchisee is located and may properly consider any and all matters related thereto that would be admissible in a non-jury trial. The Arbitrator shall apply the law identified in Article XXXII.A., above, as the governing law of this Agreement. The Arbitrator's award shall be announced within seven (7) days of the hearing of the dispute and shall include all fees, costs, pre-award interest, and legal fees to the prevailing party. The Arbitrator shall not be empowered to award punitive or exemplary damages and shall limit any award of damages to an amount not to exceed actual compensatory damages. The decision of the arbitration shall be final and binding upon each party and may be enforced by any court of competent jurisdiction. Franchisee agrees that any arbitration between Master Franchisee and Franchisee shall be of Franchisee's individual claims and that the claims subject to arbitration shall not be arbitrated in conjunction with the claims of any other person or entity, nor on a class-wide basis.

C. Actions. Notwithstanding any provision contained in this Agreement to the contrary, the provisions of this Article XXXIII do not apply to a dispute where (i) Franchisor brings an action for an express obligation to pay monies, declaratory relief, preliminary or permanent equitable relief, any action at law for damages to Franchisor's goodwill, the Confidential Information, the Proprietary Marks or other property or for fraudulent conduct by Franchisee; or (ii) the delay resulting from the arbitration process may endanger or adversely affect the public (for example, unhealthy, unsafe or unsanitary conditions would continue to exist). For such disputes, Franchisor may at its option institute in a court of competent jurisdiction an action or actions for monetary damages and/or temporary, preliminary, and permanent injunctive relief or specific performance in addition to, and not exclusive of, seeking any other remedies available to Franchisor. Franchisee hereby consents to and waives any objection or defense and agrees not to contest venue, forum non conveniens or jurisdiction of such court.

D. Money Damages. In no event shall Franchisee make any claim for money damages based upon any assertion by Franchisee that Master Franchisee has unreasonably withheld or unreasonably delayed any consent or approval to a proposed act by Franchisee under any terms of this Agreement, and Franchisee hereby waives any claim for money damages, including but not limited to any claim for money damages by way of set-off, counterclaim or defense based on any such assertion. Franchisee's sole remedy for any such assertion shall be an action or proceeding in arbitration as set forth in this Article XXXIII to enforce any such provisions, or for specific performance, or declaratory judgment.

No claim may be submitted by a party to arbitration in accordance with this Article XXXIII unless notified to the other party within one (1) year of the date on which the submitting party first knew or should have known of the existence of the facts indicating the existence of such dispute.

XXXIV. OPERATION IN THE EVENT OF ABSENCE OR DISABILITY; STEP-IN RIGHTS

A. Operation in the Event of Absence or Disability

In order to prevent any interruption of the Franchised Business operations which would cause harm to the Franchised Business, thereby depreciating the value thereof, Franchisee authorizes Master Franchisee or Franchisor, who may, at its option, in the event that Franchisee is absent for any reason or is incapacitated by reason of illness and is unable, in the sole and reasonable judgment of Master Franchisee or Franchisor, to operate the Franchised Business, operate the Franchised Business for so long as Master Franchisee or Franchisor deems necessary and practical, and without waiver of any other rights or remedies Master Franchisee and Franchisor may have under this Agreement. All monies from the operation of the Franchised Business during such period of operation by Master Franchisee or Franchisor shall be kept in a separate account, and the expenses of the Franchised Business, including reasonable compensation and expenses for Master Franchisee's or Franchisor's representative, shall be charged to said account. If, as herein provided, Master Franchisee or Franchisor temporarily operate the Franchised

Business franchised herein for Franchisee, Franchisee agrees to indemnify and hold harmless Master Franchisee and Franchisor and any representative of Master Franchisee and Franchisor who may act hereunder, from any and all acts which Master and Franchisor may perform, as regards the interests of Franchisee or third parties.

B. Step-In Rights

1. Cause for Step-In

If Master Franchisee or Franchisor determine in their sole judgment that the operation of Franchisee's business is in jeopardy, or if a default occurs, then in order to prevent an interruption of the Franchised Business which would cause harm to the System and thereby lessen its value, Franchisee authorizes Master Franchisee or Franchisor to operate its Franchised Business for as long as Master Franchisee or Franchisor deems necessary and practical, and without waiver of any other rights or remedies which Franchisor may have under this Agreement. In Master Franchisee's or Franchisor's sole judgment, Master Franchisee or Franchisor may deem Franchisee incapable of operating the Franchised Business if, without limitation, Franchisee is absent or incapacitated by reason of illness or death; Franchisee has failed to pay when due or has failed to remove any and all liens or encumbrances of every kind placed upon or against Franchisee's business; or Franchisor determines that operational problems require that Franchisor operate Franchisee's business for a period of time that Master Franchisee or Franchisor determines, in its sole discretion, to be necessary to maintain the operation of the business as a going concern.

2. Duties of the Parties

Franchisor shall keep in a separate account all monies generated by the operation of Franchisee's business, less the expenses of the business, including reasonable compensation and expenses for Franchisor's representatives. In the event of the exercise of the Step-In Rights by Franchisor**,** Franchisee agrees to hold harmless Franchisor and its representatives for all actions occurring during the course of such temporary operation. Franchisee agrees to pay all of Franchisor's reasonable attorneys' fees and costs incurred as a consequence of Franchisor's exercise of its Step-In Rights. Nothing contained herein shall prevent Franchisor from exercising any other right which it may have under this Agreement, including, without limitation, termination.

XXXV. FRANCHISEE'S REPRESENTATIONS AND ACKNOWLEDGMENTS

A. Franchisee's Representations

Franchisee represents and warrants to Franchisor and Master Franchisee, with the intention that Master Franchisee and Franchisor are relying thereon in entering into this Agreement, that:

1. If Franchisee is a corporation, limited liability company, general partnership, partnership, or limited partnership, then Franchisee is organized under the laws of the State of its principal place of business (or another state which Franchisee has identified to Franchisor) and is in good standing with and qualified to do business in each State and political/governmental subdivision having jurisdiction over the Franchised Business.

2. If Franchisee is a corporation, limited liability company, general partnership, partnership, or limited partnership, Franchisee has all corporate power and authority to execute, deliver, consummate and perform this Agreement, and it will be binding upon Franchisee and its successors and assigns when executed.

3. Franchisee does not have any material liabilities, adverse claims, commitments or obligations of any nature as of the date of execution of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise which are not reflected as liabilities on the balance sheets of Franchisee's current financial statements, which Franchisee has furnished to Master Franchisee before the execution of this Agreement.

4. As of the date of execution of this Agreement, there are no actions, suits, proceedings or investigations pending or, to Franchisee's knowledge or the knowledge any of its officers, directors, principal shareholders, proprietors, partners or Controlling Principals (as applicable) after due inquiry, threatened, in any court or arbitral forum, or before any governmental agency or instrumentality, nor to the best of Franchisee's knowledge or the knowledge of any such persons or entities (after due inquiry) is there any basis for any claim, action, suit, proceeding or investigation which affects or could affect, directly or indirectly, any of Franchisee's assets, properties, rights or business; Franchisee's right to operate and use its assets, properties or rights to carry on its business; and/or which affects or could affect Franchisee's right to assume and carry out in all respects the duties, obligations and responsibilities specified in this Agreement.

5. Neither Franchisee nor any of its owners is a party to any contract, agreement, covenant not to compete or other restriction of any type which may conflict with, or be breached by, the execution, delivery, consummation and/or performance of this Agreement.

6. All of Franchisee's representations and warranties contained in this Agreement are complete, correct and accurate as of the date of execution of this Agreement and will survive any termination or expiration of this Agreement.

B. Franchisee's Acknowledgments

Franchisee acknowledges, warrants and represents to Master Franchisee and Franchisor, and Master Franchisee and Franchisor relies on such acknowledgments, warranties and representations that:

1. No representation has been made by Master Franchisee or Franchisor (or any of their employees, agents or salespersons) and relied on by Franchisee as to the future or past income, expenses, sales volume or potential profitability, earnings or income of the Franchised Business, or any other business owned by Master Franchisee or Franchisor, its affiliates or a franchisee. Neither Master Franchisee nor Franchisor makes any guaranties, promises, representations, statements or warranties that Franchisee can or will achieve any particular level or range of sales, income or other measures of performance.

2. No representation or statement has been made by Master Franchisee (or any of its employees, agents or salespersons) and relied on by Franchisee regarding Franchisee's anticipated income, earnings and growth or that of Master Franchisee or the System, or the viability of the business opportunity being offered under this Agreement.

3. Before executing this Agreement, Franchisee has had the opportunity to contact any and all of Master Franchisee's existing franchisees.

4. Franchisee has had the opportunity to independently investigate, analyze and construe both the business opportunity being offered under this Agreement, and the terms and provisions of this Agreement, using the services of legal counsel, accountants or other advisors (if Franchisee so elects) of its choosing. Franchisee has been advised to consult with its advisors with respect to the legal, financial and other aspects of this Agreement, the Franchised Business, and the prospects for the Franchised Business. Franchisee has either consulted with these advisors or has deliberately declined to

do so.

5. Franchisee has received from Master Franchisee a copy of Master Franchisee's Franchise Disclosure Document, together with a copy of all proposed agreements relating to the sale of the franchise, at least fourteen (14) calendar days before the execution of this Agreement or at least fourteen (14) calendar days before the payment by Franchisee to Master Franchisee of any consideration in connection with the sale or proposed sale of the franchise granted by this Agreement.

6. No representation or statement has been made by Master Franchisee (or any of its employees, agents or salespersons) and relied on by Franchisee regarding Franchisee's ability to procure any required license or permit that may be necessary to the offering of one or more of the products or services contemplated to be offered by the Franchised Business.

7. Franchisee affirms that all information set forth in all applications, financial statements and submissions to Master Franchisee are true, complete and accurate in all respects, and Franchisee expressly acknowledges that Master Franchisee is relying on the truthfulness, completeness and accuracy of this information.

8. Franchisee understands and agrees that Master Franchisee may manage and change the System and Master Franchisee's business in any manner that is not expressly prohibited by this Agreement. Whenever Master Franchisee has the right within this Agreement to take or withhold action or to grant or decline to Franchisee the right to take or withhold action, Master Franchisee may make such a decision on the basis of Master Franchisee's business judgment of what is in Master Franchisee's best interests and those of the System and the franchise network, without regard to whether other reasonable alternative decisions exist or whether Master Franchisee's decision adversely affects Franchisee. Absent applicable statute, Master Franchisee shall have no liability for such a decision and Franchisee agrees that Master Franchisee's decision will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, Franchisee agrees that such a covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants to Master Franchisee the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's rights and obligations hereunder.

XXXVI. SUBMISSION OF AGREEMENT

The submission of this Agreement to the Franchisee does not constitute an offer. This Agreement will become effective only upon the execution of this Agreement by both the Master Franchisee and the Franchisee.

THIS AGREEMENT WILL NOT BE BINDING ON THE MASTER FRANCHISEE UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF THE MASTER FRANCHISEE. THE FRANCHISEE ACKNOWLEDGES THAT NO REPRESENTATIONS OR PROMISES WERE MADE TO THE FRANCHISEE OTHER THAN THOSE SET FORTH IN THE MASTER FRANCHISEE'S FRANCHISE DISCLOSURE DOCUMENT, OR THAT IF ANY OTHER REPRESENTATIONS OR PROMISES WERE MADE TO THE FRANCHISEE, THE FRANCHISEE IS NOT RELYING ON THEM. THE FRANCHISEE HAS READ ALL OF THE FOREGOING AGREEMENT AND ACCEPTS AND AGREES TO EACH AND ALL OF THE PROVISIONS, COVENANTS AND CONDITIONS OF THE FOREGOING AGREEMENT.

XXXVII. SECURITY INTEREST

A. Collateral

Franchisee grants to Franchisor a security interest ("Security Interest") in all of the furniture, fixtures, equipment, signage, and realty (including Franchisee's interests under all real property and personal property leases) of the Franchised 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 Franchised Business. All items in which a security interest is granted are referred to as the "Collateral".

B. Indebtedness Secured

The Security Interest is to secure payment of the following (the "Indebtedness"):

1. All amounts due under this Agreement or otherwise by Franchisee;

2. All sums which Franchisor may, at its 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;

3. All expenses, including reasonable attorneys' fees, which Franchisor incurs in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting Franchisor's rights under the Security Interest and this Agreement; and

4. All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of Franchisee to Franchisor or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not Franchisee executes any extension agreement or renewal instruments.

C. Additional Documents

Franchisee will from time to time as required by Franchisor join with Franchisor 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 Franchisor.

D. Possession of Collateral

Upon default and termination of Franchisee's rights under this Agreement, Franchisor shall have the immediate right to possession and use of the Collateral.

E. Franchisor's Remedies in Event of Default

Franchisee agrees that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at Franchisor's option and without notice, become due and payable immediately, and Franchisor shall then have the rights, options, duties, and remedies of a secured party under, and Franchisee shall have the rights and duties of a debtor under, the applicable Uniform Commercial Code, including, without limitation, Franchisor's 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 Franchisor in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to Franchisee pursuant to the notice provisions set forth above.

F. Special Filing as Financing Statement

This Agreement shall be deemed a Security Agreement and a Financing Statement. This 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.

IN WITNESS WHEREOF, the parties hereto, by and through their respective representatives authorized to enter into and bind the respective party without further consent or authorization, have duly executed and delivered this Agreement as of the Effective Date

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

MASTER FRANCHISEE

____
[Insert Name of Master Franchisee]

____
Witness

By: ______________________________

Its: ______________________________

FRANCHISEE

____
[Insert Name of Franchisee]

____
Witness

By: ______________________________

Its: ______________________________

ATTACHMENT A

PERSONAL GUARANTY

In consideration of, and as an inducement to, the execution of that certain Subfranchise Agreement, and any revisions, modifications, addenda and amendments thereto, (collectively the "Agreement") dated _____________________, 20__by and between , a _______________________ ("Master Franchisee") and _____________________________ ("Unit Franchisee") each of the undersigned Guarantors to this Personal Guaranty ("Guaranty") agrees as follows:

1. The Guarantors do hereby jointly and severally unconditionally guaranty the full, prompt and complete performance of the Franchisee under the terms, covenants and conditions of the Agreement, including without limitation the complete and prompt payment of all indebtedness to the Master Franchisee under the Agreement. The word "indebtedness" is used herein in its most comprehensive sense and includes without limitation any and all advances, debts, obligations and liabilities of the Franchisee, now or hereafter incurred, either voluntarily or involuntarily, and whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, or whether recovery thereof may be now or hereafter barred by any statute of limitation or is otherwise unenforceable.

