

FRANCHISE DISCLOSURE DOCUMENT



Chill-N Nitrogen Ice Cream Franchising, LLC
a Delaware limited liability company
3051 NW 75th Avenue
Miami, FL 33122
(305) 925-7530

Franchisor franchises the right to operate a business system offering nitrogen ice cream, yogurt, and toppings under the “Chill N⁷ Nitrogen Ice Cream” name and mark.

The total estimated initial investment necessary to begin operation of a Chill N⁷ franchise ranges from \$462,411 to \$679,315. This includes \$52,400 which must be paid to the franchisor or its affiliates.

Franchisor also offers an Area Development Agreement for the establishment and operation of multiple Chill N⁷ businesses in a specified development area. The Development Fee is \$69,000 for the right to operate two Chill N⁷ businesses and \$89,000 for the right to operate three Chill N⁷ businesses. The total investment necessary to begin operation of the first Chill N⁷ business under an area development business for the total of three businesses is \$512,411 to \$729,315. Franchisor reserves the right to make exceptions for larger agreements depending on the qualifications of the franchisee.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact us at 3051 NW 75th Avenue, Miami, FL 33122, Attn: David Leonardo via telephone at (305) 925-7530, Ext. 107, or by emailing davidleonardo@chilln.com.

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

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

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

The Issue Date of this Franchise Disclosure Document (“FDD”) is: May 25, 2022

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit 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 discretion. 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 C includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Chill-N Nitrogen Ice Cream business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchise 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 Chill-N Nitrogen Ice Cream franchisee?	Item 20 or Exhibit H list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The Franchise Agreement and Area Development Agreement require you to resolve disputes with the franchisor by mediation and/or litigation only in Florida. Out-of-state mediation and/or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate and/or litigate with the franchisor in Florida than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **General Financial Condition.** 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

- Exhibit A – List of State Administrators and Agents for Service of Process
- Exhibit B – Table of Contents of Operations Manual
- Exhibit C – Financial Statements
- Exhibit D – Franchise Agreement
- Exhibit E – Development Agreement
- Exhibit F – Sample Termination and Release Agreement
- Exhibit G – State Specific Addenda
- Exhibit H – List of Franchisees/List of Franchisees Who Have Left the System
- Exhibit I – Construction Services Agreement
- Exhibit J – State Effective Dates
- Exhibit K - Receipts

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

Company

To simplify the language in this Franchise Disclosure Document, “Company,” “Franchisor,” “we” or “us” means Chill-N Nitrogen Ice Cream Franchising, LLC, the franchisor of this business. “You” means the person who buys the franchise and includes your owners and principals if you are a corporation or other business entity.

Company’s Business Activities and the Franchise Offered under Franchise Agreement

We are a Delaware limited liability company formed on May 23, 2018. Our principal business address is 3051 NW 75th Avenue, Miami, FL 33122 and our telephone number is (305) 925-7530. Our website is www.chilln.com. We do business under our corporate name Chill-N Nitrogen Ice Cream Franchising, LLC, and the trade name “Chill-N Nitrogen Ice Cream”. We grant franchises for the establishment, development, and operation of businesses offering nitrogen ice cream, yogurt, and toppings under the “Chill N⁷ Nitrogen Ice Cream” name and mark (“Franchised Businesses” or “Business”). We are exclusive franchisor of Chill-N Nitrogen Ice Cream, and we began offering franchises in March 2019. We do not engage in any other business activities, and do not offer franchises in any other line of business.

Chill-N Nitrogen Ice Cream is a unique concept that flash freezes ice cream, yogurt and coconut milk with liquid nitrogen in seconds using our proprietary system; creating an individual made-to-order frozen treat with a unique flavor and texture meeting the customer’s individual equation. At each Business, personal batches are made moments before a customer takes a scoop. We flavor every serving as it’s ordered, right in front of the customer, so the customer can see the all-natural ingredients before they’re mixed and frozen.

Each Franchised Business operates pursuant to our proprietary operating system, the characteristics of which include: (a) proprietary standards and specifications for food preparation and service (collectively, the “Proprietary Recipes”); (b) interior and exterior designs, décor, and color schemes; (c) standards and specifications for the furniture, fixtures, and equipment necessary to operate a Franchised Business; (d) sales techniques, and merchandising, marketing, advertising, and inventory management systems; and (e) standardized procedures for operating and managing a Franchised Business (collectively, the “System”).

We identify the System by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited to, the mark “Chill N⁷ Nitrogen Ice Cream”, distinctive trade dress, and any other trade names, trademarks, and service marks we may now or in the future designate in writing for use in connection with the System (collectively, the “Proprietary Marks”). We continue to develop, use, and control the Proprietary Marks in order to identify for the public the source of products and services marketed under the System, and to represent the System’s high standards of quality, appearance, and service.

You will operate your Franchised Business pursuant to our current form of Franchise Agreement, which is attached to this Disclosure Document as Exhibit D. Under the Franchise Agreement, you are granted the right and obligation to open and operate a Chill-N-Ice business at a certain approved location (“Approved Location”).

Development Agreement

We also offer qualified individuals the right to open and operate up to three Franchised Businesses within a defined geographical area (the “Development Area”) by: (i) executing our current form of development agreement (the “Development Agreement”) attached as Exhibit E to this Disclosure Document; and (ii) paying our then-current development fee upon execution of your Development Agreement, which will depend on the number of Franchised Businesses you agree to open (the “Development Fee”).

You will be required to enter into our then-current form of Franchise Agreement for each Franchised Business you are required to open under the Development Agreement, and you must execute the Franchise Agreement for your initial Franchised Business contemporaneously with the execution of your Development Agreement. You must then ensure that you open and commence operations of each additional Franchised Business in the Development Area in accordance with the mandatory development schedule set forth in your Development Agreement (the “Mandatory Development Schedule”).

Parents, Predecessors and Affiliates

We have no parents. Our affiliate, Chill-N LLC, is a Florida limited liability company formed on November 7, 2011 with a principal place of business at 3051 NW 75th Avenue, Miami, FL 33122. Beginning in 2012, Chill-N LLC has operated Chill-N Nitrogen Ice Cream businesses in Pinecrest, FL; Aventura, FL; Fort Lauderdale, FL; South Miami, FL; and Coconut Grove, FL. Chill-N has also licensed locations in Weston, FL; and Coral Springs, FL. Chill-N LLC licensed us the exclusive right to license the Proprietary Marks and System. Chill-N LLC doesn’t offer franchises in this or any other line of business.

Other than as disclosed above, we have no parents, predecessors, or affiliates that offer franchises in this line or any line of business or that provide goods or services to franchisees.

Market and Competition

You will offer your products to the general public. The market for ice cream and frozen dessert products is mature and highly competitive. Your competitive advantage in the marketplace will be based upon the uniqueness of nitrogen ice cream, as well as your adherence to our standards and guidelines and your entrepreneurial and managerial abilities and focus on customer service. You can expect competition from national, regional and local ice cream and frozen yogurt businesses. Our Products are somewhat seasonal and sell better in warm weather.

Industry Specific Regulations

The food service industry is heavily regulated. A wide variety of Federal, state and local laws, rules and regulations have been enacted that may impact the operation of your Franchised Business, and may include those which: (a) establish general standards, zoning, permitting restrictions and requirements and other specifications and requirements for the location, construction, design, maintenance and operation of the Franchised Business’s premises; (b) set standards pertaining to employee health and safety; (c) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for restaurants and laws and regulations relating to access by persons with disabilities; employee practices concerning the storage, handling, cooking and preparation of food items and nitrogen; restrictions on smoking; available of and requirements for public accommodations and

requirements for fire safety and general emergency preparedness; (d) establish requirements for food identification and labeling; and (e) advertisements. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your Franchised Business and you should consider both their effect and costs of compliance.

Many of the laws, rules and regulations that apply to business generally, such as the Americans with Disabilities Act, Federal Wage and Hour Laws and the Occupational Safety and Health Act, also apply to restaurants. The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce laws and regulations that govern food preparation and service and sanitary conditions. The federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particulate matters, including caps on emissions from commercial food preparation. Some areas have also adopted or are considering proposals that would regulate indoor air quality.

The Nutrition Labeling and Education Act (NLEA) sets regulations for food labeling, including nutritional label standards, nutrient content claims, and health claims. NLEA applies to virtually all foods in the food supply, including food served and sold in restaurants. While NLEA specifies a number of exemptions for restaurants and other retail establishments, there are many instances where a nutritional label is required. The Food and Drug Administration's *Nutritional Labeling Guide for Restaurants and Other Retail Establishments* provides answers to commonly asked questions regarding the application of NLEA.

We have not investigated the laws or regulations applicable to your Franchised Business. You must identify, investigate, satisfy and comply with all laws, ordinances and/or regulations applicable to your Franchised Business, including employment, workers' compensation, insurance, corporate, tax, public health and similar laws and regulations, because they vary from place to place, can change over time and may affect the operation of your Franchised Business. You should independently research and review the legal requirements of the food services industry with your own attorney before you sign any binding documents or make any investments.

Each of your managers and other employees we designate must be ServSafe (or similar) certified.

ITEM 2 **BUSINESS EXPERIENCE**

Daniel Golik: Co-Founder and Chief Operations Officer

Daniel Golik is a Co-Founder of the Chill-N Ice Cream System and has served as our Chief Operating Officer since June 2019. Mr. Golik served as Vice President of Operations since our formation in May 2018 until May 2019. Since October 2012, he has served as the managing member of Chill-N Ice Cream, LLC.

David Leonardo: Chief Executive Officer

Mr. Leonardo has served as our Chief Executive Officer since June 2019. From January 2019 until May 2019, he served as our Vice President of Development and Real Estate. From September 2015 until October 2017, Mr. Leonardo served as the Senior Vice President – Franchising for PSP Franchising, LLC of Livonia, Michigan, the franchisor of Pet Supplies Plus stores.

Donna Golik: Co-Founder and Director of Brand Experience

Ms. Golik has served as our Director of Brand Experience since June 2019. From January 2019 until May 2019, she served as our Vice President of Administration. Ms. Golik is also a Co-Founder of Chill-N Ice Cream, LLC, which was formed in October, 2012 and manages the administration of its Chill-N Nitrogen Ice Cream Stores, as well as the warehouse and commissary.

William Golik: Marketing Manager and Catering Director

Mr. Golik serves as our Marketing & Customer Engagement Manager, a position he has held since February 2021. Since June 2019, Mr. Golik served as our Marketing Manager and Catering Director. Since 2011, Mr. Golik has served in various roles with our affiliate Chill-N, LLC, including Marketing Manager, Catering Director and Shift Manager.

Anthony Alfaro: Franchise Business Manager

Mr. Alfaro serves as our Franchise Business Manager, a position he has held since June 2019. Since 2014, Mr. Alfaro has served in various positions with our affiliate Chill-N, LLC, including Store Manager and Area Manager.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee

You must pay us a franchise fee when you sign the Franchise Agreement for one Franchised Business ("Initial Franchise Fee"). The Initial Franchise Fee for a single Franchised Business is \$39,000. The Initial Franchise Fee is uniform to all franchisees and deemed fully earned and nonrefundable upon payment.

Area Development Fee

Currently, we offer qualified prospects the right to open and operate up to three (3) Franchised Businesses pursuant to the terms of the Development Agreement. The Development Fee for the right to open two Businesses is \$69,000 and \$89,000 for the right to open three Businesses. The Development Fee is payable in full upon the signing the Development Agreement. The Development Fee covers (a) the entire portion of the Initial Franchise Fee applicable to your first Business, and (b) the entire portion of a

discounted Initial Franchise Fee for both the second and third Businesses developed pursuant to the Development Agreement.

The Development Fee is deemed fully earned and non-refundable upon payment. You will execute a franchise agreement for your first Business contemporaneous with the execution of the Development Agreement. Your second Franchise Agreement must be executed within 90 days of opening the first Business, and your third Franchise Agreement must be executed within 90 days of opening the second Business. You will not be required to pay any additional Initial Franchise Fees for Businesses opened pursuant to the Development Agreement outside of the payment of the Development Fee. The company may grant larger development agreements at its sole discretion to qualified investors.

Initial Purchases

You must purchase an opening package of apparel, uniforms and initial marketing material (the "Opening Package") from us prior to opening the Franchised Business. The Opening Package costs \$13,400 and such amount is deemed fully earned and nonrefundable upon payment.

ITEM 6 **OTHER FEES**

Column 1	Column 2	Column 3	Column 4
TYPE OF FEE¹	AMOUNT	DUE DATE	REMARKS
Royalty ²	6% of Gross Sales	Weekly via ACH on Wednesday for the sales week ending the immediately preceding Sunday.	Gross Sales are defined in Note 2 below. Royalties are paid to us.
Brand Fund Contribution ³	2% of Gross Sales	Weekly via ACH on Wednesday for the sales week ending the immediately preceding Sunday.	Brand Fund Contributions are paid to us.
Local Advertising Marketing and Promotional Expenditures ⁴	3% of Gross Sales until the National Brand Fund is instituted, then the Local Advertising Requirement shall be 2% of Gross Sales	Monthly - as incurred by you	Local Advertising, Marketing and Promotional expenditures are paid to third parties. A maximum expense is set to \$1500 per month and a minimum amount of \$750 per month.
IP Fee ⁵	Currently, \$100 per month with the right to increase if we modify or develop new or different intellectual	Paid with the first royalty payment of each month via ACH	IP Fee will be paid to us or our designated vendor.

Column 1	Column 2	Column 3	Column 4
TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS
	property with 30 days prior notice.		
Technology Fee ⁶	Currently, \$150 per month with the right to increase if develop additional technology or software.	Paid with the first royalty payment of each month via ACH	Technology Fee will be paid to us or our designated vendor.
POS System Fee ⁷	The then current fee per credit card transaction, currently 2.15% plus \$0.15 cents for each transaction. There is currently no set up cost for the POS.	As incurred	POS System Fee will be paid to our designated vendor or third parties.
Mystery Shopper Fee	Currently not charged, but we have the right to implement a Mystery Shopper Program and charge a monthly or annual fee to participate in the Program We reserve the right to increase this fee at any time with 30-days' notice to you.	Monthly as incurred	The Mystery Shopper Fee is paid to third parties.
Interest on Late Payments, Late Fees, and Insufficient Funds	18% per annum or highest rate allowed by law, late fee of \$250 per occurrence; insufficient funds fee of \$250 per occurrence, per payment period overdue	As Incurred	Interest is paid to us from the date of nonpayment or underpayment.
Transfer Fee ⁸			
(a) All transfers except as provided in (b) below.	30% of the then current franchise fee	The transfer fee is paid upon application to transfer	The transfer fee is paid to us.
(b) Transferee is an entity controlled and owned by current Franchisee or upon Franchisee's death or disability to a spouse, parent or child.	No charge.		

Column 1	Column 2	Column 3	Column 4
TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS
Relocation Fee ⁹	\$5,000	As Incurred	The Relocation Fee is paid to us.
Testing or Supplier Approval Fee	Our Costs and expenses.	Upon request	Testing or Supplier Approval fees are paid to us.
Audit Fee ¹⁰	Costs and expenses.	As incurred	The Audit Fee is paid to us.
Additional training ¹¹	Currently \$100 per person per day plus expenses incurred.	As incurred prior to beginning of additional training	The Fee for Additional Training is paid to us.
Additional On-Site Training ¹²	Currently \$500 per trainer per day.	As incurred prior to beginning of additional training	The fee for Additional On-Site Training is paid to us.
Additional Training at Affiliate-Owned Location ¹³	Currently \$250 per person per day plus expenses incurred.	As incurred prior to beginning of additional training	The fee for Additional Training at an Affiliate-Owned Location is paid to us.
Renewal Fee ¹⁴	10% of the then current franchise fee	Upon signing a then current form franchise agreement	The Renewal Fee is paid to us, over and above any Royalties, Brand Fund Contributions or any other fees to which we are entitled.
Legal fees and expenses ¹⁵	Costs and expenses, including but not limited to attorneys' fees for any failure to pay amounts when due or failure to comply in any way with the Franchise Agreement.	As Incurred	Legal fees and expenses are paid to us.
Indemnification	The amount of any claim, liability or loss we incur from your Franchised Business.	As Incurred	Costs for Indemnification are paid to us.
Reimbursement of Costs and Expenses ¹⁶	Costs and expenses.	As Incurred	Reimbursement of costs and expenses are paid to us.
Post-Termination or Post-Expiration Expenses ¹⁷	Costs and expenses.	As Incurred	Reimbursement of our post-termination or post-expiration expenses is paid to us.
Insurance ¹⁸	Cost of insurance	As required by insurer or broker	Insurance costs are paid to third parties.

Column 1	Column 2	Column 3	Column 4
TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS
Failure to Attend Annual Conference Fee	\$1,500	As incurred	Payable if you fail to attend our annual conference without our prior written consent.
Management Fee	Up to 8% of the Gross Sales of the Franchised Business, plus reimbursement of our expenses	As incurred	The Management Fee will only be due to us if (a) you are in material default under your Franchise Agreement or become disabled, incapacitated or absent (and unable to perform as the “Franchisee” under your Franchise Agreement), and (b) we exercise our right to temporarily operate your Franchised Business in an effort to assist in getting the operations of the Franchised Business back into compliance with the Franchise Agreement and System standards.
Accounting Fee	Currently \$425 per month	As incurred	See Note 19.

Notes:

1) Except as otherwise noted, fees are uniformly imposed and collected by and are payable to us on all franchisees who sign our Franchise Agreement, but we may in unique situations modify certain fees. No fees or other amounts payable to us or our affiliates are refundable. Before you open your Franchised Business, you must sign and deliver to us and your bank all documents needed to permit us to debit your bank account for the Royalty, Brand Fund Contribution, Technology Fees and all other payments due to us or our affiliates under the Franchise Agreement or otherwise. If you change your account or transfer your account to a different bank, you must notify us within one day, and sign and deliver to us and your bank new documents to permit us to debit your bank account within three days. However, we may require you to pay all amounts due by means other than automatic debit whenever we deem appropriate. Any charges you incur by your banking institution for services related to the electronic funds transfer are your responsibility. You shall make available to us all original books and records that we may deem necessary to ascertain your Gross Sales for reasonable inspection at reasonable times.

2) Royalty payments are paid weekly via ACH on each Wednesday for the sales week ending the immediately preceding Sunday. Each Royalty payment is calculated based on the Gross Sales of the

Franchised Business. Your Royalty payment will be the total of 6% of your Gross Sales. Gross Sales are defined in the Franchise Agreement to include all income of any type or nature and from any source that you derive or receive directly or indirectly from, through, by or on account of the operation of the Franchised Business at any time after the signing of your Franchise Agreement, in whatever form and from whatever source, including but not limited to cash sales, services, sales via third party food delivery services, catering sales, in kind barter and/or exchanges, on credit or otherwise as well as business interruption insurance proceeds, all without deduction for expenses including marketing expenses and taxes. However, the definition of Gross Sales does not include sales tax that is collected from customers and actually transmitted to the appropriate taxing authorities and/or Gratuities paid out to employees.

3) We reserve the right to establish a brand fund (the “Brand Fund”) for the common benefit of System Franchisees. Once established, you will be required to contribute 2% of your weekly Gross Sales to the Brand Fund (“Brand Fund Contribution”). We may begin collecting the Brand Fund Contribution at any time after the franchise system has 50 stores open and operating, upon notice to you. We will use Brand Fund Contributions, in our sole discretion, to develop, produce and distribute national, regional and/or local marketing and to create advertising materials and public relations programs which promote, in our sole judgment, the services offered by System franchisees. We have the sole right to determine contributions and expenditures from the Brand Fund, or any other advertising program, and sole authority to determine, without limitation, the selection of the advertising materials and programs; provided, however, that we will make a good faith effort to expend Brand Fund Contributions in the general best interests of the System on a national or regional basis. Please see Item 11 for more information regarding the Brand Fund.

4) We require that you spend a minimum of 3% of Gross Sales per month on local advertising, marketing and promotional programs (“Local Advertising Requirement”), which will be paid to third parties. Once we commence collecting the Brand Fund Contribution, the Local Advertising Requirement shall decrease to 2% of Gross Sales. There are currently no advertising cooperatives in our System. We reserve the right to create a regional advertising cooperative and to require you to contribute to this advertising cooperative in our sole discretion. Any financial contributions made by you to the advertising cooperative may be credited against your required expenditures for Local Advertising, if we establish any in the future. Company-owned units may be active members of any cooperative and may possess voting power in accordance with the rules of the cooperative as we may determine in our sole discretion.

In addition to your Local Advertising Requirement, you may wish to use Social Media Platforms (defined as web-based platforms such as Facebook, Instagram, Foursquare, Twitter, LinkedIn, blogs and other networking and sharing sites) or use Social Media Materials (defined as any material on any Social Media Platform that makes use of our Principal Trademarks, name, brand, products or your Franchised Business whether created by us, you or a third-party). You may not use a Social Media Platform or Social Media Materials without our prior written approval.

5) You must pay an on-going intellectual property fee to us or our designated third-party vendor for the use of certain aspects of the System, including the Patent (“IP Fee”). The IP Fee is currently \$100 per month. We reserve the right to designate and/or change the amount, scope, or manner of payment of the IP Fee, including the party to whom payment is made, at any time upon providing reasonable notice to you. We also reserve the right to add new or different IP technologies and to increase the IP Fee based upon such changes.

6) You must pay an on-going technology fee to us or our designated third-party vendor for the use of certain aspects of the System, including certain computer system and/or software, as well as the System’s intranet (“Technology Fee”). The Technology Fee is currently \$150 per month. We reserve the right to

designate and/or change the amount, scope, or manner of payment of the Technology Fee, including the party to whom payment is made, at any time upon providing reasonable notice to Franchisee. We also reserve the right to add new or different technologies, including a customer relationship management system, and to increase the Technology Fee based upon such changes.

7) The POS System fee covers the cost of our required software.

8) If you wish to transfer your Franchised Business, you will be required to pay us a transfer fee. The fee to transfer a Franchised Business is 30% of the then-current franchise fee.

9) If you relocate your Franchised Business, you will be required to pay us a fee of \$5,000 that covers any costs and expenses we incur in assisting you to relocate your Franchised Business including, but not limited to expenses incurred for labor, salary and travel expenses, professional fees, demographic reports and other costs.

10) We have the right to conduct an audit of the books and records of the Franchised Business. If we do so, with an independent auditor or otherwise and it is determined that you underestimated your Gross Sales in any report by two percent (2%) or less, then you must pay within fifteen (15) days of written notice, the underreported amount plus interest. If it is determined that you underestimated your Gross Sales in any report by more than two percent (2%), then you must pay within fifteen (15) days of written notice, the underreported amount along with the cost of conducting the audit, including without limitation travel, lodging, meals, wages, expenses, accountant fees, attorneys' fees and interest. If you fail to provide any reports, supporting reports or other information as required and we conduct an audit of the books and records of the Franchised Business, you must pay within fifteen (15) days of written notice, the cost of conducting the audit, including without limitation, travel, lodging, meals, wages, expenses, accountant fees, attorneys' fees and interest, and subject to our right to terminate the Franchise Agreement.

11) Training for you and up to 2 other people is included in the initial franchise fee. In our discretion, additional training may be provided to up to 3 additional persons(s) if all are trained at the same time, or in conjunction with already scheduled training classes, and charged at our then-current rate for additional training, which as of the date of this disclosure document is \$100 per person per day (the "Additional Training Fee"). We may require that you complete additional training as well. If we provide you with additional training, we reserve the right to charge you the Additional Training Fee for such training. You are also responsible, at your own expense, to pay for all travel, room and board and wages for you and your employees during this training. Should you or any of your trainees fail to complete the initial training program to our satisfaction, the respective person may repeat the course, or in the case of an employee, you may send a replacement (the "Replacement Personnel") to the next available initial training program. We may charge a fee, currently \$100 per person per day, for such replacement personnel attending an initial training program

12) In our discretion, additional on-site training beyond the Additional On-Site Training included in the initial training program may be provided and charged at our then-current rate for additional on-site training, which as of the date of this disclosure document is \$500 per trainer, per day.

13) Upon your request, your other employees may be trained by us, subject to the availability of our personnel, at our affiliate-owned location for a fee of \$250 per person per day. If you attend this training, you are also responsible for all related expenses including transportation, lodging, meals, and salaries.

14) Successive 10-year successor franchise agreements are available to qualified franchisees under certain circumstances and in accordance with the conditions contained in the Franchise Agreement.

15) In addition to the requirement that you reimburse us for amounts of all other claims, liabilities or losses we incur from your Franchised Business, if we elect to enforce the terms of any Confidentiality, Non-Use and Non-Competition Agreement or the Franchise Agreement against any individual required to execute such agreement, you must reimburse us for our attorneys' fees, expert fees, court costs and all other expenses of litigation in connection with that enforcement.

16) If after notice, you fail to cure any deficiency in the Franchised Business and/or your operation of the Franchised Business, we may in our sole discretion, correct the deficiency. If we elect to correct the deficiency, you will reimburse us for our costs and expenses incurred in correcting the deficiency.

17) Upon expiration or termination of your Franchise Agreement, we may elect in our sole discretion to take steps to modify, alter or de-identify the Franchised Business. If we do so, you must reimburse us for our costs and expenses.

18) If you fail to comply with our minimum insurance requirements, we have the right to obtain and maintain the requisite insurance coverage on your behalf, at your sole expense. You must pay us the premium cost of any insurance, plus an initial administrative fee equal to 18% of the premium cost for obtaining insurance on your behalf. We have the right to increase or otherwise modify the minimum insurance requirements upon thirty days prior written notice to you, and you must comply with any modification within the time specified in the notice.

19) To ensure that you are properly reporting to us your financial records and reports, during the term of the Franchise Agreement, or until you employ a dedicated accountant, we require you to use the services of our designated and preferred accounting firm (the "Accounting Firm"). The Accounting Firm will gather weekly transactional information from your Franchised Business and enter such information into its accounting software, reconcile monthly cash and credit card activity, produce monthly financial statements for the Franchised Business, and discuss with you any trending concerns that are observed. The current monthly fee for such services is \$425 (the "Accounting Fees") and is subject to future increases. We can require you to use the Accounting Firm and pay the Accounting Fees at any time during the term in the event that you fail to provide us with proper financial statements.

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ITEM 7
ESTIMATED INITIAL INVESTMENT¹

A. SINGLE-UNIT FRANCHISE AGREEMENT

Column 1	Column 2	Column 3	Column 4	Column 5
TYPE OF EXPENDITURE¹	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee ²	\$39,000	Lump sum	At signing of Franchise Agreement	The Initial Franchise Fee is paid to us
Construction, Leasehold Improvements, Furniture and Fixtures ³	\$193,153 to \$284,153	As arranged	Before opening	Contractor/Third-party providers
Equipment (Financed or Leased) ⁴	\$121,822 to \$198,122	Lump sum	Before opening	Third-party providers
Signage (interior and exterior) ⁵	\$16,750 to \$19,750	As arranged	Before opening	Third-party providers
Opening Package ⁶	\$13,400	Lump sum	Before opening	Us
Point of Sales System ⁷	\$1,500	Lump Sum	Before opening	Third-party providers
Computer System and A/V ⁸	\$2,500 to \$4,000	As arranged	Before opening	Third-party providers
Opening Inventory ⁹	\$8,004 to \$9,004	As arranged	Before opening	Third-party providers or us
Rent ¹⁰	\$13,157 to \$17,291	As arranged	Before opening	Landlord
Utility Deposits ¹¹	\$0 to \$500	As arranged	Before opening	Utility providers
Insurance Deposits and Premiums ¹²	\$600 to \$2,500	As arranged	Before opening	Insurance company
Pre-opening Travel Expense ¹³	\$1,000 to \$6,000	As arranged	Before opening	Airline, hotel, restaurants
Grand Opening Advertising	\$7,000 to \$10,000	As arranged	Prior to opening	Third parties
Professional Fees ¹⁴	\$3,000 to \$6,000	As arranged	Before opening	Attorneys, accountants
Business Permits and Licenses ¹⁵	\$500 to \$1,500	As arranged	Before opening	Licensing Authorities
Accounting Fees (three months)	\$1,275	As arranged	After Opening	Accounting Firm

Column 1	Column 2	Column 3	Column 4	Column 5
TYPE OF EXPENDITURE ¹	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Nitrogen Supply ¹⁶	\$500 to \$1,070	As Arranged	Before and After Opening	Third-party providers
Construction Management Services ¹⁷	\$11,250	As Arranged	Before Opening	Third-party vendor
Architect ¹⁸	\$13,000	As Arranged	Before Opening	Third-party vendor
Additional funds – 3 Months ¹⁹	\$15,000 to \$40,000	As arranged	After opening	Various
Total	\$462,411 to \$679,315			

Notes:

Note 1. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. Neither we nor an affiliate finance any part of the initial investment.

Note 2. The Initial Franchise Fee is \$39,000 for a single Franchised Business and is described in greater detail in Item 5 of this Franchise Disclosure Document.

Note 3. This estimate is for the costs for the development of a Franchised Business with between 800 and 1,200 square feet of inline retail space, and for furniture and fixtures for the store. We have based our estimates on the projected estimates of our franchise stores currently in construction. The difference in the low and the high improvement cost estimates is due to the difference in size of the location. These estimates are applicable to a site which has been obtained in the “vanilla box” stage, which refers to the interior condition of either a new or existing building in which the improvements generally consist of heating/cooling with delivery systems, essential lighting, electrical switches and outlets, lavatories, a finished ceiling, walls that are prepped for painting and a concrete slab floor. These numbers are not inclusive of any architect fees or other fees charged by licensed professionals (other than general contractors and licensed tradesmen), to perform subsequent installation of electrical, plumbing, and HVAC (heating, ventilation, air conditioning) suitable to the requirements of this concept and do not include any financial contributions by a landlord. The costs of the furniture and fixtures may differ depending on the material quality and on other factors. As in development of any retail locations, there are many variables that may impact your overall costs including landlord contribution, the size of your location, rates for construction, personnel, freight, vendor pricing and taxes, overall costs and efficiencies in your market. Your cost for developing your location may be higher or lower than the estimates provided. Third-party financing may be available for qualified candidates for some of the leasehold improvement costs, however with such financing comes associated costs and fees which will cause the cost to exceed what is indicated in this chart.