2. The obligations of the Guarantors are independent of the obligations of the Franchisee and a separate action or actions may be brought and prosecuted against any or all of the Guarantors, whether or not actions are brought against the Franchisee or whether the Franchisee is joined in any such action.

3. The Master Franchisee shall not be obligated to inquire into the power or authority of the Franchisee or its partners or the officers, directors, agents, members or managers acting or purporting to act on the Franchisee's behalf and any obligation or indebtedness made or created in reliance upon the exercise of such power and authority shall be guaranteed hereunder. Where the Guarantors are corporations or partnerships it shall be conclusively presumed that the Guarantors and the partners, agents, officers and directors acting on their behalf have the express authority to bind such corporations or partnerships and that such corporations or partnerships have the express power to act as the Guarantors pursuant to this Guaranty and that such action directly promotes the business and is in the interest of such corporations or partnerships.

4. The Master Franchisee, its successors and assigns, may from time to time, without notice to the undersigned: (a) resort to the undersigned for payment of any of the indebtedness, whether or not it or its successors have resorted to any property securing any of the indebtedness or proceeded against any other of the undersigned or any party primarily or secondarily liable on any of the indebtedness; (b) release or compromise any indebtedness of any of the undersigned hereunder or any indebtedness of any party or parties primarily or secondarily liable on any of the indebtedness; (c) extend, renew or credit any of the indebtedness for any period (whether or not longer than the original period); (d) alter, amend or exchange any of the indebtedness; or (e) give any other form of indulgence, whether under the Agreement or otherwise.

5. The undersigned further waive presentment, demand, notice of dishonor, protest, nonpayment and all other notices whatsoever, including without limitation: notice of acceptance hereof; notice of all contracts and commitments; notice of the existence or creation of any liabilities under the Agreement and of the amount and terms thereof; and notice of all defaults, disputes or controversies between the Franchisee and the Master Franchisee resulting from the Agreement or otherwise, and the settlement, compromise or adjustment thereof.

6. This Guaranty shall be enforceable by and against the respective administrators, executors, successors and assigns of the Guarantors and the death of any Guarantor shall not terminate the liability of such Guarantor or limit the liability of the other Guarantors hereunder.

7. If more than one person has executed this Guaranty, the term "the undersigned" as used herein shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

IN WITNESS WHEREOF, each of the undersigned has executed this Guaranty under seal effective as of the _____day of _________________________________, 20___.

___________________________________	___________________________________
Signature	Signature
___________________________________	___________________________________
Printed Name	Printed Name
___________________________________	___________________________________
___________________________________	___________________________________
___________________________________	___________________________________
Home Address	Home Address
___________________________________	___________________________________
Home Telephone	Home Telephone
___________________________________	___________________________________
Business Telephone	Business Telephone
___________________________________	___________________________________
Date	Date

Consent of Spouse to Guaranty:

SPOUSES:

______________________________ Date: ______________________________
[ ] , an Individual

ATTACHMENT B

MANDATORY ADDENDUM TO LEASE AGREEMENT

THIS MANDATORY ADDENDUM TO LEASE AGREEMENT ("Addendum") is made and entered into this _____ day of _______________, 20_____, by and among ___________________ _______________________________________("Master Franchisee"), a ________________________; ________________________ ("Landlord"), with its principal offices at ___________________; and ___________________________ ("Tenant"), with its principal offices at ___________________________ _______________________________________.

W I T N E S S E T H:

WHEREAS, the Landlord and the Tenant have executed a lease agreement dated _____________, 20____, ("Lease") for the premises located at ____ ("Leased Approved Location") for use by the Tenant as a business to be operated pursuant to the Proprietary Marks and System in connection with a written Subfranchise Agreement dated _____________, 20_____ by and between Master Franchisee and the Tenant ("Subfranchise Agreement");

WHEREAS, a condition to the approval of the Tenant's specific location by the Master Franchisee is that the Lease for the Leased Approved Location designated for the operation of an outlet operating under the Proprietary Mark Yogen Früz® ("Franchised Business") contain the agreements set forth herein;

WHEREAS, the Landlord acknowledges that the Master Franchisee requires the modifications to the Lease set forth herein as a condition to its approving the Leased Approved Location as a site for the Franchised Business, and that the Landlord agrees to modify and amend the Lease in accordance with the terms and conditions contained herein;

WHEREAS, according to Article XVI.D. of the Subfranchise Agreement, all right, title and interest in and to the Lease may be assigned to Master Franchisee upon the termination of the Subfranchise Agreement; and

WHEREAS, it is the intent of the parties hereto to provide Master Franchisee with the opportunity to preserve the leased premises as a Franchised Business in the event of any default or termination of said Lease or Subfranchise Agreement and to assure the Landlord that in the event Master Franchisee exercises its rights herein contained, any defaults of the Tenant under the Lease will be cured by Master Franchisee before it takes possession of the Leased Approved Location.

1. Use Clause. The Leased Approved Location shall be used for the operation of an outlet specializing in the sale of proprietary frozen yogurt, ice cream and related products to the public ("Franchised Business").

The Landlord acknowledges that such use shall not violate any then existing exclusives granted to any existing tenant of the Landlord. The Landlord further acknowledges that during the term of this Lease or any extension thereof, the Landlord will not lease space within the location of the Franchised Business to a business similar to the Tenant's.

Landlord represents and warrants that the Leased Approved Location has no existing building code violations and is properly zoned for its intended use.

2. Default of Lessee under Lease. The Landlord shall mail to Master Franchisee copies of any notice of default or termination it gives to the Tenant concurrently with giving such notices to the Tenant. If the Tenant fails to cure any default within the period provided in the Lease, if any, the Landlord shall give Master Franchisee immediate written notice of such failure to cure. The Landlord shall thereupon offer to Master Franchisee and Master Franchisee shall have the right to accept an assignment of the Lease or a new lease containing the same terms and conditions of the Lease, whichever Master Franchisee elects. If Master Franchisee elects to continue the use of the Leased Approved Location under an assignment of the Lease or a new lease, it shall so notify the Landlord in writing within thirty (30) days after it has received written notice from the Landlord specifying the defaults the Tenant has failed to cure within the grace period specified in the Lease. Upon receipt of such notice from Master Franchisee, the Landlord shall promptly execute and deliver to Master Franchisee an assignment of the Lease or a new lease, whichever Master Franchisee requests, and shall deliver to Master Franchisee possession of the Leased Approved Location, free and clear of any rights of the Tenant or any third party. Master Franchisee, before taking possession of the Leased Approved Location, shall promptly cure the defaults specified by the Landlord in its notice to Master Franchisee and shall execute and deliver to the Landlord its acceptance of the assignment of the Lease or of the new lease, as the case may be.

In the event that the Master Franchisee elects to enter into a new lease with the Landlord, Landlord shall do so upon terms and conditions no less favorable than those contained in the Lease.

3. Termination of the Subfranchise Agreement. If the Subfranchise Agreement between Master Franchisee and the Tenant is terminated for any reason during the term of the Lease or any extension thereof, the Tenant, upon the written request of Master Franchisee, shall assign to Master Franchisee all of its right, title and interest in and to the Lease. If Master Franchisee elects to accept the assignment of the Lease from the Tenant, it shall give the Tenant and the Landlord written notice of its election to acquire the leasehold interest. The Landlord hereby consents to the assignment of the Lease from the Tenant to Master Franchisee, subject to the Tenant's and/or Master Franchisee's curing any defaults of the Tenant under the Lease before Master Franchisee takes possession of the Leased Approved Location. Alternatively, in the event of a termination of the Subfranchise Agreement, Master Franchisee may elect to enter into a new lease with the Landlord containing terms and conditions no less favorable than the Lease. Upon the Landlord's receipt of written notice from Master Franchisee advising the Landlord that Master Franchisee elects to enter into a new lease, the Landlord shall execute and deliver such new lease to Master Franchisee for its acceptance. The Landlord and the Tenant shall deliver possession of the Leased Approved Location to Master Franchisee, free and clear of all rights of the Tenant or third parties, subject to Master Franchisee's curing any defaults of the Tenant, under the Lease, and executing an acceptance of the assignment of Lease or the new lease, as the case may be.

The Master Franchisee shall indemnify, defend and hold the Landlord harmless from any attempt to terminate the Lease or dispossess the Tenant from the Leased Approved Location based upon a termination of the Subfranchise Agreement.

4. Tenant's Agreement to Vacate Leased Approved Location. The Tenant agrees to peaceably and promptly vacate the Leased Approved Location and (subject to Master Franchisee's right to acquire any such property pursuant to its Subfranchise Agreement with the Tenant) to remove its personal property therefrom upon the termination of the Subfranchise Agreement or upon the Tenant's failure to timely cure all of its defaults under the Lease. Any property not removed or otherwise disposed of by the Tenant shall be deemed abandoned.

5. Delivery of Possession. If it becomes necessary for the Landlord to pursue legal action to evict the Tenant in order to deliver possession of the Leased Approved Location to the Master Franchisee, the Master Franchisee shall, at the written request of the Landlord, pay into an interest-bearing escrow account all amounts necessary to cure any default of the Tenant's, pending delivery of the Leased Approved Location to the Master Franchisee. If the Landlord may not legally obtain possession of the Leased Approved Location or if the Landlord is unable to deliver the Leased Approved Location to the Franchisor within six (6) months from the date the Master Franchisee notifies the Landlord of its election to continue the use of the Leased Approved Location, then the Master Franchisee shall have the right at any time thereafter to rescind its election to acquire a leasehold interest in the Leased Approved Location and to terminate the Lease or any new lease between it and the Landlord for the Leased Approved Location, whereupon all amounts deposited by the Master Franchisee in escrow, together with interest earned thereon, shall be returned forthwith to the Master Franchisee, and the Landlord shall release the Master Franchisee from all of its obligations under the Lease or under any new lease.

6. Amendment of Lease. The Landlord and the Tenant agree not to amend the Lease in any respect, except with the prior written consent of the Master Franchisee.

7. Master Franchisee Not a Guarantor. The Landlord acknowledges and agrees that, notwithstanding any terms or conditions contained in this Addendum or any other agreement, the Master Franchisee shall in no way be construed as a guarantor or surety of the Tenant's obligations under the Lease. Notwithstanding the foregoing, in the event the Master Franchisee becomes the Tenant by assignment of the Lease in accordance with the terms hereof or enters into a new lease with Landlord, then the Master Franchisee shall be liable for all of the obligations of the Tenant on its part to be performed or observed under the Lease or a new lease.

8. Document to Govern. The terms and conditions contained herein modify and supplement the Lease. Whenever any inconsistency or conflict exists between this Addendum and the Lease, the terms of this Addendum shall prevail.

9. No Hazardous Materials. The Landlord warrants and represents that no part of the Franchised Business location, including the walls, ceilings, structural steel, flooring, pipes or boilers is wrapped, insulated, fire-proofed or surfaced with any asbestos-containing materials ("ACM") or other hazardous materials as the same may be identified from time to time by applicable federal, state or local laws or regulations ("Hazardous Materials"), and that no ACM materials or Hazardous Materials will be present in the Leased Approved Location as of the date Tenant takes possession thereof.

10. Assignment and Subletting. Notwithstanding anything set forth in the Lease to the contrary, the Tenant shall have the right to assign this Lease or any interest therein, or sublet the Leased Approved Location or any portion thereof without the consent of Landlord:

(a) to any bona fide franchisee of the Master Franchisee; or

(b) to the Master Franchisee or any successor or affiliate thereof.

11. Subordination. The Landlord will subordinate its interest in the Tenant's equipment to any lender financing the same, and the Landlord will further cooperate in executing all required documents to recognize such subordination.

12. Waiver. Failure of Master Franchisee to enforce or exercise any of its rights hereunder shall not constitute a waiver of the rights hereunder or a waiver of any subsequent enforcement or exercise of its rights hereunder.

13. Amendment of Agreement. This Agreement may be amended only in writing signed by all parties hereto.

14. Notices. All notices hereunder shall be by certified mail to the addresses set forth above or to such other addresses as the parties hereto may, by written notice, designate.

15. Binding Effect. This Agreement shall be binding upon the parties hereto, their heirs, executors, successors, assigns and legal representatives.

16. Severability. If any provision of this Agreement or any part thereof is declared invalid by any court of competent jurisdiction, such act shall not affect the validity of this Agreement and the remainder of this Agreement shall remain in full force and effect according to the terms of the remaining provisions or part of provisions hereof.

17. Remedies. The rights and remedies created herein shall be deemed cumulative and no one of such rights or remedies shall be exclusive at law or in equity of the rights and remedies which Master Franchisee may have under this or any other agreement to which Master Franchisee and the Tenant are parties.

18. Attorneys' Fees. If any action is instituted by any party to enforce any provision of this Agreement, the prevailing party shall be entitled to recover all attorneys' fees and costs incurred in connection therewith.

19. Construction. This Agreement shall be governed by and construed in accordance with the laws of the State in which the Leased Approved Location is located.

20. Certain Acknowledgments. The Landlord and the Tenant acknowledge and agree that all interior and exterior signage and related items (collectively the "Leased/Licensed Assets") are the sole property of the Master Franchisee. The Tenant shall have no right to pledge in any manner the Leased/Licensed Assets and the Landlord shall have no rights to place any liens on or make any other claims to the Leased/Licensed Assets.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto, by and through their respective representatives authorized to enter into and bind the respective party without further consent or authorization, have duly executed and delivered this Addendum as of this day of ________________, 20___.

WITNESS:

____

Landlord:

By:______________________________

Title:____________________________

Tenant:

____

ATTEST:

____

Secretary

By:______________________________

Title:____________________________

ATTEST:

____

Secretary

Master Franchisee:

By:______________________________

Title:____________________________

ATTACHMENT C

SITE SELECTION ADDENDUM

THIS SITE SELECTION ADDENDUM is made this ______day of ______________, 20____, by and between _______________________(“Master Franchisee”) and ___________(“Unit Franchisee”).