Note 4. These figures represent the purchase of the necessary equipment from suppliers to provide the franchised services. The range accounts for various sizes and/or types of nitrogen tanks and length of the Nitrogen piping that may be used in a Franchised Business. The costs listed here do not include any transportation or set up costs. Third-party financing may be available for qualified candidates for some of the

leasehold improvement costs, however, with such financing comes associated costs and fees which will cause the cost to exceed what is indicated in this chart.

Note 5. This estimate is for the cost to produce wall signage to be mounted to the outside of the building as well as all interior signage such as logo graphics for the windows. Additionally, these figures include various other elements of brand identification within the location such as wall graphics. The low estimate is for standard construction and installation of signage and image materials at a smaller location, while the high estimate applies to some custom fabrication of signage for a larger 1,200 square foot location, such as individually crafted dimensional lettering of the brand logo. An insert on any pylon sign will additionally raise the cost.

Note 6. You must purchase from us the Opening Package of branded cups and spoons, Menu Board, food items and Chill-N technology package prior to opening the Franchised Business. The Opening Package costs \$14,200 and such amount is deemed fully earned and nonrefundable upon payment.

Note 7. The point-of-sale system ("POS System") includes the equipment that tracks the sales of your Franchised Business. You are required to purchase the POS System with a terminal and 2 Kiosks from our designated vendor and each terminal includes an iPad, our required software, Kitchen Display System, a cash box and a receipt printer. The cost of the entire POS system is \$1500

Note 8. The low estimate assume that you already have a general-purpose computer for business management with a combination printer, scanner and fax and the cost of Security Camera, Speakers and Equipment from our music vendor. The high estimate represents the cost to purchase a general-purpose computer for business management with a combination printer, scanner and fax and the cost of Security Camera, Speakers and Equipment from our music vendor.

Note 9. This estimate is for the cost of the initial inventory of menu ingredients, cleaning supplies and non branded paper goods including gloves, straws, cup lids, and branded apparel.

Note 10. This estimate represents a 3-month deposit of rent. The low estimate indicates an 800 sq. ft. facility in an inline suburban location, while the high estimate indicates a location with 1,200 sq. ft. in a in-line suburban location. Pre-paid rent is generally non-refundable while security or other deposits may be refundable either in full or in part depending upon your lease or rental contract.

Note 11. A credit check may be required by the issuing company prior to the initiation of services, or a higher deposit required for first time customers. These costs will vary depending on the type of services required for the facility and the municipality from which they are being contracted.

Note 12. This estimate is for the cost of deposit in order to obtain the minimum required insurance. You should check with your local carrier for actual premium quotes and costs, as well as the actual cost of the deposit. The cost of coverage will vary based upon the area in which your Franchised Business will be located, your experience with the insurance carrier, the loss experience of the carrier, lease requirements and other factors beyond our control. You should also check with your insurance agent or broker regarding any additional insurance that you may want to carry.

Note 13. This estimate is for the cost for you or your Operating Principal (defined as the managing shareholder, member or partner of Franchisee if Franchisee is an entity), plus 2 people to attend the initial training program held in Miami, Florida. You will be responsible for all costs associated with attending the initial training program for you and your staff. Your costs will depend on the number of people attending

training, their point of origin, method of travel, class of accommodation and living expenses (food, transportation, etc.). The duration of the training program is 5 days. This estimate does not include cost of labor for any employees you may bring to training.

Note 14. These fees are representative of the costs for engagement of professionals such as attorneys and accountants for the initial review and advisories consistent with the start-up of a Franchised Business. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this disclosure document and the Franchise Agreement. It is also advisable to consult these professionals to review any lease or other contracts that you will enter into as part of starting your Franchised Business.

Note 15. You are responsible for applying for, obtaining and maintaining all required permits and licenses necessary to operate your Franchised Business.

Note 16. This figure represents the initial cost of nitrogen for your store. The range represents the different size nitrogen systems you will possess and the price per liter in a market.

Note 17. We reserve the right to require you to use our designated construction and project management service provider. You will be required to enter into a services agreement in their standard form, a copy of which is attached hereto as Exhibit I and pay a service fee of \$11,250, with an initial payment of \$4,000 due upon execution of the service agreement of the Construction Services Agreement. The second payment is due at rough inspection in the amount of \$4,750. The remaining \$2,500 is due at final inspection. This construction management fee is inclusive of a permit servicing fee of \$750. If franchisor provides an exception to our Construction Management group you will be required to pay franchisor \$5,000.

Note 18. We reserve the right to require you to use our designated Architect. This cost includes a site survey, site layout design and entire architectural drawings including Mechanical, Electrical and Plumbing for city approval. This payment will be managed by the construction and project management group and will be two separate costs: Survey (\$2,500) and Architect (\$10,500).

Note 19. This is an estimate of the amount of additional operating capital that you may need to operate your Franchised Business during the first 3 months after commencing operations. This total amount is based upon historical experience and information we have obtained from the founders of the Chill-N Nitrogen Ice Cream system relating to the build out and operation of their Chill-N-Ice Cream stores which contain between 800 to 1,200 square feet. We cannot guarantee that you will not incur additional expenses in starting the business that may exceed this estimate. This estimate also includes such items as initial payroll and payroll taxes, Royalties (as described in this disclosure document), Brand Fund Contributions (if any), additional advertising, marketing and/or promotional activities, repairs and maintenance, Nitrogen tank re-fills, bank charges, credit card processing fees, miscellaneous supplies and equipment, initial staff recruiting expenses, state tax and license fees, deposits and prepaid expenses (if applicable) and other miscellaneous items as offset by the Sales you take into the Franchised Business. These items are by no means all-inclusive of the extent of the expense categorization. The expenses you incur during the initial start-up period will depend on factors such as the time of the year that you open, both local economic and market conditions, as well as whether your Franchised Business is located in a new or mature market and your business experience.

B. DEVELOPMENT AGREEMENT – 3 Pack

Column 1	Column 2	Column 3	Column 4	Column 5
TYPE OF EXPENDITURE ¹	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Development Fee ²	\$89,000	Lump Sum ²	Upon Signing the First Franchise Agreement ²	Franchisor
Initial Investment for the First Franchised Business ³	\$423,411 to \$640,315	See Chart in Item 7(A) above		
Total ⁴	\$512,411 to \$729,612	The Estimated Initial Investment Required to Purchase a Development Area for Three (3) Franchised Businesses and Open the First Franchised Business		

Explanatory Notes

Note 1. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee.

Note 2. The Development Fee is described in greater detail in Item 5 of this Franchise Disclosure Document.

Note 3. This figure represents the total estimated initial investment required to open the first Franchised Business under your first Franchise Agreement, minus the Initial Franchise Fee applicable to the first Franchised Business since that amount is included in the Development Fee (see the Item 7(A) Chart above for additional details).

Note 4. This figure represents the total estimated initial investment to purchase a Development Area for three (3) Franchised Businesses, including the estimated initial investment to open your first Business under the Development Agreement. This figure does not include the cost to develop the second and subsequent Franchised Businesses developed under the Development Agreement, or the remainder of the Development Fee associated with each subsequent Business. These figures are estimates. These estimates are based upon our own historical experience and information we have obtained relating to the construction of our founder owned Businesses which range between 800 to 1,200 square feet. Under certain circumstances the company will grant larger development agreements for those candidates that meet higher qualifications metrics set by the company.

ITEM 8 **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

You must operate your Business in strict conformance with our methods, standards, and specifications which we prescribe in our confidential operations manual and various other confidential

manuals and writings prepared for use by you in operating a Business (collectively, the “Operations Manual”). The Operations Manual covers nearly all aspects of your Business’s operations, such as food preparation and presentation techniques, employee training, and management. These standards are subject to change.

Approved Products, Services, and Suppliers

You may only offer approved products and services (“Approved Products and Services”) through your Business. We will provide you with a list of Approved Products and Services prior to the opening of your Business. All Approved Products and Services must meet our standards and specifications. We have the right to require you to purchase certain Approved Products and Services only from us or other suppliers or distributors approved or designated by us in order to (i) better assure the supply and quality of the Approved Products and Services, and/or (ii) enable us, in our sole discretion to take advantage of marketplace efficiencies. We may develop certain proprietary products that you must purchase from us and offer for sale at your Business. If you wish to offer products or services other than those we have authorized in connection with operating your Business, you must obtain our prior written consent.

We have the right to require you to purchase any products, services and other items necessary to operate your Franchised Business from a supplier that we approve or designate (each, an “Approved Supplier”), which may include us or our Affiliate(s). We will provide you with a list of our Approved Suppliers in writing as part of the Manuals or otherwise in writing, and we may update or modify this list as we deem appropriate. We may develop proprietary products for use in your Franchised Business, including private-label products that bear the Proprietary Marks, and we may require you to purchase these items from us or our Affiliate(s).

As of the Issue Date of this Disclosure Document, we are the sole supplier of the Opening Package of apparel, uniforms, specialty food items and Chill-N proprietary technology for the dispensing and controlling of the nitrogen equipment. None of our officers own an interest in any of our Approved Suppliers as of the Issue Date of this Disclosure Document. We reserve the right to designate ourselves or an affiliate of ours (if and when established) as an Approved Supplier with respect to any item you must purchase in connection with your Franchised Business in the future, including for the services we provide as part of any Technology Fee we charge in the future.

You must at all times maintain sufficient levels of inventory to adequately meet consumer demand. We reserve the right to designate us or any of our Affiliates as an Approved Supplier with respect to any item you must purchase in connection with your Franchised Business in the future. You must offer products and services in the manner we prescribe, provide quality customer service, and otherwise operate your Business in a manner which will enhance the image intended by us for the System. You must purchase, install and maintain a POS System at your Business of the brand, type and/or model approved by us, which is currently listed in the Operations Manual. You must also purchase your POS System from a supplier designated and approved by us. We require you to use our designated supplier of promotional program services and our designated vendor for construction, project management and architectural services. You must also use our designated suppliers for credit card processing and gift card redemption, which are currently listed in the Operations Manual. Currently, neither we nor any of our affiliates are approved suppliers of any items that you must purchase in connection with the Franchised Business.

We reserve the right to formulate and modify our standards and specifications for operating a Business based upon the collective experience of our principals. Our standards and specifications are described in the Franchise Agreement, the Operations Manual, and other written documents. We have the

right, under the Franchise Agreement, to change the standards and specifications applicable to operation of the franchise, including standards and specifications for products, signs, interior designs and furnishings, supplies, fixtures, inventory and equipment by written notice to you or through changes in the Operations Manual. We may issue our standards or specifications for goods and services directly to you or our approved supplier. You may incur an increased cost to comply with these changes at your own expense. We will notify you of any change to our standards and specifications by way of written amendments to the Operations Manual or otherwise in writing.

In the event you wish to purchase any unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, you must provide us the name, address and telephone number of the proposed supplier, a description of the item you wish to purchase, and the purchase price of the item, if known. At our request, you must provide us with a sample of the item you wish to purchase for testing purposes. You must reimburse us for our reasonable costs in connection with testing a particular product or evaluating an unapproved supplier at your request regardless of whether we subsequently approve the item or supplier.

We will use our best efforts to notify you of our approval or disapproval of a particular supplier or product within 30 days of receiving all requested information. If we do not respond within 30 days, the supplier or product is deemed disapproved. We are not required to approve any particular supplier or product. We may base our approval of a proposed item or supplier on considerations relating not only directly to the item or supplier, but also indirectly to the uniformity, economics, efficiency, and quality of operation we deem necessary or desirable in our System as a whole. We have the right to receive payments from suppliers on account of their dealings with you and other franchisees and to use all amounts we receive without restriction (unless instructed otherwise by the supplier) for any purposes we deem appropriate. We will not approve an unreasonable number of suppliers for a given item, which approval might, in our reasonable judgment, result in higher costs or prevent the effective or economical supervision of approved suppliers. Our criteria for approval of a particular supplier or product will be made available upon written request. We may revoke our approval of particular products or suppliers when we determine, in our sole discretion, that such products or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you must cease purchasing products from such suppliers. You must use products purchased from approved suppliers solely in connection with the operation of your Business and not for any competitive business purpose. Although we do not presently do so, we reserve the right to negotiate purchasing arrangements with suppliers in the future. Currently, you do not receive a material benefit in the form of renewal rights or rights to additional territories based on the use of our approved products, services, or suppliers.

We estimate that your required purchases and leases will account for approximately 80% to 90% of all purchases and leases necessary to open your Business and approximately 70% to 80% of your annual costs to operate your Business on an ongoing basis. During the fiscal year ended December 31, 2021, neither we nor our affiliate have received any revenues from required franchisee purchases or leases, but we reserve the right to do so in the future.

Advertising

We must approve all advertising before first publication or use. Our advertising requirements are discussed more fully in Item 11 of this Disclosure Document.

Insurance

You will be required to procure and maintain insurance in the amounts we prescribe. Presently, our insurance requirements are as follows: (1) broad form comprehensive general liability coverage against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your Business or otherwise in conjunction with the conduct of your Business pursuant to the Franchise Agreement, and broad form contractual liability coverage under one or more policies of insurance containing the minimum liability coverage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate, or as otherwise prescribed by us from time to time; (2) rental insurance in a minimum amount of \$500,000; (3) worker's compensation and employer's liability insurance in statutory amounts and unemployment insurance and state disability insurance as required by the applicable governing law, but no less than \$1,000,000, for your employees; (4) product liability insurance containing a minimum liability coverage of \$2,000,000; (5) employee practices coverage of \$1,000,000, or such amount as reasonably determined by us; (6) owned and non-owned automobile liability insurance with minimum combined single limits of \$1,000,000; and (7) any other insurance that we may specify in the Operations Manual or otherwise in writing from time to time. You agree to provide us with proof of coverage on demand.

All insurance policies must be written by an insurance company with a Best's Insurance Guide minimum rating of A-VIII or better. All policies must include a waiver of subrogation in favor of Chill-N Nitrogen Ice Cream Franchising, LLC. In addition to the information listed above, you agree to carry such insurance as may be required by the lease of your location, by any lender or equipment lessor you select, and such worker's compensation insurance as may be required by applicable law. You must add us, and any parties we may designate, to all insurance contracts as additional insureds under your insurance policies at your cost.

If you fail to comply with our minimum insurance requirements, we have the right to obtain such insurance and keep same in force and effect and you shall pay us, on demand, the premium cost thereof and administrative costs of eighteen percent (18%) in connection with our obtaining the insurance. You must provide us with copies of any insurance claims or insurance cancellations within twenty-four (24) hours. You have a twenty-four (24) hour opportunity to cure any lapses in insurance coverage. No insurance policy must be subject to cancellation, termination, nonrenewal or material modification, except upon at least thirty (30) days prior written notice to us from the insurance carrier. You must submit a certification of insurance that demonstrates compliance with these requirements. We have the right to increase or otherwise modify the minimum insurance requirements upon thirty (30) days prior written notice to you, and you shall comply with any such modification within the time specified in said notice.

Leases and Leasehold Improvements

You must lease a retail space for your Business which meets our standards and specifications for a Business. We must approve your location and lease terms before you sign a lease for a Business location. We will condition our approval of your lease upon, among other conditions, you and your landlord's signing of a collateral assignment of lease (which is attached to the Franchise Agreement as Exhibit C), through which your landlord grants us the rights to assume your rights and obligations under the lease in the event that you breach your lease agreement or your Franchise Agreement is terminated or expires. You must also ensure that you comply with all of our System standards and specifications related to the build-out, remodeling and/or construction of your Business.

Computer Hardware and Software Components

You must purchase the computer hardware and software we designate for use in connection with the operation of your Business. Please see Items 6, 7, and 11 for more information regarding required computer hardware and software purchases.

ITEM 9 **FRANCHISEE'S OBLIGATIONS**

This table lists your principal obligations under the Franchise Agreement. It will help you find more detailed information about your obligations in this agreement and in other Items of this Disclosure Document.

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	SECTION IN DEVELOPMENT AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	1.3, 7.1 and Site Selection Addendum	and Exhibit A ¹	Items 7, 11 and 12
b. Pre-opening purchases/ leases	7.4 and 7.8	Not Applicable	Items 7 and 8
c. Site development and other pre-opening requirements	7.1, 7.1.2, 7.1.3	1 and Exhibit A	Items 6, 7, 8 and 11
d. Initial and ongoing training	7.2 and 8	Not Applicable	Item 11
e. Opening	7.3	5	Item 11
f. Fees	3, 7.8, 7.19, 12.5 and 12.7	2	Items 5 and 6
g. Compliance with standards and policies/ operations manual	6.1, 7.5 and 7.6.4	Not Applicable	Items 8 and 11
h. Trademarks and proprietary information	4 and 5	Not Applicable	Items 13 and 14
i. Restrictions on products/ services offered	7.4 and 7.5	Not Applicable	Items 8, 12 and 16

j	Warranty and customer service requirements	7.6.3	Not Applicable	Item 15
k.	Territorial development and sales quotas	7.10	1 and 5	Items 12 and 17
l.	Ongoing product/ service purchases	7.4, 7.5 and 7.6.7	Not Applicable	Items 8 and 11
m.	Maintenance, appearance and remodeling requirements	2.2.3, 6.2, 7.1.2, 7.1.3 and 7.19	Not Applicable	Items 6, 8 and 11
n.	Insurance	9	Not Applicable	Items 6 and 8
o.	Advertising	12	Not Applicable	Items 6 and 11
p.	Indemnification	13.2	Not Applicable	Item 6
q.	Owner's participation/ management/staffing	7.6.3, 7.6.4 and 7.6.5	Not Applicable	Items 11 and 15
r.	Records and reports	10 and 11	Not Applicable	Item 6
s.	Inspections and audits	7.1.3, 7.7, 7.8.4, 11 and 16.1.10	Not Applicable	Items 6 and 11
t.	Transfer	14	8	Item 17
u.	Renewal	2.2	Not Applicable	Item 17
v.	Post term obligations	16 and 17.2	Not Applicable	Item 17
w.	Noncompetition covenants	17	Not Applicable	Item 17
x.	Dispute resolution	18	12-15	Item 17

ITEM 10 **FINANCING**

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

ITEM 11

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

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

Pre-Opening Obligations.

Before you open the Business, we will perform the following obligations:

1. We will loan you a copy of our proprietary and confidential Operations Manual, which we may amend periodically. (Section 6.1 of the Franchise Agreement). The Table of Contents of the Operations Manual is included as Exhibit B to this Franchise Disclosure Document. The Operations Manual contains a total of 114 pages.
2. You must attend and complete to our satisfaction our initial training program, which will be held in Miami, Florida, or any other location we may designate. We reserve the right to require up to two additional employees to attend our initial training program along with you. The Initial Franchise Fee you pay upon signing a franchise agreement includes the cost of initial training for three people. In the event you sign a Development Agreement, you will only be required to pay the Initial Training Fee under your first franchise agreement. You must pay for you and your employees' lodging, meal, and travel costs associated with attending training. If you are a partnership, corporation, or limited liability company, at least one of the trainees must be your general partner, principal shareholder, or manager as appropriate. (Section 8.1 of the Franchise Agreement). If you have a "Key Manager" (as defined in Section 7.6.5 of the Franchise Agreement), then he/she will attend and complete the required training. The required training will last 5 days, and will consist of classroom and practical experience.

TRAINING PROGRAM

Topic	Hours Classroom	Hours On the Job	Location
History and Culture	2	0	Miami, Florida, or another location we designate
Operations	0	30	Miami, Florida, or another location we designate
Vendors and Suppliers	2	0	Miami, Florida, or another location we designate
Employee Recruitment, Onboarding and Retention	4	0	Miami, Florida, or another location we designate
Marketing and Management	4	0	Miami, Florida, or another location we designate

Key Reports, Metrics, Business Planning and Finances	4	0	Miami, Florida, or another location we designate
Grand Opening	2	0	Miami, Florida, or another location we designate

Our training manager and his years of experience with us and within the food service industry are listed below.

Instructor	Years of Experience in the Industry	Years of Experience with Franchisor or Affiliates
Danny Golik	10	10
Anthony Alfaro	10	10
William Golik	10	10

Our training manager may utilize other employees with similar levels of experience to assist with all aspects of training. You and your Key Manager (if applicable) must successfully complete the initial training program at least thirty days before opening your Business. (Section 8.1 of the Franchise Agreement). Should you or your employee fail to complete the initial training program to our satisfaction, at our option, the respective person may repeat the course, or in the case of an employee, you may send a replacement (the “Replacement Personnel”) to the next available initial training program. Failure by you, your employee, Key Manager, or any Replacement Personnel to complete the initial training program to our satisfaction is a material breach of the Franchise Agreement and we may terminate the Franchise Agreement. (Section 8.1 of the Franchise Agreement).

Currently, we do not have a set schedule for the initial training program and it will be conducted on an as-needed basis. At your request, and subject to the availability of our personnel, we will train your additional and/or replacement managers at our then-current tuition which is currently \$100 per person per day. You and your employees shall attend and complete initial training to our satisfaction at least 30 days prior to the opening of the Franchised Business.

As part of the initial training program, we will provide you with four days of on-site assistance at your location at no charge to you (“Additional On-Site Training”). Additional On-Site Training will include review and assessment of kitchen operations, food preparation, staff training/performance, inventory management and final plans for grand opening. If additional training is required beyond the Additional On-Site Training, you will be advised of the adjustments needed to successfully complete the initial training program and be approved for grand opening. If you request additional on-site assistance outside of the Additional On-Site Training, we may provide such training to you in our sole discretion so long as you pay our then-current additional training fee, which is currently \$500 per trainer, per day.

3. Your other employees may be trained by you, or at your request, and subject to the availability of our personnel, we will train your additional personnel at our affiliate-owned location at a fee of \$250 per person per day. (Section 8.2 of the Franchise Agreement). All training related expenses for your additional teaching personnel, including transportation to and from the training site, lodging, meals, and salaries during training, are your sole responsibility. We will provide you with training materials for

you to use in training your personnel. (Section 8.2 of the Franchise Agreement). You may only use the training materials that we provide to you to train your personnel. Updated training materials will be provided to you as they are developed. All training materials provided to you are our property, and you agree not to challenge our or our affiliates' title or rights in or to the training materials. You may not make any disclosure, duplication or other unauthorized use of any portion of the training materials. (Section 8.2 of the Franchise Agreement).

4. We will provide specifications for, and designate, sources of supply from which you agree to purchase the inventory, goods, and supplies necessary for the startup and ongoing operations of the Business. (Section 6.3 of the Franchise Agreement). We will continue to refine and develop our system, and reserve the right to create and designate proprietary products for sale at your Business. We may, in our sole discretion, provide you with assistance in establishing pricing.

5. You must spend between \$7,000 to \$10,000 on grand opening advertising during the period 30 days immediately prior to opening your Business through 45 days immediately following the opening of the Business. We must approve your grand opening marketing strategies, and we reserve the right to collect the Grand Opening Advertising Requirement from you and implement grand opening marketing and promotions on your behalf. (Section 6.4 of the Franchise Agreement).

Site Selection and Opening

1. You will operate the Business at the Approved Location agreed upon by you and us. It is your responsibility to obtain a mutually acceptable site and negotiate a lease for your Business. We consider factors such as size, location, traffic patterns, visibility from roadways, parking space and outdoor seating in approving any given site. Your leased/purchased space should be between 800 and 1,200 square feet. (Sections 1.3 and 7.1 of the Franchise Agreement and the Site Selection Addendum to the Franchise Agreement).

2. We will provide a prototype layout for our architect to use in the buildout of your Business. (Sections 1.3 and 7.1 of the Franchise Agreement, and the Site Selection Addendum to the Franchise Agreement). You are solely responsible for obtaining the applicable ordinances, building codes, and permits required to operate the Business from your Approved Location, and ensuring your compliance with all applicable laws and regulations, including the Americans with Disabilities Act. All costs connected with the design, construction, leasehold improvements, equipment, furnishings, fixtures, and signs are your responsibility. We have an established relationship with a Construction and Project Management company and Architectural firm who will provide oversight of the construction process by guiding you through the Site survey, drafting of full construction documents, permitting, bidding of contractors, and overseeing the construction of your Business and delivery/installation of key equipment. We must approve all architects or contractors who are not designated by us and all subsequent and material changes to the plans and drawings before such changes are implemented (Section 7.1.2 of the Franchise Agreement).

3. You must submit at least one site to us for our approval within 120 days of signing the Franchise Agreement. Additionally, you must execute a lease for a location acceptable to us within 180 days of signing the Franchise Agreement. Failure to do so may result in termination of your Franchise Agreement. We estimate that it will take approximately nine months from signing the Franchise Agreement for you to open your Business. The actual length of this period will depend upon factors such as your ability to obtain a mutually acceptable site and the lease for that site, financing arrangements, training schedules, delivery schedules for inventory and equipment and other factors including the time necessary to obtain zoning permits, licenses, and variances. Under the Franchise Agreement, you are required to

open your Business no later than twelve months after the parties sign the Franchise Agreement. If the Business has not been opened within this twelve-month time frame, we may, in our sole discretion, elect to terminate your Franchise Agreement. (Sections 7.3 and 15.3.4 of the Franchise Agreement, and the Site Selection Addendum to the Franchise Agreement).

4. We reserve the right to require you to use the services of our designated construction management services in the event we determine, in our reasonable discretion, that the buildout of your Franchised Business is not in compliance with our standards or the opening time periods stated in your Franchise Agreement. You are responsible for all costs incurred by The Sewell Group in providing the project management services. You will be required to enter into a Construction and Project Management Services Agreement in the form of which is attached hereto as Exhibit I. See Item 7 for more information.

Post-Opening Assistance

1. We will provide you continuing consultation and advice, as we deem necessary and appropriate, regarding the management and operation of the Business. We will provide such assistance, in our discretion, by telephone, facsimile, and intranet communication. If you request on-site assistance from us, subject to the availability of our personnel, we will provide you with such assistance at our then-current rate, which is currently \$500 per trainer per day plus expenses, including our travel, lodging, and meal costs associated with providing such on-site service. (Section 6.5 of the Franchise Agreement).

2. We may offer additional training programs and/or refresher courses to you, your manager, and/or your employees. We may require you and your employees' attendance at these programs and/or courses, at a location designated by us. These additional training programs will be provided tuition-free but you must pay for you and your employees' travel, meal, lodging, and payroll expenses while attending our additional training programs. We reserve the right to charge a tuition fee for these additional training programs in the future in our sole discretion. (Sections 6.8 of the Franchise Agreement).

3. We may, in our discretion, hold an Annual Conference at a location to be selected by us to update franchisees on new developments, allow System franchisees to exchange information with each other and us regarding Business operations and programs, and recognize franchisees for their achievements. We will determine the topics and agenda for such conference. We will require you to attend the Annual Conference and pay our then-current registration fee. If you fail to attend our Annual Conference without our prior written consent, you must pay us a fee of \$1,500. All expenses, including you and your employees' transportation to and from the Annual Conference, and lodging, meals, and salaries during the Annual Conference, are your sole responsibility. We may use Brand Development Fees from the Brand Fund for purposes related to the Annual Conference, including costs related to productions, programs, and materials. (Section 6.7 of the Franchise Agreement).

Advertising

At the point where the System has 50 open locations system wide, we reserve the right to establish a Brand Development Fund (the "Brand Fund") for the common benefit of System franchisees. Once established, you must contribute 2% of your Gross Sales to the Brand Fund in the manner we prescribe and participate in Brand Fund programs ("Brand Fund Contribution"). We have the right to use Brand Fund Contributions, in our sole discretion, to develop, produce, and distribute national, regional and/or local advertising and to create advertising and public relations materials which promote, in our sole judgment, the products offered by System franchisees. We may use the Brand Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, including: (a) the cost of preparing and producing television, radio, magazine, Internet, and newspaper advertising campaigns; (b)

the cost of direct mail and outdoor billboard advertising; (c) the cost of public relations activities and advertising agencies; (d) the cost of developing and maintaining an Internet website, which may be used to collect customer orders, conduct surveys; and (e) personnel and other departmental costs for advertising that we internally administer or prepare. While we do not anticipate that any part of Brand Fund Contributions will be used for advertising which is principally a solicitation for franchisees, we reserve the right to use the Brand Fund for public relations or recognition of our brand, for the creation and maintenance of a web site, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating "Franchises Available." (Section 12.5 of the Franchise Agreement).

We use Brand Fund Contributions to develop and prepare advertising which we distribute to System franchisees for their placement in the local media. The advertising is prepared by us and/or by outside sources. If we do not spend all Brand Fund Contributions by the end of each fiscal year, the funds will be carried forward into the next fiscal year. There is no requirement that the Brand Fund Contributions be audited. Upon your written request, we will provide you with an unaudited accounting of Brand Fund expenditures. (Section 12.5 of the Franchise Agreement).

We have the sole right to determine how to spend the Brand Fund Contributions, or funds from any other advertising program, and the sole authority to determine the selection of the advertising materials and programs; provided, however, that we will make a good faith effort to expend such funds in the general best interests of the System on a national or regional basis. We are not required, under the Franchise Agreement, to spend any amount of Brand Fund Contributions in your Protected Area and not all System franchisees will benefit directly or on a pro rata basis from our expenditures. We have the right to reimbursement from the Brand Fund Contributions for reasonable costs and overhead, if any, as we may incur in activities which are reasonably related to directing and implementing the Brand Fund and advertising programs for franchisees and the System, including costs of personnel for creating and implementing advertising, promotional and marketing programs. (Section 12.5 of the Franchise Agreement). As of the issuance date of this disclosure document, we have not established the Brand Fund and have not collected any Brand Fund Contributions and do not plan to consider such a Fund until we have at least 50 stores open system wide.

Local Advertising, Marketing, and Promotional Expenditure

In addition to the Brand Fund Contributions described above, you must spend a minimum of 3% of Gross Sales per month on local advertising and promotion implemented in a format and using materials and designs approved by us as your required Local Advertising, Marketing, and Promotional Expenditure. Once we commence collecting the Brand Fund Contribution, the Local Advertising Requirement shall decrease to 2% of Gross Sales. You may spend any additional sums you wish on local advertising. CWe have established a relationship with an online technology branding vendor that may assist you in generating your own advertising materials, so long as you have submitted them to us for approval before your use. We have the right, in our discretion, to require you to submit receipts documenting this marketing activity in the Gross Sales Reports (Section 12.7 of the Franchise Agreement).

As of the issuance date of this Disclosure Document, we require you to use our designated vendor for certain loyalty incentive campaigns. If you elect, or if we require, you to participate in a designated loyalty incentive campaign, you must comply with the loyalty program participation requirements we specify (as set forth in our Manual or through other written communications), which may include, among other requirements, that you notify us and the designated vendor of your election to participate in a campaign at least 5 business days before the campaign is set to run, and that you enter into the designated

vendor's form of participation agreement, and any other agreement we specify. We reserve the right to discontinue and/or modify this program at any time.

As of the issuance date of this Disclosure Document, we provide System franchisees with access to a "Branding Platform" which is intended to assist franchisees with creating marketing material and provides access to pre-approved assets. As of the issuance date of this Disclosure Document, the Branding Platform service is covered under the technology fee. We are not contractually obligated to provide you with the Branding Platform and may discontinue or alter the platform at any time.

Regional Advertising Cooperative

We have the right to designate any geographical area for purposes of establishing a Cooperative, and to determine whether a Cooperative is applicable to your Business. If a Cooperative is established applicable to the Franchised Business, you must participate in and contribute to such Cooperative. Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to our approval, standardized advertising materials for use by the members in local advertising. No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without our prior approval. All such plans and materials will be submitted to us in accordance with the procedure set forth in Section 12.1 of the Franchise Agreement. Cooperative contributions will be credited towards your Local Advertising, Marketing, and Promotional Expenditure, and Cooperative contributions will not exceed the Local Advertising, Marketing, and Promotional Expenditure unless a majority of the cooperative votes to increase that requirement. We may grant to any franchisee, in our sole discretion, an exemption for any length of time from the requirement of membership in a Cooperative, upon written request of such franchisee stating reasons supporting such exemption. Our decision concerning such request for exemption will be final. (Section 12.6 of the Franchise Agreement).

Computer and POS System

We have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by you, including without limitation: (i) a "back office" computer system that complies with our standards and specifications; (ii) the POS System from our designated supplier which must include at least two order terminals with cash drawers, two receipt printers, two kitchen printers, which you currently must purchase from our designated vendor; (iii) all-in-one printer, scanner and fax machine; and (iv) Internet access mode and speed (collectively, the "Computer System"). We reserve the right to change the supplier of the POS System in our sole discretion. You will purchase, use and maintain any and all computer software programs ("Software") which we have developed or may develop and/or designate for use for the System, and will purchase such computer hardware as may be necessary for the efficient operation of the Software. You will strictly comply with our standards and specifications for all items associated with the Computer System and any Software. You agree, at your own expense, to keep your Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to the Computer System or Software as we direct from time to time in writing. You may use you own computer for back office functions. In the event that you do not have a general-purpose computer with a combination printer, scanner and fax, we estimate that the cost of obtaining the Computer System will be roughly \$1,500. You are required to purchase our required POS System, the total cost of which is \$1,500 for a terminal and two kiosks. Each terminal includes an iPad, register, cash box, kitchen display system and receipt printer. Additionally, you are required to pay the then current credit card processing fees, currently 2.15% plus \$0.15 cents of the purchase price per swipe, which is subject to change. See Items 6 and 7 of this Disclosure Document for more information on these costs and fees.

If and at such time we develop and custom design any software programs for conducting scheduling, accounting, inventory and point-of-sale functions or related activities (“Proprietary Software Program”), you, at your own expense, agree to obtain the computer hardware required to implement the Proprietary Software Program into your Franchised Business, and to comply with all specifications and standards prescribed by us regarding the Proprietary Software Program, as provided in the Operations Manual or otherwise in writing. This Proprietary Software Program will be proprietary to us and confidential information of ours. It is possible that we might not be able to alter the Proprietary Software Program to accommodate each and every franchisee of the System, and therefore, at such time that we require the implementation of such software, you will only utilize the program as prescribed by us. At such time as we require the implementation of such Proprietary Software Program, we or our designee agree to provide ongoing service and support to you regarding the Proprietary Software Program and will lease such Proprietary Software Program to you at the then-current rates published by us. We reserve the right to have independent access to any data you collect electronically. You must install, at your expense, the necessary computer hardware and software to provide us with full and direct electronic access to all of your data, software systems, and related information. (Section 7.8 of the Franchise Agreement).

Internet

You must have and maintain adequate hardware and software in order to access the Internet at the bit speed we require from time to time. We may, but are not obligated to, establish an Internet website that provides information about the System and the products and services offered by Franchised Businesses. In the event we exercise our right to create such a website, we have sole discretion and control over the website (including timing, design, contents and continuation). We may, but are not obligated to, create interior pages on its website(s) that contain information about your and other Franchised Businesses. If we do create these pages, we may require you to prepare all or a portion of the page for your Franchised Business, at your expense, using a template that we provide. All such information will be subject to our approval prior to posting. (Sections 12.3.1 and 12.3.2 of the Franchise Agreement).

Except as approved in advance in writing by us, you may not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Business, including any profile on Facebook, Pinterest, Twitter, LinkedIn, Instagram, YouTube or any other social media and/or networking site. If such approval is granted by us, you must: (i) establish and operate such Internet site in accordance with System standards and any other policies we designate in the Operations Manual or otherwise in writing from time to time; and (ii) utilize any templates that we provide to you to create and/or modify such site(s). (Section 12.3.3 of the Franchise Agreement).

We have the right to modify our policies regarding both our and your use of Internet websites as we deem necessary or appropriate for the best interests of the System. You acknowledge that we and/or our affiliates are the lawful, rightful and sole owner of the Internet domain names www.chilln.com and www.chillnicecream.com, as well as any other Internet domain names registered by us, and you unconditionally disclaim any ownership interest in such domain names and any colorably similar Internet domain names. You agree not to register any Internet domain name in any class or category that contains words used in or similar to any brand name owned by us or our affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words (Franchise Agreement, Section 12.3).

Computer Network, Intranet or Extranet Participation

You are required to participate in any System-wide computer network, intranet system or extranet system that we implement and may be required by us to use such computer network, intranet system, or extranet system to, among other things: (i) submit your reports due under the Franchise Agreement to us on-line; (ii) view and print portions of or updates to the Operations Manual; (iii) download approved local advertising materials; (iv) communicate with us and other System franchisees; and (v) complete training. You agree to use the facilities of any computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that we include in the Operations Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements. (Section 7.8.6 of the Franchise Agreement).

You must pay an on-going Technology Fee to us or our designated third-party vendor for the use of certain aspects of the System, including certain computer system and/or software, as well as the System's intranet. The Technology Fee is currently \$100 per month and subject to change.

Development Agreement

Our obligations regarding site selection assistance, training, computer hardware and software selections, and advertising for additional Franchised Business developed under a Development Agreement will be governed by the form of single-unit franchise agreement you sign for each additional Franchised Business.

ITEM 12 **TERRITORY**

Franchise Agreement

You will operate the Franchised Business from only the Approved Location which will be identified on the Data Sheet of the Franchise Agreement. If you have secured a site for the Franchised Business that we approve at the time you sign the Franchise Agreement, you will establish the Franchised Business at the Approved Location. If you have not yet secured a site for the Franchised Business at the time you sign the Franchise Agreement, you will enter into our Site Selection Addendum, attached as Exhibit A to the Franchise Agreement, which will govern the site selection process. You may relocate your Franchised Business only with our prior written approval and payment of a relocation fee equal to the actual costs and expenses we incur in approving the relocation of your Franchised Business. Approval will not be unreasonably withheld provided that the proposed new location meets our then-current criteria for a Franchised Business.

Once you have an Approved Location, we will provide you with a "Protected Area". For so long as you comply with the terms and conditions of the Franchise Agreement, we will not establish, nor license any party other than you to establish, any Business under the System and the Proprietary Marks within the Protected Area. The Protected Area for a Franchised Business in a suburban location shall be a minimum 2-mile radius from the Approved Location and/or a minimum population of 40,000. The Protected Area for a Franchised Business located in an urban area will be determined by us in our sole discretion based upon factors that include the geographic area, population density, character of neighborhood, location and number of competing businesses in the surrounding area and other factors. Your rights in the Protected Area are not dependent upon meeting a certain sales quota or the opening of additional Businesses.

You may not advertise outside of your Protected Area without our prior written consent. There are no restrictions on your ability to accept orders from customers located outside of your Protected Area.

Development Agreement

If you enter into a Development Agreement, you will obtain the right to own and operate a certain number of Businesses in the Development Area where you must open each Business in compliance with the Mandatory Development Schedule. The size of the Development Area will depend upon the number of Businesses you are obligated to open in the Development Area but will vary based on demographics and whether the Development Area is primarily urban or suburban. Provided you comply with the terms of the Development Agreement, and any Franchise Agreements signed for Businesses within the Development Area, subject to our rights regarding Non-Traditional Rights, during the term of the Development Agreement, we will not locate another Franchised Business operating under the Proprietary Marks, whether franchised or company-owned, in your Development Area.

You must comply with your development obligations in the Mandatory Development Schedule in order to maintain your Development Area exclusivity. In the event that you fail to meet your development obligations and the Development Agreement is terminated, you will retain your rights to any previously owned Businesses, including the territorial rights described in the Franchise Agreement for such Businesses, provided that the Development Agreement was not terminated as a result of your failure to comply with the terms of your existing Franchise Agreement(s). Your rights to any Businesses for which there is no Franchise Agreement and your exclusivity in the Development Area will terminate immediately upon termination of the Development Agreement. Thereafter, we will have the right to develop the Development Area on our own or through third parties.

Reservation of Rights under the Franchise Agreement and Development Agreement

The Protected Area we grant you for your Franchised Business are subject to the certain exceptions and reservations. We and our affiliates will have the right, in our sole discretion, under the Franchise Agreement and Development Agreement to: (i) own and operate, and to license others the right to own and operate, Businesses at any location(s) outside your Protected Area/Development Area under the same or different marks; (ii) use the Proprietary Marks and System in connection with services and products, promotional and marketing efforts or related items, or in alternative channels of distribution, including grocery stores, restaurants, retail stores, foodservice wholesalers, catering businesses (including, without limitation, catering businesses established by us) and via the Internet at any location, including within the Protected Area/Development Area; (iii) own and operate Businesses in "Non-Traditional Sites" including, but not limited to, special events centers, parks, stadiums, arenas, business and industrial complexes, museums, art centers, military bases, airports, other public transportation facilities, government offices or institutions, malls and other shopping complexes, health care facilities and other institutional food service facilities, hotels and motels, toll road or highway rest stops, colleges, universities, food concession stands, food service facilities, theaters, warehouse clubs, theme parks, amusement centers, truck stops, beaches, boardwalks and casinos both within or outside your Protected Area/Development Area; (iv) own and operate Franchised Businesses or other businesses, or market similar products and services, at any location(s) inside your Protected Area/Development Area under different marks, or to license others the right to own and operate Franchised Businesses or other businesses, or market similar products and services at any location(s) inside your Protected Area/Development Area under different marks; (v) acquire, or be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere; and (vi) engage and license other parties to engage in any other activities not expressly prohibited by the Franchise Agreement.

The Franchise Agreement and Development Agreement do not grant you any options, rights of first refusal, or similar rights to acquire additional franchises within the Protected Area/Development Area granted or any contiguous territories. Any dispute as to whether a particular site is a Non-Traditional Site will be determined by us, and our determination will be final and binding. We have the exclusive right to negotiate and enter into agreements or approve forms of agreements to operate Franchised Businesses at Non-Traditional Sites, either directly or through our affiliates, licensees, or designees, and you will not be entitled to any compensation as a result of our operation of Franchised Businesses at Non-Traditional Sites.

Certain products or services from our affiliates, whether currently existing, in research and development, or developed in the future, may be distributed in your Protected Area by us or our affiliates, or our franchisees, licensees or designees, in such manner and through such channels of distribution as we determine, in our sole discretion. Such alternate channels of distribution will include, but are not limited to, sales of any products offered hereunder through grocery stores, restaurants, retail stores, foodservice wholesalers, and catering businesses. The Franchise Agreement grants you no rights: (i) to distribute the products as described above; or (ii) to share in any of the proceeds from our activities as outlined above.

ITEM 13 **TRADEMARKS**

We grant you the right to operate the Business under the marks “Chill N⁷ Nitrogen Ice Cream”. You may also use our other current or future trademarks we designate to operate your Business. The term “trademark” includes service marks, trade names, slogans, insignia, logos, labels and trade dress. Our affiliate, CHILL-N LLC, has registered the following trademarks with the United States Patent and Trademark Office on the principal register and has filed all required affidavits:

MARK	REGISTRATION NUMBER	REGISTRATION DATE	REGISTER
	4,555,346	June 24, 2014	Principal
FRESH IN A FLASH	6,608,982	January 4, 2022	Principal

If our right to use these trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

We and our principals derived the right to use our Proprietary Marks from a license agreement we entered into CHILL-N LLC (the “License Agreement”). Under the License Agreement, we have the perpetual royalty free right to use the Proprietary Marks and System, as well as the exclusive right to license

third parties the right to use the Proprietary Marks and System to operate Franchised Businesses, as part of our franchise system.

There are currently no effective determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court; no pending interference, opposition or cancellation proceedings; nor any pending material litigation involving the Proprietary Marks.

You must promptly notify us of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Proprietary Marks. We have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including the right to settle the proceedings or litigation. We have the exclusive right, but not the obligation, to affirmatively prosecute actions against third parties for infringement or threatened infringement of the Proprietary Marks.

We have the right, though not the obligation, to defend you against any third-party claim, suit, or demand arising solely out of your use of the Proprietary Marks in a manner expressly authorized by us. If we, in our sole discretion, determine that you have used the Proprietary Marks in accordance with the Franchise Agreement and the Operations Manual, we will pay the cost of defending the action, including the cost of any judgment or settlement. If we, in our sole discretion, determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement and the Operations Manual, you will be required to pay for the defense or to reimburse us for costs we incurred in providing the defense, including the cost of any judgment or settlement. In the event of any litigation relating to your use of the Proprietary Marks, you are required to sign all documents and assist us, as we deem necessary, to carry out the defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Proprietary Marks in a manner not in accordance with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs in performing such acts.

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

You may use only the Proprietary Marks which we designate, and may use them only in the manner we authorize and permit. Any goodwill associated with Proprietary Marks, including any goodwill which might be deemed to have arisen through your activities, inures directly and exclusively to our benefit. You may use the Proprietary Marks only for the operation of the Franchised Business and only at the Approved Location or in advertising for the Franchised Business. You will use all Proprietary Marks without prefix or suffix and in conjunction with the symbols “SM,” “TM,” “S” or “R,” as applicable. You may not use the Proprietary Marks in connection with the offer or sale of any services or products which we have not authorized for use in connection with the System. You may not use the Proprietary Marks as part of your corporate or other legal name. We must approve your corporate name and all fictitious names under which you propose to do business in writing before use. You must use your corporate or limited liability company

name either alone or followed by the initials “D/B/A” and a business name that we approve. You must promptly register at the office of the county in which your Franchised Business is located, or such other public office as provided for by the laws of the state in which your Franchised Business is located, as doing business under such assumed business name.

All of your advertising must prominently display the Proprietary Marks and must comply with our standards for using the Proprietary Marks. All such advertising is subject to our prior written approval, which we will not unreasonably withhold. We reserve the right to approve all signs, stationery, business cards, forms, and other materials and supplies bearing the Proprietary Marks. You may use the Proprietary Marks including, without limitation, trade dress, color combinations, designs, symbols, and slogans, only in the manner and to the extent specifically permitted by the Franchise Agreement or by our prior written consent. You must submit to us and we must approve all advertising, publicity, signs, decorations, furnishings, equipment or other materials employing the Proprietary Marks, or related marks, before first publication or use. You must identify yourself as the owner of the Business (in the manner we prescribe) in conjunction with any use of the Proprietary Marks including, without limitation, on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations as we may designate in writing at the Franchised Business’s premises.

We reserve the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder. You must discontinue using all Proprietary Marks which we have notified you, in writing, have been modified or discontinued within ten days of receiving written notice and must promptly begin using such additional, modified or substituted Proprietary Marks at your sole expense.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any registered patents or copyrights which are material to the franchise, however, we claim common law copyright and trade secret protection for several aspects of the franchise System including our Operations Manual, recipes, advertising, and business materials.

Confidential Information

During the term of the Franchise Agreement, you will receive information which we consider trade secrets and confidential information. You may not, during the term of the Franchise Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any trade secrets, operating procedures, sources of supply, supplier contracts, advertising materials, copyrighted materials, equipment specifications, any information contained in the Operations Manual, trade secrets, the Proprietary Recipes, and other methods, techniques and know-how concerning the operation of Franchised Businesses, and any and all other information related to your Franchised Business or other Chill-N Nitrogen Ice Cream businesses generally that is labeled proprietary or confidential (collectively, the “Confidential Information”). You acknowledge and agree that certain information, including (i) current customer and prospective customer names and addresses, (ii) information about credit extensions to customers, (iii) customer service purchasing histories, (iv) rates charged to customers, and (v) sources of suppliers and purchasing arrangements with suppliers, also constitute the trade secrets and Confidential Information of us. You may divulge such Confidential Information only to your employees who must have access to it in order to perform their employment obligations. You must require your manager and any personnel having access to any of our Confidential Information to sign an agreement stating that they will maintain the confidentiality of information they receive in connection with their employment and restricting their right to work for a competitor while they

are employed by you. Such agreement, which will be in a form that we prescribe, will identify us as a third-party beneficiary to the agreement and will give us independent enforcement rights.

There are no current determinations, proceedings or litigation involving any of our Confidential Information. Should you become aware of any unauthorized third party using any of our Confidential Information, we request that you notify us of such unauthorized use. We may revise our System and any of our copyrighted materials in our discretion, and may require that you cease using any outdated copyrighted materials. You will be responsible for printing any revised or new advertising, marketing or other business materials.

The Franchise Agreement provides that if you, your employees, or principals develop any new concept, process or improvement in the operation or promotion of the Business, you will promptly notify us and provide us with all necessary related information, without compensation. Any such concept, process or improvement will become our sole property and we will be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related to such new concepts. You and your principals will assign to us any rights you may have or acquire in new concepts you or your employees develop, including the right to modify such concept, process or improvement, and otherwise will waive and/or release all rights of restraint and moral rights to any new concepts you or your employees develop. You and your principals agree to assist us in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. You and your principals will irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that such provisions of the Franchise Agreement are found to be invalid or otherwise unenforceable, you and your principals will grant to us a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent the Franchise Agreement, directly or indirectly infringe on your rights to the new concepts.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You (or at least one of your principals if you are a corporation, partnership or other entity) must personally supervise the day-to-day operations of the Business. You must devote your personal full-time attention and best efforts to the management and operation of the Business. If you are a corporation, partnership, limited liability company, or other entity, you may, however, delegate the day-to-day operation of your Business to your Key Manager. We must approve your Key Manager and your Key Manager must successfully complete our initial training program before assuming any managerial responsibility. Your Business must, at all times, be staffed with at least one individual who has successfully completed our initial training program. You will keep us informed at all times of the identity of any employees acting as Key Manager of the Business, and any change in their employment status. The Key Manager does not need to have an ownership interest in the franchisee entity in order to serve as Key Manager.

In the event that your Key Manager resigns or is otherwise terminated, you must hire a replacement approved by us in writing who meets our then-current standards for Key Managers and who is approved by us in writing before hiring, within thirty days after the resignation or termination of the former Key Manager. You must train the new Key Manager within thirty days of hiring. Franchisor reserves the right, without the obligation, to train the new Key Manager directly. Your Key Manager will devote full time

and best efforts to the day-to-day operation and management of the Business and will not engage in any other business activity without our prior written consent. Your Key Manager and certain key employees and their spouses will be bound by the confidentiality and non-compete covenants of the Franchise Agreement and will execute the Confidentiality and Restrictive Covenant Agreement attached as Exhibit E to the Franchise Agreement.

If you are an entity, all of your owners/shareholders/partners/members/managers (as applicable) and their respective spouses, must execute the Personal Guaranty attached to the Franchise Agreement as Exhibit B. If you are an individual, your spouse must execute the Personal Guaranty attached to the Franchise Agreement as Exhibit B.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all of the products which we require and only the products which we authorize for the System, in the manner we prescribe. You will not offer to sell or provide at or through the Business any merchandise, products or services that have not been approved in writing, or use the premises for any other purpose other than the operation of the Business. You may not use nor sell any products, materials, ingredients, supplies, paper goods, uniforms, merchandise, fixtures, furnishings, signs, or equipment which do not meet our standards and specifications.

You will prepare and present all Approved Products and other menu items in accordance with our standards and specifications, using the Proprietary Recipes, ingredients and preparation techniques we prescribe. We have the right to require you to offer and sell additional or different goods or services as we may designate. There are no limits on our right to do so. You are not allowed to market to customers outside of your Protected Area without our prior written approval, however, you are allowed to service any customer that visits your Franchised Business. You will at all times maintain sufficient levels of inventory, including nitrogen supplies, to adequately satisfy consumer demand. You must stop offering disapproved products or services immediately upon notice that such services or products have been discontinued. If the law prohibits the use or sale of any product or service, your use must cease immediately.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists important provisions of the Franchise Agreement. You should read these provisions in the Franchise Agreement attached to this Franchise Disclosure Document as Exhibit D.

A. SINGLE-UNIT FRANCHISE AGREEMENT

	Provision	Section in Franchise Agreement	Summary
a.	Term of franchise	2.1	Ten years.
b.	Renewal or extension of the term	2.2	You have the right to renew the Franchise Agreement for additional ten-year periods provided certain conditions are met.

	Provision	Section in Franchise Agreement	Summary
c.	Requirements for you to renew or extend	2.2	You must: (i) timely notify us in writing of your intention to renew; (ii) have the right to operate the Business at the Approved Location for the duration of the renewal term or have secured an approved substitute location; (iii) have satisfactorily completed no later than ninety days before the expiration of the then-current term, all necessary maintenance, refurbishing, renovating, updating and remodeling of the Business premises to bring the Business and all equipment into full compliance with our then-current System standards and specifications; (iv) not be in breach of any provision of the Franchise Agreement, or any other agreement between you and us, our affiliates, and/or our major suppliers and vendors, and you have substantially complied with all such agreements during their respective terms; (v) have satisfied all monetary obligations you owe us, our affiliates, and/or our major suppliers and vendors; (vi) execute our then-current form of franchise agreement, which may contain materially different key terms than the Franchise Agreement you initially sign; (vii) satisfy our then-current training requirements; (viii) sign a general release in the form we prescribe; and (ix) pay us a renewal fee of 10% of the then current franchise fee.
d.	Termination by you	No Provision	You do not have the contractual right to terminate the Franchise Agreement.
e.	Termination by us without cause	No Provision	Not Applicable.
f.	Termination by us with cause	15	We have the right to terminate the Franchise Agreement with cause.
g.	Cause defined - default which can be cured	15.3	We have the right to terminate the Franchise Agreement after providing you a fifteen-day cure period if you: (i) fail to pay any monies you owe us or our affiliates or any of our system suppliers or vendors; (ii) fail to immediately endorse and deliver to us any payments due to us from any third party that is erroneously made to you; (iii) fail to maintain a sufficient inventory level; (iv) fail to open the Business within 9 months from the date you execute the Franchise Agreement; (v) fail to operate the Business during the months, days and hours that we prescribe; (vi) fail to personally supervise operations or employ adequate personnel; (vii) fail to maintain our quality controls and standards; or (viii) conduct yourself in a manner which reflects adversely on the System, the Proprietary Marks, or our products.
		15.4	We have the right to terminate the Franchise Agreement after providing you a thirty-day cure period if you fail to perform or comply with any one or more of the terms or conditions of the Franchise Agreement or any ancillary agreement between you and us or our affiliates.
h.	Cause defined - default which cannot be cured	15.1	The Franchise Agreement will automatically terminate without notice or an opportunity to cure if: (i) you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated

	Provision	Section in Franchise Agreement	Summary
		15.2	bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for you or the Business; (ii) proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within sixty days, or a trustee or receiver is appointed for you or the Business without your consent, and the appointment is not vacated within sixty days; or (iii) you purport to sell, transfer or otherwise dispose of your interest in the Business without our written approval. We have the right to terminate the Franchise Agreement with notice but without providing you an opportunity to cure if: (i) you take part in criminal acts or misconduct; (ii) you commit fraud or misrepresentation in the operation of the Business; (iii) you make any misrepresentations or omission in connection with the franchise application; (iv) you fail to complete our initial training program; (v) you receive two or more written notices of default within any twelve-month period; (vi) you materially breach any other agreement with us or our affiliates; (vii) you misuse the Proprietary Marks or Confidential Information; (viii) you violate any health, safety or sanitation law; (ix) you violate the in-term restrictive covenants of the Franchise Agreement; (x) a lien or writ of attachment or execution is placed against you, your principals or assets and is not released or bonded against within thirty days; (xi) you are insolvent; (xii) you abandon the Business; (xiii) you offer any unauthorized or unapproved products or services in connection with the operation of your Business; (xiv) you order or purchase supplies from unapproved suppliers; (xv) you misuse our proprietary software; (xvi) you fail to maintain adequate insurance or otherwise comply with the insurance requirements contained in the Franchise Agreement; (xvii) you fail to comply with any governmental notice of non-compliance with any law or regulation within fifteen days of the notice, or otherwise fail to procure or maintain any licenses, certifications, or permits necessary for the operation of the Business; (xviii) any governmental action is taken against you that results in any obligation upon us; (xix) you fail to comply with any laws or regulations regarding terrorism; (xx) you take any assets or property of the Business for your personal use; (xxi) there are insufficient funds in your bank account to cover a check or EFT payment to us three or more times in any twelve month period; (xxii) any audit reveals that you have understated your Royalty Fee or marketing payments, or your local advertising expenditures, by more than 2%, or if you have failed to submit timely reports and/or remittances for any two reporting periods within any twelve-month period; or (xxiii) you default in obligations under the lease agreement for the Approved Location.