WHEREAS, the Master Franchisee and the Franchisee are parties to a Subfranchise Agreement dated ____________________, 20__, by the terms of which the Master Franchisee has granted to the Franchisee the right and license to operate a _______________________ outlet franchise pursuant to the System and Proprietary Marks (as defined in the Subfranchise Agreement); and

WHEREAS, the Franchisee has selected and presented a site to the Master Franchisee which has been approved by the Master Franchisee;

NOW, THEREFORE, the parties hereto, intending to be bound, agree as follows:

1. Approved Location. The Approved Location shall be located as follows:

____

____

2. Franchisee’s Representations and Warranties. The Franchisee represents and warrants that it has negotiated, but not yet executed, a lease for the premises for the Franchised Business, a copy of which has been provided to the Master Franchisee for its approval, and the Franchisee warrants and represents as follows:

a. That the initial term of the lease, or the initial term together with any renewal terms (for which rent shall be set forth in the lease), shall be for not less than ________(____) years; and

b. That the lessor has consented to the Franchisee’s use of the Proprietary Marks and initial signage as may be prescribed for the Franchised Business.

3. Approved Location. The Approved Location described in Paragraph 1 hereof shall constitute the site referred to in Paragraph I.A. of the Subfranchise Agreement.

4. Miscellaneous.

a. All capitalized terms not defined herein shall have the meaning given to them in the Subfranchise Agreement.

b. This Site Selection Addendum constitutes an integral part of the Subfranchise Agreement, and the terms of this Site Selection Addendum shall be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Site Selection Addendum, the terms of the Subfranchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties hereto, by and through their respective representatives authorized to enter into and bind the respective party without further consent or authorization, have duly executed and delivered this Site Selection Addendum as of this day of ________________, 20__.

MASTER FRANCHISEE	**FRANCHISEE**
______________________________	______________________________
[Insert Name of Master Franchisee]	[Insert Name of Franchisee]
By:______________________________	By:______________________________
Name:____________________________	Name:____________________________
Title:_____________________________	Title:_____________________________

Each of the undersigned owns a Twenty Percent (20%) or greater beneficial interest in the Franchisee; each has read this Site Selection Addendum and each agrees to be individually bound by its terms.

WITNESS

______________________________	______________________________
______________________________	______________________________
______________________________	______________________________

ATTACHMENT D

AUTOMATIC BANK DRAFT CONSENT

I authorize _______________ ("Master Franchisee") or its designee to initiate withdrawals from my account at the financial institution named below for the payment of operating fees, advertising contributions, as well as any other payments due under this Agreement. If the sales and other reporting information that is required by Master Franchisee is not submitted by the due date, I further authorize Master Franchisee or its designee to withdraw from my account the same amount that was due for the payment of operating fees and advertising contributions for the most recent reporting period. Any difference in amounts owed will be adjusted and paid upon the submission of the reporting information for that period. This authorization will remain valid until further notice from Master Franchisee or its designee.

I understand that the Direct Payment program is the required method of payment under my Subfranchise Agreement with Master Franchisee and does not otherwise affect my rights or the rights of Master Franchisee or my financial institution with respect to each other.

Account Title: ____

Store Number: ____

Authorized Signature: ____

Joint Account Signature: ______________________________________

Financial Institution Name: ______________________________________

Financial Institution Address: __________________________________

____

____

Transit/ABA Number: ______________________________________

Bank Account Number: ______________________________________

ACKNOWLEDGMENT

STATE OF _________________________________

Parish/County of _________________________________

BEFORE ME, the undersigned authority, duly commissioned, qualified and sworn within and for the State and Parish/County aforesaid, personally came and appeared _________________________________ who being by me first duly sworn, did depose and say:

> That appearer(s) is/are the identical person(s) who executed the foregoing SUBFRANCHISE AGREEMENT; that appearer(s) executed said instrument of appearer's(s') own free will and accord for the uses, purposes and benefits therein expressed.

IN WITNESS WHEREOF, said appearer(s) has/have executed this acknowledgement in my presence and in the presence of the undersigned competent witnesses on this day of ________________20__.

FRANCHISEE:

BY:______________________________

NOTARY PUBLIC

My commission expires: SEAL

ATTACHMENT E

SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT ("Sublease") is made and entered into this _____ day of __________, 20___ by and between _________________, with its principal office at ____ ("Sublessor"), and __________________, a ________with its principal office at ____("Sublessee").

1. Lease of Premises. The Sublessor hereby lets to the Sublessee, and Sublessee hires from the Sublessor, the following described premises, herein called "demised premises," situated in the County of __________, State of __________: ____; the demised premises shall be deemed not to include either the land lying thereunder or the exterior walls or roof of the building in which the demised premises are located. The street address of the demised premises will be ____.

2. Sublease. This is a sublease, and the Sublessor's interest in the premises is as a lessee pursuant to a lease made by and between the Sublessor, and __________________________, ("Lessor"), dated effective ____________________, a copy of which, initialed for identification ("Underlying Lease"), is attached hereto. Except as is modified or supplemented by this Sublease Agreement, this sublease is expressly made subject to all the terms and conditions of said original Underlying Lease, and the Sublessee agrees to use the premises in accordance with all of the terms of said Underlying Lease, and not to do or omit to do anything which will breach any of the terms or provisions thereof. If said Underlying Lease is terminated, this sublease shall terminate simultaneously. The Sublessee hereby agrees to assume the obligation for performance of all of the Sublessor's obligations under the aforesaid Underlying Lease, including, but not limited to, any and all obligations for payment of rent, or other assessments. By its attachment hereto, said Underlying Lease, and all the terms and provisions therein, are hereby made a part of this Sublease Agreement, and are incorporated by reference herein.

3. Term. The Underlying Lease is for a term commencing as provided in Article _ and Article __of the Underlying Lease and extends until the end of a term of approximately ___(__) years as the same is more particular defined in the Underlying Lease. The term of this sublease shall commence upon the execution hereof, and shall simultaneously terminate with the Underlying Lease. Any and all other terms or provisions regarding commencement and expiration dates and/or earlier termination, contained in the Underlying Lease are hereby incorporated into this Sublease Agreement and made a part hereof.

4. Rental Payments. Rental payments due from the Sublessee pursuant to this Sublease Agreement shall be the same as those set forth in the Underlying Lease. Rental payments due shall be as the same are defined in Article ___________ entitled "__________________", and Article entitled " _____________" as set forth in the Underlying Lease. For purposes of this Sublease Agreement, the effective dates of any rental increases for the Sublessor pursuant to the Underlying Lease, shall apply as to Sublessee.

The minimum fixed rent pursuant to the Underlying Lease is as follows:

(BASE RENT TERMS TO BE INSERTED HERE)

Additionally, Sublessee shall pay percentage rent as the same is defined in the Underlying Lease, and a security deposit as determined by the Sublessor in its absolute discretion. Additionally, any and all provisions, terms, or obligations regarding rent, percentage rent, additional rent, penalties, charges, or other assessments pursuant to the Underlying Lease are incorporated herein and made a part hereof, and Sublessee shall adhere and comply with the same.

5. Method of Payment. All rental payments due hereunder shall be due on the date or dates specified in the underlying lease, and shall be paid directly to Lessor, or to any agent authorized by Lessor to accept and collect said payments, at such times and places as the Sublessee may be directed by the Lessor or the Sublessor. All payments, whether rental payments or other payments for which the Sublessee is obligated pursuant to the Underlying Lease, shall be made in accordance with the terms and provisions of the Underlying Lease.

6. Insurance. Sublessee shall procure and maintain in force during the term of this sublease, and any extension thereof, at its expense, public liability insurance in companies and through brokers approved by the Sublessor, adequate to protect against liability for damage claims through public use of, or arising out of, accidents occurring in or around the leased premises, in the amount required by the Underlying Lease. Such insurance policies shall provide coverage for the Lessor pursuant to the Underlying Lease, and the Sublessor's contingent liability on such claims or losses. The policies shall be delivered to Sublessor for keeping, or for delivery by Sublessor to the Lessor of the Underlying Lease for keeping. Sublessee agrees to obtain a written obligation from the insurers to notify Sublessor in writing at least thirty (30) days prior to cancellation or refusal to renew any such policies. Sublessee agree that if such insurance policies are not kept in force during the entire term of this sublease, and any extension thereof, Sublessor may procure the necessary insurance and pay the premium therefor, and that such premium shall be repaid to Sublessor by Sublessee as an additional rent installment for the month following the date on which such premiums are paid. Sublessee shall in all respects comply with insurance requirements which are otherwise set forth in the Underlying Lease.

7. Sublease, License, Assignment or Transfer. Sublessee agrees and acknowledges that the rights and obligations of this sublease cannot be assigned, sublet, or transferred, in part or in whole, nor may the premises be licensed for occupation, in part or in whole, by any persons other than Sublessee, without first obtaining Sublessor's prior written consent, and the prior written consent of Lessor.

8. Default.

a. Sublessor's Remedies. If Sublessee defaults in payment of rent, or any additional rent, or defaults in the performance of any of the other covenants or conditions hereto, Sublessor may give Sublessee written notice of such default, and if Sublessee does not cure any default by reason of non-payment of rent or additional rent within three (3) days, or any other default within seven (7) days after the giving of such notice, or such other notice as may be required by the Laws of the State of __________, then Sublessor may terminate this sublease. In the event of termination of the sublease by reason of Sublessee's default, Sublessee shall remain liable as provided in Article of the Underlying Lease, and as may be provided elsewhere in said Underlying Lease. If the sublease shall have been so terminated by Sublessor, Sublessor may at any time thereafter secure possession of the premises by any lawful means. Additionally, Sublessee understands and agrees that ___________________________, as the Lessor pursuant to the Underlying Lease, may give notice of such defaults simultaneously to the Sublessor and Sublessee and that said notice shall constitute notice as if the same were given to the Sublessee by the Sublessor.

b. Sublessee's Remedies. If the Sublessor defaults in the performance of a material provision of this lease, Sublessee may give Sublessor written notice of such default, and if Sublessor does not proceed with reasonable diligence and in good faith to cure the default within seven (7) days after Sublessee gives such notice, then Sublessee may terminate this Sublease. The notice required in this paragraph shall be given by certified mail, return receipt requested.

9. Termination By Sublessor. If the Sublessee shall materially default in the performance of any of Sublessee's obligations under this sublease, or shall become insolvent, or shall be adjudicated to be a bankrupt, or shall file a voluntary petition in bankruptcy or for reorganization, or if a receiver is appointed for Sublessee and the appointment is not vacated within sixty (60) days from such appointment, Sublessor may terminate this sublease without penalty. Such termination shall not release or discharge Sublessee from any obligation or liability to Sublessor hereunder, and the Sublessee shall remain liable as provided in Article ______of the underlying lease, which has been incorporated as a part of this Sublease Agreement.

10. Termination Pursuant to Subfranchise Agreement. The parties hereby acknowledge that they have entered into a separate franchise agreement by and between ______________, as Master Franchisee, and _________________________________, as Unit Franchisee, dated effective _______________________("Subfranchise Agreement"), pursuant to which Sublessee has been granted a franchise license to operate a Franchised Business at the premises which are the subject of this Sublease Agreement. Sublease acknowledges and agrees that failure of Sublease to abide by or perform any of the obligations assumed by Sublease pursuant to said Subfranchise Agreement may result in a termination of said Subfranchise Agreement. Should said Subfranchise Agreement be terminated, then, in such event, at the option of the Sublessor, this Sublease may also be terminated.

11. Sublessor's Continuing Liability. No term or provision of this Sublease Agreement shall serve to excuse the Sublessor from its duties and obligations as Lessee pursuant to the Underlying Lease, and Sublessor shall remain liable to the Lessor of the Underlying Lease for payment of all rent, percentage rent, taxes and other assessments, expenses, and items of additional rent, and other obligations of Lessee as the same are set forth in the Underlying Lease. However, the provisions of this Paragraph 11 shall not mitigate, alter, amend or modify the terms, provisions, obligations, duties or remedies of the parties, as the same are set forth in this Sublease Agreement.

12. Indemnification. The Sublessor shall not be responsible for any defect or change of condition in said premises, nor any damage thereto, nor to any person, nor to goods or things contained therein due to any cause whatsoever except the act or negligence of the Sublessor, and the Sublessee will indemnify Sublessor from any claims, demands, and actions arising in connection with Sublessee's use of the property, or the use by any person occupying said premises during the term hereof, or by reason of any breach or non-performance of any covenant herein, or the violation of any law or regulation by the Sublessee.

13. Attorneys' Fees. Should either party to this Sublease file an action to enforce any covenant of this Sublease, or for the breach of any covenant herein, the non-prevailing party agrees to pay to the prevailing party a reasonable attorneys' fee for the service of such party's attorney in the action, including appeals, such fees to be determined and fixed by the court.

14. Manner of Giving Notice. Notice given pursuant to the provisions of this Sublease, or necessary to carry out its provisions, shall be in writing, and delivered personally to the person to whom the notice is to be given, or mailed postage prepaid, addressed to such person. Sublessor's address for

this shall be ____, or at such other place as directed by Sublessor in writing. Notice to Sublessee may be addressed to Sublessee at the leased premises.

15. Waiver. No waiver of any default by the Sublessee shall be implied from any omission by the Sublessor to take action with respect to any such default as the default persists or is repeated. No express waiver shall affect any action other than the action specified in the expressed waiver, and that only for the time and to the extent stated in the expressed waiver. Any such waiver of any provision by the Sublessor shall not be construed as a waiver of any subsequent breach of the same provision, or of any other provision.

16. Governing Law. The validity, interpretation and construction of this agreement shall be governed by the laws of the State of ____________. Any suit or other legal action shall be initiated, filed and maintained in the Federal and/or State Court of appropriate jurisdiction.

17. Headings. The headings in this Agreement have been included solely for the ease of reference and shall not be considered in the interpretation or construction of this Agreement.

IN WITNESS WHEREOF, the parties hereto, by and through their respective representatives authorized to enter into and bind the respective party without further consent or authorization, have duly executed and delivered this Sublease as of the day of __________________, 20___.

SUBLESSOR:

Signed in the presence of:

____

____
Witness

By:_____________________________________
Name:___________________________________
Title:___________________________________

SUBLESSEE:

____

____
Witness

By:_____________________________________
Name:___________________________________
Title:___________________________________

ATTACHMENT F

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

This CONFIDENTIALITY AND NON-COMPETITION AGREEMENT ("Agreement") is made and entered into as of this _____day of ______________________________, 20_____, by and among __________________________________, a ("Master Franchisee"), ________________________, a ("Unit Franchisee"), and ______________, a resident of _________________("Covenantor").