	Provision	Section in Franchise Agreement	Summary
i.	Your obligations on termination/non-renewal	16.1	Upon termination or expiration of the Franchise Agreement, you must: (i) immediately cease all operations under the Franchise Agreement; (ii) immediately pay all sums you owe us, our affiliates, suppliers or vendors; (iii) immediately cease using the Proprietary Marks and System; (iv) immediately return to us the Operations Manual and all other manuals, proprietary and Confidential Information, no later than 5 calendar days after termination or expiration; (v) immediately cease using your telephone number and listing and, if we exercise our rights under the collateral assignment of telephone numbers, transfer the numbers and listings to us within fifteen calendar days; (vi) vacate the Business premises if we exercise our rights under the Collateral Assignment of Lease, no later than 15 days after the termination or expiration of the Franchise Agreement; (vii) return to us all items reflecting the Proprietary Marks and all items which are part of the trade dress within five days; (viii) immediately cease holding yourself out as our franchisee; (ix) take necessary action to amend or cancel any business name or equivalent registration which contains our trade name or Proprietary Marks; (x) allow us to inspect your financial records within one month of termination or expiration; (xi) comply with the post-term covenants contained in the Franchise Agreement; (xii) immediately cease to use in advertising or in any other manner any methods, procedures or techniques associated with us or the System; (xiii) immediately cease from engaging in any contacts with customers or former customers of the Business; and (xiv) execute periodically any papers, documents, and assurances necessary to effectuate termination or nonrenewal.
j.	Assignment of contract by us	14.5	We have the right to assign or transfer our rights under the Franchise Agreement.
k.	“Transfer” by you - definition	14.3	A sale, transfer or assignment requiring our prior written consent occurs: (i) if you are a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of your voting stock, or any increase in the number of outstanding shares of your voting stock which results in a change in ownership; (ii) if you are a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) if you are a limited liability company, upon any assignment, sale, pledge or transfer of any fractional portion of any interest in the limited liability company.
l.	Our approval of transfer by franchisee	14.1	You may not transfer any rights in the franchise without our prior written consent. We have the right to condition our approval of any sale, transfer, assignment or encumbrance as described below.
m.	Conditions for our approval of transfer	14.3.2	We will approve a proposed transfer if: (i) all of your accrued monetary obligations to us, affiliates, suppliers and vendors have been paid; (ii) all existing defaults under the Franchise Agreement have been cured; (iii) you and your transferee execute a general release in favor of us and our affiliates; (iv) you provide us a copy of the executed purchase

	Provision	Section in Franchise Agreement	Summary
			agreement; (v) the transferee meets our qualifications; (vi) the transferee executes our then-current franchise agreement; (vii) you or the transferee pay us a transfer fee equal to 30% of the then-current initial franchise fee; (viii) the transferee satisfactorily completes our training program; (ix) you comply with the post term provisions of the Franchise Agreement; (x) the transferee obtains all necessary licenses and permits required to operate the Business; (xi) to the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer; (xii) the transfer is made in compliance with all applicable laws; (xiii) the purchase price and terms of the proposed transfer are not so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Business and performance under its franchise agreement; (xiv) you must request that we provide the prospective transferee with our current form of disclosure document and we will not be liable for any representations not included in the disclosure document; (xv) our approval of the transfer will not constitute a waiver of any claims we may have against the transferring party; (xvi) we will have the right to disclose to any prospective transferee such sales reports and other financial information concerning you and your Business as you have supplied us; and (xvii) we may withhold or condition our consent to any transfer as we deem appropriate based on the circumstances of the transfer or otherwise.
n.	Our right of first refusal to acquire your business	14.3.1	You must first offer to sell to us on the same terms and conditions as those offered by a third party. We will notify you, within thirty days after receiving the offer, whether we wish to exercise our right to purchase your business.
o.	Our option to purchase your business	16.2	We have an option to purchase any personal property related to your Business upon termination or expiration of the Franchise Agreement.
p.	Your death or disability	14.2	Upon your death or disability, your rights under the Franchise Agreement may pass to your heirs or legatees, provided that, within 45 days of your death or disability, they execute the then-current franchise agreement, successfully complete our initial training program, and otherwise receive our approval.
q.	Non-competition covenants during the term of the franchise	17.1	During the term of the Franchise Agreement, neither you, your principals, or Key Managers, nor any member of the immediate family of you or your principals or Key Managers may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation: (i) own, maintain, engage in, be employed by, lend money to, extend credit to or have any interest in any other business deriving more than 10% of its sales from selling and offering predominantly ice cream or other frozen dessert items or any other goods or services offered or authorized for sale by System franchisees; provided, however, that Section 17.1 does not apply to your operation of any other Business under the System; or (ii) divert or

	Provision	Section in Franchise Agreement	Summary
			attempt to divert any business or customer of the Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System.
r.	Non-competition covenants after the franchise is terminated or expires	17.2	For a period of two years after the expiration and nonrenewal, transfer or termination of the Franchise Agreement, regardless of the cause, neither you, your principals, Key Managers nor any member of the immediate family of you, your principals or Key Managers may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation enter into any business competing in whole or in part with us granting franchises or licenses for businesses deriving 10% or more of their sales from selling and offering predominantly ice cream or other frozen dessert items or any other goods or services offered or authorized for sale by System franchisees at the time the Franchise Agreement is terminated or expires and is not renewed. For a period of two years after the expiration, transfer or termination of the Franchise Agreement, regardless of the cause, neither you, your principals, your Key Managers nor any member of the immediate family of you, your principals or Key Managers may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation: (i) own, maintain, engage in, be employed by, or have any interest in any other business deriving more than 10% of its sales from selling predominantly ice cream or other frozen dessert items or any other goods or services offered or authorized for sale by System franchisees at the time the Franchise Agreement is terminated or expires and is not renewed, (a) at the Franchised Business, (b) within the Protected Area, or (c) within a radius of twenty-five miles of the perimeter of (1) the Protected Area being granted hereunder or (2) any other protected area licensed by us as of the date of expiration or termination of the Franchise Agreement or (3) any other Franchised Business; or (ii) solicit business from customers of your former Franchised Business or contact any of our suppliers or vendors for any competitive business purpose nor solicit any of our employees, or the employees of our affiliates or any other System franchisee to discontinue employment. The two-year time period will be tolled during any default of the non-compete and confidentiality covenants.
s.	Modification of the Franchise Agreement	22.1	The Franchise Agreement may only be modified or amended in writing signed by all parties.
t.	Integration/merger clauses	22.1	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside of the Disclosure Document and the Franchise Agreement may not be enforceable.

	Provision	Section in Franchise Agreement	Summary
u.	Dispute resolution by mediation	18.2, 18.3	You must bring all disputes before our CEO prior to bringing a claim before a third party. After exhausting this internal dispute resolution procedure, at our option, all claims or disputes between you and us must be submitted first to non-binding mediation in Miami, Florida, or our then-current corporate headquarters, in accordance with the American Arbitration Association's Commercial Mediation Rules then in effect.
v.	Choice of forum	18.4	All claims not subject to mediation must be brought before a court of general jurisdiction in Miami, Florida, or the United States District Court presiding over Miami, Florida. You consent to the personal jurisdiction and venue of any court of general jurisdiction in Miami, Florida and the United States District Court for the Southern District of Florida (subject to state law).
w.	Choice of law	18.1	The Franchise Agreement is governed by the laws of the State of Florida (subject to state law).

B. DEVELOPMENT AGREEMENT

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

	Provision	Section in Development Agreement	Summary
a.	Length of the development agreement term	5	The Development Agreement will commence on the date it is fully-executed and end on the last day of the calendar month that the final Franchised Business is required to be opened and operating under the Mandatory Development Schedule.
b.	Renewal or extension of the term	No Provision	Not Applicable.
c.	Requirements for developer to renew or extend	No Provision	Not Applicable.
d.	Termination by developer	No Provision	Not Applicable.
e.	Termination by franchisor without cause	No Provision	Not Applicable.
f.	Termination by franchisor with cause	6.2	We may terminate the Development Agreement for cause.

	Provision	Section in Development Agreement	Summary
g.	Cause defined – curable defaults	6.2	We may terminate the Development Agreement if you fail to meet your development obligations under the Development Agreement during the Development Period and fail to cure such default within thirty days of receiving notice thereof.
h.	Cause defined – non-curable defaults	6.2	We may terminate the Development Agreement if: (i) you cease to actively engage in development activities in the Development Area or otherwise abandon your development business for three consecutive months, or any shorter period that indicates an intent by you to discontinue development of the Franchised Businesses within the Development Area; (ii) you become insolvent or are adjudicated bankrupt, or if any action is taken by you, or by others against the you, under any insolvency, bankruptcy or reorganization act, or if you make an assignment for the benefit of creditors or a receiver is appointed by you; or (iii) any Franchise Agreement that is entered into in order to fulfill your development obligations under the Development Agreement is terminated or subject to termination by us, pursuant to the terms of that Franchise Agreement.
i.	Developer’s obligations on termination/ non-renewal	Not Applicable	Not Applicable.
j.	Assignment of contract by us	8	We have the right to assign our rights under the Development Agreement.
k.	“Transfer” by you - definition	8	Any transfer in you (if you are an entity) or your rights/obligations under the Development Agreement.
l.	Our approval of transfer by developer	8	You may not transfer any rights or obligations under the Development Agreement without our prior written consent.
m.	Conditions for our approval of transfer	Not Applicable	Not Applicable.
n.	Our right of first refusal to acquire your business	Not Applicable	Not Applicable.
o.	Our option to purchase your business	Not Applicable	Not Applicable.
p.	Your death or disability	Not Applicable	Not Applicable.

	Provision	Section in Development Agreement	Summary
q.	Non-competition covenants during the term of the development business	Not Applicable	Nothing additional. Please see non-competition covenants set forth in your Franchise Agreement(s) entered into under the Development Agreement.
r.	Non-competition covenants after the development business is terminated or expires	Not Applicable	Nothing additional. Please see non-competition covenants set forth in your Franchise Agreement(s) entered into under the Development Agreement.
s.	Modification of the Development Agreement	27	Any modification of the Development Agreement must be in writing and signed by both parties.
t.	Integration/merger clauses	27	Only the terms of the Development Agreement are binding (subject to state law). Any representations or promises made outside of the Disclosure Document and the Development Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	12 and 13	You must bring all disputes before our CEO prior to bringing a claim before a third party. At our option, all claims or disputes between you and us must be submitted first to non-binding mediation in Miami, Florida in accordance with the American Arbitration Association's Commercial Mediation Rules then in effect and if mediation is not successful, then by litigation.
v.	Choice of forum	15	All claims not subject to mediation must be brought before a court of general jurisdiction in Miami, Florida, or the United States District Court presiding over Miami, Florida. You consent to the personal jurisdiction and venue of these courts (subject to state law).
w.	Choice of law	11	The Development Agreement is governed by the laws of the State of Florida (subject to state law).

ITEM 18

PUBLIC FIGURES

We do not use any public figures to promote our franchise, but we reserve the right to do so in the future.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATION

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the

actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

This Item sets forth certain historical sales and cost information for four Chill-N-Ice Cream businesses located in Southeastern Florida operated by our founders, Danny and Donna Golik (the “Founders’ Businesses”). The Founders’ Businesses are substantially similar to the Businesses being offered in this franchise disclosure document. Excluded from this Item 19 is one non-traditional Chill-N-Ice Cream business opened by our founders in January 2019 as this business is not substantially similar to the business being offered under this disclosure document. Substantiation of the data used in preparing this information will be made available to you upon reasonable request.

TABLE ONE

Table One discloses the average Gross Sales, Cost of Goods Sold, Payroll, Nitrogen Costs, Rent, Marketing expense, Administrative, Credit Card Processing fees, Delivery Service Fees, Utilities, Other Operating Expenses and Royalty expense of the four Founders’ Businesses during the 2020 & 2021 Calendar Years.

Average of Founders’ Businesses

	2021	% of Sales		2020	% of Sales
Sales	\$657,949			\$547,858	
COGS	\$152,884	23.2%		\$121,692	22.2%
Payroll*	\$136,115	20.7%		\$120,553	22.0%
Nitrogen	\$29,041	4.4%		\$25,717	4.7%
Rent	\$52,707	8.0%		\$54,960	10.0%
Marketing*	\$17,187	2.6%		\$6,721	1.2%
Administrative	\$18,908	2.9%		\$16,340	3.0%
CC Processing	\$15,754	2.4%		\$14,749	2.7%
Delivery Services	\$32,025	4.9%		\$39,059	7.1%
Utilities	\$18,879	2.9%		\$16,211	3.0%
Other Operating Expenses*	\$30,617	4.7%		\$29,313	5.4%
Royalty	\$39,209	6.0%		\$32,871	6.0%
Operating Profit*	\$108,697	16.5%		\$68,884	12.6%

TABLE TWO

Table Two discloses the Median Gross Sales, Cost of Goods Sold, Payroll, Nitrogen Costs, Rent, Marketing expense, Administrative, Credit Card Processing fees, Delivery Service Fees, Utilities, Other Operating Expenses and Royalty expense of the four Founders’ Businesses during the 2020 & 2021 Calendar Years.

Median of Founders' Businesses

	2021	% of Sales		2020	% of Sales
Sales	\$643,013			\$546,482	
COGS	\$155,698	24.2%		\$119,693	21.9%
Payroll*	\$137,381	21.4%		\$119,355	21.8%
Nitrogen	\$30,316	4.7%		\$24,765	4.5%
Rent	\$49,739	7.7%		\$54,794	10.0%
Marketing*	\$17,253	2.7%		\$6,961	1.3%
Administrative	\$17,807	2.8%		\$15,855	2.9%
CC Processing	\$15,645	2.4%		\$15,010	2.8%
Delivery Services	\$32,387	5.0%		\$38,914	7.1%
Utilities	\$20,024	3.1%		\$16,409	3.00%
Other Operating Expenses	\$29,047	4.5%		\$27,143	5.0%
Royalty	\$38,293	6.0%		\$32,789	6.0%
Operating Profit*	\$106,660	16.6%		\$67,436	12.3%

Table Three

Table Three discloses the Minimum-Maximum Gross Sales (“Min-Max”), Cost of Goods Sold, Payroll, Nitrogen Costs, Rent, Marketing expense, Administrative, Credit Card Processing fees, Delivery Service Fees, Utilities, Other Operating Expenses and Royalty expense of the four Founders’ Businesses during the 2020 & 2021 Calendar Years.

Min-Max of Founders' Businesses

	2021	% of Sales		2020	% of Sales
Sales	\$560,833- \$784,937			\$431,136- \$667,330	
COGS	\$124,050- \$176,090	22.1%- 24.2%		\$100,393- \$146,988	20.8%- 25.4%
Payroll*	\$123,01- \$146,698	18.4%- 23.2%		\$105,782- \$137,722	20.6%- 24.5%
Nitrogen	\$21,189- \$34,342	3.7%- 5.1%		\$20,719- \$32,617	3.7%- 6.2%
Rent	\$25,691- \$85,659	3.7%- 10.9%		\$25,125- \$85,127	4.1%- 13.7%

Marketing*	\$16,244- \$18,000	2.29%- 2.9%	\$4,165- \$8,793	0.7%- 2.0%
Administrative	\$17,763- \$22,257	2.3%- 3.8%	\$14,516- \$19,134	2.3%- 4.4%
CC Processing	\$10,766- \$20,960	1.9%- 2.7%	\$9,635- \$19,342	2.2%- 2.9%
Delivery Services	\$16,019- \$47,307	2.3%- 6.0%	\$29,126- \$49,282	6.2%- 8.1%
Utilities	\$13,125- \$22,345	1.9%- 3.8%	\$11,304- \$20,722	2.1%- 4.8%
Other Operating Expenses	\$28,592- \$35,784	3.6%- 6.2%	\$24,015- \$38,952	4.1%- 6.8%
Royalty	\$33,292- \$46,958	5.9%- 6.0%	\$25,868- \$40,039	6%- 6%
Operating Profit*	\$67,281- \$154,186	11.6%- 21.9%	\$3,278- \$137,385	0.8%- 22.5%

Table Four

Table Four discloses the Median Ticket per customer for in-store purchases, Delivery purchases and Total purchases of the five Founders' Businesses during the 2021 Calendar Year.

In-Store Median Ticket	Delivery Median Ticket	Total Median Ticket
\$11.50	\$17.33	\$11.50

Table Five

Table Five discloses the Average, Weekly and Min-Max Weekly sales of the five Founders' Businesses during the 2021 Calendar Year.

Average Weekly Sales	Median Weekly Sales	Min-Max Weekly Sales
\$12,221	\$12,104	\$6849 - \$19,507

Table Six

Table Six discloses Delivery Sales as a percentage of Total Sales of the five Founders' Businesses during the 2020 & 2021 Calendar Year.

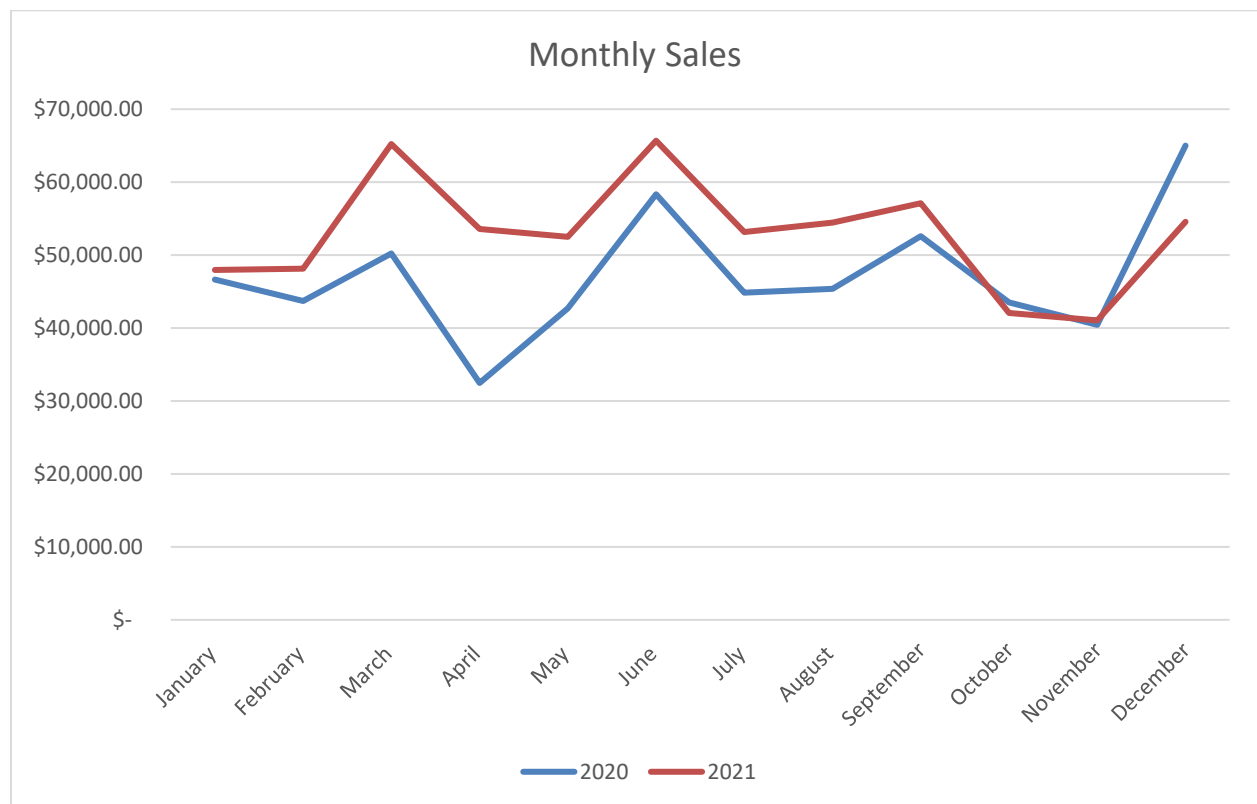
2021 Delivery Sales as % of Total Sales	2020 Delivery Sales as % of Total Sales
21%	33%

Table Seven(a)

Table Seven discloses Average monthly sales of the five Founders' Businesses during the 2020 & 2021 Calendar Year and the percentage change year over year.

Average	2021	Number above/below average	2020	Number above/ below average	% Change
January	\$47,968	2/3	\$46,640	1/3	3%
February	\$48,141	2/3	\$43,705	1/3	10%
March	\$65,232	2/3	\$50,217	2/2	30%
April	\$53,581	2/3	\$32,471	2/2	65%
May	\$52,495	2/3	\$42,692	2/2	23%
June	\$65,680	2/3	\$58,342	2/2	13%
July	\$53,161	3/2	\$44,848	2/2	19%
August	\$54,451	2/3	\$45,384	2/2	20%
September	\$57,107	2/3	\$52,589	2/2	9%
October	\$42,063	2/3	\$43,514	2/2	-3%
November	\$41,050	2/3	\$40,438	2/2	2%
December	\$54,556	2/3	\$65,006	2/2	-16%

Table Seven(b)



General Notes.

1. “Gross Sales” means all sales generated from all business conducted at or from each Founders’ Business during the Measurement Period. “Gross Sales” does not include the amount of any tax imposed by any federal, state, municipal or other governmental authority. “Gross Sales” does not include any tips or gratuities.

2. “Cost of Goods Sold” is defined as is defined as all direct costs including ingredients, packaging and decorating costs. The percentage was determined by dividing Cost of Goods Sold by Gross Sales.
* A price increase was not incorporated in 2022 in light of the increased costs of raw material.

3. “Payroll” is defined as the cost of all store level labor, including hourly employees, management labor, and manager salary or bonus payments, but does not include owner salary or draw and assumes administrative work performed by owner. Payroll expense also includes an Area Manager in store hours. The percentage was determined by dividing Payroll by Gross Sales.

* Payroll costs in 2020 were reduced by an average of \$24,352.50 per store due to funding through the Payment Protection Program during COVID. This helped cover additional labor expenses for employees who were paid while unable to work for COVID related reasons. The PPP loan amount is not reflected in the Tables above and due to compliance with the conditions of the loan will not have to be repaid.

4. “Nitrogen” is defined as the cost of nitrogen during the Measurement Period. The percentage was determined by dividing Nitrogen by Gross Sales.

5. “Rent” is defined as all charges imposed under the lease agreements, including base rent, percentage rent, common area maintenance charges and real estate taxes. The percentage was determined by dividing Rent by Gross Sales.

6. “Marketing” is defined as all local marketing to help promote the business including social media spend, print, email, video production, photography and in-store marketing.

*The Company chose to waive the 3% local marketing required spend during COVID pandemic in 2020 due to the lack of community events which make up a significant portion of local marketing spend.

7. “Administrative Fees” is defined as IP Fee, Technology Fee, Insurance, Professional Fees, Accounting Fees, and License/Permit Costs

8. “CC Processing” is defined as all charges related to credit card processing using the in-store point of sale and online orders through the Company’s website.

9. “Delivery Service Fees” is defined all fees collected in regard to processing third party delivery orders.

10. “Utilities” is defined as all expenses related to gas & electricity, water & sewer and waste collection.

11. “Other Operating Expenses” is defined as Cleaning Supplies, Cleaning Services, Equipment Rental, Restaurant Supplies, Pest Control and Miscellaneous Operating Expenses.

*Additional “Other Operating Expenses” incurred during the COVID pandemic are estimated at an additional \$6,200 per store for 2020 expenses. Additional expenses incurred due to COVID include employee PPE, more frequent store cleaning/sanitations, employee COVID testing expenses, COVID in-store signage and COVID specific plastic barriers/separations.

12. “Royalty” is defined as the 6% Royalty Fee. The average presented above is determined by taking the sum of Founders’ Businesses’ Royalty and dividing by four.

13. “Operating Profit” is defined as Gross Sales minus Cost of Goods Sold, Payroll, Nitrogen, Rent, Marketing, Administrative Fees, Other Operating Expenses, CC Processing, Delivery Service Fees, Utilities and Royalty fees. The percentage was determined by dividing the Operating Profit by Gross Sales.

*Due to COVID, each of the Founders’ Businesses received \$10,000 in Economic Injury Disaster Loans (EIDL) in the form of a Grant in 2020. This amount does not need to be repaid and as such was registered as “other income” below the Operating Profit line. Additionally, one of the Founders’ Businesses was closed for a period of time due to COVID. All employees continued to receive their salaries during the shutdown while the store was cleaned and COVID Tests administered.

14. We calculated averages above by taking the sum of each Founders’ Business results by quarter and dividing it by four stores in 2020 and five stores in 2021.

15. The “Median” represents the middle number of which $\frac{1}{2}$ of the Founders’ Businesses exceeded and $\frac{1}{2}$ did not.

16. The “Min-Max” represents the Minimum and Maximum value for all of the Founders’ Businesses in each category.

17. In Table Four, in-store Median Ticket was calculated by taking the in-store ticket average of the Founders’ Business during the measurement period after removing the Maximum and the Minimum performing stores. Delivery Median Ticket was calculated by taking the Delivery ticket average of the Founders’ Business during the measurement period after removing the Maximum and the Minimum performing stores. Total Median Ticket was calculated by taking the total sales of the business and dividing it by the total number of orders during the measurement period after removing the Maximum and Minimum performing stores.

18. In Table Five, Average Weekly Sales was calculated by taking the average weekly combined sales of all the Founders’ Business during the measurement period and then dividing by the total number of stores in the Founders’ Businesses. Median Weekly Sales was calculated by taking the Median weekly combined sales of all the Founders’ Business during the measurement period and then dividing by the total number of stores in the Founders’ Businesses.

- a. Min-Max Weekly Sales was calculated by taking the Minimum and Maximum combined sales of all the Founders’ Business during the measurement period and then dividing by the total number of stores in the Founders’ Businesses.

19. In Table Six, 2020 Delivery Sales as percentage of total sales was calculated by taking total Delivery Sales in 2020 and dividing it by Total sales of the Founders’ Business during the same period. 2021 Delivery Sales as percentage of total sales was calculated by taking total Delivery Sales in 2021 and dividing it by Total sales of the Founders’ Business during the same period.

20. In Table Seven, Average Monthly Sales was calculated taking the total sales of the Founders’ Business in any given month and dividing it by the four stores of the Founders’ Business during the same period.

Graph One is simply a visual representation of Table Seven to highlight the Average Monthly Sales for the Founders' Business during 2020 & 2021.

General Notes to Item 19.

1. Your expenses will vary depending upon the location of your Franchised Business. This analysis does not contain complete information regarding costs associated with starting up and operating a Franchised Business. Written substantiation for the preceding financial performance representation will be made available to you upon reasonable request.
2. The figures above do not include certain costs associated with the establishment and operation of a Franchised Business, including initial franchise fees; build-out and equipment costs; technology and other costs able to be capitalized. The above figures also exclude living expenses.
3. **Some outlets have earned this amount. Your individual results may vary. There is no assurance you will do as well.**
4. Sales and expenses of your Business will be directly affected by many factors, such as: (a) geographic location and product demand; (b) competition from other similar businesses in your area; (c) advertising effectiveness based on market saturation; (d) your product and service pricing; (e) vendor prices on materials, supplies and inventory; (f) labor costs; (g) ability to generate customers; (h) customer loyalty; and (i) employment conditions in the market.
5. We recommend that you make your own independent investigation to determine whether or not the franchise may be profitable to you. We suggest strongly that you consult your financial advisor or personal accountant concerning financial projections and federal, state and local income taxes and any other applicable taxes that you may incur in operating a Franchised Business.
6. Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting David Leonardo, Chill-N Nitrogen Ice Cream Franchising, LLC, 3051 NW 75th Avenue, Miami, FL 33122 or call (305) 925-7530.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE 1
Systemwide Outlet Summary
For Fiscal Years 2019, 2020, 2021

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Company/ Affiliate Owned	2019	4	0	0
	2020	4	5	+1
	2021	5	5	0
Total Outlets	2019	4	0	0
	2020	4	5	+1
	2021	5	5	0

*Chill-N LLC has operated Chill-N Nitrogen Ice Cream businesses in Pinecrest, FL; Aventura, FL; Fort Lauderdale, FL; Coconut Grove, FL; and South Miami, FL, and has licensed two locations in Weston, FL; and Coral Springs, FL.

TABLE 2
**Transfers of Outlets from Franchisees to New Owners (other than
Franchisor)**
For Fiscal Years 2019, 2020, 2021

STATE	YEAR	NUMBER OF TRANSFERS
Totals	2019	0
	2020	0
	2021	0

TABLE 3
Status of Franchised Outlets
For Fiscal Years 2019, 2020, 2021

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMIN A- TIONS	NON- RENEWAL S	REACQUIRE D BY FRANCHISO R	CEASED OPERATION S- OTHER REASONS	OUTLETS AT END OF THE YEAR
Totals	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0

TABLE 4
Status of Company-Owned and Affiliate-Owned Outlets
For Fiscal Years 2019, 2020, 2021

STATE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS OPENED	OUTLETS REACQUIRE D FROM FRANCHISE	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEE S	OUTLETS AT END OF THE YEAR
Florida	2019	4	0	0	0	0	4
	2020	4	1	0	0	0	5
	2021	5	0	0	0	0	5
Total	2019	4	0	0	0	0	4
	2020	4	1	0	0	0	5
	2021	5	0	0	0	0	5

TABLE 5
Projected Openings as of December 31, 2021

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY OWNED OUTLETS IN THE NEXT FISCAL YEAR
FLORIDA	4	3	0
NEW JERSEY	1	0	0
TEXAS	2	2	0
TENNESSEE	1	0	0
TOTAL	8	5	0

As of the issuance date of this disclosure document, we have 9 franchisee's that have signed a franchise agreement but have yet to open an outlet. There has been one franchisee that has left the System or who have not communicated with us within the 10-week period immediately preceding the effective date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the System.

There is presently no trademark specific franchisee organization associated with the System. No franchisees have signed provisions during our last three fiscal years restricting their ability to speak openly about their experience with us.

ITEM 21

FINANCIAL STATEMENTS

Exhibit C of this Disclosure Document contains our audited financial statements as of December 31, 2019, 2020 and 2021, as well as our unaudited balance sheet and profit and loss statement as of March 31, 2022. Our fiscal year end is December 31 of each year.

ITEM 22

CONTRACTS

Exhibits D, E and F of this Franchise Disclosure Document contain all contracts proposed for use or in use regarding the offer of our franchises, including the following agreements:

Exhibit D – Franchise Agreement

Exhibit A - Site Selection Addendum

Exhibit B - Personal Guaranty and Guaranty of Spouses

Exhibit C - Collateral Assignment of Lease

Exhibit D - Conditional Assignment of Franchisee's Telephone Numbers and Listings

Exhibit E - Confidentiality and Restrictive Covenant Agreement

Exhibit F – Electronic Funds Withdrawal Authorization

Exhibit G - Franchisee Questionnaire/Compliance Certification

Exhibit E – Development Agreement

Exhibit F – Sample Termination and Release Agreement

Exhibit I – Construction Services Agreement

ITEM 23

RECEIPTS

Exhibit J of this Franchise Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Franchise Disclosure Document by a prospective franchisee. You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy to: Chill-N Nitrogen Ice Cream Franchising, LLC.

EXHIBIT A
TO THE CHILL-N NITROGEN ICE CREAM FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS
AND AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

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

<u>CALIFORNIA</u>	<u>CONNECTICUT</u>
(state administrators) Department of Financial Protection and Innovation: 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7500 Toll Free (866) 275-2677 1515 K Street, Suite 200 Sacramento, CA 95814 (916) 445-7205 1350 Front Street San Diego, CA 92101 (619) 525-4233 One Sansome Street, Suite 600 San Francisco, California 94104 (415) 972-8565 (agents for service of process) California Commissioner of Financial Protection and Innovation: 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 Commissioner of Financial Protection and Innovation: One Sansome Street, Suite 600 San Francisco, California 94104 Commissioner of Financial Protection and Innovation: 1515 K Street, Suite 200 Sacramento, CA 95814	(state administrator) State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230 (agent for service of process) Banking Commissioner

<u>HAWAII</u> (state administrator) Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 (agent for service of process) Commissioner of Securities State of Hawaii 335 Merchant Street Honolulu, Hawaii 96813 (808) 586-2722	<u>ILLINOIS</u> Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
<u>INDIANA</u> (state administrator) Indiana Secretary of State Securities Division, E-111 302 Washington Street Indianapolis, Indiana 46204 (317) 232-6681 (agent for service of process) Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531	<u>MARYLAND</u> (state administrator) Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360 (agent for service of process) Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360

<u>MICHIGAN</u> (state administrator) Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48933 (517) 373-7117 (agent for service of process) Corporations Division Bureau of Commercial Services Department of Labor and Economic Growth P.O. Box 30054 Lansing, Michigan 48909	<u>MINNESOTA</u> (state administrator) Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1500 (agent for service of process) Minnesota Commissioner of Commerce
<u>NEW YORK</u> (state administrator) Attention: Barbara Lasoff Office of the New York State Attorney General Investor Protection Bureau of Franchise Section 28 Liberty Street, 21st Floor^{[L][SEP]} New York, NY 10005^{[L][SEP]} (212) 416-8236 Phone^{[L][SEP]} (212) 416-6042 Fax (agent for service of process) Attention: Uniform Commercial Code New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231 (518) 472-2492	<u>NORTH DAKOTA</u> North Dakota Securities Department State Capitol, Fifth Floor, Dept. 414 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 328-4712
<u>OREGON</u> Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	<u>RHODE ISLAND</u> Securities Division Department of Business Regulation, Bldg 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9582

<u>SOUTH DAKOTA</u> Division of Securities Department of Labor & Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-4823	<u>VIRGINIA</u> (state administrator) State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051 (for service of process) Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733
<u>WASHINGTON</u> (state administrator) Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98507-9033 (360) 902-8760 (agent for service of process) Director, Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, Washington 98501	<u>WISCONSIN</u> (state administrator) Division of Securities Department of Financial Institutions 201 W. Washington Avenue, 3rd Floor Madison, Wisconsin 53703 (608) 266-1064 (agent for service of process) Administrator, Division of Securities Department of Financial Institutions 201 W. Washington Ave., 3rd Floor Madison, Wisconsin 53703

EXHIBIT B
TO THE CHILL-N NITROGEN ICE CREAM FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

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EXHIBIT C
TO THE CHILL-N NITROGEN ICE CREAM FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
FINANCIAL STATEMENTS

Chill-N Nitrogen Ice Cream Franchising LLC

FINANCIAL STATEMENTS

As of December 31, 2021 and 2020 and for the Years Then Ended

Chill-N Nitrogen Ice Cream Franchising LLC
Financial Statements

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1660 Lincoln Street, Suite 2620
Denver, CO 80264

303.346.2600

Fax 720.542.9628

www.djjcpa.com

Independent Auditor's Report

Members and Management
Chill-N Nitrogen Ice Cream Franchising, LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Chill-N Nitrogen Ice Cream Franchising, LLC which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income, changes in members' equity, 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 Chill-N Nitrogen Ice Cream Franchising, LLC as of December 31, 2021 and 2020, 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 Chill-N Nitrogen Ice Cream Franchising, LLC 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.

Other Matter

The financial statements of Chill-N Nitrogen Ice Cream Franchising, LLC for the year ended December 31, 2020, before the restatement described in Note 4, were audited by another auditor whose report dated March 12, 2021 expressed an unmodified opinion on those statements.

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 Chill-N Nitrogen Ice Cream Franchising, LLC's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 judgment 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 Chill-N Nitrogen Ice Cream Franchising, LLC'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 Chill-N Nitrogen Ice Cream Franchising, LLC'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.

Prior Period Financial Statements

The financial statements of Chill-N Nitrogen Ice Cream Franchising, LLC as of December 31, 2020, were audited by other auditors whose report dated March 12, 2021, expressed an unmodified opinion on those statements.



DJJCPA, LLC
Denver, Colorado
May 11, 2022

Chill-N Nitrogen Ice Cream Franchising, LLC

Balance Sheets

As of December 31, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 169,224	\$ 260,375
Accrued revenue	2,760	-
Prepaid expenses	26,891	3,722
TOTAL CURRENT ASSETS	198,875	264,097
PROPERTY AND EQUIPMENT		
Furniture and fixtures	2,388	2,388
Computers and electronics	12,249	10,000
Equipment	12,500	12,500
Accumulated depreciation	(11,547)	(4,978)
TOTAL FIXED ASSETS	15,590	19,910
OTHER ASSETS		
Deposits	30,000	1,200
Franchise receivables	40,000	-
Trademarks	1,980	-
TOTAL OTHER ASSETS	71,980	1,200
TOTAL ASSETS	\$ 286,445	\$ 285,207
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 26,318	\$ 7,285
Accrued Payroll	9,446	-
PPP loan	-	68,200
Loans from members	365,341	365,341
Due to affiliates	267,320	234,500
Deferred revenue	120,800	-
TOTAL CURRENT LIABILITIES	789,225	675,326
LONG-TERM LIABILITIES		
Deferred revenue	160,000	-
TOTAL LONG-TERM LIABILITIES	160,000	-
TOTAL LIABILITIES	949,225	675,326
MEMBERS' EQUITY		
Contributed capital	450,000	675,000
Retained earnings	(1,112,780)	(1,065,119)
TOTAL MEMBERS' EQUITY	(662,780)	(390,119)
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 286,445	\$ 285,207

The accompanying notes are an integral part of the financial statements.

Chill-N Nitrogen Ice Cream Franchising, LLC

Statements of Income

For the Years Ended December 31, 2021 and 2020

	2021	2020
INCOME		
Royalty Fees	\$ 185,728	\$ 129,804
Franchise Fees	187,200	-
Technology fees	1,500	-
Intellectual property fees	2,250	-
TOTAL INCOME	376,678	129,804
EXPENSES		
Advertising & promotion	11,530	14,200
Business development	5,490	1,575
Commissions expense	15,600	-
Depreciation and amortization	6,569	4,978
Continuing education	2,580	-
Dues & subscriptions	4,675	374
Employee benefits	22,095	20,816
Insurance	501	381
Interest	663	1,968
Marketing	25,389	24,645
Operations	1,515	7,113
Payroll & payroll taxes	353,481	271,327
Payroll expenses	1,478	1,278
Professional fees	26,312	60,473
Rent	5,852	26,306
Research and development	131,192	-
Technology	499	956
Travel & entertainment	1,607	2,712
TOTAL EXPENSES	617,028	439,102
NET OPERATING LOSS	(240,350)	(309,298)
OTHER INCOME (EXPENSE)		
PPP debt forgiveness	151,938	-
Employee retention tax credit received	40,481	-
Interest income	220	-
Miscellaneous income	50	-
EIDL grant received	-	9,000
TOTAL OTHER INCOME (EXPENSE)	192,689	9,000
NET LOSS	\$ (47,661)	\$ (300,298)

The accompanying notes are an integral part of the financial statements.

Chill-N Nitrogen Ice Cream Franchising, LLC
Statement of Members' Equity
For the Years Ended December 31, 2021 and 2020

	<u>Contributed Capital</u>		<u>Retained Earnings (Accumulated Deficit)</u>	<u>Total Members' Equity</u>
	<u>Common Units</u>	<u>Amount</u>		
Beginning Balance, January 1, 2020	10,000	\$ 448,000	\$ (764,821)	\$ (316,821)
Additional Paid-In Capital	-	227,000	-	227,000
Net income	<u>-</u>	<u>-</u>	<u>(300,298)</u>	<u>(300,298)</u>
Ending Balance, December 31, 2020	10,000	675,000	(1,065,119)	(390,119)
Distributions	-	(225,000)	-	(225,000)
Net income	<u>-</u>	<u>-</u>	<u>(47,661)</u>	<u>(47,661)</u>
Ending Balance, December 31, 2021	<u>10,000</u>	<u>\$ 450,000</u>	<u>\$ (1,112,780)</u>	<u>\$ (662,780)</u>

The accompanying notes are an integral part of the financial statements.

Chill-N Nitrogen Ice Cream Franchising, LLC

Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (47,661)	\$ (300,298)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	6,569	4,978
Noncash PPP loan forgiveness	(151,938)	-
Noncash interest paid on PPP loan	663	-
(Increase) decrease in assets:		
Accrued revenue	(2,760)	-
Prepaid expenses and other current assets	(23,169)	(3,488)
Deposits	(28,800)	3,975
Franchise receivable	(40,000)	-
Increase (decrease) in liabilities:		
Accounts payable	19,033	(52,245)
Accrued expenses	9,446	-
Deferred Revenue	280,800	-
CASH PROVIDED (USED) BY OPERATING ACTIVITIES	22,183	(347,078)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchases of fixed assets	(2,249)	(24,888)
Cash paid for trademarks	(1,980)	-
CASH USED BY INVESTING ACTIVITIES	(4,229)	(24,888)
CASH FLOWS FROM FINANCING ACTIVITIES		
PPP loans received	83,075	68,200
Loans from affiliates	32,820	220,500
Capital contributions	-	302,000
Distributions	(225,000)	-
CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(109,105)	590,700
NET INCREASE (DECREASE) IN CASH	(91,151)	218,734
CASH AT BEGINNING OF YEAR	260,375	41,641
CASH AT END OF YEAR	<u>\$ 169,224</u>	<u>\$ 260,375</u>
CASH PAID DURING THE YEAR FOR:		
INTEREST	\$ -	\$ -
INCOME TAXES	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

Chill-N Nitrogen Ice Cream Franchising, LLC

Notes to the Financial Statements

For the Years Ended December 31, 2021 and 2020

1. Organization and Nature of Business

General Overview

Chill-N Nitrogen Ice Cream Franchising LLC (the "Company") was organized under the laws of the State of Delaware in 2018. The Company was organized for the purpose of selling franchises under the Chill-N Nitrogen Ice Cream brand. The Company's principal office is located in Miami, Florida.

The Company derives its revenues from one-time franchising fees and recurring royalty, development, and other fees.

As of both December 31, 2021 and 2020 the Company had 6 franchise locations owned and operated by the founders in operation.

As of December 31, 2021 the Company had 9 completed, signed franchise agreements representing 15 future franchise locations. As of December 31, 2020 the Company had 1 completed, signed franchise agreement representing 1 future franchise location.

2. Significant Accounting Policies

Basis of Presentation

The financial statements of the Company were prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Significant estimates include, but are not limited to, estimates used in franchise fee revenue recognition, calculating accrued expenses, collectability of balances due from affiliates, expected timing of receipt or recognition, and calculating depreciation and amortization. Because of the inherent uncertainties in these estimates, it is at least reasonably possible that the estimates used will change in the near term.

Chill-N Nitrogen Ice Cream Franchising, LLC

Notes to the Financial Statements

For the Years Ended December 31, 2021 and 2020

2. Significant Accounting Policies (Continued)

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and cash equivalents and accounts receivable. At times, the Company maintains deposits in federally insured financial institutions in excess of federally insured limits.

Cash and Cash Equivalents

Cash and cash equivalents consist principally of cash held in commercial bank accounts and money market funds having an original maturity of less than three months at the date of acquisition. All highly liquid investments with a maturity of three months or less as of the acquisition date are considered to be cash equivalents.

Property and Equipment

Property and equipment are stated at cost. Depreciation on property and equipment is calculated on the straight-line method over the estimated useful lives of the assets, ranging from 3 to 7 years.

Revenue Recognition

Franchise Fees

The Company complies with Accounting Standards Codification (ASC) 952, Accounting for Franchise Fee Revenue, which indicates the basis for recognition, presentation, and disclosure of franchise fee revenue.

Initial franchise fee revenue is accordingly recognized when all of the following criteria have been met:

- Final payment has been received;
- The franchisee has executed a franchise agreement or evidence of an agreement exists;
- Substantially all obligations relative to sale of the franchise have been performed, and;
- The price to the customer is fixed and determinable.

Chill-N Nitrogen Ice Cream Franchising, LLC

Notes to the Financial Statements

For the Years Ended December 31, 2021 and 2020

2. Significant Accounting Policies (Continued)

The Company considers substantially all obligations performed for a single franchisee when the franchise is opened. The Company has implemented a process to recognize 40% of franchise revenue when an agreement is signed, enforceable, or collectable and defer the remaining 60% until the location opens. The Company has developed a different procedure to recognize revenue for multiple location and area franchises. The Company performs substantial assistance in the first location with a multi-location franchise and little assistance in the development of subsequent locations. The Company has implemented a procedure to recognize franchise fee revenue for multiple location developers at 40% of fee revenue when the franchise agreement an agreement is signed, enforceable, or collectable and defer the remaining 60% to be recognized ratably as locations open. The franchise agreement specifies the initial fees are not refundable and defines a time period when the first location must be operating, usually one year from date of franchise agreement for a single location. Initial franchise fees collected for the years ended December 31, 2021 and 2020 totaled \$428,000 and \$0, respectively.

Initial franchise fees collected or deferred but not earned are recorded as deferred revenue until recognized. The Company had deferred revenue from unearned franchise fees of \$280,800 and \$0 at December 31, 2021 and 2020, respectively.

The Company, at their discretion, may allow for extended payment terms without interest for franchise agreements covering multiple locations. Noncurrent franchise receivables for deferred franchise fees not expected to be collected within one year were \$40,000 and \$0 at December 31, 2021 and 2020, respectively.

Commissions and direct expenses associated with deferred franchise fees are recorded as prepaid expense until the related franchise fee is recognized as revenue and recognized as expense based on the proportion of revenue. The Company had prepaid franchising costs, net of related amortization, of \$23,400 and \$0 at December 31, 2021 and 2020, respectively.

Royalty Fees

Continuing royalty fees are normally based on a percentage of franchise sales, reported by and receivable from franchisees weekly. Royalty fee income was \$185,728 and \$129,804 for the years ended December 31, 2021 and 2020, respectively.

Other Franchise Services

The Company provides other “for fee services” to the franchise. Other franchise services are based on negotiated rates and recognized when earned.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense was \$11,530 and \$14,200 for the years ended December 31, 2021 and 2020, respectively.

Chill-N Nitrogen Ice Cream Franchising, LLC
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

2. Significant Accounting Policies (Continued)

Research and Development

The Company complies with ASC 730, Research and Development. Under ASC 730, qualifying research and development costs are charged to operations when incurred and are included in operating expenses. Research and development expense was \$131,192 and \$0 for the year ended December 31, 2021 and 2020, respectively.

Fair value measurements

The carrying value of cash and cash equivalents, accounts receivable, accounts payable and short-term borrowings, as reflected in the balance sheet, approximate fair value because of the short-term maturity of these instruments. The estimated fair value of non-current assets and liabilities was determined by discounting future cashflows using rates currently available to the Company for assets or liabilities with similar terms and remaining maturities. The Company calculated that the estimated fair value of the non-current assets and liabilities is not significantly different than the carrying value of the assets or liabilities.

Income taxes

The Company is treated as a partnership for income tax purposes and is not subject to income tax. Income is taxed directly to its members. Tax years that remain open to examination by regulatory authorities at December 31, 2021 are years 2018 and forward for the United States Internal Revenue Service.

Concentrations of credit risk

The Company maintains deposit accounts in two commercial banks which are insured by the Federal Deposit Insurance Corporation up to \$250,000 per depositor. At various times during the year, the Company's balances may exceed these limits. At December 31, 2021 the uninsured cash balances totaled \$0.

3. Related-Party Transactions

The Company was initially capitalized, in part, through non-interest bearing, due on demand loans and advances made by related parties. As of December 31, 2021 the Company had \$365,341 in loans from members and \$267,320 in advances and loans from affiliates. As of December 31, 2020 the Company had \$365,341 in loans from members and \$234,500 in advances and loans from affiliates. No interest has been accrued as of either December 31, 2021 or 2020.

Chill-N Nitrogen Ice Cream Franchising, LLC

Notes to the Financial Statements

For the Years Ended December 31, 2021 and 2020

3. Related-Party Transactions (Continued)

In November 2021 the Company leased space on a month-to-month lease from a related party for a rental fee of \$2,500 per month. A deposit of \$5,000 and rents of \$5,000 were paid to the related party for the year ended December 31, 2021. There are no future lease obligations for the month-to-month lease. No related party deposits or rents were paid for the year ended December 31, 2020.

A related party owns and operates 6 Chill-N Nitrogen Ice Cream locations. The Company had revenues of \$185,728 and \$129,804 recognized from related franchises for the years ended December 31, 2021 and 2020, respectively.

4. Restatement of Previous Financial Statements

During preparation for the 2021 audit, the Company became aware of certain accounting errors in the 2020 financial statements that were determined to be material for presentation of the 2021 financial statements. The 2020 financial statements were audited by another accountant. In addition to the changes detailed below, certain prior year amounts have been reclassified to conform to current year presentation.

The impact of these corrections are as follows:

BALANCE SHEET AS OF DECEMBER 31, 2020			
	As Previously Stated	Corrections	As Corrected
CURRENT ASSETS			
Accrued payroll	\$ 17,397	\$ (17,397)	\$ -
Prepaid expenses	125	3,597	3,722
TOTAL ASSETS	<u>\$ 299,007</u>	<u>\$ (13,800)</u>	<u>\$ 285,207</u>
LIABILITIES			
Loans from members	\$ 366,776	\$ (1,435)	\$ 365,341
TOTAL LIABILITIES	676,761	(1,435)	675,326
MEMBERS' EQUITY			
Retained earnings	(1,052,754)	(12,365)	(1,065,119)
TOTAL MEMBERS' EQUITY	<u>(377,754)</u>	<u>(12,365)</u>	<u>(390,119)</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 299,007</u>	<u>\$ (13,800)</u>	<u>\$ 285,207</u>

Chill-N Nitrogen Ice Cream Franchising, LLC

Notes to the Financial Statements

For the Years Ended December 31, 2021 and 2020

4. Restatement of Previous Financial Statements (Continued)

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2020			
	As Previously Stated	Modifications or Reclassifications	As Restated
EXPENSES			
Dues & subscriptions	\$ 375	\$ (1)	\$ 374
Employee benefits	-	20,816	20,816
Insurance	7,015	(6,634)	381
Marketing	24,559	86	24,645
Operations	7,529	(416)	7,113
Payroll & payroll taxes	270,248	1,079	271,327
Payroll expenses	2,124	(846)	1,278
Travel & entertainment	2,762	(50)	2,712
TOTAL EXPENSES	<u>425,068</u>	<u>14,034</u>	<u>439,102</u>
NET LOSS	<u>\$ (286,264)</u>	<u>\$ (14,034)</u>	<u>\$ (300,298)</u>

5. Concentrations

For the year ended December 31, 2021, one franchisee related by ownership represented 50.3% of total revenue and 100% of opened franchises. For the year ended December 31, 2020, one franchisee related by ownership represented 100% of total revenue and opened franchises.

The Company has 100% of its franchise operations in Florida as of both December 31, 2021 and 2020.

6. Subsequent Events

The Company's management has evaluated subsequent events or transactions which occurred after December 31, 2021 through May 11, 2022, the date the financial statements were available to be issued. There were no subsequent events requiring adjustment to the financial statements or disclosures.

**Chill-N Nitrogen Ice Cream
Franchising, LLC
Financial Statements**

December 31, 2019

Chill-N Nitrogen Ice Cream Franchising, LLC
INDEPENDENT AUDITORS' REPORT
and
FINANCIAL STATEMENTS
December 31, 2019

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PASTRAN, P.A., CPA'S

A PROFESSIONAL ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Members and Management
Chill-N Nitrogen Ice Cream Franchising, LLC
Miami, Florida

We have audited the accompanying balance sheet, statement of operations and members equity, and cash flows of Chill-N Nitrogen Ice Cream Franchising, LLC as of December 31, 2019, and the related notes.

Management's Responsibility for the Financial Statement

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chill-N Nitrogen Ice Cream Franchising, LLC as of December 31, 2019, in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink, appearing to read "Pastran, PA, CPA's".

Pastran, PA, CPA's
April 13, 2020

Chill-N Nitrogen Ice Cream Franchising, LLC

BALANCE SHEET

December 31, 2019

ASSETS

CURRENT ASSETS

Cash	41,641
Total Current Assets	41,641

OTHER ASSETS

Deposits	5,175
Total Other Assets	5,175

\$ 46,816

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts Payable	57,744
Loan from Member	293,562
Due to Affiliates	14,000
Total Current Liabilities	365,306

MEMBERS' EQUITY

Members Equity	448,000
Retained Earnings	(766,490)

Total Stockholders' Equity (318,490)

\$ 46,816

Chill-N Nitrogen Ice Cream Franchising, LLC
STATEMENT OF OPERATIONS AND MEMBERS EQUITY
For the Twelve Months Ended December 31, 2019

INCOME

Royalty Fees	\$ 118,940
Franchise Fee	39,000
Interest Income	5,682
Management Fee	<u>3,557</u>
Total Income	167,179

EXPENSES

Advertising & Promotion	39,225
Business Development	13,954
Computer & Internet	1,419
Insurance	28,881
Marketing	49,143
Operations	24,339
Payroll & Payroll Taxes	471,329
Professional Fees	159,779
Rent	33,748
Technology	17,670
Travel & Entertainment	12,916
Utilities	<u>4,830</u>
	857,233

Net Income (Loss) (690,054)

MEMBERS EQUITY - January 1, 2019	1,925,234
Equity Adjustment	(1,553,670)

MEMBERS EQUITY - December 31, 2019 \$ (318,490)

Chill-N Nitrogen Ice Cream Franchising, LLC
Statement of Cash Flows
For the Twelve Months Ended December 31, 2019

	<u>2019</u>
Cash Flows from Operating Activities:	
Net Income (Loss)	(690,054)
Change in Subscription Receivable	<u>(100,000)</u>
Net Cash Used by Operating Activities:	(790,054)
Cash Flows Provided by Financing Activities:	
Loan from Member	293,562
Proceeds from Member Capital	<u>448,000</u>
Net Cash Provided by Financing Activities:	741,562
Cash Flows Used From Financing Activities:	
Return of Member Capital	(1,735,100)
Dividends Paid	<u>-</u>
	(1,735,100)
Net Cash Used by Financing Activities:	
Increase (Decrease) in cash	<u>(1,783,593)</u>
Cash at Beginning of Year	1,825,234
Cash at End of Year	<u>\$ 41,641</u>
Supplemental Disclosure of Cash Flow Information:	
Cash paid during the year for:	
Interest	\$ -
Income Taxes	-

CHILL-N NITROGEN ICE CREAM FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENT
December 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Chill-N Nitrogen Ice Cream Franchising, LLC (The Company) was formed on May 23, 2018, for the purpose of Selling and operating franchises under the brand name Chill-N Nitrogen Ice Cream. The Company grants Franchises for the establishment, development, and operation of business offering nitrogen ice cream, yogurt, and toppings.

The company commenced operations on October 31, 2018, the date the initial capital contributions were funded and recorded. Chill-N Nitrogen Ice Cream Franchising, LLC does not own or operate any franchised stores. The founders of The Company currently own and operate 5 individual stores. As of December 31, 2019, there was one completed, signed franchise agreement.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk-Cash

The Company maintains cash balances at a financial institution, which at various times during the year may exceed the threshold for insurance provided by the Federal Deposit Insurance Corporation (FDIC). The Company believes it is not exposed to any significant credit risk on its cash.

Revenue Recognition

The company complies with Accounting Standards Codification (ASC) 952, Accounting for Franchise Fee Revenue, which indicates the basis for the recognition, presentation, and disclosure of franchise fee revenue.

Initial franchise fee revenue is accordingly recognized when all of the following criteria have been met:

- final payment has been received;
- the franchisee has executed a franchise agreement/evidence of an agreement exists;
- substantially all obligations relative to the sale of the Franchise has been performed; and
- the price to the customer is fixed and determinable.

The initial franchise fee is payable in full upon signing of the Franchise Agreement and is not refundable under any circumstances. The franchise fee is \$39,000 for the first store, \$30,000 for the second store, and \$20,000 for each additional store.

CHILL-N NITROGEN ICE CREAM FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENT
December 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Pursuant to the terms of the franchise agreement, franchisees will pay a weekly royalty fee based upon a percentage of the franchisees gross revenue as stated in the Franchise Disclosure Document. These amounts are recorded in revenue as these services are delivered and collection is reasonable assured.

There is also a multi-unit development fee. The non-refundable development fee is applied towards each individual establishment's initial franchise fee. The fees vary, and are based upon the number of franchise units the franchisee will operate. These fees are stated in the Franchise Disclosure Document.

From time to time the Company can charge various other fees which are recognized when conditions relating to the fee has been substantially performed.

Accounts Receivable

Accounts receivable will be reported as the amount management expects to collect from outstanding balances. Account balances that are still outstanding after management has used reasonable collection efforts will be written off through a charge to the valuation allowance, and a credit to the allowance account. There is no valuation allowance recorded as of December 31, 2019.

Property and Equipment and Depreciation

Property and equipment will be stated at cost. Depreciation will be provided by using the straight-line method over the estimated useful lives of the assets. The useful lives of property and equipment for purposes of computing depreciation will be between five to seven years.

Income Taxes

The Company is limited liability company and taxed as partnership for Federal and State income tax purposes. Under these provisions, the company does not pay federal and state corporate income taxes on its taxable income. Instead, the members are liable for individual federal and state income taxes on their respective shares of the Company's taxable income. Consequently, no provision has been made for federal or state income taxes. The Company is subject to income tax examinations by major tax jurisdictions for the year ended December 31, 2019.

Limited Liability Company

Since the Company is a limited liability company, no member, manager, agent, or employee of the Company shall be personally liable for the debts, obligations, or liabilities of the Company, whether arising in contract, tort, or otherwise, or for the acts or omissions of any other member, director, manager, agent, or employee of the Company, unless the individual has signed a specific personal guarantee. The duration of the entity is perpetual.

CHILL-N NITROGEN ICE CREAM FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENT
December 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Revenue

Deferred revenue will consist of franchise fees that are considered unearned at year end. There is no deferred Revenue as of December 31, 2019.

Brand Funds and Marketing Funds

The Company will administer a brand fund, local marketing funds, and regional cooperative marketing funds Collected from franchisees based on a percentage of weekly gross sales, and manage the franchise advertising Program. The funds will be maintained in a separate account and will not be included in the balance sheet of this Financial statement.

Advertising and Marketing Costs

Advertising and marketing costs will be charged to operations in the year incurred.

Recent Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board (FASB) issued an amendment to the accounting guidance related to revenue recognition. The amendment serves to clarify the principles for recognizing revenue and to develop common revenue standards for US GAAP. To meet those objectives, the FASB amended the FASB Accounting Standards Codification and added a new topic 606, Revenue from Contracts with Customers. The guidance is effective for the non-public companies for annual reporting periods beginning after December 15, 2018. The Company has adopted the relevant method of revenue recognition as of the date of this financial statement.

NOTE 2 RELATED PARTY TRANSACTIONS

There are five (5) Chill-N Nitrogen Ice Cream establishments operated by the founders of the Company. Chill-N Nitrogen Ice Cream Franchise, LLC will not be a direct owner of any individual stores.

NOTE 3 MEMBERS'S CAPITAL

The Company has two (2) classes of membership units designated as "Preferred Units" and "Common Units" both of which have voting rights. The Company issued 2000 preferred units, 85% of which were issued but have been redeemed by the Company. Subsequently 1200 preferred units were issued in 2019. Capital Contributions as of December 31, 2019 are \$448,000. 8000 common units are authorized, but not yet issued. Net profits, net losses, and other income, gain, loss, deductions, and credits of the Company shall be allocated to the members.

In May of 2019, the founders of Chill-n Nitrogen Ice Cream determined that it was in the best interest of the company to focus on a more organic approach to the franchising development. All future growth will be funded by royalties from existing stores, with additional capital provided by the Members.

CHILL-N NITROGEN ICE CREAM FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENT
December 31, 2019

NOTE 4 COMMITMENTS AND CONTIGENCIES

Chill-N Nitrogen Ice Cream Franchising, LLC entered into a sublicense agreement with a third party to license the Patent for the Method of making ice cream for exclusive use by Chill-N Nitrogen Ice Cream Franchising, LLC at Chill-Nitrogen branded stores. The license fee which includes an initial payment and monthly fee is based on the number of machines in use at the branded stores. Chill-N Nitrogen Ice Cream Franchising, LLC intends to sublicense this fee to its franchisees.