W I T N E S S E T H:

WHEREAS, pursuant to the terms of that certain Subfranchise Agreement between Master Franchisee and Unit Franchisee dated , 20 ("Subfranchise Agreement"), Master Franchisee has granted to Unit Franchisee the right to own and operate a "Yogen Früz®" business ("Franchised Business") (all capitalized terms not defined herein shall have the respective meanings established in the Subfranchise Agreement);

WHEREAS, Master Franchisee is permitted to enter into a Subfranchise Agreement with Unit Franchisee pursuant to the terms of a Master Franchise Agreement dated _________________, 20__ by and between Master Franchisee and YF Franchise LLC, a Delaware limited liability company with its principal business address at 210 Shields Court, Markham, Ontario Canada L3R 8V2 ("Franchisor") relative to _______________________("Designated Territory");

WHEREAS, Covenantor is either a shareholder, partner, an officer or a director of Unit Franchisee or is an employee of Unit Franchisee who will have access to the Franchisor's Confidential Information (as defined below) in connection with the operation of the Franchised Business at the Approved Location (as defined in the Subfranchise Agreement);

WHEREAS, in consideration of the grant of the franchise for the Franchised Business to Unit Franchisee and the employment of Covenantor (in the event Covenantor is an employee of Unit Franchisee), as a condition precedent to allowing Covenantor to have access to the Franchisor's Confidential Information, and as a material term of the Subfranchise Agreement necessary to protect Franchisor's ownership interest in the Confidential Information and the Unit Franchisee's right to use the Confidential Information in the Franchised Business, Master Franchisee and Unit Franchisee require that Covenantor enter into this Agreement;

WHEREAS, to induce Master Franchisee to enter into the Subfranchise Agreement and to avoid a material breach thereof, as the case may be, Master Franchisee, Unit Franchisee and Covenantor desire, and deem it to be in Covenantor's personal best interest that Covenantor enter into this Agreement; and

WHEREAS, due to the nature of Master Franchisee's and Franchisor's business, any use or disclosure of the Confidential Information other than in accordance with this Agreement will cause Master Franchisee, Franchisor and Unit Franchisee substantial harm.

NOW, THEREFORE, to induce Master Franchisee to enter into the Subfranchise Agreement and/or to prevent Master Franchisee from declaring a material breach thereunder, and in consideration of the covenants and mutual agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Recitals.

The recitals stated above shall be deemed to be incorporated herein as if fully stated in this Agreement, and this Agreement shall be interpreted in light of such recitals.

2. Definition of Confidential Information.

As used herein, the term "Confidential Information" shall mean certain confidential and proprietary information and trade secrets consisting of the following categories of information and knowledge developed or to be developed or acquired by Franchisor, its Affiliates, and/or its master franchisees, multi-unit operators and franchisees ("Confidential Information"), including, without limitation: (a) distinctive methods, techniques, equipment, specifications, standards, policies, procedures, information, concepts and systems relating to, and knowledge of and experience in the development, operation and franchising of the Franchised Business; and (b) marketing and promotional programs for the Franchised Business.

3. Protection of Confidential Information.

Master Franchisee, pursuant to the license granted to it by Franchisor under the terms of the Master Franchise Agreement, will disclose to Unit Franchisee the Confidential Information pursuant to the Subfranchise Agreement. Covenantor acknowledges and agrees that Covenantor will not acquire any interest in or right to use the Confidential Information, except the right to use it strictly in accordance with the Subfranchise Agreement, and that the use or duplication of the Confidential Information in any other business would be detrimental to Master Franchisee and Franchisor and would constitute an unfair method of competition with Master Franchisee, Franchisor and other Franchised Business owners. Covenantor acknowledges and agrees that the Confidential Information is a valuable asset of Franchisor, is proprietary, includes trade secrets of Franchisor, and is disclosed to Covenantor by Unit Franchisee solely on the condition that Covenantor agrees, and Covenantor hereby does agree, that Covenantor;

(a) will not use the Confidential Information in any other business or capacity;

(b) will maintain the absolute secrecy and confidentiality of the Confidential Information during and after the term of the Subfranchise Agreement;

(c) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form; and

(d) will follow all reasonable procedures prescribed from time to time by Franchisor, Master Franchisee and/or Unit Franchisee to prevent unauthorized use or disclosure of or access to the Confidential Information. Notwithstanding the foregoing, nothing herein shall prevent Covenantor from continuing to use, after termination of this Agreement, any portion of the Confidential Information that has become generally known or easily accessible, other than by any person's or entity's breach of any obligation of confidentiality to Franchisor, Master Franchisee or Unit Franchisee. Nothing contained herein shall be construed to prohibit Covenantor from using the Confidential Information in connection with the operation of a "Yogen Früz®" business (other than the Franchised Business) pursuant to a Subfranchise Agreement between Covenantor and Master Franchisee. Covenantor agrees to disclose to Franchisor all ideas, concepts, methods, techniques and products relating to the development and operation of the Franchised Business conceived or developed by Covenantor during the term of this Agreement, and Franchisor shall have a perpetual, non-exclusive and worldwide right to incorporate same in the System for use in all businesses operated by Franchisor, Master Franchisee and other franchisees in the System. Neither Franchisor nor Master Franchisee shall have any obligation to make any payment to Covenantor with respect to any idea, concept, method, technique or product developed or suggested by Covenantor and incorporated in the Franchised Business. Covenantor agrees that Covenantor will not use any such concept, method, technique or product without obtaining Franchisor's prior written approval.

4. Restrictive Covenant During the Term of the Subfranchise Agreement.

Covenantor acknowledges and agrees that neither Franchisor nor Master Franchisee would be able to protect the Confidential Information against unauthorized use or disclosure nor would they be able to encourage a free exchange of ideas and information among businesses if persons or entities authorized to use the Confidential Information were permitted to hold interest in or perform services for a Competitive Business. As used in this Agreement, "Competitive Business" means any enterprise that:

(a) is substantially similar to the business then engaged in by a substantial number of Franchised Businesses; or

(b) grants a franchise or license or establishes a joint venture, for the development and/or operation of an enterprise described in the foregoing clause (a). Covenantor further acknowledges that restrictions on his/her direct or indirect ownership of interests in a "Competitive Business" will not hinder Covenantor's activities in connection with Unit Franchisee's performance of the Subfranchise Agreement or in general. Covenantor therefore agrees that during the term of the Subfranchise Agreement and so long as Covenantor is either a shareholder, partner, employee, officer or director of Unit Franchisee, Covenantor shall not directly or indirectly engage in any "Competitive Business". As used in this Agreement, the phrase "directly or indirectly engage in any 'Competitive Business'" shall include, without limitation: (x) the ownership of an interest in a "Competitive Business" by Covenantor or his/her spouse; and (y) the performance of services as a director, officer, manager, employee, consultant, representative, agent or otherwise for any "Competitive Business" by Covenantor or his/her spouse. Unit Franchisee and Covenantor acknowledge and agree that the failure of Covenantor or his/her spouse to comply with this Paragraph 4 or Paragraphs 5 or 6 below shall preclude Covenantor or his/her spouse from acquiring ownership of shares in a business which is not a "Competitive Business". The restrictions of this Paragraph shall not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent less than five percent (5%) of the total number of issued and outstanding shares of that class of securities.

5. Restrictive Covenant upon Transfer of Covenantor's Ownership Interest in Unit Franchisee.

If Covenantor transfers his/her entire ownership interest in Unit Franchisee and is not thereafter an employee, officer or director of Unit Franchisee, Covenantor agrees that Covenantor will not directly or indirectly, for a period of two (2) years commencing on the effective date of such transfer, engage in any "Competitive Business" which is located in the Unit Franchisee's Territory or located within a radius of twenty-five (25) miles of any Restaurant under the System, whether owned by Franchisor or its Affiliates, Master Franchisee, or any System Unit Franchisee. As used in this Paragraph 5 and in Paragraph 6 below, the phrase "directly or indirectly engage in a 'Competitive Business'" shall mean and include, without limitation, the performance of services as a director, officer, manager, employee, consultant, representative, agent or otherwise for any "Competitive Business" by Covenantor or his/her spouse.

6. Restrictive Covenant upon Termination or Expiration of the Subfranchise Agreement.

Upon the first to occur of:

(a) termination of the Subfranchise Agreement;

(b) expiration of the Subfranchise Agreement; or

(c) the date as of which Covenantor is neither a shareholder, partner, employee, officer nor director of Unit Franchisee (other than in the case of a transfer governed by Paragraph 5 above), Covenantor agrees that Covenantor will not directly or indirectly engage in a "Competitive Business" located or operating within the Development Area or within a twenty-five (25) mile radius of any other Franchised Business for a period of two (2) years, commencing on the date of the applicable event described in clauses (a) or (b) above.

7. Surrender of Documents.

Covenantor agrees that, as of the effective date of the earlier of:

(a) the covenant in Paragraph 5, or

(b) the covenant in Paragraph 6, Covenantor shall immediately cease to use the Confidential Information disclosed to or otherwise learned or acquired by Covenantor, return to Unit Franchisee (or to Master Franchisee if directed by Master Franchisee and/or Franchisor) all copies of the Confidential Information loaned or made available to Covenantor.

8. Indemnification/Costs and Attorneys' Fees.

Covenantor agrees to indemnify and hold Franchisor, Master Franchisee and Unit Franchisee harmless from and against any and all loss, cost, damage, liability and expense (including, without limitation, reasonable attorneys' fees, court costs and other reasonable litigation expenses) suffered, sustained or incurred by Franchisor, Master Franchisee or Unit Franchisee as a result of, arising out of, or in connection with any failure of performance or breach of this Agreement by Covenantor. The party or parties prevailing in any judicial proceeding in connection with this Agreement shall be entitled to reimbursement of their costs and expenses, including but not limited to, reasonable accounting, paralegal, legal, expert witness and attorneys' fees, whether incurred prior to, in preparation for or in contemplation of the filing of such proceeding.

9. Waiver.

Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any right or remedy hereunder at any one or more times be deemed a waiver or relinquishment of such right or remedy at any other time or times.

10. Severability.

The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision of this Agreement and any such provision which is adjudicated to be invalid or unenforceable shall be severed from this Agreement, provided that such severance is to apply only with respect to the operation of such provisions in the particular jurisdiction in which such adjudication is made. To the extent any restriction herein is deemed unenforceable by virtue of its scope in terms of time, geography or business activity prohibited, but may be made enforceable by reducing any or all thereof, the parties agree that the same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction where enforcement is sought.

11. Rights of Parties are Cumulative.

The rights of the parties hereunder are cumulative and no exercise or enforcement by a party hereto of any right or remedy hereunder shall preclude the exercise or enforcement by them of any other right or remedy hereunder or which they are entitled by law to enforce.

12. Benefit.

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. The parties hereby specifically acknowledge and agree that the Franchisor shall be a third party beneficiary of this Agreement, and shall have the independent right to enforce the terms of this Agreement.

13. Entire Agreement.

This Agreement contains the entire agreement among the parties hereto with respect to the subject matter hereof and all prior negotiations, agreements and understandings are merged herein. This Agreement may not be modified or rescinded except by a written agreement to such effect signed by the party against whom enforcement is sought.

14. Governing Law.

This Agreement and the rights and obligations of the parties hereunder shall be governed by and construed in accordance with the internal laws of the State of [_________] exclusive of such state's choice of law or conflict of law rules.

15. Counterparts.

This Agreement may be executed in counterparts, each of which will be deemed an original.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Print name of Covenantor below:	Master Franchisee:
____________________________	By: ____________________________
Signature of Covenantor:	Its: ____________________________
____________________________	Unit Franchisee:
	By: ____________________________

EXHIBIT D

FINANCIAL STATEMENTS

See attached.

<u>**Interim Unaudited Financial Statements**</u>

Yogen Fruz U.S.A., Inc.

(A Wholly Owned Subsidiary of Yogen Früz Canada Inc.)

INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

For the period ended April 30, 2025

(Expressed in US Dollars)

Interim Unaudited Financial Statements

Yogen Fruz U.S.A., Inc.

BALANCE SHEET
For the period ended April 30, 2025
UNAUDITED
(U.S. DOLLARS)

	April 30, 2025 $	August 31, 2024 $
ASSETS		
CURRENT		
Cash and cash equivalents	631,283	413,408
Trustee cash - franchisee advertising	262,936	262,936
Accounts receivable, net of allowance	189,878	175,366
Inventory	113,591	160,928
Prepaid expenses	186,891	167,871
TOTAL ASSETS	1,384,579	1,180,509
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	222,487	278,441
Trustee liability - franchisee advertising	262,936	262,936
Income taxes payable	(101)	39,158
Deferred Income	4,167	4,167
	489,489	584,702
LONG-TERM		
Due to related party	775,081	750,000
Deferred Income	13,889	13,889
	788,970	763,889
TOTAL LIABILITIES	1,278,459	1,348,591
SHAREHOLDER'S EQUITY		
Share capital	120,001	120,001
Deficit (Retained earnings + Net income)	(13,881)	(288,083)
	106,120	(168,082)
TOTAL LIABILITIES & EQUITY	1,384,579	1,180,509

Interim Unaudited Financial Statements

Yogen Fruz U.S.A., Inc.

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

For the period ended April 30, 2025

UNAUDITED

(U.S. DOLLARS)

	From Sep 1, 2024 To Apr 30, 2025 $	From Sep 1, 2023 To Aug 31, 2024 $
REVENUE		
Product sales	530,449	843,103
Royalty & Rebate	134,594	231,369
Franchise fees	-	4,167
TOTAL REVENUE	665,043	1,078,639
COST OF SALES	369,791	584,075
GROSS PROFIT	295,252	494,564
EXPENSES		
Travel	259,708	345,414
Warehouse	123,163	198,965
Consulting fees	77,067	118,391
Professional fees	53,237	87,870
Bad debts (recovery)	-	41,866
Loan interest	-	18,329
Interest and Bank Charges	6,593	11,490
Dues and Subscriptions	4,416	9,910
Courier	208	3,905
Office and General	3,386	7,413
Management fees	-	1,167
Insurance	3,862	1,160
	531,640	845,880
INCOME FROM OPERATIONS	(236,388)	(351,316)
OTHER INCOME		
Management fee income/(exp)	500,000	1,200,000
Interest income/(expense)	10,100	11,835
Exchange Gain/(Loss)	490	-
TOTAL OTHER INCOME	510,590	1,211,835
INCOME BEFORE INCOME TAXES	274,202	860,519
PROVISION FOR (RECOVERY OF) INCOME TAXES	-	40,757
NET INCOME	274,202	819,762
Retained earnings, beginning of year	(288,083)	(1,107,845)
BALANCE - END OF YEAR	(13,881)	(288,083)

Interim Unaudited Financial Statements

Yogen Fruz U.S.A., Inc.

STSTEMENT OF CASH FLOWS

For the period ended April 30, 2025

UNAUDITED

(U.S. DOLLARS)

	YTD Apr 30, 2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	274,201	819,762
Items not affecting cash:		
Bad debt expense (recovery)	-	41,866
	274,201	861,628
Changes in non-cash working capital		
Accounts receivable	(14,511)	(29,286)
Inventory	47,337	(60,695)
Accounts payable and accrued liabilities	(59,502)	46
Prepaid Expense	(24,000)	(167,871)
Deferred Income	-	(4,167)
Income taxes payable	(39,259)	38,330
	(89,935)	(223,643)
Cash flows from operating activities	184,266	637,985
CASH FLOWS FROM INVESTING ACTIVITIES:		
Repayments from related partie	11,500	6,400
Advance to related parties		
Cash flows from investing activities	11,500	6,400
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment to related parties		(450,000)
Advance from related parties	22,107	
Cash flows from financing activities	22,107	(450,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR THE YEAR	217,873	194,385
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR (Cash & Cash Equivalents less Trustee Cash)	413,408	219,023
CASH AND CASH EQUIVALENTS, END OF YEAR	631,281	413,408
CASH PAID DURING THE YEAR FOR:		
Interest	-	18,329
Income taxes		-

Zeifmans

AUDITORS' CONSENT

As independent public accountants, we consent to the inclusion of our reports dated December 23, 2024 and December 11, 2023 for the fiscal years ended August 31, 2024 and 2023 and August 31, 2023 and 2022 in the franchise disclosure document of **Yogen Fruz U.S.A., Inc.** (Franchisor) issued April 3, 2025 for distribution to prospective **Yogen Fruz** franchisees and for filing with states requiring registration of franchise offers, sales or both.

Zeifmans LLP

Toronto, Ontario
April 15, 2025

Chartered Professional Accountants
Licensed Public Accountants

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YOGEN FRÜZ U.S.A., INC.

(A Wholly Owned Subsidiary of Yogen Früz Canada Inc.)

Financial Statements

August 31, 2024 and 2023

(Expressed in U.S Dollars)

Zeifmans

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Yogen Früz U.S.A., Inc.

Opinion

We have audited the financial statements of Yogen Früz U.S.A., Inc. (the "Company"), which comprise the balance sheet as at August 31, 2024 and 2023 and the related statements of operations, changes in stakeholder's deficiency and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2024 and 2023 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Substantial Doubt about the Company's ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the financial statements, the Company has a net loss from continuing operations and stakeholders' deficiency. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters are also discussed in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

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

(continues)

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Auditor's Responsibilities for the Audits of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Zeifmans LLP

Toronto, Ontario
December 23, 2024

Chartered Professional Accountants
Licensed Public Accountants

YOGEN FRÜZ U.S.A., INC.

(A Wholly Owned Subsidiary of Yogen Früz Canada Inc.)

Balance Sheets

As at August 31, 2024 and 2023

(Expressed in U.S. Dollars)

	2024	2023
ASSETS		
CURRENT		
Cash	$ **413,408**	$ 219,023
Trustee cash - franchise advertising	**262,936**	248,469
Accounts receivable less allowance for credit losses of $172,931 and $131,065 in 2024 and 2023, respectively. *(Note 10)*	**175,366**	187,946
Inventory	**160,928**	100,233
Prepaid expenses	**167,871**	-
Due from related parties *(Note 4)*	**-**	6,400
TOTAL ASSETS	$ **1,180,509**	$ 762,071
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities *(Note 10)*	$ **278,441**	$ 278,395
Trustee liability - franchise advertising	**262,936**	248,469
Income taxes payable	**39,158**	828
Deferred income	**4,167**	4,167
	584,702	531,859
LONG-TERM		
Due to related party *(Note 5)*	**750,000**	1,200,000
Deferred income	**13,889**	18,056
	763,889	1,218,056
TOTAL LIABILITIES	**1,348,591**	1,749,915
STAKEHOLDER'S DEFICIENCY		
Share capital *(Note 7)*	**120,001**	120,001
Deficit	**(288,083)**	(1,107,845)
TOTAL STAKEHOLDER'S DEFICIENCY	**(168,082)**	(987,844)
TOTAL LIABILITIES AND STAKEHOLDER'S DEFICIENCY	$ **1,180,509**	$ 762,071

CONTINGENT LIABILITY *(Note 13)*

ON BEHALF OF THE BOARD

_______________________________ *Director*

_______________________________ *Director*

See accompanying notes to financial statements

YOGEN FRÜZ U.S.A., INC.

(A Wholly Owned Subsidiary of Yogen Früz Canada Inc.)

Statements of Changes in Stakeholder's Deficiency

For the years Ended August 31, 2024 and 2023

(Expressed in U.S. Dollars)

	Share capital	Deficit	Total
Balance - August 31, 2022	$ 120,001	$ (956,114)	**$ (836,113)**
Net loss for the year	-	(151,731)	**(151,731)**
Balance - August 31, 2023	120,001	(1,107,845)	**(987,844)**
Net income for the year	-	819,762	**819,762**
Balance - August 31, 2024	$ 120,001	$ (288,083)	**$ (168,082)**

See accompanying notes to financial statements

YOGEN FRÜZ U.S.A., INC.

(A Wholly Owned Subsidiary of Yogen Früz Canada Inc.)

Statements of Operations

For the Years Ended August 31, 2024 and 2023

(Expressed in U.S. Dollars)

	2024	2023
REVENUE		
Product sales *(Note 10)*	$ 843,103	$ 942,009
Royalties	231,369	226,410
Franchise fees	4,167	2,778
	1,078,639	1,171,197
COST OF SALES	584,075	663,768
GROSS PROFIT	494,564	507,429
EXPENSES		
Travel	345,414	253,400
Warehouse *(Note 8)*	198,965	163,586
Consulting fees	118,391	115,600
Professional fees	87,870	77,156
Bad debts (recovery)	41,866	(17,802)
Loan interest *(Note 10)*	18,329	23,784
Interest and bank charges	11,490	9,513
Dues and subscriptions	9,910	8,275
Courier	3,905	21,283
Office	7,413	4,545
Management fees	1,167	3,962
Insurance	1,160	741
	845,880	664,043
LOSS FROM OPERATIONS	(351,316)	(156,614)
OTHER INCOME		
Management fees *(Note 10)*	1,200,000	-
Interest	11,835	5,683
	1,211,835	5,683
INCOME (LOSS) BEFORE INCOME TAXES	860,519	(150,931)
PROVISION FOR INCOME TAXES	40,757	800
NET INCOME (LOSS)	$ 819,762	$ (151,731)

See accompanying notes to financial statements

YOGEN FRÜZ U.S.A., INC.

(A Wholly Owned Subsidiary of Yogen Früz Canada Inc.)

Statements of Cash Flows

For the Year Ended August 31, 2024 and 2023

(Expressed in U.S. Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ **819,762**	$ (151,731)
Item not affecting cash:		
Bad debts (recovery)	**41,866**	(17,802)
	861,628	(169,533)
Changes in non-cash working capital:		
Accounts receivable	**(29,286)**	105,421
Inventory	**(60,695)**	50,388
Accounts payable and accrued liabilities	**46**	17,377
Prepaid expenses	**(167,871)**	-
Deferred income	**(4,167)**	22,223
Income taxes payable	**38,330**	-
	(223,643)	195,409
CASH FLOWS FROM OPERATING ACTIVITIES	**637,985**	25,876
CASH FLOWS FROM INVESTING ACTIVITIES		
Repayments from related parties	**6,400**	-
Advance to related parties	**-**	(6,400)
CASH FLOWS FROM INVESTING ACTIVITIES	**6,400**	(6,400)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments to related parties	**(450,000)**	-
Advances from related parties	**-**	70,000
CASH FLOWS FROM FINANCING ACTIVITIES	**(450,000)**	70,000
NET INCREASE IN CASH FOR THE YEAR	**194,385**	89,476
CASH - BEGINNING OF YEAR	**219,023**	129,547
CASH - END OF YEAR	$ **413,408**	$ 219,023
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest paid	$ **18,329**	$ 23,784

See accompanying notes to financial statements

1. NATURE OF BUSINESS

Yogen Früz U.S.A., Inc. (the "Company") was incorporated under the laws of the State of Nevada in May, 1989.

The Company is a wholly owned subsidiary of Yogen Früz Canada Inc. The Company was formed to be the franchisor of Yogen Früz franchises in the United States.

The Company grants master franchises to investors under master franchise agreements to recruit franchisees to operate Yogen Früz retail stores. Initial fees are to be paid to the Company under the terms of these agreements. Services performed by the Company include providing an operations manual which includes franchise design criteria, operations procedures, quality specifications for products and the operation and maintenance of the franchise store. In addition to initial franchise fees, the franchisees are obligated, among other things, to pay a continuing royalty based upon a fixed percentage of sales, to contribute to an advertising program for the term of the franchise agreements and to purchase certain proprietary products and related items from the Company or Company-approved suppliers and distributors.

As at August 31, 2024 and 2023, the Company had 29 and 32, respectivley, Yogen Früz businesses operating pursuant to unit franchise agreements entered into by master franchisees or the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), consistently applied.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in bank and short-term investments that are highly liquid, temporary money-market instruments, with original maturities of three months or less. There were no cash equivalents as of August 31, 2024 and 2023.

Financial Instruments

On September 1, 2023 the Company adopted ASU 2016-03, Financial Instruments - Credit Losses. As such the Company applies an expected credit loss ("ECL") model, where credit losses that are expected to transpire in future years irrespective of whether a loss event has occurred or not as at the balance sheet date, are provided for.

The key elements in the calculation of ECL allowances are as follows:

- The probability of default is an estimate of the likelihood of default over a given time horizon;
- The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments;
- The loss given default is an estimate of the loss arising in the case where a default occurs;
- Forward-looking information used to assess how future losses may differ from previously experienced losses.

(continues)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The ECL is based on probability-weighted scenarios to measure the expected cash shortfalls. The cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows the Company expects to receive. In its assessment of changes in credit risk since initial recognition and the estimation of ECL, the Company takes into account the relevant information available at the reporting date, including information relating to the specific borrower, information about past events and current conditions, as well as reasonable and supportable forward-looking information about economic conditions and future events.

Financial assets are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Inventory

Inventory is stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs. The cost of inventory comprises all costs of purchases and other costs incurred in bringing the inventories to their present location and condition. The cost of purchases comprises the purchase price, transport, handling and other costs directly attributable to the acquisition of goods.

Income taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and generally consist of taxes currently due plus deferred taxes. The Company evaluates all significant tax positions as required by US GAAP.

Deferred income taxes are estimated using the rates enacted by tax law and those substantively enacted for the years in which deferred income taxes assets are likely to be realized, or deferred income tax liabilities settled. The effect of a change in tax rates on deferred income tax assets and liabilities is included in earnings in the period when the change is substantively enacted.

Revenue recognition

Franchising revenues consist of license fees, unit and master franchise fees and royalty income. Ongoing franchise and licence fees are recognized as revenue over the term of the franchise or license agreement. Royalty income is earned on sales by franchisees and is recognized as revenue when the related sales are made.

The Company analyzes pre-opening activities to identify whether the goods and services provided are distinct from the franchise license and, therefore, are performance obligations. If the goods or services are determined to be performance obligations, the Company analyzes each performance obligation to determine the prices and timing of revenue recognition.

Revenues from sales of the Company's products are recognized at the time of sale, which is generally when the products are shipped to franchisees and third-party distributors.

Fee income is recognized when services have been rendered and amounts are deemed collectable.

Advertising Costs

Advertising costs are expensed as incurred.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Shipping and Handling Costs

The Company classifies amounts billed to the customer for shipping and handling as revenue and the costs incurred by the Company for performing such services as an element of expense. The Company includes such revenues in product and other revenue and such costs in cost of sales.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from those estimates.

3. GOING CONCERN ASSUMPTION

The accompanying financial statements have been prepared in accordance with accounting principles that apply to a going concern. This presupposes that the Company will continue its operations in the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business.

The Company incurred an operating loss of $351,316 and $156,614 for the years ended August 31, 2024 and 2023, respectively. The total deficit stood at $288,083 and $1,107,845. This loss for the current year arose mainly due to significant balances in operating expenses relating to travel, consulting fees, and warehousing. This situation indicates that a material uncertainty exists which may cast significant doubt on the going concern ability of the Company.

International Franchise Inc. ("IFI"), an ultimate parent, has pledged to support the Company with respect to maintaining operations and discharging liabilities in the event that the Company cannot do so. The financial statements do not include any adjustments that might result if the Company is unable to continue as a going concern.

4. DUE FROM RELATED PARTIES

The balance due from related parties under common control was due on demand, unsecured, and non-interest bearing.

5. DUE TO RELATED PARTY

The balance due on demand to IFI, is unsecured, and bears interest at 2% per annum. IFI has confirmed that it will not demand payment in fiscal 2025, however, should the Company have excess funds, it has the option to repay any portion of the balance. As such the balance has been classified as long-term.

6. GUARANTEE

The Company has issued a financial guarantee to support Holy Sweet USA Inc, (a company under common control) financially and help them discharge their liabilities as they come due. This guarantee has no set term and no maximum exposure.

(Amounts Expressed in U.S Dollars)

7. SHARE CAPITAL

Authorized

95.000 Non-voting, non-cumulative, non-participating preferred shares, redeemable at the option of the Company at par value of $10 per share
50,000 Voting common shares, par value of $1 per share

Issued

		2024		2023
12,000 Preferred shares	$	**120,000**	$	120,000
1 Common shares		**1**		1
	$	**120,001**	$	120,001

8. WAREHOUSE STORAGE

The Company rents storage space on a per item basis. Rent expense for the years ended August 31, 2024 and 2023 totaled $198,965 and $163,586 respectively. The Company has applied the practical expident under ASU 842.