NOTE 5 SUBSEQUENT EVENTS

The Company has evaluated events or transactions that have occurred after December 31, 2019 (the financial Statement date) through April 15th, the date that the financial statement was available to be issue. During this period, the Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in the financial statement. At the time of this statement any affects from COVID-19 are not ascertainable

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESS HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

Profits and Loss - Chill-N Nitrogen Ice Cream Franchising LLC

ChillIN900 - Coral Gables, FL

1 Fiscal Quarters Ending 3/31/2022	2022 FQ1 ends 3/31/2022		All Fiscal Quarters	
	\$	%	\$	%
Income	52,282		52,282	
41000 - Royalties	52,282		52,282	
Total Gross Profit	52,282		52,282	
Labor Cost	101,890		101,890	
60200 - Payroll Expense - Other	11,505		11,505	
60400 - Payroll Wages	90,385		90,385	
Other Labor Cost	12,854		12,854	
61040 - Health Insurance	5,133		5,133	
61050 - Payroll Taxes	7,557		7,557	
61060 - Workers Compensation	164		164	
Direct Operating Expense	4,509		4,509	
62110 - Auto Expense and Parking	39		39	
62120 - Miscellaneous Direct Operating	2,600		2,600	
65070 - Repairs and Maintenance	1,870		1,870	
Marketing	6,967		6,967	
63030 - Public Relations - Fran Dev	1,000		1,000	
63040 - Marketing Expense - Fran Dev	2,461		2,461	
63050 - Mktg Expense- ChillN Brand Dev	3,506		3,506	
General & Administrative	8,573		8,573	
64020 - Bank Charges	16		16	
64070 - Dues and Subscriptions	931		931	
64100 - Licenses and Permits	539		539	
64120 - Equipment and Supplies	393		393	
64130 - Payroll Company Expenses	368		368	
64160 - Professional Fees - Accounting	5,245		5,245	
64170 - Professional Fees - Legal	958		958	
64220 - Telephone and Internet	123		123	

Profits and Loss - Chill-N Nitrogen Ice Cream Franchising LLC
ChillIN900 - Coral Gables, FL

1 Fiscal Quarters Ending 3/31/2022	2022 FQ1 ends 3/31/2022		All Fiscal Quarters	
	\$	%	\$	%
Occupancy Costs	7,500		7,500	
65010 - Rent	7,500		7,500	
Total Total Expenses	142,293		142,293	
Net Operating Income	(90,011)		(90,011)	
Corporate & Overhead Expense	4,681		4,681	
70010 - Automobile Expense	815		815	
70040 - Meals and Entertainment	669		669	
70080 - Travel	3,196		3,196	
Other Income & Expenses	3,651		3,651	
75500 - Interest Expense	1		1	
95000 - Technology Fees	1,400		1,400	
96000 - IP Fees	2,250		2,250	
Other Income & Expenses	(1,031)		(1,031)	
Net Income	(91,043)		(91,043)	

Chill-N Nitrogen Ice Cream Franchising LLC

ChillN900 - Coral Gables, FL

Balance Sheet - As of 2022 Period 3 (03/01/2022 - 03/31/2022)

Assets

Account		Total
10200	Checking - 4236	\$93,484.58
10600	City National Checking - 0480	\$100.00
24400	Temp not Clearing (CC)	(\$985.51)
Cash		\$92,599.07
12200	Employee Loans/Advances	(\$9,944.84)
12330	Due To/From WH-ChillN LLC	(\$5,104.53)
Other Current Assets		(\$15,049.37)
16400	Computer & Electronics Equip.	\$206,914.56
16500	Equipment	\$17,500.00
16600	Furniture and Fixtures	\$2,388.63
Fixed Assets		\$226,803.19
18000	Security Deposit	\$30,000.00
19010	Franchise License	(\$458,000.00)
Other Assets		(\$428,000.00)
Total Assets:		(\$123,647.11)

Liabilities

Account		Total
2000	Accounts Payable	\$80,839.25
Accounts Payable		\$80,839.25
23400	Payroll Tax Payable	\$3,097.84
23200	Accrued Payroll	(\$1,559.84)
Other Current Liabilities		\$1,538.00
27000	Owner Loans	\$365,340.77
28000	Loan - Pinecrest	\$33,500.00
29000	Loan - Warehouse	\$182,000.00
Long Term Liabilities		\$580,840.77
Total Liabilities:		\$663,218.02

Equity

Account		Total
31000	Equity - Donna M. Golik	\$396,649.36
32000	Equity - David Leonardo	\$52,000.00
Equity-doesn't close		\$448,649.36
35000	Retained Earnings	(\$1,144,471.79)
Equity-Retained Earnings		(\$1,144,471.79)
Net Income		(\$91,042.70)
Total Equity:		(\$786,865.13)
Total Liabilities & Capital:		(\$123,647.11)

EXHIBIT D
TO THE CHILL-N NITROGEN ICE CREAM FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT

**CHILL-N NITROGEN ICE CREAM FRANCHISING, LLC
FRANCHISE AGREEMENT**

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EXHIBITS

- Exhibit A - Site Selection Addendum
- Exhibit B - Personal Guaranty and Guaranty of Spouses
- Exhibit C - Collateral Assignment of Lease
- Exhibit D - Conditional Assignment of Franchisee's Telephone Numbers and Listings
- Exhibit E - Confidentiality and Restrictive Covenant Agreement
- Exhibit F - Electronic Funds Withdrawal Authorization
- Exhibit G - Franchisee Questionnaire/Compliance Certification

DATA SHEET

Franchisee: _____

Guarantors: _____

Effective Date: _____

Approved Location: _____

Protected Area: _____

Telephone Number: _____

E-Mail Address: _____

Initial Franchise Fee: _____

The terms of this Data Sheet are incorporated into the attached Franchise Agreement.

CHILL-N NITROGEN ICE CREAM FRANCHISING, LLC
FRANCHISE AGREEMENT

THIS AGREEMENT (the “Agreement” or “Franchise Agreement”) is entered into and made effective this ____ day of _____, 20__ by and between Chill-N Nitrogen Ice Cream Franchising, LLC (“Franchisor”), a Delaware limited liability company with a principal business address at 3051 NW 75th Avenue, Miami, FL 33122 and the franchisee identified in the attached Data Sheet (“Franchisee”).

RECITALS

A. Franchisor and its principals have developed a system for operating businesses offering nitrogen ice cream, yogurt, and toppings under the “Chill N⁷ Nitrogen Ice Cream” name and mark (each a “Franchised Business” or “Business”).

B. Franchisor is engaged in the business of granting franchisees the right to operate Franchised Businesses.

C. Franchisee desires to enter into an agreement with Franchisor to obtain the right to operate a Franchised Business using the system developed by Franchisor, the characteristics of which include, depending on Franchisee’s location: Franchisor’s proprietary standards and specifications for food preparation and service (the “Proprietary Recipes”); interior and exterior designs, décor and color schemes; standard specifications for furniture, fixtures, equipment, technology, wall and ceiling designs and displays; sales techniques, merchandising, marketing, advertising, and inventory management systems; and procedures for operating, promoting, and managing a Business in the manner set forth in this Agreement and in the Operations Manual, as defined in Section 6.1, and modified from time to time (the “System”).

D. Franchisor and its franchisees use various trade names, trademarks and service marks including, without limitation, the mark “Chill N⁷ Nitrogen Ice Cream,” in connection with the System (the “Proprietary Marks”). The rights to all Proprietary Marks Franchisor may now, or in the future designate as part of the System, will be owned exclusively by Franchisor or its affiliate and be used for the benefit of Franchisor, its affiliate and Franchisor’s franchisees to identify to the public the source of the products and services marketed thereunder.

E. Franchisee has applied to Franchisor for a franchise to operate a Franchised Business and such application has been approved in reliance upon all of the representations made therein.

F. Franchisee hereby acknowledges that adherence to the terms of this Agreement and the standards and specifications of Franchisor are essential to the operation of Franchisee’s Franchised Business and to the operations of the System.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises, commitments and understandings contained herein, Franchisor and Franchisee hereby agree as follows:

1 GRANT OF FRANCHISE

1.1 **Grant and Acceptance.** Franchisor hereby grants to Franchisee, upon the express terms and conditions contained in this Agreement, and Franchisee hereby accepts, a franchise for the right to establish and operate one (1) Franchised Business, under the System and Proprietary Marks identified below, and the right to use the System and Proprietary Marks in the operation of the Franchised Business.

Franchisor has the right to supplement, improve or otherwise modify the System from time to time in Franchisor's discretion, and Franchisee agrees to comply with all changes, which may include, without limitation, the offer and sale of new or different products or services as Franchisor may specify.

1.2 **Protected Area.** Except as otherwise provided in this Agreement, for so long as Franchisee complies with the terms and conditions hereof, Franchisor will not establish, nor license any party other than Franchisee to establish, a Franchised Business under the System and the Proprietary Marks within the protected area identified in the Data Sheet, the terms of which are incorporated herein by reference ("Protected Area"), during the term hereof; provided, however, that Franchisor and its affiliates retain all other rights, including, without limitation, the right to distribute products and services as described in Section 1.5 hereof within the Protected Area. Franchisor will have the right, among others, during the term of this Agreement to use, and to license others to use, the System and Proprietary Marks for the operation and licensing of other Franchised Businesses at any location outside of the Protected Area. Franchisee may not market to customers located outside of the Protected Area. The foregoing grant to Franchisee does not include: (i) any right to offer any product or service via e-commerce without prior approval by Franchisor; (ii) any right to establish an independent website or to establish a URL incorporating the Proprietary Marks or any variation thereof; or (iii) any right to distribute, market, or implement Franchisor's products and services in any channel of distribution not specifically identified in this Agreement.

1.3 **Approved Location.** Franchisee may operate the Franchised Business only at the approved location identified in the Data Sheet (the "Approved Location"). If Franchisor has not approved a location for Franchisee to operate the Franchised Business as of the date Franchisee signs this Agreement, the parties will enter into the Site Selection Addendum attached as Exhibit A to this Agreement, the terms of which will govern the parties' site-selection obligations. Franchisee may not relocate the Franchised Business without Franchisor's prior written consent.

1.4 **Exclusions and Reservations.** Franchisee expressly understands and agrees that Franchisor and Franchisor's affiliates will have the right, in Franchisor's sole discretion, to: (a) own and operate Franchised Businesses at any location(s) outside Franchisee's Protected Area under the same or different marks, or to license others the right to own and operate Franchised Businesses at any location(s) outside Franchisee's Protected Area under the same or different marks; (b) use the Proprietary Marks and System in connection with services and products, promotional and marketing efforts or related items, or in alternative channels of distribution, including the sale of products through grocery stores, restaurants, retail stores, foodservice wholesalers, catering businesses (including, without limitation, catering businesses established by us) and via the Internet at any location; (c) own and operate Franchised Businesses at Non-Traditional Sites, as defined below, within and outside of Franchisee's Protected Area; (d) own and operate Franchised Businesses or other businesses, or market similar products and services, at any location(s) inside Franchisee's Protected Area under different marks, or to license others the right to own and operate Franchised Businesses or other businesses, or market similar products and services at any location(s) inside Franchisee's Protected Area under different marks; (e) acquire, merge with, engage in joint ventures with, or otherwise affiliate with, and thereafter own and operate and franchise others the right to own and operate, any business of any kind, including businesses that offer products that are similar to those provided by the Franchised Businesses, within or outside your Protected Area, or be acquired by any type of business; and (f) use and license to engage in any other activities not expressly prohibited in this Agreement.

1.5 **Other Channels of Distribution.** Franchisee acknowledges and agrees that certain of Franchisor's, or its affiliates', products and services, whether now existing or developed in the future, may be distributed in Franchisee's Protected Area by Franchisor, Franchisor's affiliates, or Franchisor's

franchisees, licensees or designees, in such manner and through such channels of distribution as Franchisor, in its sole discretion, will determine. Such alternate channels of distribution will include, but are not limited to, the sale of ice cream, yogurt, toppings, merchandise, including clothing, and other food and beverage products through supermarkets and grocery stores, convenience stores, foodservice wholesalers, and via the Internet. Franchisee understands that this Agreement grants Franchisee no rights: (i) to distribute such products or services as described in this Section 1.5; or (ii) to share in any of the proceeds received by any such party therefrom.

1.6. **Non-Traditional Sites.** Franchisor will have the exclusive right, unless otherwise specifically delegated in writing, on behalf of itself, Franchisee, and/or other franchisees utilizing the Proprietary Marks, to negotiate and enter into agreements or approve forms of agreement to operate Franchised Businesses in non-traditional sites, including, but not limited to, special events centers, parks, stadiums, arenas, business and industrial complexes, museums, art centers, military bases, airports, other public transportation facilities, government offices or institutions, malls and other shopping complexes, health care facilities and other institutional food service facilities, hotels and motels, toll road or highway rest stops, colleges, universities, food concession stands, food service facilities, theaters, warehouse clubs, theme parks, amusement centers, truck stops, beaches, boardwalks and casinos, both within and outside of Franchisee's Protected Area (each, a "Non-Traditional Site"). Any dispute as to whether a particular site is a Non-Traditional Site will be determined by Franchisor in its sole discretion and Franchisor's determination will be final and binding. Franchisor or Franchisor's affiliates', licensees' or designees' operation of a Franchised Businesses at a Non-Traditional Site within Franchisee's Protected Area will not constitute a violation of this Section 1.6 relating to territorial exclusivity. Franchisee disclaims any compensation or consideration for sales earned by others from operating Franchised Businesses at Non-Traditional Sites within Franchisee's Protected Area.

2 **TERM AND RENEWAL**

2.1 **Term.** The initial term of the Franchise is for a period of ten (10) years, which will begin on the date that the Franchisor signs this Agreement.

2.2 **Renewal.** Franchisee has the right to renew this Agreement for successive, additional ten (10) year periods, provided Franchisee has met the following conditions:

2.2.1 Franchisee has notified Franchisor of Franchisee's intention to renew this Agreement in writing at least ninety (90) days prior to expiration of the current term;

2.2.2 Franchisee has demonstrated, to Franchisor's satisfaction, that Franchisee has the right to operate the Franchised Business at the Approved Location for the duration of the renewal term; or, if Franchisee is unable to operate the Franchised Business at the Approved Location, Franchisee has secured a substitute location acceptable to Franchisor;

2.2.3 Franchisee has completed, to Franchisor's satisfaction, no later than ninety (90) days prior to the expiration of the then-current term, all maintenance, refurbishing, renovating, updating and remodeling of the Franchised Business's premises, and any updates to required hardware and software, required to bring the Franchised Business and all equipment into full compliance with Franchisor's then-current System standards and specifications;

2.2.4 Franchisee is not in breach of any provision of this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, Franchisor's approved/designated suppliers and vendors, and Franchisee has substantially complied with all such agreements during their

respective terms;

2.2.5 Franchisee has satisfied all Franchisee's monetary obligations to Franchisor, Franchisor's affiliates, Franchisor's approved/designated suppliers and vendors;

2.2.6 Franchisee executes Franchisor's then-current form of franchise agreement, the terms of which may materially vary from the terms of this Agreement and may include, without limitation, increased royalty fees, increased marketing and advertising obligations, and a change to the size of the Protected Area;

2.2.7 Franchisee satisfies Franchisor's then-current training requirements for renewing franchisees at Franchisee's expense, as of the date of such renewal, if any;

2.2.8 Franchisee signs a general release, in the form Franchisor prescribes, with the release not inconsistent with any applicable state statute regulating franchises; and

2.2.9 Franchisee pays Franchisor a renewal fee equal to ten percent (10%) of the then-current initial franchise fee.

3 FEES

3.1 **Initial Franchise Fee.** In consideration of the franchise granted to Franchisee, Franchisee must pay Franchisor an initial franchise fee equal to \$39,000. The initial franchise fee is non-refundable and deemed fully earned upon payment in consideration for administrative and other expenses Franchisor incurs in granting the franchise and for Franchisor's lost or deferred opportunity to franchise to others.

3.2 **Royalty Fee.** Franchisee must pay Franchisor a weekly royalty fee on Wednesday of each week equal to six percent (6%) of Franchisee's Gross Sales during the immediately preceding Business Week (as defined below) ("Royalty"). "Gross Sales" includes all Sales Franchisee generates from all business conducted at or from Franchisee's Franchised Business during the preceding reporting period, including amounts received from the sale and delivery of food items, sales via third party food delivery services, catering sales services, products, merchandise, and tangible property of any nature whatsoever, collected or uncollected, whether in cash, credit or otherwise, as well as business interruption insurance proceeds, all without deduction for expenses including marketing expenses and taxes. Gross Sales, however, does not include the amount of any applicable sales tax imposed by any federal, state, municipal or other governmental authority if such taxes are stated separately when the customer is charged, and Franchisee pays such amounts as and when due to the appropriate taxing authority. Also, excluded from Gross Sales are the amounts of any documented refunds, chargebacks, credits and allowances given to customers in good faith pursuant to Franchisor's standard procedures for issuing such refunds. Gratuities are also omitted from Gross Sales. All barter and exchange transactions for which Franchisee furnishes services or products in exchange for goods or services to be provided to Franchisee by a vendor, supplier or customer will be valued at the full retail value of the goods or services provided to Franchisee.

3.3 **Gross Sales Reports.** Franchisee must send Franchisor a signed Gross Sales report (each, a "Gross Sales Report") on Tuesday of each week stating the Gross Sales earned by the Franchised Business for the prior week (each, a "Business Week"). For purposes of this Section 3, a "Business Week" begins on Monday and ends on Sunday. The Gross Sales Reports must set forth Franchisee's Gross Sales generated during the previous Business Week, Franchisee's calculation of the Royalty, Brand Development Fee (as defined in Section 12.5), and any other information Franchisor may require. Franchisor may change the due date, form and content of the Gross Sales Reports from time to time.

3.4 Manner of Payment. The Royalty and Brand Fund Contributions will be made on a weekly basis, on Wednesday of each week following receipt of the Gross Sales Reports in the manner Franchisor specifies. Franchisor may institute an electronic funds transfer program (the “EFT Program”) under which Franchisor automatically deducts the Royalty and Brand Fund Contributions owed to Franchisor under this Agreement, or any other agreement between Franchisee and Franchisor, from Franchisee’s bank account. The Local Marketing Requirement defined in Section 12.7 of this Agreement must be spent in the Protected Area and is not collected via electronic funds transfer. Franchisee must deposit all Sales from operation of Franchisee’s Franchised Business into one bank account within three (3) days of receipt, including cash, checks, and credit card receipts. Before opening Franchisee’s Franchised Business, Franchisee must provide Franchisor with Franchisee’s bank name, address and account number, a voided check from the bank account, and sign and give to Franchisor and Franchisee’s bank, all documents, including Exhibit F to this Agreement, necessary to effectuate the EFT Program and Franchisor’s ability to withdraw funds from such bank account via electronic funds transfer. Franchisee will immediately notify Franchisor of any change in Franchisee’s banking relationship, including changes in account numbers. Franchisor will inform Franchisee of the amount to be taken from Franchisee’s account at least one (1) day beforehand. Franchisor reserves the right to require Franchisee to pay any fees due under this agreement by such other means as Franchisor may specify from time to time. If any Gross Sales Report has not been received within the time period required by this Agreement, then Franchisor may process an electronic funds transfer for the subject month based on the most recent Gross Sales Report provided by Franchisee to Franchisor, provided, that if a Gross Sales Report for the subject month is subsequently received and reflects: (i) that the actual amount of the fee due was more than the amount of the electronic funds transfer, then Franchisor shall be entitled to withdraw additional funds through an electronic funds transfer from Franchisee’s designated bank account for the difference; or (ii) that the actual amount of the fee due was less than the amount of the electronic funds transfer, then Franchisor shall credit the excess amount to the payment of Franchisee’s future obligations.

3.5 Insufficient Funds. If the funds in Franchisee’s bank account are insufficient to cover any amounts due under this Agreement on the date such funds are due, in addition to the overdue amount, Franchisor has the right to immediately debit from Franchisee’s bank account interest on such amount from the date it was due until all past due amounts are paid, at a rate of the lesser of eighteen percent (18%) per annum or the maximum rate permitted by law, plus an insufficient funds fee of \$250 per occurrence, per payment period overdue. Should any electronic funds transfer not be honored by Franchisee’s bank for any reason, Franchisee agrees that Franchisee will be responsible for that payment and any service charge. If any payments are not received when due, Franchisee will be charged interest at a rate of the lesser of eighteen percent (18%) per annum or the maximum rate permitted by law.

3.6 Failure to Pay Fees in a Timely Manner. Any late payment or underpayment of the Royalty, Brand Development Fees, or Cooperative contributions (as described in Section 12.6 below), or any other charges or fees Franchisee owes Franchisor or Franchisor’s affiliates, will bear interest from the due date until paid at the lesser of eighteen percent (18%) per annum or the highest lawful interest rate which may be charged for commercial transactions in the state in which Franchisee’s Franchised Business is located and will be subject to a late fee of \$250 per occurrence, per payment period overdue. Nothing contained in this Section will prevent Franchisor from exercising, in Franchisor’s sole judgment, any other rights or remedies available to Franchisor under this Agreement.

3.7 Taxes on Payments. In the event any taxing authority, wherever located, imposes any future tax, levy or assessment on any payment Franchisee makes to Franchisor, Franchisee must, in addition to all payments due to Franchisor, pay such tax, levy or assessment.

3.8 **IP Fee.** Franchisee must pay an on-going intellectual property fee to Franchisor or its designated third-party vendor for the use of certain aspects of the System, including the Patent (“IP Fee”). The IP Fee is currently \$100 per month. Franchisor reserve the right to designate and/or change the amount, scope, or manner of payment of the IP Fee, including the party to whom payment is made, at any time upon providing reasonable notice to Franchisee. Franchisor also reserve the right to add new or different IP technologies and to increase the IP Fee based upon such changes.

3.9 **Technology Fee.** Franchisee must pay an on-going technology fee to Franchisor or its designated third-party vendor for the use of certain aspects of Franchisee’s System, including certain computer system and/or software, as well as the System’s intranet (“Technology Fee”). The Technology Fee is currently \$150 per month. Franchisor reserves the right to designate and/or change the amount, scope, or manner of payment of the Technology Fee, including the party to whom payment is made, at any time upon providing reasonable notice to Franchisee. Franchisor also reserve the right to add new or different technologies, including a customer relationship management system, and to increase the Technology Fee based upon such changes.

3.10 **POS System Fee.** Franchisee must purchase or lease the required Point of Sales (“POS”) system software from Franchisor’s designated vendor. Franchisee shall be responsible for paying the one-time hardware setup fee, should a fee be required. Additionally, Franchisee will be responsible to pay the then current POS System fee (the “POS System Fee”) to Franchisor or its designated third-party vendor, currently in the amount of 2.15% plus \$0.15 cents per credit card transaction, which is subject to change at any time upon.

3.11 **Testing or Supplier Approval Fee.** Franchisee must reimburse Franchisor for Franchisor’s reasonable costs in connection with testing a particular product or evaluating an unapproved supplier at Franchisee’s request, regardless of whether Franchisor subsequently approves the item or supplier. Nothing in the foregoing will be construed to require Franchisor to approve any particular supplier.

3.12 **Opening Package.** Franchisee must purchase from Franchisor an opening package of paper goods, menu board, apparel, select foods and ChillN technology (the “Opening Package”) prior to opening the Franchised Business. The cost of the Opening Package is \$13,400 and such payment is fully earned and nonrefundable upon payment.

4 PROPRIETARY MARKS AND PATENT

4.1 Franchisee’s Use of the Proprietary Marks and Other Proprietary Material.

4.1.1 Franchisee must use only the Proprietary Marks and Patent that Franchisor designates and must use them only in the manner Franchisor authorizes and permits.

4.1.2 Franchisee must use the Proprietary Marks and Patent only for the operation of the Franchised Business at the Approved Location and for advertising the Franchised Business.

4.1.3 Franchisee will use all Proprietary Marks without prefix or suffix and in conjunction with the symbols “TM,” “SM,” “S,” or “R,” as applicable. Franchisee may not use the Proprietary Marks in connection with the offer or sale of any services or products that Franchisor has not authorized for use in connection with the System. Franchisee may not use the Proprietary Marks as part of Franchisee’s corporate or other legal name. Franchisee’s corporate name and all fictitious names under which Franchisee proposes to do business must be approved by Franchisor in writing before use.

Franchisee must use Franchisee's corporate or limited liability company name either alone or followed by the initials "D/B/A" and the business name "Chill-N Nitrogen Ice Cream" or another business name approved by Franchisor. Franchisee must promptly register at the office of the county in which Franchisee's Franchised Business is located, or such other public office as provided for by the laws of the state in which Franchisee's Franchised Business is located, as doing business under such assumed business name.

4.1.4 Franchisee must identify itself as the owner of the Franchised Business (in the manner Franchisor prescribes) in conjunction with any use of the Proprietary Marks including, without limitation, on invoices, order forms, receipts, customer forms and questionnaires, business stationery, and advertisements, as well as at such conspicuous locations as Franchisor may designate in writing at the Franchised Business premises.

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

4.1.6 Franchisee will not use the Proprietary Marks to incur any obligation or indebtedness on Franchisor's behalf.

4.1.7 Franchisee will execute all documents Franchisor deems necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

4.1.8 Franchisee must promptly notify Franchisor of any suspected unauthorized use of the Proprietary Marks and Proprietary Software (as defined in Section 7.8.5 below), if any, Franchisor may now or hereafter designate for use in connection with the System, any challenge to the validity of the Proprietary Marks, or any challenge to Franchisor's ownership of, Franchisor's right to use and to license others to use, or Franchisee's right to use, the Proprietary Marks, the Proprietary Software, and Operations Manual (collectively the "Proprietary Material"). Franchisee acknowledges that Franchisor has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Material, including any settlement thereof. Franchisor has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Franchisor's rights to the Proprietary Material. Franchisor has the right, though not the obligation, to defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Proprietary Material. If Franchisor, in Franchisor's sole discretion, determines that Franchisee has used the Proprietary Material in accordance with this Agreement, Franchisor will bear the cost of such defense, including the cost of any judgment or settlement. If Franchisor, in Franchisor's sole discretion, determines that Franchisee has not used the Proprietary Material in accordance with this Agreement, Franchisee will bear the cost of such defense, including the cost of any judgment or settlement. In the event of any litigation relating to Franchisee's use of the Proprietary Material, Franchisee will execute any and all documents and do such acts as may, in Franchisor's opinion, be necessary to carry out such defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Proprietary Material in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse Franchisee for Franchisee's out-of-pocket costs in performing such acts.

4.1.9 Franchisee expressly understands and acknowledges that:

4.1.9.1 Franchisor or its affiliates or licensors own all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and Franchisor has the right to use, and license others to use, the Proprietary Marks;

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

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

4.1.9.4 Franchisee's use of the Proprietary Material and System does not give Franchisee any ownership interest or other interest in or to the Proprietary Material or System;

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

4.1.9.6 Except as specified in Section 1 hereof, the license of the Proprietary Marks granted to Franchisee hereunder is nonexclusive and Franchisor retains the right, among others, (i) to use the Proprietary Marks itself in connection with selling products and services; (ii) to grant other licenses for the Proprietary Marks; and (iii) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing any rights therein to Franchisee; and

4.1.9.7 Franchisor has the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder. Franchisee must discontinue using all Proprietary Marks that Franchisor has notified Franchisee, in writing, have been modified or discontinued within ten (10) days of receiving written notice and, at Franchisee's sole cost and expense, must promptly begin using such additional, modified or substituted Proprietary Marks.

4.1.9.10 With respect to the Patent, Franchisee acknowledges and agrees to abide by all directives of Franchisor or the Patent Holder. During the term of this Agreement, Franchisor reserves the right to substitute new or different technology, including other patented processes, at any time upon written notice to Franchisee. In the event that Franchisor's right to use the Patent is terminated, Franchisee shall cease all use of the Patent in timeframes as required by Franchisor in writing. Franchisee shall adopt such new methods as required by Franchisor in the manner Franchisor specifies. Franchisee may incur an increased cost to comply with such changes, and Franchisee shall accept and implement such changes at its own expense as if they were part of the System when this Agreement was executed, including discontinuing or modifying the use of or substitution of the Patent; provided, however, that any such change shall not materially alter Franchisee's fundamental rights under this Agreement.

5 CONFIDENTIAL INFORMATION

5.1 **Nondisclosure.** During the term of this Agreement, Franchisee will receive information which Franchisor considers its trade secret and confidential information ("Confidential Information"), including operating procedures, sources of supply, supplier contracts, advertising materials, copyrighted materials, equipment specifications, any information contained in the Operations Manual, trade secrets, the Proprietary Recipes, patents, copyrighted materials, and other methods, techniques and know-how concerning the operation of the Franchised Business that may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation of the Franchised Business. Franchisee will not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of

any other person, partnership, association, corporation, or limited liability company any Confidential Information. Franchisee may divulge Confidential Information only to those of Franchisee's employees as must have access to it in order to operate the Franchised Business. Franchisee acknowledges and agrees that certain information, including (i) current customer and prospective customer names and addresses, (ii) information about credit extensions to customers, (iii) customer service purchasing histories, (iv) rates charged to customers (subsections (i)-(iv) collectively "Customer Lists"), and (v) sources of suppliers and purchasing arrangements with suppliers, also constitute the trade secrets and Confidential Information of Franchisor. Franchisee may divulge such Confidential Information only to such of Franchisee's employees as must have access to it in order to operate the Franchised Business. Any and all information, knowledge, know-how, techniques, and other data that Franchisor designates as confidential will be deemed Confidential Information for purposes of this Agreement. Franchisee acknowledges and agrees that Franchisor has expended considerable time, effort, and money to develop the System, that the enumerated Confidential Information is not well known outside of the System, that the Confidential Information is of great value to the Franchisor, and that Franchisor is implementing this non-disclosure policy in an effort to protect its trade secrets and Confidential Information. Franchisee acknowledges that in the event of the actual or threatened breach of this Section 5.1, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm.

5.2 **Employees.** Franchisee must require all of Franchisee's employees to execute covenants promising to maintain the confidentiality of information they receive in connection with their employment by Franchisee at the Franchised Business premises. Such covenants will be in a form satisfactory to Franchisor and substantially similar to the Confidentiality and Restrictive Covenant Agreement attached as Exhibit E to the Franchise Agreement. These covenants must, without limitation, specifically identify Franchisor as a third-party beneficiary of such covenants with independent rights to enforce those covenants.

5.3. **New Concepts.** If Franchisee, Franchisee's employees, or principals develop any new concept, process or improvement in the operation or promotion of the Franchised Business, including, but not limited to, any modifications or additions to the Proprietary Recipes or the menu, Franchisee must promptly notify Franchisor and provide Franchisor with all necessary related information, without receiving compensation in return. Any such concept, process or improvement will become Franchisor's sole property, and Franchisor will be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related thereto. Franchisee and Franchisee's principals and agents hereby assign to Franchisor any rights they may have or acquire therein, including the right to modify such concept, process or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. Franchisee and Franchisee's principals and agents agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide Franchisor with all necessary documentations for obtaining and enforcing such rights. Franchisee and Franchisee's principals and agents hereby irrevocably designate and appoint Franchisor as their agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that the foregoing provisions of this Section 5.3 are found to be invalid or otherwise unenforceable, Franchisee and Franchisee's principals and agents hereby grant to Franchisor a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe Franchisee's rights therein.