9. INCOME TAXES

The deferred income tax asset is comprised as follows:

		2024		2023
Carrying value of allowance for doubtful accounts in excess of tax value	$	**36,316**	$	**27,524**
Carrying value of accounts payable in excess of tax value		**3,849**		**4,995**
Carrying value of deferred income in excess of tax value		**3,792**		**4,667**
Carrying value of expenses capitalized for tax		**30,235**		**24,042**
Income tax losses available for carryforward		**123,372**		**283,032**
		197,564		**344,260**
Less: valuation allowance		**(197,564)**		**(344,260)**
Deferred tax asset	$	-	$	-

As of August 31, 2024, the Company does not believe that it has taken any positions that would require the recording of any additional tax liability nor does it believe that there are any unrealised tax benefits that would either increase or decrease within the next year. The Company's 2024, 2023, 2022, and 2021 tax years are subject to examination by taxing authorities.

The Company recognizes interest and penalties, if any, in the provision for income taxes. There was $2,000 and $nil of interest or material penalties recognized for taxes in 2024 or 2023.

The income tax provision recorded differs from the amount obtained by applying the statutory income tax rate due to a valuation allowance being recognized.

(continues)

9. INCOME TAXES *(continued)*

The Company has non-capital loss carry forwards available to reduce taxable income for future periods. Such losses are restricted to 80% of taxable income in any given year. As of August 31, 2024, the Company has $587,488 of loss carryforwards that do not expire.

10. RELATED PARTY TRANSACTIONS

The following is a summary of the Company's related party transactions and balances.

a) For the years ended August 31, 2024 and 2023, the Company purchased inventory of $23,289 and $79,142 from its parent company, and $491 and $1,289 from a company under common control, respectively.

b) The Company made product sales of $3,040 and $18,050 to its parent company, and $nil and $1,592 to companies under common control for the years ended August 31, 2024 and 2023, respectively.

c) Included in accounts payable and accrued liabilities are $12,588 and $13,011 due to the parent company at August 31, 2024 and 2023, respectively.

d) Included in accounts receivable are $561 and $nil from the parent company at August 31, 2024 and 2023, respectively.

e) For the years ended August 31, 2024 and 2023, the Company incurred interest expense of $18,329 and $23,784 with an ultimate parent company.

f) The Company's parent company has provided use of head office and services for the Company for no consideration for the years ended August 31, 2024 and 2023.

g) The Company earned management fees of $1,200,000 and $nil from a company under common control for the years ended August 31, 2024 and 2023, respectively.

These transactions, which were in the normal course of operations, were recorded at the exchange amount, which were amounts agreed to between the parties.

11. CONCENTRATION OF CREDIT AND CURRENCY RISK

The Company maintains its cash balances at a financial institution located in Canada. Such balances are not covered by the Federal Deposit Insurance Corporation, however, balances in Canadian dollars are covered by the Canada Deposit Insurance Corporation ("CDIC") for an amount up to $100,000 CAD. At times during the course of the year cash balances may exceed amounts covered by the CDIC. As of August 31, 2024 and 2023, the risk of exposure was $809,380 CAD and $522,677 CAD, respectively. This risk is managed by maintaining all deposits in a high-quality institution.

Financial instruments that potentially subject the Company to credit and foreign exchange rate risk consist principally of accounts receivable, accounts payable, and cash balances.

The Company's exposure to credit risk is indicated by its accounts receivable. To mitigate this risk, the Company actively manages and monitors its accounts receivable. The Company's principal markets are Florida, New York and Puerto Rico.

During the years ended August 31, 2024 and 2023, the Company experienced foreign currency exchange losses of $22 and $328, respectively, due to currency differences between the Canadian and U.S. dollar. The Company's exposure to foreign exchange rate risk is considered to be nominal by management.

(Amounts Expressed in U.S Dollars)

12. CONTRACT BALANCES

	2024	2023	2022
Accounts receivable	$ 348,297	$ 319,011	$ 565,754
Deferred income	$ 18,056	$ 22,223	$ -

13. CONTINGENT LIABILITY

In the ordinary course of business, lawsuits have been filed against the Company. In the opinion of management, the outcome of these lawsuits is indeterminable. However, should any loss result from the resolution of those claims, such loss would be accounted for in the period in which it is estimable.

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 23, 2024, the date the financial statements were issued.

YOGEN FRÜZ U.S.A., INC.

(A Wholly Owned Subsidiary of Yogen Früz Canada Inc.)

Financial Statements

August 31, 2023 and 2022

(Expressed in U.S Dollars)

Zeifmans

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Yogen Früz U.S.A., Inc.

Opinion

We have audited the financial statements of Yogen Früz U.S.A., Inc. (the "Company"), which comprise the balance sheets as at August 31, 2023 and 2022 and the related statements of operations, changes in stakeholder's deficiency, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2023 and 2022 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Substantial Doubt about the Company's ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the financial statements, the Company has a net loss and stakeholders' deficiency. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters are also discussed in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Zeifmans LLP

Toronto, Ontario
December 11, 2023

Chartered Professional Accountants
Licensed Public Accountants

YOGEN FRÜZ U.S.A., INC.

(A Wholly Owned Subsidiary of Yogen Früz Canada Inc.)

Balance Sheets

As at August 31, 2023 and 2022

(Expressed in U.S. Dollars)

		2023		2022
ASSETS				
CURRENT				
Cash	$	**219,023**	$	129,547
Trustee cash - franchise advertising		**248,469**		216,548
Accounts receivable		**187,946**		275,565
Inventory		**100,233**		150,621
Due from related parties *(Note 4)*		**6,400**		-
TOTAL ASSETS	$	**762,071**	$	772,281
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities *(Note 9)*	$	**278,395**	$	261,018
Trustee liability - franchise advertising		**248,469**		216,548
Income taxes payable		**828**		828
Deferred income		**4,167**		-
		531,859		478,394
LONG-TERM				
Due to related party *(Note 5)*		**1,200,000**		1,130,000
Deferred income		**18,056**		-
		1,218,056		1,130,000
TOTAL LIABILITIES		**1,749,915**		1,608,394
STAKEHOLDER'S DEFICIENCY				
Share capital *(Note 6)*		**120,001**		120,001
Deficit		**(1,107,845)**		(956,114)
TOTAL STAKEHOLDER'S DEFICIENCY		**(987,844)**		(836,113)
TOTAL LIABILITIES AND STAKEHOLDER'S DEFICIENCY	$	**762,071**	$	772,281

ON BEHALF OF THE BOARD

______________________________ *Director*

______________________________ *Director*

See accompanying notes to financial statements

YOGEN FRÜZ U.S.A., INC.

(A Wholly Owned Subsidiary of Yogen Früz Canada Inc.)

Statement of Changes in Stakeholder's Deficiency

For the Years Ended August 31, 2023 and 2022

(Expressed in U.S. Dollars)

	Share capital	Deficit	Total
Balance - August 31, 2021	**$ 120,001**	$ (316,178)	$ (196,177)
Net loss for the year	-	(639,936)	(639,936)
Balance - August 31, 2022	**120,001**	(956,114)	(836,113)
Net loss for the year	-	(151,731)	(151,731)
Balance - August 31, 2023	**$ 120,001**	$ (1,107,845)	$ (987,844)

See accompanying notes to financial statements

YOGEN FRÜZ U.S.A., INC.

(A Wholly Owned Subsidiary of Yogen Früz Canada Inc.)

Statement of Operations

For the Years Ended August 31, 2023 and 2022

(Expressed in U.S. Dollars)

	2023	2022
REVENUE		
Product sales *(Note 9)*	$ **942,009**	$ 770,469
Royalties	**226,410**	213,454
Franchise fees	**2,778**	5,000
	1,171,197	988,923
COST OF SALES	**663,768**	580,916
GROSS PROFIT	**507,429**	408,007
EXPENSES		
Travel	**253,400**	394,677
Warehouse *(Note 7)*	**163,586**	155,044
Consulting fees	**115,600**	115,600
Professional fees	**77,156**	137,114
Loan interest *(Note 9)*	**23,784**	18,070
Courier	**21,283**	10,507
Interest and bank charges	**9,513**	6,932
Dues and subscriptions	**8,275**	8,365
Office	**4,545**	6,622
Management fees	**3,962**	13,836
Insurance	**741**	799
Bad debts (recovery)	**(17,802)**	187,340
	664,043	1,054,906
LOSS FROM OPERATIONS	**(156,614)**	(646,899)
OTHER INCOME		
Interest	**5,683**	296
Gain on legal settlement	**-**	10,000
	5,683	10,296
LOSS BEFORE INCOME TAXES	**(150,931)**	(636,603)
PROVISION FOR INCOME TAXES	**800**	3,333
NET LOSS	$ **(151,731)**	$ (639,936)

See accompanying notes to financial statements

YOGEN FRÜZ U.S.A., INC.

(A Wholly Owned Subsidiary of Yogen Früz Canada Inc.)

Statement of Cash Flows

For the Years Ended August 31, 2023 and 2022

(Expressed in U.S. Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (151,731)	$ (639,936)
Item not affecting cash:		
Bad debts (recovery)	(17,802)	187,340
	(169,533)	(452,596)
Changes in non-cash working capital:		
Accounts receivable	105,421	(61,759)
Inventory	50,388	(2,501)
Due from related parties	(6,400)	5,496
Accounts payable and accrued liabilties	17,377	(58,576)
Income taxes payable	-	1,627
Deferred income	22,223	-
	189,009	(115,713)
CASH FLOWS FROM OPERATING ACTIVITIES	19,476	(568,309)
CASH FLOWS FROM FINANCING ACTIVITY		
Advances from related parties	70,000	520,000
NET CHANGE IN CASH FOR THE YEAR	89,476	(48,309)
CASH - BEGINNING OF YEAR	129,547	177,856
CASH - END OF YEAR	$ 219,023	$ 129,547
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest paid	$ 18,070	$ 12,357

See accompanying notes to financial statements

1. NATURE OF BUSINESS

Yogen Früz U.S.A., Inc. (the "Company") was incorporated under the laws of the State of Nevada in May, 1989.

The Company is a wholly owned subsidiary of Yogen Früz Canada Inc. The Company was formed to be the franchisor of Yogen Früz franchises in the United States.

The Company grants master franchises to investors under master franchise agreements to recruit franchisees to operate Yogen Früz retail stores. Initial fees are to be paid to the Company under the terms of these agreements. Services performed by the Company include providing an operations manual which includes franchise design criteria, operations procedures, quality specifications for products and the operation and maintenance of the franchise store. In addition to initial franchise fees, the franchisees are obligated, among other things, to pay a continuing royalty based upon a fixed percentage of sales, to contribute to an advertising program for the term of the franchise agreements and to purchase certain proprietary products and related items from the Company or Company-approved suppliers and distributors.

As at August 31, 2023 and 2022, the Company had 32 and 34, respectivley, Yogen Früz businesses operating pursuant to unit franchise agreements entered into by master franchisees or the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), consistently applied.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in bank and short-term investments that are highly liquid, temporary money-market instruments, with original maturities of three months or less. There were no cash equivalents as of August 31, 2023 and 2022.

Accounts Receivable

The Company carries its accounts receivable at cost less an allowance for doubtful accounts. The Company provides for estimated losses on accounts receivable based on prior bad debt experience and a review of existing receivables. Periodically, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts based on historical experience with bad debts and collections, as well as current credit conditions. Interest is not accrued on receivables. Balances are written off through charges to the allowance only after management has exhausted reasonable collection efforts.

Inventory

Inventory is valued at the lower of cost, determined on the weighted average method, and net realizable value.

(continues)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and generally consist of taxes currently due plus deferred taxes. The Company evaluates all significant tax positions as required by US GAAP.
Deferred income taxes are estimated using the rates enacted by tax law and those substantively enacted for the years in which future income taxes assets are likely to be realized, or deferred income tax liabilities settled. The effect of a change in tax rates on deferred income tax assets and liabilities is included in earnings in the period when the change is substantively enacted.

Revenue Recognition

Franchising revenues consist of license fees, unit and master franchise fees and royalty income. Ongoing franchise and licence fees are recognized as revenue over the term of the franchise or license agreement. Royalty income is earned on sales by franchisees and is recognized as revenue when the related sales are made.

The Company analyzes pre-opening activities to identify whether the goods and services provided are distinct from the franchise license and, therefore, are performance obligations. If the goods or services are determined to be performance obligations, the Company analyzes each performance obligation to determine the prices and timing of revenue recognition.

Revenues from sales of the Company's products are recognized at the time of sale, which is generally when the products are shipped to franchisees and third-party distributors.

Advertising Costs

Advertising costs are expensed as incurred.

Shipping and Handling Costs

The Company classifies amounts billed to the customer for shipping and handling as revenue and the costs incurred by the Company for performing such services as an element of expense. The Company includes such revenues in product and other revenue and such costs in cost of sales.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from those estimates.

(Amounts Expressed in U.S Dollars)

3. GOING CONCERN ASSUMPTION

The accompanying financial statements have been prepared in accordance with accounting principles that apply to a going concern. This presupposes that the Company will continue its operations in the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business.

The Company incurred a loss of $151,731 and $639,936 for the years ended August 31, 2023 and 2022, respectively. The total deficit stood at $1,107,845 and $956,114. This loss for the current year arose mainly due to significant balances in operating expenses relating to travel and consulting fees. This situation indicates that a material uncertainty exists which may cast significant doubt on the going concern ability of the Company.

International Franchise Inc. ("IFI"), an ultimate parent, has pledged to support the Company with respect to maintaining operations and discharging liabilities in the event that the Company cannot do so. The financial statements do not include any adjustments that might result if the Company is unable to continue as a going concern.

4. DUE FROM RELATED PARTIES

The balance due from related parties under common control, is due on demand, unsecured, and non-interest bearing.

5. DUE TO RELATED PARTY

The balance due on demand to IFI, is unsecured, and bears interest at 2% per annum. IFI has confirmed that it will not demand repayment in fiscal 2024, as such the balance has been classified as long-term.

6. SHARE CAPITAL

Authorized:

95,000 Non-voting, non-cumulative, non-participating preferred shares, redeemable at par value of $10 per share
50,000 Voting common shares, par value of $1 per share

		2023	**2022**
Issued:			
12,000	Preferred shares	**$ 120,000**	$ 120,000
1	Common shares	**1**	1
		$ 120,001	$ 120,001

7. WAREHOUSE STORAGE

The Company rents storage space on a per item basis. Rent expense for the years ended August 31, 2023 and 2022 totaled $163,586 and $155,044 respectively. The Company has applied the practical expident under ASU 842.