6 FRANCHISOR'S OBLIGATIONS

6.1 **Operations Manual.** Franchisor will loan Franchisee one (1) copy of Franchisor's proprietary and confidential Operations Manual, and any other manual Franchisor may now or hereafter designate for use in operating a Franchised Business (collectively, the "Operations Manual"), in hardcopy and/or electronic format. Franchisee will operate the Franchised Business in strict compliance with the Operations Manual, as it may be reasonably changed from time to time. The Operations Manual must remain confidential and Franchisor's exclusive property. Franchisee will not disclose, duplicate or make any unauthorized use of any portion of the Operations Manual. The provisions of the Operations Manual constitute provisions of this Agreement as if fully set forth herein. Franchisee will ensure that Franchisee's copy of the Operations Manual is current and up to date and keep a copy of the Operations Manual on the Franchised Business premises. If there is a dispute relating to the contents of the Operations Manual, the master copy, which Franchisor maintains at Franchisor's corporate headquarters, will control. Franchisor reserves the right to disclose updates to the Operations Manual via electronic means, including over Franchisor's website or any intranet or extranet system established in connection with the System.

6.2 **Franchised Business Layout and Equipment Selection.** Franchisor will provide Franchisee with specifications and requirements for the equipment required for the opening of Franchisee's Franchised Business. Franchisor will provide Franchisee with plans and specifications for the layout and design of a prototypical Franchised Business. Franchisor reserves the right to require Franchisee to use the services of an approved or designated architect.

6.3 **Start-up and Ongoing Inventory and Supplies.** Franchisor will provide specifications for and designate sources of suppliers from which Franchisee agrees to purchase inventory, goods and supplies necessary for the start-up and ongoing operations of Franchisee's Franchised Business.

6.4 **Pre-opening Advertising.** Franchisor has the right, but not the obligation, to collect the Grand Opening Advertising Requirement, as described in Section 12.4 below, prior to opening, and implement a grand opening marketing and promotions program on Franchisee's behalf during the period of thirty (30) days prior to opening the Franchised Business and forty-five (45) days after opening the Franchised Business.

6.5 **Ongoing Assistance.** Franchisor will provide Franchisee continuing consultation and advice as Franchisor deems necessary and appropriate regarding the management and operation of the Franchised Business. Franchisor will provide such assistance, in Franchisor's discretion, by telephone, facsimile, intranet communication and on-site visits. If Franchisee requires and requests additional on-site assistance from Franchisor, or if Franchisor mandates additional training, subject to the availability of Franchisor's personnel, Franchisor will provide Franchisee with such assistance at Franchisor's then-current rate for providing such assistance, plus expenses, including Franchisor's travel and lodging expenses.

6.6 **Additional Training.** Franchisor may, in Franchisor's sole discretion, hold refresher and ongoing training courses, or training courses upon a significant change to the System, in order to provide additional assistance to Franchisees. Franchisor may require Franchisee and Franchisee's employees to attend such training at its then-current fee for providing such training. All expenses, including Franchisee and Franchisee's employees' transportation, meal, and lodging expenses to attend such training shall be Franchisee's sole responsibility.

6.7 **Annual Conference.** Franchisor may, in Franchisor's discretion, hold an annual conference at a location to be selected by Franchisor (the "Annual Conference"). Franchisor will

determine the topics and agenda for such conference to serve the purpose among other things, of updating franchisees on new developments affecting franchisees, exchanging information between franchisees and Franchisor's personnel regarding Franchised Business operations and programs, and recognizing franchisees for their achievements. Franchisor may require Franchisee to attend the Annual Conference, for a duration designated by Franchisor, and to pay Franchisor's then-current registration fee if it chooses to charge a registration fee in its sole discretion. All expenses, including Franchisee's and Franchisee's employees' transportation to and from the Annual Conference, lodging, meals, and salaries during the Annual Conference, are Franchisee's sole responsibility. Franchisor may use Brand Fund Contributions for purposes related to the Annual Conference, including costs related to productions, programs, and materials. If Franchisee fails to attend the Annual Conference without Franchisor's prior written consent, Franchisee must pay Franchisor a fee of \$1,500.

6.8 Site Selection. Franchisor may identify markets for future development and potential sites for Franchisee's Franchised Business; provided, however, Franchisee will remain responsible for selecting a location, subject to Franchisor's approval, and negotiating a lease, as more fully discussed in Section 7.1 below. Franchisor's assistance with the site selection process in no way constitutes a representation or guarantee of success in the proposed location. Franchisor reserves the right to require Franchisee to use the services of an approved or designated vendor for site selection services, the cost of which shall be paid by the Franchisee.

6.9 Toll Free Telephone Number. Franchisor has the right, but not the obligation, to establish and maintain a toll-free telephone number for the purpose of dealing with prospective customers, customer service, customer follow-up and satisfaction surveys. If Franchisor establishes a toll-free number, Franchisee must comply with Franchisor's procedures for implementing the nationwide service as Franchisor specifies in the Operations Manual or otherwise in writing, and Franchisee may be required to pay a fee related to the establishment, operation and maintenance of the toll-free telephone number.

7 FRANCHISEE'S OBLIGATIONS

7.1 Site Location and Approval. Franchisee must secure real estate, by purchase or lease, for the operation of the Franchised Business within 180 days of signing this Agreement. If Franchisor has not approved a location for Franchisee to operate the Franchised Business as of the date Franchisee signs this Agreement, the parties will enter into the Site Selection Addendum attached as Exhibit A to this Agreement, the terms of which will govern the parties' site selection obligations. Franchisor has the right to review, evaluate and approve Franchisee's proposed lease for the Approved Location ("Lease") prior to execution. Franchisor may condition Franchisor's approval of any proposed Lease on, among other things, Franchisee and Franchisee's landlord's execution of a Collateral Assignment of Lease (attached as Exhibit C to this Agreement) which (i) grants Franchisor the right, but not the obligation, to assume the Lease upon (a) Franchisee's default on the Lease, or (b) termination, transfer or expiration of this Agreement; and (ii) authorizes and requires Franchisee's landlord to disclose to Franchisor, upon Franchisor's request, sales and other information Franchisee has furnished to the landlord. Franchisee must deliver an executed copy of the Lease and the Collateral Assignment of Lease to Franchisor within fifteen (15) days of execution of the Lease. Neither Franchisor's review of the Lease nor Franchisor's acceptance of the site Franchisee has selected constitutes a representation or guarantee that Franchisee will succeed at the selected Approved Location or an expression of Franchisor's opinion regarding the terms of the Lease. Franchisor encourages Franchisee to seek independent counsel from a lawyer or business adviser to assist Franchisee in selecting a location and negotiating a lease for the Franchised Business premises.

7.1.1 Relocation. If, for any reason, the Lease term is shorter than the term of this

Agreement and the Lease cannot be renewed or extended, or Franchisee cannot continue for any other reason to occupy the Approved Location, Franchisee must notify Franchisor and request the right to relocate Franchisee's Franchised Business. Franchisee must relocate Franchisee's Franchised Business to a mutually acceptable site within Franchisee's Protected Area to complete the unexpired portion of the term of this Agreement. Franchisee must notify Franchisor of Franchisee's intention to relocate, procure a site acceptable to Franchisor within ninety (90) days prior to closing operations at Franchisee's current Approved Location, and open for business at the new Approved Location within thirty (30) days of closing business at Franchisee's existing Approved Location. Franchisee must reimburse Franchisor for the actual costs it incurs in connection with approving the relocation of Franchisee's Franchised Business. If Franchisee relocates, Franchisee must pay a "Relocation Fee" of \$5,000 and reimburse Franchisor for the expenses it actually incurred in approving such relocation.

7.1.2 Franchised Business Appearance and Construction. The Franchised Business will conform to Franchisor's standards and specifications for the appearance, layout, and design of a Franchised Business. Franchisor shall provide Franchisee with a prototype layout for Franchisee's architect to use in the construction and buildout of its Franchised Business. Franchisee must ensure that plans meet with applicable ordinances, building codes, permits requirements, and any other applicable local, state, or federal law. All construction and floor plans, and amendments thereto, must be approved by Franchisor prior to implementation. Franchisor reserves the right to require Franchisee to use Franchisor's designated vendors, including construction, project management and architectural vendors, in connection with the construction and buildout of the Franchised Business, and to pay such vendors all costs and expenses charged and incurred in connection with the services provided. Additionally, Franchisor reserves the right to require Franchisee to secure Franchisor's prior approval of all of Franchisee's vendors for buildout and construction of the Franchised Business prior to commencement of their services. Each vendor must be properly licensed and insured to do business in the state where the Franchised Business is located. Franchisor reserves the right to inspect the Franchised Business upon twenty-four (24) hours' notice to Franchisee. Without limiting the foregoing, unless otherwise designated by Franchisor, Franchisee must utilize Franchisor's designated construction management company to oversee the buildout and/or construction of the Franchised Business and pay all costs and expenses incurred by construction management company.

7.1.3 Opening Approval. Franchisor shall have the right to inspect the Franchised Business prior to the opening of the Franchised Business to determine whether all construction has been substantially completed, and that such construction conforms to Franchisor's standards and specifications, including, but not limited to, materials, quality of work, signage, décor, paint, and equipment. Franchisee shall obtain Franchisor's written approval prior to first opening the Franchised Business, which approval shall not be unreasonably withheld. Franchisee shall provide at least thirty (30) days prior notice to Franchisor of the date on which Franchisee proposes to first open the Franchised Business for business. Unless Franchisor waives in writing the foregoing requirement, Franchisee shall not open the Franchised Business without the on-site presence of a representative of Franchisor, provided that Franchisor will not unreasonably delay the opening of the Franchised Business. In the event there is a change in the opening date of the Franchised Business, which is not caused by Franchisor, Franchisee shall reimburse Franchisor for Franchisor's actual out-of-pocket costs and expenses incurred by Franchisor due to such delay, including travel costs and expenses for Franchisor's representatives.

7.2 Training. Franchisee (or Franchisee's principal, as applicable) and its Key Manager, as defined in Section 7.6.5, (if applicable) must attend and successfully complete Franchisor's initial training program as set forth in Section 8.1.

7.3 Opening Requirements. Franchisee must open the Franchised Business for business no

later than twelve (12) months after this Agreement is signed.

7.4 Purchasing Requirements.

7.4.1 *Compliance with Standards.* Franchisee acknowledges and agrees that Franchisee's obligations set forth in this Agreement and the Operations Manual are reasonable and necessary for the operation of the Franchised Business and to maintain uniformity throughout the System. Franchisee must adhere to the standards and specifications set forth in this Agreement and the Operations Manual and any revisions or amendments to same, including, without limitation, standards and specifications for the preparation and presentation of selling nitrogen ice cream and yogurt prepared on premises, the method for creating nitrogen ice cream and yogurt items, as well as other menu items, toppings, and related food and beverage items for takeout. Franchisee must use the food and beverage items, signs, furnishings, supplies, fixtures, equipment and inventory, including nitrogen, that comply with Franchisor's then-current standards and specifications, which Franchisor establishes from time to time. Franchisor has the right to change Franchisor's standards and specifications, including the method for ice cream preparation, in Franchisor's discretion. Franchisee acknowledges that Franchisee may incur an increased cost in the form of new or additional equipment and inventory, necessary to comply with such changes.

7.4.2 *Designated and Approved Suppliers.* Recognizing that preservation of the System depends upon product and service uniformity and the maintenance of Franchisor's trade dress, Franchisee agrees to purchase: (a) prepared food and beverage items; (b) ready to cook or bake food and desert items; (c) mixes and raw ingredients, and other food and beverage items; (d) coffee; (e) Franchised Business equipment; and (e) small wares, other inventory, signs, furnishings, supplies, fixtures, computer hardware and software, nitrogen and other equipment from Franchisor or from approved or designated suppliers as Franchisor will specify, from time to time, in the Operations Manual and otherwise in writing. Franchisee hereby acknowledges that Franchisor, Franchisor's affiliate and/or a third party may be one of several, or the only, approved supplier of any item. Franchisee further acknowledges that Franchisor and/or Franchisor's affiliates have the right to realize a profit on any items that Franchisor, Franchisor's affiliates or Franchisor's approved suppliers supply to Franchisee. Franchisor reserves the right to designate itself as a supplier or the sole supplier of any of the products listed above or inventory sold at the Franchised Business.

7.4.3 *Supplier Approval.* In the event Franchisee wishes to purchase any unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, Franchisee must provide Franchisor the name, address and telephone number of the proposed supplier, a description of the item Franchisee wishes to purchase, and the purchase price of the item, if known. At Franchisor's request, Franchisee must provide Franchisor with a sample of the item Franchisee wishes to purchase for testing purposes. Franchisee must reimburse Franchisor for Franchisor's reasonable costs in connection with testing a particular product or evaluating an unapproved supplier at Franchisee's request, or pay Franchisor a fee of \$750, whichever is greater, regardless of whether Franchisor subsequently approves the item or supplier. Nothing in the foregoing will be construed to require Franchisor to approve any particular supplier. Franchisor may base Franchisor's approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation Franchisor deems necessary or desirable in Franchisor's System as a whole. If Franchisor approves the product or supplier for use with the entire franchise System, Franchisor shall refund the application fee to Franchisee within thirty (30) days of such decision. Franchisor has the right to receive payments from suppliers on account of their dealings with Franchisee and other franchisees and to use all amounts Franchisor receives without restriction (unless instructed otherwise by the supplier) for any purposes Franchisor deems appropriate. Franchisor shall make a good faith effort to

respond to Franchisee's request for a new supplier within thirty (30) days of receiving all of the necessary materials. If Franchisor does not respond within the thirty (30) day timeframe, the supplier is deemed disapproved. Nothing herein will require Franchisor to approve an unreasonable number of suppliers for a given item, which approval might, in Franchisor's reasonable judgment, result in higher costs or prevent the effective or economical supervision of approved suppliers. Franchisor may revoke Franchisor's approval of particular products or suppliers when Franchisor determines, in Franchisor's sole discretion, that such products or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee must cease purchasing products from such supplier and/or offering and selling such products. Franchisee must use products purchased from approved suppliers solely in connection with the operation of Franchisee's Franchised Business and not for any competitive business purpose.

7.4.4 *System Suppliers.* Franchisor may establish business relationships, from time to time, with suppliers who may produce, among other things, certain food and beverage items, furnishings, supplies, fixtures, equipment and inventory according to Franchisor's proprietary standards and specifications or private label goods that Franchisor has authorized and prescribed for sale by System franchisees ("System Suppliers"). Franchisee recognizes that such products are essential to the operation of the Franchised Business and to the System generally. Franchisee further recognizes that Franchisee's failure to pay System Suppliers may interfere with such suppliers' willingness to supply the System, which may result in other System franchisees' inability to obtain product or ability to obtain product only on less favorable credit terms. Accordingly, Franchisee agrees to pay System Suppliers as and when due.

7.5 **Authorized Products and Services.** Franchisee will offer for sale all products and services that Franchisor prescribes and only those products and services that Franchisor prescribes. Franchisee may not offer any other products for sale, rent, or lease without having received Franchisor's prior written authorization. Franchisee will, at all times, maintain sufficient levels of inventory as specified in the Operations Manual, to adequately satisfy consumer demand. Franchisee must offer and sell all private label products that Franchisor may now or in the future designate for sale by System franchisees.

7.6 **Operations.**

7.6.1 Franchisee must operate Franchisee's Franchised Business for at least those hours, days, and months that Franchisor specifies in the Operations Manual.

7.6.2 Franchisee must maintain the Franchised Business in a clean, safe and attractive manner, and in accordance with all applicable requirements of law, including all federal, state and local health laws or regulations relating to the preparation and serving of food items, and the Operations Manual. Franchisee and Franchisee's employees must give prompt, courteous and efficient service to the public and otherwise operate the Franchised Business so as to preserve, maintain and enhance the reputation and goodwill of the System.

7.6.2.1 In order to ensure that all food items prepared by Franchisee meet Franchisor's high standards of taste, texture, appearance and freshness, and in order to protect Franchisor's goodwill, Proprietary Marks, Proprietary Recipes and other proprietary material, all food items and products will be prepared only by properly trained personnel strictly in accordance with Franchisor's recipes, preparation techniques and processes, and the Operations Manual, and will be sold at retail to customers or wholesale only from the Approved Location in conformity with Franchisor's marketing plan and concept. Franchisee acknowledges that such recipes, preparation techniques and processes are integral to the System and failure to strictly adhere to such recipes, preparation techniques and processes (including the handling and storage of both raw ingredients, such as meat, produce, and dairy items, and fully prepared

food items) will be detrimental to the System and Proprietary Marks and will constitute a default of this Agreement. Further, Franchisee may only provide catering services to customers with the prior written consent of Franchisor. Franchisee shall not provide any services granted under this Agreement through a mobile unit.

7.6.3 Franchisee must employ a sufficient number of qualified, competent personnel, offer prompt, courteous and efficient service to the public, and otherwise operate the Franchised Business in compliance with the Operations Manual to preserve, maintain and enhance the reputation and goodwill of the System. All employees engaged in the operation of Franchisee's Franchised Business during working hours must dress in conformance with Franchisor's standards, must present a neat and clean appearance in conformance with Franchisor's reasonable standards and must render competent, efficient service to the customers of the Franchised Business.

7.6.4 Franchisee agrees to conduct the Franchised Business in accordance with the Operations Manual. Franchisee must immediately train and instruct Franchisee's employees in accordance with the Operations Manual and will continue such training and instruction as long as each employee is employed. The Operations Manual will set forth the practices, procedures and methods to be used in Franchisee's Franchised Business and Franchisor may require Franchisee to conform Franchisee's practices to national programs, which Franchisor has designed and promulgated as part of Franchisor's System.

7.6.5 Franchisee (or at least one of Franchisee's principals if Franchisee is a corporation, partnership or other entity) must personally supervise the day-to-day operations of the Franchised Business. Franchisee (or at least one of Franchisee's principals if Franchisee is a corporation, partnership or other entity) must devote his or her personal full-time attention and best efforts to the management and operation of the Franchised Business. If Franchisee is a corporation, partnership or other entity, Franchisee may, however, delegate the day-to-day operation of Franchisee's Franchised Business to a key manager who has Franchised Business experience ("Key Manager"). Franchisor must approve Franchisee's Key Manager in writing prior to hiring, and Franchisee's Key Manager must successfully complete Franchisor's initial training program before assuming any managerial responsibility. Franchisee's Franchised Business must, at all times, be staffed with at least one (1) individual who has successfully completed Franchisor's initial training program as set forth in Section 8.1. Franchisee will keep Franchisor informed at all times of the identity of any employee acting as Key Manager of a Franchised Business. In the event that a Key Manager resigns or is otherwise terminated from Franchisee's Franchised Business, Franchisee will hire a replacement approved in writing by Franchisor who meets Franchisor's then-current standards for Key Managers within thirty (30) days after termination or resignation of the prior Key Manager. Franchisee must train the new Key Manager within thirty (30) days of hiring. Franchisor reserves the right, without the obligation, to train the new Key Manager directly. Any Key Manager(s) must devote full-time and best efforts to the day-to-day operation and management of the Franchised Business and cannot engage in any other business activity without Franchisor's prior written consent.

7.6.6 Franchisee must, at all times, maintain such working capital as may be reasonably necessary to enable Franchisee to properly and fully carry out and perform all of Franchisee's duties, obligations and responsibilities hereunder and to operate the Franchised Business in a businesslike, proper and efficient manner.

7.6.7 Franchisee must at all times maintain sufficient levels of inventory to adequately meet consumer demand.

7.6.8 Franchisee must prepare all menu items in accordance with Franchisor's standards and specifications.

7.7 **Site Evaluation.** Franchisee agrees that in order to maintain the high quality and uniform standards associated with the System and to protect its goodwill and reputation, Franchisee will permit Franchisor, during business hours, to inspect Franchisee's Franchised Business, confer with Franchisee and Franchisee's employees and customers, check inventories and methods, and perform any other inspection that Franchisor deems necessary to protect the standards of quality and uniformity of the System and Franchisee's performance under this Agreement. Franchisee is obligated to make changes to Franchisee's operations based upon any inspections by Franchisor. Franchisor's inspections and evaluations may include a "mystery shopper" program from time to time and Franchisor reserves the right to charge Franchisee a fee to participate in the mystery shopper program.

7.7.1 Franchisee acknowledges and agrees that the Patent Holder has the right to inspect the Business during normal business hours and Franchisee consents to such inspections.

7.8 **Computer Software and Hardware.**

7.8.1 *Computer System.* Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems and hardware be used by Franchisee, including without limitation: (a) a compatible "back office" computer system that complies with Franchisor's standards and specifications and is capable of operating designated and Required Software as defined in Section 7.8.3; (b) a CRM system; (c) a custom and proprietary point of sale system (the "POS System"), if Franchisor makes such a POS System part of its proprietary operating system in the future; (d) accounting software; (e) software applications and programs; (f) printers and other peripheral hardware or devices; (g) archival back-up systems; (h) Internet access mode and speed; and (i) physical, electronic, and other security systems (collectively, the "Computer System").

7.8.2 *Required Software.* Franchisor shall have the right, but not the obligation, to develop or designate: (i) computer software programs Franchisee must use in connection with any component of the Computer System (the "Required Software"), which Franchisee shall install at Franchisee's expense; (ii) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install at Franchisee's expense; (iii) the tangible media upon which Franchisee records data; and (iv) the database file structure of the Computer System. Franchisee shall be responsible for the payment of all fees associated with the Required Software, Computer System and POS System.

7.8.3 *Compliance with Requirements.* At Franchisor's request, Franchisee shall purchase or lease, and thereafter maintain, the Computer System and, if applicable, the Required Software. Franchisee agrees to pay all fees associated with the use of Required Software, which may be payable to Franchisor or Franchisor's approved or designated suppliers. Franchisee expressly agrees to strictly comply with Franchisor's standards and specifications for all items associated with Franchisee's Computer System and any Required Software, including any security software. Franchisee agrees, at its own expense, to keep its Computer System in good maintenance and repair and install such upgrades, additions, changes, modifications, substitutions, and/or replacements to Franchisee's Computer System or Required Software as Franchisor directs from time to time in writing. Franchisee agrees its compliance with this Section 7.8.3 shall be at Franchisee's sole cost and expense.

7.8.4 *Franchisor's Access.* Franchisor may require that Franchisee's Computer System be programmed to automatically transmit data and reports about the operation of the Franchised

Business to Franchisor. Franchisor shall also have the right to, at any time without notice, electronically connect with Franchisee's Computer System to monitor or retrieve data stored on the Computer System or for any other purpose Franchisor deems necessary. There are no contractual limitations on Franchisor's right to access the information and data on Franchisee's POS System and Computer System. Franchisee shall deliver to Franchisor all access codes, static internet protocol ("IP") addresses and other information to facilitate Franchisor's access to the data described in this Section 7.8 within thirty (30) days of opening the Franchised Business.

7.8.5 *Proprietary Software.* Franchisor may now or in the future create or designate a proprietary software program, and Franchisor will retain a proprietary interest in all databases, lists, templates, programs and any other software components that have been created and/or customized by Franchisor using the Computer System and/or Required Software (the "Proprietary Software"). Proprietary Software may conduct, among other things, scheduling, accounting, inventory, and related activities. Franchisee must obtain the computer hardware necessary to implement the Proprietary Software into the Franchised Business and comply with all specifications and standards prescribed by Franchisor regarding the Proprietary Software as provided in the Operations Manual. This Proprietary Software will be Franchisor's proprietary product, and the information collected therefrom will be deemed Franchisor's confidential information. Franchisee agrees to sign Franchisor's then-current form of software license agreement for any Proprietary Software Franchisor may now or in the future create, pay any license fees associated with use of Proprietary Software, and upgrade the Proprietary Software as Franchisor designates.

7.8.6 *Computer Network.* Franchisee is required to participate in any System-wide computer network, intranet system, or extranet system that Franchisor implements and may be required by Franchisor to use such computer network, intranet system, or extranet system to, among other things: (i) submit Franchisee's reports due under this Agreement to Franchisor online; (ii) view and print portions of the Operations Manual, including any updates or modifications thereto; (iii) download approved local advertising materials; (iv) communicate with Franchisor and other System franchisees; and (v) to complete any initial or ongoing training. Franchisee agrees to use the facilities of any such computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that Franchisor included in the Operations Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements.

7.9 **Personal Conduct.** Franchisee agrees to refrain from committing any act or pursuing any course of conduct that tends to bring Franchisor's Proprietary Marks into disrepute.

7.10 **Best Efforts.** Franchisee must use its best efforts to promote and increase the demand for menu items. All of Franchisee's advertising and promotion must be completely factual and conform to the highest standards of ethical advertising. Franchisee agrees to refrain from any business or advertising practice which may be injurious to the Franchised Business or the goodwill associated with the Proprietary Marks and System.

7.11 **Telephone.** Franchisee must obtain a new telephone number and telephone listing at Franchisee's expense, to be listed under the "Chill N⁷ Nitrogen Ice Cream" name (or another name approved by Franchisor) and not under Franchisee's corporate, partnership, or individual name, and to be used exclusively in connection with Franchisee's operation of the Franchised Business. Upon the expiration, transfer or termination of this Agreement for any reason, Franchisee must terminate Franchisee's use of such telephone number and listing and assign the same to Franchisor or Franchisor's designee. Franchisee must answer the telephone in the manner Franchisor specifies in the Operations

Manual.

7.12 Payment of Debts. Franchisee is solely responsible for selecting, retaining and paying Franchisee's employees; the payment of all invoices for the purchase of goods and services used in connection with operating the Franchised Business; and determining whether, and on what terms, to obtain any financing or credit that Franchisee deems advisable or necessary for the conduct of the Franchised Business. Franchisee agrees to pay all current obligations and liabilities to suppliers, lessors, and creditors on a timely basis. Franchisee agrees to indemnify Franchisor in the event that Franchisor is held responsible for debts owed by Franchisee if Franchisor elects to pay any of Franchisee's obligations in order to preserve the relationship between System Suppliers and System franchisees. Franchisee agrees to make prompt payment of all federal, state and local taxes, including individual and corporate taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, FICA taxes, personal property and real estate taxes arising from Franchisee's operation of the Franchised Business. Franchisee agrees to indemnify Franchisor in the event that Franchisor is held responsible for these taxes.

7.13 Compliance with Applicable Laws. Franchisee must comply with all applicable federal, state and local laws, ordinances and regulations regarding the operation of the Franchised Business (including, without limitation, all government regulations relating to food preparation and service, occupational hazards and health, dispensing of food products, consumer protection, trade regulation, workers' compensation, unemployment insurance, withholding and payment of Federal and State income taxes and social security taxes and sales, use and property taxes, and the applicable provisions of the Americans with Disabilities Act ("ADA") regarding the construction, design and operation of the Franchised Business). Franchisee will have sole authority and control over the day-to-day operations of the Franchised Business and Franchisee's employees and/or independent contractors. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Franchised Business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. At no time will Franchisee or Franchisee's employees be deemed to be employees of Franchisor or Franchisor's affiliates.

7.14 Health and Safety Standards. Franchisee shall meet and maintain the highest health and safety standards and ratings applicable to the operation of the Franchised Business. Franchisee shall furnish to Franchisor within two (2) days of its receipt thereof, a copy of all health inspection reports and any violation or citation that indicates Franchisee's failure to maintain federal, state, or local health or safety standards in the operation of the Franchised Business. Franchisee's failure to cure such violations within twenty-four (24) hours shall constitute grounds for immediate termination, upon notice, pursuant to Section 15.2.8 of this Agreement.

7.15 Trade Secrets and Confidential Information. Franchisee must maintain the confidentiality of all Confidential Information as set forth in Section 5 of this Agreement.

7.16 Image. Franchisee acknowledges that Franchisor has developed the System to offer and sell products that will distinguish the Franchised Business from other businesses that offer similar products valued at different prices and with less attention paid to product quality and customer service. Franchisee agrees to offer products and services and to operate the Franchised Business in such a manner that emulates and enhances the image Franchisor intends for the System. Franchisee further acknowledges and agrees that each aspect of the System is important not only to Franchisee but also to Franchisor and to other System franchisees in order to maintain the highest operating standards, achieve system-wide uniformity and increase the demand for the products sold and services rendered by System franchisees. Franchisee agrees to comply with the standards, specifications and requirements Franchisor set forth in

order to uniformly convey the distinctive image of a Franchised Business. Franchisee will, in the operation of the Franchised Business, use only displays, trays, boxes, bags, wrapping paper, labels, forms and other paper and plastic products imprinted with the Proprietary Marks and colors as prescribed from time to time by Franchisor.

7.17 **Pending Actions.** Franchisee must notify Franchisor, in writing, within five (5) days of the commencement of any action, suit or proceeding and the issuance of any order, suit or proceeding of any court, agency or other government instrumentality, including the receipt of any notice or citation, which may adversely affect the operation or financial condition of Franchisee or the Franchised Business.

7.18 **Standard Maintenance and System Conformity.** Franchisee agrees to repair, refinish, repaint, replace, and/or otherwise redo the Franchised Business, the signs, the furnishings, fixtures, décor, equipment and any other tangible part or property of the Franchised Business at Franchisee's sole expense at such times as Franchisor may reasonably direct. At any time after the 5th year of the term of this Agreement, Franchisor has the right to direct Franchisee to remodel, re-equip, and otherwise refurbish the Approved Location in the manner necessary to bring it into conformance with other franchisees of the type Franchisor and Franchisor's franchisees are opening at the time of such direction.