(Amounts Expressed in U.S Dollars)

8. INCOME TAXES

The deferred income tax asset is comprised as follows:

		2023		2022
Carrying value of allowance for doubtful accounts in excess of tax value	$	27,524	$	60,940
Carrying value of accounts payable in excess of tax value		4,995		3,795
Carrying value of deferred income in excess of tax value		4,667		-
Carrying value of expenses capitalized for tax		24,042		17,452
Income tax losses available for carryforward		283,032		230,033
		344,260		312,220
Less: valuation allowance		(344,260)		(312,220)
Deferred tax asset	$	-	$	-

As of August 31, 2023, the Company does not believe that it has taken any positions that would require the recording of any additional tax liability nor does it believe that there are any unrealised tax benefits that would either increase or decrease within the next year. The Company's 2023, 2022, 2021, and 2020 tax years are subject to examination by taxing authorities.

The Company recognizes interest and penalties, if any, in operating expenses. There were no interest or material penalties recognized for taxes in 2023 or 2022.

The income tax provision recorded differs from the amount obtained by applying the statutory income tax rate due to a valuation allowance being recognized.

The Company has non-capital loss carry forwards available to reduce taxable income for future periods. Such losses are restricted to 80% of taxable income in any given year. As of August 31, 2023, the Company has $1,378,340 of loss carryforwards that do not expire.

9. RELATED PARTY TRANSACTIONS

The following is a summary of the Company's related party transactions and balances.

(a) For the years ended August 31, 2023 and 2022, the Company purchased inventory of $79,142 and $280,717 from its parent company, and $1,289 and $nil from a company under common control, respectively.

(b) The Company made product sales of $18,050 and $2,801 to its parent company, and $1,592 and $461 to companies under common control for the years ended August 31, 2023 and 2022, respectively.

(c) Included in accounts payable and accrued liabilities are $13,011 and $56,835 due to the parent company at August 31, 2023 and 2022, respectively.

(d) For the years ended August 31, 2023 and 2022, the Company incurred interest expense of $23,784 and $18,070 with an ultimate parent company.

(e) The Company's parent company has provided use of head office and services for the Company for no consideration for the years ended August 31, 2023 and 2022.

These transactions, which were in the normal course of operations, were recorded at the exchange amount, which were amounts agreed to between the parties.

10. CONCENTRATION OF CREDIT AND CURRENCY RISK

The Company maintains its cash balances at a financial institution located in Canada. Such balances are not covered by the Federal Deposit Insurance Corporation, however, balances in Canadian dollars are covered by the Canada Deposit Insurance Corporation ("CDIC") for an amount up to $100,000 CAD. At times during the course of the year cash balances may exceed amounts covered by the CDIC. As of August 31, 2023 and 2022, the risk of exposure was $522,677 CAD and $349,031 CAD, respectively. This risk is managed by maintaining all deposits in a high-quality institution.

Financial instruments that potentially subject the Company to credit and foreign exchange rate risk consist principally of accounts receivable, accounts payable, and cash balances.

The Company's exposure to credit risk is indicated by its accounts receivable. To mitigate this risk, the Company actively manages and monitors its accounts receivable. The Company's principal markets are Florida, New York and Puerto Rico. Management has provided an allowance for doubtful accounts of $131,065 and $290,189 as of August 31, 2023 and 2022 respectively.

During the years ended August 31, 2023 and 2022, the Company experienced foreign currency exchange losses of $328 and gains of $340, respectively, due to currency differences between the Canadian and U.S. dollar. The Company's exposure to foreign exchange rate risk is considered to be nominal by management.

11. CONTRACT BALANCES

The following is a summary of the Company's contract balances:

	2023	2022	2021
Accounts receivable	$ 319,011	$ 565,754	$ 706,414
Deferred income	$ 22,223	$ -	$ -

12. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 11, 2023, the date the financial statements were issued.

EXHIBIT E

TABLE OF CONTENTS – THE MANUALS

Construction Manual Table of Contents

Operations Manual

See attached.

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EXHIBIT F

REPRESENTATIONS AND ACKNOWLEDGMENT STATEMENT

REPRESENTATIONS AND ACKNOWLEDGMENT STATEMENT

The purpose of this Statement is to demonstrate to Yogen Früz U.S.A., Inc. ("Franchisor") that the person(s) signing below ("I," "me" or "my"), whether acting individually or on behalf of any legal entity established to acquire the franchise rights, (a) fully understands that the purchase of a Yogen Früz franchise to operate as a master franchisee is a significant long-term commitment, complete with its associated risks, and (b) is not relying on any statements, representations, promises or assurances that are not specifically set forth in Franchisor's Franchise Disclosure Document and Exhibits (collectively, the "FDD") in deciding to purchase the franchise.

In that regard, I represent to Franchisor and acknowledge that:

I understand that buying a franchise is not a guarantee of success. Purchasing or establishing any business is risky, and the success or failure of the franchise is subject to many variables such as my skills and abilities (and those of my partners, officers, employees), the time my associates and I devote to the business, competition, interest rates, the economy, inflation, operation costs, location, lease terms, the market place generally and other economic and business factors. I am aware of and am willing to undertake these business risks. I understand that the success or failure of my business will depend primarily upon my efforts and not those of Franchisor.	INITIAL:
I received a copy of the FDD, including the Master Franchise Agreement, at least 14 calendar days before I executed the Master Franchise Agreement. I understand that all of my rights and responsibilities and those of Franchisor in connection with the franchise are set forth in these documents and only in these documents. I acknowledge that I have had the opportunity to personally and carefully review these documents and have, in fact, done so. I have been advised to have professionals (such as lawyers and accountants) review the documents for me and to have them help me understand these documents. I have also been advised to consult with other franchisees regarding the risks associated with the purchase of the franchise.	INITIAL:
Neither the Franchisor nor any of its officers, employees or agents (including any franchise broker) has made a statement, promise or assurance to me concerning any matter related to the master franchise (including those regarding advertising, marketing, training, support service or assistance provided by Franchisor) that is contrary to, or different from, the information contained in the FDD.	INITIAL:
My decision to purchase the master franchise has not been influenced by any oral representations, assurances, warranties, guarantees or promises whatsoever made by the Franchisor or any of its officers, employees or agents (including any franchise broker), including as to the likelihood of success of the master franchise.	INITIAL:
I have made my own independent determination as to whether I have the capital necessary to fund the business and my living expenses, particularly during the start-up phase.	INITIAL:

PLEASE READ THE FOLLOWING QUESTION CAREFULLY. THEN SELECT YES OR NO AND PLACE YOUR INITIALS WHERE INDICATED. Have you received any information from the Franchisor or any of its officers, employees or agents (including any franchise broker) concerning actual, average, projected or forecasted sales, revenues, income, profits or earnings of the franchise business (including any statement, promise or assurance concerning the likelihood of success) □ Yes □ No (Initial Here: ___) If you selected "Yes," please describe the information you received on the lines below: ____ ____.	INITIAL:

Prohibited Parties Clause. I acknowledge that Franchisor, its employees and its agents are subject to U.S. laws that prohibit or restrict (a) transactions with certain parties, and (b) the conduct of transactions involving certain foreign parties. These laws include, without limitation, U.S. Executive Order 13224, the U.S. Foreign Corrupt Practices Act, the Bank Secrecy Act, the International Money Laundering Abatement and Anti-terrorism Financing Act, the Export Administration Act, the Arms Export Control Act, the U.S. Patriot Act, and the International Economic Emergency Powers Act, and the regulations issued pursuant to these and other U.S. laws. As part of the express consideration for the purchase of the franchise, I represent that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been listed on:

1. the U.S. Treasury Department's List of Specially Designated Nationals;
2. the U.S. Commerce Department's Denied Persons List, Unverified List, Entity List, or General Orders;
3. the U.S. State Department's Debarred List or Nonproliferation Sanctions; or
4. the Annex to U.S. Executive Order 13224.

I warrant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been: (i) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or (ii) is owned or controlled by terrorists or sponsors of terrorism. I warrant that I am now, and have been, in compliance with U.S. anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by me to Franchisor were legally obtained in compliance with these laws.

I further covenant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, will, during the term of the Master Franchise Agreement, become a person or entity described above or otherwise become a target of any anti-terrorism law.

FRANCHISEE:

Sign here if you are taking the franchise as an **INDIVIDUAL(S)**
(Note: use these blocks if you are an individual or a partnership but the partnership is not a separate legal entity)

____
Signature
Print Name: ______________________
Date: ______________________

____
Signature
Print Name: ______________________
Date: ______________________

____
Signature
Print Name: ______________________
Date: ______________________

____
Signature
Print Name: ______________________
Date: ______________________

Sign here if you are taking the franchise as a **CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP**

____
Print Name of Legal Entity

By: ______________________
Signature

Print Name: ______________________
Title: ______________________
Date: ______________________

EXHIBIT G

SAMPLE GENERAL RELEASE

YOGEN FRÜZ U.S.A., INC.

GRANT OF FRANCHISOR CONSENT AND MASTER FRANCHISEE RELEASE

YOGEN FRÜZ U.S.A., INC., ("we," "us," or "our") and the undersigned master franchisee, ________________________________ ("you" or "your"), currently are parties to a certain Master Franchise Agreement (the "Master Franchise Agreement") dated __________, 20___. You have asked us to take the following action or to agree to the following request: [*insert*] ____ ____ ____ ____.

We have the right under the Master Franchise Agreement to obtain a general release from you (and, if applicable, your owners) as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you (and, if applicable, your owners) give us the release and covenant not to sue provided below in this document. You (and, if applicable, your owners) are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

Consistent with the previous introduction, you, on your own behalf and on behalf of your successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, owners, directors, officers, principals, employees, and affiliated entities (collectively, the "Releasing Parties"), hereby forever release and discharge us and our current and former officers, directors, owners, principals, employees, agents, representatives, affiliated entities, successors, and assigns (collectively, the "Yogen Früz Parties") from any and all claims, damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, "Claims") that you and any of the other Releasing Parties now has, ever had, or, but for this document, hereafter would or could have against any of the Yogen Früz Parties, including without limitation, Claims (1) arising out of or related to the Yogen Früz Parties' obligations under the Master Franchise Agreement or (2) otherwise arising from or related to your and the other Releasing Parties' relationship, from the beginning of time to the date of your signature below, with any of the Yogen Früz Parties. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the Yogen Früz Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity who is not bound by this paragraph.

We also are entitled to a release and covenant not to sue from your owners. By his, her, or their separate signatures below, your owners likewise grant to us the release and covenant not to sue provided above.

IF THE TERRITORY YOU OPERATE IN UNDER THE MASTER FRANCHISE AGREEMENT IS LOCATED IN CALIFORNIA OR IF YOU ARE A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY:

SECTION 1542 ACKNOWLEDGMENT. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS RELEASE THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION RELEASED BY YOU OR THE RELEASING PARTIES. YOU RECOGNIZE THAT YOU OR THE RELEASING PARTIES MAY HAVE SOME CLAIM, DEMAND, OR CAUSE OF ACTION AGAINST THE

YOGEN FRÜZ PARTIES OF WHICH YOU, HE, SHE, OR IT IS TOTALLY UNAWARE AND UNSUSPECTING, WHICH YOU, HE, SHE, OR IT IS GIVING UP BY EXECUTING THIS RELEASE. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE YOU, HIM, HER, OR IT OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT YOU, HIM, HER, OR IT FROM ASSERTING IT AGAINST THE YOGEN FRÜZ PARTIES. IN FURTHERANCE OF THIS INTENTION, YOU, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, EXPRESSLY WAIVE ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN THE CREDITOR'S FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY THE CREDITOR MUST HAVE MATERIALLY AFFECTED THE CREDITOR'S SETTLEMENT WITH THE DEBTOR."

YOU ACKNOWLEDGE AND REPRESENT THAT YOU HAVE CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS RELEASE AND THAT YOU UNDERSTAND ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENT THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this release on the date stated on the first page hereof.

YOGEN FRÜZ U.S.A., INC.

Print Name:______________________________________

Title:____

By:____ Date:______________________________

MASTER FRANCHISEE

____

Print Name:______________________________________

Title:____

By:____ Date:______________________________

MASTER FRANCHISEE OWNER

Print Name:______________________________________

Title:____

By:____ Date:______________________________

Print Name:______________________________________

Title:____

By:____ Date:______________________________

EXHIBIT H

LISTS OF CURRENT AND FORMER MASTER FRANCHISEES

LIST OF MASTER FRANCHISEES
CURRENT AS OF THE END OF THE
MOST RECENTLY COMPLETED FISCAL YEAR (AUGUST 31, 2023)

Master Franchisee Name	Address	City	State	Zip	Phone Number
1. YF Puerto Rico, Inc.	Road 175, KM 0.6, Bo. San Antonio	Cauguas	PR	00725	(787) 706-2007
2. YV USVI, Inc.	PO Box 8057, Bldg. 3, Vitraco Mall, Suite #1	St. Thomas	VI	00802	(340) 201-0110

LIST OF FORMER MASTER FRANCHISEES AND MASTER FRANCHISEES THAT HAVE NOT COMMUNICATED WITHIN THE LAST 10 WEEKS AS OF THE END OF THE MOST RECENTLY COMPLETED FISCAL YEAR (AUGUST 31, 2023)

None.

EXHIBIT I

STATE ADDENDA AND AGREEMENT RIDERS

ADDITIONAL DISCLOSURES FOR THE
FRANCHISE DISCLOSURE DOCUMENT OF
YOGEN FRÜZ U.S.A., INC.

The following are additional disclosures for the Franchise Disclosure Document of Yogen Früz U.S.A., Inc. required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise registration and disclosure law applies to you.

<u>CALIFORNIA</u>

1. The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

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

3. Neither the franchisor nor any person or franchise broker in Item 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

4. Our website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.

5. California Business and Professions Code sections 20000 through 20043 (the Franchise Relations Act) provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control. In particular, Business and Professions Code section 20010 voids a waiver of your rights under the Franchise Relations Act.

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

7. Before the franchisor can ask you to materially modify your existing franchise agreement, Section 31125 of the California Corporations Code requires the franchisor to file a material modification application with the Department that includes a disclosure document showing

the existing terms and the proposed new terms of your franchise agreement. Once the application is registered, the franchisor must provide you with that disclosure document with an explanation that the changes are voluntary.

8. 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.).

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

10. The franchise agreement requires binding arbitration. The arbitration will occur in Las Vegas, Nevada, with the costs being borne by . 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 a franchise agreement restricting venue to a forum outside the State of California.

11. The franchise agreement requires application of the laws of Nevada. This provision may not be enforceable under California law. You may want to consult an attorney to understand the impact of out-of-state governing law on the franchise agreement.

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

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

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

15. California's Franchise Investment Law (Corporations Code section 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the Franchise Investment Law.

ILLINOIS

1. Illinois law governs the master franchise agreement.

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

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

4. Franchisees rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

> **INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT 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, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.**
>
> **THE MASTER FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE MASTER FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A**

MASTER FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the our 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 master franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

None of the master 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. `uptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The master franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c), entitled **Requirements for you to renew or extend your right to perform the Master Franchise Rights**, 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.

6. The following language replaces the "Summary" section of Item 17(d), entitled **Termination by franchisee**:

You may terminate the master franchise agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), entitled **Assignment of contract by franchisor**:

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

8. The following is added to the end of the "Summary" sections of Item 17(v), entitled **Choice of forum**, and Item 17(w), entitled **Choice of law**:

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

VIRGINIA

1. The following language is added to the end of the "Summary" section of Item 17(e), entitled **Termination by franchisor without cause**:

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.

2. As to any state law described in this Addendum that declares void or unenforceable any provisioncontained in the Franchise Agreement, the franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legalaction or arbitration that you have initiated.

3. This Addendum shall be effective only to the extent that jurisdictional requirements of the Virginia Retail Franchising Act are met independently of, and without reference to, this Addendum. This Addendum shall have no effect if the jurisdictional requirements of the Virginia Retail Franchising Actare not met.

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

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE-SPECIFIC RIDERS TO THE MASTER FRANCHISE AGREEMENT

RIDER TO THE
MASTER FRANCHISE AGREEMENT FOR USE IN CALIFORNIA

THIS RIDER is made and entered into by and between Yogen Früz U.S.A., Inc., a Nevada corporation having its principal address at 210 Shields Court, Markham, Ontario, Canada, L3R 8V2 ("**we**"), and ____ a(n) _________________ whose principal business address is _______________________________________ ("**you**").

1. BACKGROUND. We and you are parties to that certain Master Franchise Agreement dated _______________, 20____ (the "**Master Franchise Agreement**"). This Rider is annexed to and forms part of the Master Franchise Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Master Franchise Agreement occurred in California and the business that you will operate under the Master Franchise Agreement will be located in California, and/or (b) you are domiciled in California.

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

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Master Franchise Agreement.

YOGEN FRÜZ U.S.A., INC.,
A NEVADA CORPORATION

By:_______________________________
Name:_____________________________
Title:______________________________
Date*:_____________________________
(*This is the Effective Date)

MASTER FRANCHISEE:

____
[Name]

By:_______________________________
Name:_____________________________
Title:______________________________
Date: ______________________________

RIDER TO THE
MASTER FRANCHISE AGREEMENT
FOR USE IN ILLINOIS

THIS RIDER is made and entered into by and between Yogen Früz U.S.A., Inc., a Nevada corporation having its principal address at 210 Shields Court, Markham, Ontario, Canada, L3R 8V2 ("**we**"), and ____ a(n) ________________________________ whose principal business address is ____("**you**").

1. **BACKGROUND**. We and you are parties to that certain Master Franchise Agreement dated ________________________, 20___ (the "**Master Franchise Agreement**"). This Rider is annexed to and forms part of the Master Franchise Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Master Franchise Agreement occurred in Illinois and the business that you will operate under the Master Franchise Agreement will be located in Illinois, and/or (b) you are domiciled in Illinois.

2. **GOVERNING LAW**. Section XVIII.A of the Master Franchise Agreement is deleted and replaced with the following:

> Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. sections 1051 et seq.), or other United States federal law, this Agreement, the franchise, and all claims arising from the relationship between us and you will be governed by the laws of the State of Illinois without regard to its conflict of laws rules**.**

3. **JURISDICTION AND VENUE**. Section XVIII.B of the Master Franchise Agreement is deleted in its entirety.

4. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. The following language is added to the end of Article XX of the Master Franchise Agreement:

> However, this Article shall not act as a condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act at Section 705/41 or Illinois regulations at Section 200.609.

5. **LIMITATIONS OF CLAIMS**. Article XXII of the Master Franchise Agreement is amended by adding the following:

> However, nothing contained in this Article shall constitute a condition, stipulation, or provision purporting to bind any person to waive compliance with any provision of the Illinois Franchise Disclosure Act at Section 705/27 or any other law of the State of Illinois, to the extent applicable.

6. **ILLINOIS FRANCHISE DISCLOSURE ACT**. The following language is added as Article XXVIII of the Master Franchise Agreement:

G. **ILLINOIS FRANCHISE DISCLOSURE ACT**.

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 the Act or any other law of Illinois is void.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Master Franchise Agreement.

YOGEN FRÜZ U.S.A., INC.,
A NEVADA CORPORATION

By:______________________________
Name:____________________________
Title:_____________________________
Date*:____________________________
(*This is the Effective Date)

MASTER FRANCHISEE:

____
[Name]

By:______________________________
Name:____________________________
Title:_____________________________
Date: ____________________________

RIDER TO THE
MASTER FRANCHISE AGREEMENT FOR USE
IN NEW YORK

THIS RIDER is made and entered into by and between Yogen Früz U.S.A., Inc., a Nevada corporation having its principal address at 210 Shields Court, Markham, Ontario, Canada, L3R 8V2 ("**we**"), and ______________________________ a(n) ______________________________ whose principal business address is ______________________________("**you**").

1. **BACKGROUND**. We and you are parties to that certain Master Franchise Agreement dated ______________________, (the "**Master Franchise Agreement**"). This Rider is being signed because (a) you are domiciled in the State of New York and the business that you will operate under the Master Franchise Agreement will be located in New York, and/or (b) any of the offering or sales activity relating to the Master Franchise Agreement occurred in New York.

2. **TRANSFER BY US**. The following language is added to the end of Section XII.A of the Master Franchise Agreement:

> However, to the extent required by applicable law, no transfer will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

3. **RELEASES.** The following is added to the end of Sections I.D ("Renewal of the Development Term") and XII.D(2) ("Transferability; Conditions for Our Approval") of the Master Franchise Agreement:

> Notwithstanding the foregoing all rights enjoyed by you 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 to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.5, as amended.

4. **TERMINATION OF AGREEMENT BY YOU**. The following language is added to the end of Article XI of the Master Franchise Agreement:

> You may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. **GOVERNING LAW; JURISDICTION AND VENUE**. The following statement is added at the end of Sections XVIII.A and XVIII.B of the Master Franchise Agreement:

> This Section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Master Franchise Agreement.

YOGEN FRÜZ U.S.A., INC.,
A NEVADA CORPORATION

By:_______________________________
Name:_____________________________
Title:______________________________
Date*:_____________________________
(*This is the Effective Date)

MASTER FRANCHISEE:

____
[Name]

By:_______________________________
Name:_____________________________
Title:______________________________
Date: _____________________________

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE-SPECIFIC RIDERS TO THE UNIT FRANCHISE AGREEMENT

RIDER TO THE
UNIT FRANCHISE AGREEMENT
FOR USE IN ILLINOIS

THIS RIDER is made and entered into by and between Yogen Früz U.S.A., Inc., a Nevada corporation having its principal address at 210 Shields Court, Markham, Ontario, Canada, L3R 8V2 ("**we**"), and ______________________________ a(n) ______________________________ whose principal business address is ______________________________("**you**").

1. **BACKGROUND**. We and you are parties to that certain Unit Franchise Agreement dated ______________________________, 20___ (the "**Unit Franchise Agreement**"). This Rider is annexed to and forms part of the Unit Franchise Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Unit Franchise Agreement occurred in Illinois and the business that you will operate under the Unit Franchise Agreement will be located in Illinois, and/or (b) you are domiciled in Illinois.

2. **GOVERNING LAW**. Section XXVI of the Unit Franchise Agreement is deleted and replaced with the following:

> Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. sections 1051 et seq.), or other United States federal law, this Agreement, the franchise, and all claims arising from the relationship between us and you will be governed by the laws of the State of Illinois without regard to its conflict of laws rules**.**

3. **EXCLUSIVE JURISDICTION**. Section XXVII of the Unit Franchise Agreement is deleted in its entirety.

4. **ACTIONS**. Article XXXIVC. of the Unit Franchise Agreement is amended by adding the following:

> However, nothing contained in this Article shall constitute a condition, stipulation, or provision purporting to bind any person to waive compliance with any provision of the Illinois Franchise Disclosure Act at Section 705/27 or any other law of the State of Illinois, to the extent applicable.

5. **ILLINOIS FRANCHISE DISCLOSURE ACT**. The following language is added as Article XXVIII of the Unit Franchise Agreement:

> G. **ILLINOIS FRANCHISE DISCLOSURE ACT**.
>
> 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 the Act or any other law of Illinois is void.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Unit Franchise Agreement.

YOGEN FRÜZ U.S.A., INC., **A NEVADA CORPORATION**	**FRANCHISE OWNER:**
	______________________________ [Name]
By:______________________________ Name:______________________________ Title:______________________________ Date*:______________________________ (*This is the Effective Date)	By:______________________________ Name:______________________________ Title:______________________________ Date: ______________________________

RIDER TO THE
UNIT FRANCHISE AGREEMENT FOR USE
IN NEW YORK

THIS RIDER is made and entered into by and between Yogen Früz U.S.A., Inc., a Nevada corporation having its principal address at 210 Shields Court, Markham, Ontario, Canada, L3R 8V2 ("**we**"), and ____ a(n) ________________________________ whose principal business address is ____ ("**you**").

1. **BACKGROUND**. We and you are parties to that certain Unit Franchise Agreement dated ___________________________, (the "**Unit Franchise Agreement**"). This Rider is being signed because (a) you are domiciled in the State of New York and the business that you will operate under the Unit Franchise Agreement will be located in New York, and/or (b) any of the offering or sales activity relating to the Unit Franchise Agreement occurred in New York.

2. **TRANSFER BY US**. The following language is added to the end of Section XII.A of the Unit Franchise Agreement:

> However, to the extent required by applicable law, no transfer will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

3. **RELEASES.** The following is added to the end of Sections I.D ("Renewal of the Development Term") and XII.D(2) ("Transferability; Conditions for Our Approval") of the Unit Franchise Agreement:

> Notwithstanding the foregoing all rights enjoyed by you 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 to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.5, as amended.

4. **TERMINATION OF AGREEMENT BY YOU**. The following language is added to the end of Article XVI of the Unit Franchise Agreement:

> You may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. **GOVERNING LAW; EXCLUSIVE JURISDICTION**. The following statement is added at the end of Sections XXVI and XXVII of the Unit Franchise Agreement:

> This Section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Unit Franchise Agreement.

YOGEN FRÜZ U.S.A., INC.,
A NEVADA CORPORATION

By:_______________________________
Name:_____________________________
Title:_____________________________
Date*:_____________________________
(*This is the Effective Date)

FRANCHISE OWNER:

____
[Name]

By:_______________________________
Name:_____________________________
Title:_____________________________
Date: _____________________________

NEW YORK REPRESENTATIONS PAGE

FRANCHISOR REPRESENTS THAT THIS FRANCHISE DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

State Effective Dates

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

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

STATE	EFFECTIVE DATE
California	March 12, 2024
New York	Pending

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

EXHIBIT J

RECEIPTS

RECEIPT (YOUR COPY)

This Franchise Disclosure Document summarizes certain provisions of the master franchise agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully.

If Yogen Früz U.S.A., Inc. offers you a master franchise, it must provide this Franchise Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Yogen Früz U.S.A., Inc. or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Under Iowa law, we must give you this Franchise Disclosure Document at the earlier of our 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under New York law, we must provide this Franchise Disclosure Document at the earlier of the 1st personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

If Yogen Früz U.S.A., Inc. does not deliver this Franchise Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The franchisor is Yogen Früz U.S.A., Inc., 210 Shields Court, Markham, Ontario, Canada, L3R 8V2, Phone: 905- 479-8762. The franchise seller for this offering is Irena Rakhamimov.

Issuance Date: June 10, 2025

See Exhibit A for Yogen Früz U.S.A., Inc.'s registered agents authorized to receive service of process. I have received a Franchise Disclosure Document dated January 12, 2024, that included the following Exhibits:

Exhibit A	State Agents/Agents for Service of Process	Exhibit F	Representations and Acknowledgment Statement
Exhibit B	Master Franchise Agreement	Exhibit G	Sample General Release
Exhibit C	Unit Franchise Agreement	Exhibit H	List of Current and Former Master Franchisees
Exhibit D	Financial Statements	Exhibit I	State Addenda
Exhibit E	Table of Contents to Construction	Exhibit J	Receipts

Date Received (do not leave blank)	Signature of Prospective Franchisee	Print Name
Date Received (do not leave blank)	Signature of Prospective Franchisee	Print Name

Please sign this copy of the receipt, print the date on which you received this Franchise Disclosure Document, and return it, by mail or facsimile, to Yogen Früz U.S.A., Inc., 210 Shields Court, Markham, Ontario, Canada, L3R 8V2, Phone: (905) 479-8762.

RECEIPT (OUR COPY)

This Franchise Disclosure Document summarizes certain provisions of the master franchise agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully.

If Yogen Früz U.S.A., Inc. offers you a master franchise, it must provide this Franchise Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Yogen Früz U.S.A., Inc. or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Under Iowa law, we must give you this Franchise Disclosure Document at the earlier of our 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under New York law, we must provide this Franchise Disclosure Document at the earlier of the 1st personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

If Yogen Früz U.S.A., Inc. does not deliver this Franchise Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The franchisor is Yogen Früz U.S.A., Inc., 210 Shields Court, Markham, Ontario, Canada, L3R 8V2, Phone: 905- 479-8762. The franchise seller for this offering is Irena Rakhamimov.

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Exhibit D	Financial Statements	Exhibit I	State Addenda
Exhibit E	Table of Contents to Construction	Exhibit J	Receipts

Date Received (do not leave blank)	Signature of Prospective Franchisee	Print Name
Date Received (do not leave blank)	Signature of Prospective Franchisee	Print Name

Please sign this copy of the receipt, print the date on which you received this Franchise Disclosure Document, and keep it for your records.

ND:4938-2136-8143, v. 1