8 TRAINING

8.1 **Initial Training Program.** Franchisee must attend, and complete to Franchisor's satisfaction, Franchisor's initial training program. Franchisor reserves the right to require up to two (2) additional persons to attend Franchisor's initial training program along with Franchisee. If Franchisee is a partnership, corporation or limited liability company, at least one (1) of the trainees must be Franchisee's general partner, principal shareholder, or manager as appropriate. If Franchisee has a Key Manager, as described in Section 7.6.5, then he or she will attend and complete the required training. The required training lasts five (5) days and will consist of classroom and practical experience, including training in sanitation and safety, preparing and presenting menu items, offering customer service, maintaining financial controls and general bookkeeping procedures, maintaining an adequate supply of inventory, operational techniques, human resources, local advertising and promotion, instruction on using any required hardware or software, marketing and advertising techniques, sanitation and maintenance procedures, and maintenance of quality standards. All training will be held at Franchisor's affiliate-owned business, located in Miami, Florida, or a different site designated by Franchisor. All trainees whom Franchisee designates must attend the training course at the same time. All training related expenses, including Franchisee and Franchisee's employees' transportation to and from the training site, lodging, meals, and salaries during training, are Franchisee's sole responsibility. Franchisee and Franchisee's employee shall attend and complete Franchisor's initial training class to Franchisor's satisfaction at least thirty (30) days prior to the opening of Franchisee's Franchised Business. Should Franchisee or Franchisee's employees fail to complete the initial training program to Franchisor's satisfaction, the respective person may repeat the course, or in the case of an employee, Franchisee may send a replacement (the "Replacement Personnel") to the next available initial training program. Franchisor may charge it's the current fee, currently \$100 per person per day, for such Replacement Personnel attending an initial training program. Failure by Franchisee, an employee or any Replacement Personnel to complete the initial training program to Franchisor's satisfaction within the time period prescribed in this Agreement will constitute default of this Agreement and Franchisor may terminate the Agreement.

8.2 **Additional On-Site Training.** As part of the initial training program, Franchisor will provide Franchisee with four (4) days of on on-site assistance at Franchisee's location at no additional charge ("Additional On-Site Training"). Additional On-Site Training will include review and assessment of kitchen operations, food preparation, staff training/performance, inventory management and final plans for grand opening. If additional training is required beyond the Additional On-Site Training, Franchisee

will be advised of the adjustments needed to successfully complete the initial training program and be approved for grand opening. In Franchisor's discretion, additional on-site training beyond the Additional On-Site Training included in the initial training program may be provided and charged at Franchisor's then-current rate for additional on-site training, currently \$500 per trainer, per day.

8.3 Training of Additional Personnel. Franchisee's other employees may be trained by Franchisee, or at Franchisee's request, and subject to the availability of Franchisor's personnel, Franchisor will train Franchisee's additional personnel and require Franchisee to pay Franchisor's then-current fee for additional training. All training related expenses for Franchisee's additional teaching personnel, including transportation to and from the training site, lodging, meals, and salaries during training, are Franchisee's sole responsibility. Franchisor will provide Franchisee with training materials for Franchisee to use in training Franchisee's personnel. Only Franchisor's provided training materials may be used by Franchisee in training Franchisee's personnel. Updated training materials will be provided to Franchisee by Franchisor upon written request. All training materials provided to Franchisee by Franchisor will, at all times, remain Franchisor's property, and Franchisee agrees not to challenge Franchisor's or Franchisor's affiliates' title or rights in or to the training materials. Franchisee may not make any disclosure, duplication or other unauthorized use of any portion of the training materials.

8.4 Additional or Refresher Training Programs. To assist Franchisee in the operation of Franchisee's Franchised Business, Franchisor may offer additional training programs and/or refresher courses to Franchisee, Franchisee's Key Manager and/or Franchisee's employees. Franchisor may require Franchisee's attendance at these programs and/or courses up to five (5) days per year. Franchisee is responsible for the expenses of Franchisee, Franchisee's Key Manager, and Franchisee's employees, including transportation to and from the training site and lodging, meals, and salaries during such training.

9 INSURANCE

Franchisee agrees to purchase/procure and maintain such insurance covering the operation and location of the Franchised Business as Franchisor may designate from time to time. Franchisor's present insurance requirements are as follows: (1) broad form comprehensive general liability coverage against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Franchised Business or otherwise in conjunction with the conduct of the Franchised Business pursuant to the this Agreement, and broad form contractual liability coverage under one or more policies of insurance containing the minimum liability coverage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate, or as otherwise prescribed by Franchisor from time to time; (2) rental insurance in a minimum amount of \$500,000; (3) worker's compensation and employer's liability insurance in statutory amounts and unemployment insurance and state disability insurance as required by the applicable governing law, but no less than \$1,000,000, for Franchisee's employees; (4) product liability insurance containing a minimum liability coverage of \$2,000,000; (5) employee practices coverage of \$1,000,000, or such amount as reasonably determined by Franchisor; (6) owned and non-owned automobile liability insurance with minimum combined single limits of \$1,000,000; and (7) any other insurance that Franchisor may specify in the Operations Manual or otherwise in writing from time to time. Franchisee agrees to provide Franchisor with proof of coverage on demand. Franchisee agrees to obtain these insurance policies from insurance carriers that are rated "A-VIII" or better by Alfred M. Best & Company, Inc. and that are licensed and admitted in the state in which Franchisee operates its Franchised Business. All insurance policies must: (i) name Franchisor (and Franchisor's members, officers, directors, and employees) as additional insureds; and (ii) contain a waiver by the insurance carrier of all subrogation rights against Franchisor. Furthermore, Franchisee shall be required to provide ten (10) days prior written notice of the termination, expiration, cancellation or modification of any insurance policy. Franchisor's acceptance of an insurance carrier does not constitute Franchisor's representation or

guarantee that the insurance carrier will be capable of meeting claims during the term of the insurance policy. Franchisee agrees to carry such insurance as may be required by the Lease of the Approved Location or by any of Franchisee's lenders or equipment lessors. If Franchisee fails to comply with the minimum insurance requirements set forth herein, Franchisor has the right to obtain such insurance and keep same in force and effect and Franchisee shall pay Franchisor, on demand, the premium cost thereof and administrative costs of eighteen percent (18%) in connection with Franchisor's obtaining the insurance. Franchisee must provide Franchisor with copies of any insurance claims or insurance cancellations within twenty-four (24) hours. Franchisee has a twenty-four (24) hour opportunity to cure any lapses in insurance coverage. No insurance policy must be subject to cancellation, termination, nonrenewal or material modification, except upon at least thirty (30) days prior written notice from the insurance carrier to Franchisor. Franchisee must submit a certification of insurance that demonstrates compliance with this Section. Franchisor has the right to increase or otherwise modify the minimum insurance requirements upon thirty (30) days prior written notice to Franchisee, and Franchisee shall comply with any such modification within the time specified in said notice.

10 FINANCIAL RECORDS AND REPORTS

(a) To ensure proper reporting of your financial records and reports, during the term of this Agreement, or until Franchisee employs a dedicated accountant, Franchisee must use the services of one of Franchisor's designated and preferred accounting firms (the "Accounting Firm"). The Accounting Firm will gather weekly transactional information from the Franchised Business and enter such information into its accounting software, reconcile monthly cash and credit card activity, produce monthly financial statements for the Franchised Business, and discuss with Franchisee any trending concerns that are observed. Franchisee is required to pay the Accounting Firm's then current monthly fee (the "Accounting Fees") and the Accounting Fees are subject to future increases.

(b) Franchisee must maintain, for at least five (5) fiscal years from their preparation, complete financial records for the operation of the Franchised Business in accordance with generally accepted accounting principles and must provide Franchisor, at Franchisor's request, with: (i) a weekly Gross Sales Report signed by Franchisee and in the form Franchisor specifies that contains the sales information pertaining to the preceding Business Week including, without limitation, a summary of all monies received during the relevant period, as well as menu items purchased, average sales, and any other additional information which Franchisor deems necessary to properly evaluate Franchisee's progress; (ii) a monthly income statement and profit and loss statement, in a format specified by Franchisor, including a standard chart of accounts, within fifteen (15) days after the end of each month; (iii) annual financial reports and operating statements in the form Franchisor specifies, prepared by a certain public accountant or state licensed public accountant, within thirty (30) days after the close of each of Franchisee's fiscal years; (iv) state and local sales tax returns or reports and federal, state and local income tax returns for each year in which Franchisee's Franchised Business is operated, within thirty (30) days after their timely completion; and (v) such other reports as Franchisor may from time to time require, in the form and at the time Franchisor prescribes. Franchisee's fiscal year must be on a calendar year basis. Franchisee agrees to provide an unaudited quarterly profit and loss statement covering Franchisee's Franchised Business. These reports are due on the fifteenth (15th) day of each quarter. Franchisee must also provide an unaudited profit and loss statement covering the Franchised Business for Franchisee's fiscal year end. To assist Franchisee in recording and keeping accurate and detailed financial records for reports and tax returns, Franchisor, at Franchisor's discretion, may specify the form in which the business records are to be maintained and provide a uniform set of business records for Franchisee to use. Franchisor will have full access to all of Franchisee's data, system, and related information by means of direct access, whether in person, or by telephone/modem installed and maintained at Franchisee's sole expense.

11 BOOKS AND RECORDS

Franchisee must maintain accurate business records, reports, accounts, books and data relating to the operation of Franchisee's Franchised Business. Franchisor and Franchisor's designees have the right to inspect and/or audit Franchisee's business records at any time during normal business hours, to determine whether Franchisee is current with suppliers and are otherwise operating in compliance with the terms of this Agreement and the Operations Manual. If any audit reveals that Franchisee has understated Franchisee's Royalty or marketing payments, or Franchisee's Local Marketing Requirement (as defined in Section 12.7), by more than two percent (2%), or if Franchisee has failed to submit timely reports and/or remittances for any two (2) reporting periods within any twelve (12)-month period, Franchisee must pay the reasonable cost of such audit and/or inspection, including the cost of outside auditors and attorneys (to the extent Franchisor incurs such costs), together with amounts due for Royalty and other fees as a result of such underreporting and/or failure to submit reports, along with all late fees and interest which may otherwise be due under this Agreement.

12 MARKETING AND ADVERTISING

Recognizing the value of advertising and promotion, and the importance of the standardization of advertising and promotion programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

12.1 Generally. With regard to advertising generally for the Franchised Business, Franchisee must place or display at the Approved Location (interior and exterior) only such signs, emblems, lettering, logos and displays and advertising materials as Franchisor approves in writing from time to time. Franchisee must submit to Franchisor, at least twenty (20) days prior to publication or use, samples of all sales, promotional, and advertising materials Franchisee desires to use, including, but not limited to, print, radio and television advertising, signage, supplies and packaging that Franchisor has not previously approved. Such submission will not affect Franchisee's right to determine the prices at which Franchisee sells Franchisee's products. Within ten (10) days of Franchisor's receipt of any sample sales promotional material or advertising materials from Franchisee, Franchisor will notify Franchisee in writing of Franchisor's approval or disapproval of the materials. If Franchisor's written approval thereof is not received within ten (10) days, the submitted material will be deemed to have been approved. Franchisee cannot use any advertising or promotional materials that have not previously been approved by Franchisor. All advertising must prominently display the Proprietary Marks and comply with any standards for use of the Proprietary Marks Franchisor establishes as set forth in the Operations Manual or otherwise in writing. Franchisor may require Franchisee to discontinue the use of any advertising or marketing material, within time frames prescribed by Franchisor, at Franchisee's sole cost and expense.

12.2 Advertising Restriction. Franchisee is not permitted to advertise outside Franchisee's Protected Area except to the extent that Franchisee has received Franchisor's prior written authorization, which Franchisor may withhold at its sole discretion. Franchisor may condition Franchisor's authorization upon Franchisee's agreement to offer to other System franchisees, specifically those who operate Franchised Businesses in protected areas encompassed by the circulation base of the proposed advertising, the opportunity to participate in, and share the expense of, such solicitation and/or advertising. Notwithstanding the foregoing, Franchisee may accept customers from outside Franchisee's Protected Area at Franchisee's Approved Location, provided Franchisee did not solicit such customers by advertising outside of Franchisee's Protected Area without Franchisor's prior written consent. Franchisee may not advertise the Franchised Business or any products or services offered by the Franchised Business via the Internet or any other means of e-commerce, except as permitted in Section 12.3.

12.3 Internet Website. Franchisee must have and maintain adequate hardware and software in order to access the Internet at the bit speed Franchisor requires from time to time. Franchisee is prohibited, however, from establishing any website or other presence on the Internet, except as provided herein.

12.3.1 Franchisor may, but is not obligated to, establish an Internet website that provides information about the System and the products and services offered by Businesses. In the event Franchisor exercises its right to create such a website, Franchisor shall have sole discretion and control over the website (including timing, design, contents and continuation).

12.3.2 Franchisor may, but is not obligated to, create interior pages on its website(s) that contain information about the Franchised Business and other Chill-N Nitrogen Ice Cream franchised businesses. If Franchisor does create such pages, Franchisor may require Franchisee to prepare all or a portion of the page for the Franchised Business, at Franchisee's expense, using a template that Franchisor provides. All such information will be subject to Franchisor's approval prior to posting.

12.3.3 Except as approved in advance in writing by Franchisor, Franchisee must not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Franchised Business, including any profile on Facebook, Twitter, LinkedIn, Plaxo, YouTube, Pinterest, Instagram, or any other social media and/or networking site. If such approval is granted by Franchisor, Franchisee must: (i) establish and operate such World Wide Web or Internet site in accordance with System standards and any other policies Franchisor designates in the Operations Manual or otherwise in writing from time to time; and (ii) utilize any templates that Franchisor provides to Franchisee to create and/or modify such site(s).

12.3.4 Franchisor shall have the right to modify the provisions of this Section.

12.3.5 Franchisor may use a portion of the Brand Development Fee or the Technology Fee to pay or reimburse itself for the costs incurred in connection with the development, maintenance and update of its website.

12.3.6 Franchisee acknowledges that Franchisor and/or Franchisor's affiliates are the lawful, rightful and sole owner of the Internet domain name www.chillnicedcream.com and www.chilln.com, well as any other Internet domain names registered by Franchisor and/or Franchisor's affiliates, and unconditionally disclaims any ownership interest in such Internet domain names and any Internet domain names similar thereto. Franchisee agrees not to register any Internet domain name in any class or category that contains words used in or similar to any brand name owned by Franchisor or Franchisor's affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words.

12.4 Grand Opening Advertising and Promotion. During the period thirty (30) days immediately prior to opening and through forty-five (45) days immediately following the opening of the Franchised Business, Franchisee must spend between \$5,000 and \$7,000 on grand opening advertising (the "Grand Opening Advertising Requirement"). Franchisor must approve Franchisee's grand opening marketing strategies, and Franchisor reserves the right to collect the Grand Opening Advertising Requirement and implement a grand opening marketing and promotions program on Franchisee's behalf. Franchisee may expend additional sums on advertising its grand opening at its sole discretion, subject to Sections 12.1 and 12.2 above. If this Agreement is terminated for any reason prior to opening and Franchisor has collected the Grand Opening Advertising Requirement, Franchisor will refund any portion

of the Grand Opening Advertising Requirement that was collected but not expended on Local Marketing in anticipation of Franchisee's grand opening.

12.5 Brand Fund. Franchisor reserves the right to establish a brand fund (the "Brand Fund") for the common benefit of System Franchisees upon the opening of the 50th store systemwide. Once established, Franchisee shall participate in and contribute weekly to the Brand Fund in an amount equal to two percent (2%) of Franchisee's Gross Sales (the "Brand Fund Contributions") in the manner Franchisor prescribes. Upon establishing the Brand Fund, the Local Advertising requirement will be reduced to two percent (2%). If Franchisor requires Franchisee to contribute to the Brand Fund, Franchisee must pay the Brand Fund Contributions in the same manner as the Royalty due under this Agreement. Franchisor has the right to require that an advertising/marketing cooperative and/or franchisee advisory council be formed, changed, dissolved or merged.

12.5.1 Franchisor will use Brand Fund Contributions, in Franchisor's sole discretion, to develop, produce and distribute national, regional and/or local marketing and to create advertising materials and public relations programs which promote, in Franchisor's sole judgment, the services offered by System franchisees. Franchisor has the sole right to determine contributions and expenditures from the Brand Fund, or any other advertising program, and sole authority to determine, without limitation, the selection of the advertising materials and programs; provided, however, that Franchisor will make a good faith effort to expend Brand Fund Contributions in the general best interests of the System on a national or regional basis. Franchisor may use the Brand Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertisements and other marketing, including the cost of preparing and producing television, radio, magazine, Internet and newspaper advertising campaigns, the cost of direct mail and outdoor billboard advertising; the cost of public relations activities and advertising agencies; the cost of developing and maintaining an Internet website; and personnel and other departmental costs for advertising that Franchisor internally administers or prepares. Nevertheless, Franchisee acknowledges that not all System franchisees will benefit directly or on a pro rata basis from such expenditures and Franchisor is not required to spend any amount of Brand Fund Contributions in the Protected Area. While Franchisor does not anticipate any part of the Brand Fund Contributions will be used for advertising that is principally a solicitation for franchisees, Franchisor reserves the right to use the Brand Fund Contributions for public relations or recognition of the Chill-N Nitrogen Ice Cream brand and for the creation and maintenance of a website, a portion of which may be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating the availability of franchises. Sales materials, if developed, may be sold to franchisees at a reasonable cost.

12.5.2 Franchisor may periodically assist franchises to maintain high quality standards through customer surveys, customer interviews, and other similar initiatives ("Surveys"). The cost of such programs will be borne by the Brand Fund. The cost of these programs may be charged directly to Franchisee if Franchisee's results from a Survey fall below System-established minimum standards for such Surveys.

12.5.3 Franchisor has the right to reimburse itself from the Brand Fund Contributions for such reasonable costs and overhead, if any, that Franchisor may incur in activities reasonably related to the direction and implementation of the Brand Fund.

12.5.4 Franchisor will prepare, on an annual basis, and will have available for Franchisee within ninety (90) days of the end of the fiscal year, a statement of contributions and expenditures for the Brand Fund. The statement will be presented to Franchisee upon Franchisee's written request. The Brand Fund is not required to be independently audited.

12.6 Regional Advertising and Promotional Cooperative. Franchisor will have the right, in Franchisor's discretion, to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative"), and to determine whether a Cooperative is applicable to the Franchised Business. If a Cooperative is established applicable to the Franchised Business, Franchisee must participate in the Cooperative. Cooperative contributions will be credited towards the Local Marketing Requirement discussed in Section 12.7 below. Cooperative contributions will not exceed the Local Marketing Requirement unless a majority of the Cooperative votes to increase that requirement. The following provisions will apply to each Cooperative:

12.6.1 Each Cooperative will be organized and governed in a form and manner, and will commence operation on a date, approved in advance by Franchisor;

12.6.2 Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to Franchisor's approval, standardized advertising materials for use by the members in Local Marketing;

12.6.3 No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without Franchisor's prior approval. All such plans and materials must be submitted to Franchisor in accordance with the procedure set forth in Section 12.1 hereof;

12.6.4 The Cooperative's activities will be agreed upon by a majority vote of the member franchisees in the Cooperative. All Cooperative contributions will be credited against the Local Marketing Requirement. The Cooperative may, by the majority vote of its members, require a Cooperative contribution in excess of the Local Marketing Requirement; and

12.6.5 Each member franchisee must submit to the Cooperative, no later than Wednesday of each week, for the preceding Business Week, its respective contribution as provided in this Agreement together with such other statements or reports as Franchisor may require or as may be required by the Cooperative with Franchisor's approval.

12.6.6 Franchisor may grant to Franchisee, in its sole discretion, an exemption for any length of time from the requirement of membership in a Cooperative, upon written request from Franchisee stating reasons supporting such exemption. Franchisor's decision concerning such request for exemption will be final.

12.7 Local Marketing. In addition to the Brand Fund Contributions described above in Section 12.5, Franchisee will be required to spend a minimum of three percent (3%) of Gross Sales per month on local marketing and promotion in accordance with Franchisor's standards and specifications (the "Local Marketing Requirement"). Once Franchisor establishes the Brand Fund pursuant to Section 12.5 and commences collecting the Brand Fund Contribution, the Local Advertising Requirement shall decrease to 2% of Gross Sales. Franchisee must spend the local advertisement requirement as Franchisor prescribes in the Operations Manual or otherwise in writing, which may include, without limitation, requirements for placing a certain number of and/or type(s) of media advertisements or engaging certain public figures to assist the Franchisee in promoting its Franchised Business. The Local Marketing Requirement must be expended within Franchisee's Protected Area. Franchisee acknowledges and agrees that Franchisee's Local Marketing Requirement must be expended regardless of the amount(s) spent by other System franchisees on Local Marketing. Franchisee may spend any additional sums Franchisee wishes on Local Marketing. Franchisee must use only such advertising and promotional materials as have been previously approved by Franchisor. Upon request by Franchisor, Franchisee will submit to Franchisor proof of Franchisee's expenditures on local marketing.

12.8 **Loyalty and Promotional Programs.** Franchisee must participate in and comply with all terms and conditions of any loyalty and/or promotional program Franchisor designates. In connection with any such program(s), Franchisee may be required to, among other things, (i) enter into a designated form of agreement with the designated supplier, (ii) incur costs and fees in connection with participating in the program. Franchisee understands that Franchisee's participation in these programs may entail some cost to Franchisee. Franchisor has no obligation to reimburse Franchisee for any costs incurred in connection with Franchisee's participation in any such loyalty and/or promotional program.

13 INDEPENDENT CONTRACTOR; INDEMNIFICATION

13.1 **Independent Contractor Status.** Franchisee is an independent contractor responsible for full control over the internal management and daily operation of Franchisee's Franchised Business, and neither party to this Agreement is the agent, principal, partner, employee, employer or joint venture partner of the other party. Franchisee may not act or represent itself, directly or by implication, as Franchisor's agent, partner, employee or joint venture partner, and Franchisee may not incur any obligation on Franchisor's behalf or in Franchisor's name. All stationery, business cards and contractual agreements entered into by Franchisee must contain Franchisee's corporate or fictitious name and a conspicuously displayed notice in the place Franchisor designates, stating: (i) Franchisee operates Franchisee's Franchised Business as an independently owned and operated Chill-N Nitrogen Ice Cream business, and (ii) Franchisee independently owns and operates the Franchised Business as a System franchisee. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name; and Franchisor will in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor will Franchisor be liable by reason of any of Franchisee's acts or omissions in the operation of the Franchised Business or for any claim or judgment arising therefrom against Franchisee or Franchisor. Neither this Agreement nor Franchisor's course of conduct is intended, nor may anything in this Agreement (nor Franchisor's course of conduct) be construed to state or imply that Franchisor is the employer of Franchisee's employees and/or independent contractors.

13.2 **Indemnification.** Franchisee and Franchisee's principals agree to indemnify, defend and hold Franchisor, Franchisor's affiliates and their respective shareholders, directors, officers, employees, agents, successors and assignees ("Indemnitees") harmless against and to reimburse them for all claims, obligations, liabilities and damages ("Claims"), including any and all taxes, directly or indirectly arising out of, in whole or in part: (a) the operation of Franchisee's Franchised Business, including the use, condition, or construction, equipping, decorating, maintenance or operation of the Franchised Business premises, the sale or delivery of any food and beverage items (including nitrogen ice cream, yogurt, toppings, and related food and beverage items) and Franchisee's advertising; (b) the use of the Proprietary Marks and other Proprietary Material; (c) the transfer of any interest in this Agreement or Franchisee's Franchised Business in any manner not in accordance with this Agreement; (d) the infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any of Franchisee's principals of any patent, mark or copyright or other proprietary right owned or controlled by third parties; or (e) libel, slander or any other form of defamation of Franchisor, the System or any franchisee or developer operating under the System, by Franchisee or by any of Franchisee's principals. For purposes of this indemnification, "Claims" will mean and include all obligations, actual, consequential, punitive and other damages, and costs reasonably incurred in the defense of any action, including attorneys', attorney assistants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether or not such claims exceed the amount of insurance coverage available through Franchisee to Franchisor. Franchisor will have the right to defend any such claim against it in such manner as Franchisor deems appropriate or

desirable in Franchisor's sole discretion. Such an undertaking by Franchisor will, in no manner or form, diminish Franchisee's and each of Franchisee's principals' obligations to indemnify the Indemnities and to hold them harmless. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

14 SALE OR TRANSFER

14.1 Transfer. Franchisee's rights under this Agreement are personal, and Franchisee must not sell, transfer, assign or encumber Franchisee's interest in the Franchised Business without Franchisor's prior written consent. Any sale, transfer, assignment or encumbrance made without Franchisor's prior written consent will be voidable at Franchisor's option and will subject this Agreement to termination as specified herein.

14.2 Death or Disability.

14.2.1 Representative's Right to Continue as Franchisee. In the event of Franchisee's death, disability or incapacitation (or the death, disability or incapacitation of Franchisee's partners or personal guarantors), Franchisee's legal representative, or Franchisee's partner's or guarantor's respective legal representative, as applicable, will have the right to continue the operation of the Franchised Business as franchisee under this Agreement if: (i) within 45 days from the date of death, disability or incapacity (the "45-Day Period"), such person has obtained Franchisor's prior written approval and has executed Franchisor's then-current franchise agreement for the unexpired term of the franchise, or has furnished a personal guaranty of any partnership, corporate or limited liability company to satisfy Franchisee's obligations to Franchisor and Franchisor's affiliates; and (ii) such person successfully completes Franchisor's training program (which Franchisor will provide at Franchisor's then-current tuition rate). Such assignment by operation of law will not be deemed in violation of this Agreement, provided such heirs or legatees accept the conditions imposed by the Franchise Agreement and are acceptable to Franchisor.

14.2.2 Franchised Business Operation During and After 45-Day Period. Franchisor is under no obligation to operate the Franchised Business or incur any obligation on behalf of any incapacitated franchisee, during or after the 45-Day Period. If necessary, Franchisee (or Franchisee's legal representative, as applicable) will appoint a previously approved acting interim manager to operate the Franchised Business during the 45-Day Period. In the event of Franchisee's death, disability, absence or otherwise, Franchisor has the right, but not the obligation, to operate Franchisee's Franchised Business on Franchisee's behalf and at Franchisee's expense for such period of time (and under such terms and conditions) as Franchisor determines, including paying out the assets and/or sales of the Franchised Business to cover any or all past, current and/or future obligations of the Franchised Business (including any amounts owed to Franchisor and/or any affiliate) in such priorities as Franchisor determines from time-to-time in Franchisor's sole and absolute discretion. Franchisor may pay itself a management fee of twenty percent (20%) of Gross Sales earned during such time period to reimburse Franchisor for Franchisor's management services and other costs, including, without limitation travel and lodging expenses ("Management Fee"). Franchisor may obtain approval of a court or arbitrator for any such arrangements, the attorneys' fees and other costs incurred in connection with obtaining such approval to be charged against the assets and/or sales of Franchisee's Franchised Business. Franchisee (and/or Franchisee's estate) will indemnify Franchisor against any costs and/or liabilities incurred by it in connection with, or related in any way to, the operation (or otherwise) of Franchisee's Franchised Business. This Management Fee is in addition to the amounts due under this Agreement for Royalty and other payments during the time which Franchisor takes over the management of the Franchised Business.

14.3 Ownership Changes. A sale, transfer or assignment requiring Franchisor's prior written consent will be deemed to occur: (i) if Franchisee is a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of Franchisee's voting stock or any increase in the number of outstanding shares of Franchisee's voting stock that results in a change of ownership, (ii) if Franchisee is a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) if Franchisee is a limited liability company, upon the assignment, sale, pledge or transfer or any interest in the limited liability company. Any new partner, shareholder, member or manager owning more than ten percent (10%) of the outstanding shares of the corporation, will be required to personally guarantee Franchisee's obligations under this Agreement. A transfer pursuant to (i) and (iii) above will not be subject to Franchisor's right of first refusal as set forth in Section 14.3.1.

14.3.1 Right of First Refusal. If Franchisee proposes to transfer either this Agreement or all, or substantially all, of the assets used in connection with the Franchised Business or any interest in Franchisee's lease to any third party (other than a corporation or limited liability company as set forth in Section 14.4 hereof), Franchisee must first offer to sell such interest to Franchisor on the same terms and conditions as offered by such third party. Franchisee will obtain from the third party and provide Franchisor a statement in writing, signed by the third party and Franchisee, of the terms of the offer ("Letter of Intent"). If Franchisor elects not to accept the offer within a thirty (30) day period, Franchisee will have a maximum period of sixty (60) days to complete the transfer described in the Letter of Intent subject to the conditions for approval set forth in Section 14.3.2 hereof. Franchisee will effectuate no other sale or transfer as contemplated under the Letter of Intent without first complying with this Section 14.3.1. Any material change in the terms of the offer will be deemed a new proposal subject to Franchisor's right of first refusal. So long as Franchisee has obtained Franchisor's prior written consent, which will not be unreasonably withheld, a transfer to an existing partner or shareholder, or a transfer as a result of the death, disability or incapacitation of a shareholder or partner, in accordance with the provisions set forth below, is not subject to Franchisor's first right of refusal.

14.3.2 Conditions for Approval. Franchisor may condition Franchisor's approval of any proposed sale or transfer of the Franchised Business or of Franchisee's interest in this Agreement upon satisfaction of the following occurrences:

14.3.2.1 All of Franchisee's accrued monetary obligations to Franchisor, Franchisor's affiliates, and Franchisor's designated/approved suppliers and vendors, are satisfied;

14.3.2.2 Franchisee must cure all existing defaults under this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, Franchisor's designated/approved suppliers and vendors, within the period permitted for cure and have substantially complied with such agreements during their respective terms;

14.3.2.3 Franchisee and Franchisee's principals (if Franchisee is a partnership, corporation or limited liability company), and the transferee (if it has had any previous relationship with Franchisor or Franchisor's affiliates), must execute a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's affiliates and officers, directors, shareholders and employees, in their corporate and individual capacities; provided, however, the release will not be inconsistent with any applicable state statute regulating franchising;

14.3.2.4 Franchisee or transferee will provide Franchisor a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules, including transferee's assumption of an agreement to faithfully perform all of Franchisee's obligations under this Agreement;

14.3.2.5 The transferee must demonstrate to Franchisor's satisfaction that he or she meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations under this Agreement; however, transferee cannot be in the same business as Franchisor either as licensor, franchisor, independent operator or licensee of any other business or chain that is similar in nature or in competition with Franchisor, except that the transferee may be an existing franchisee of ours;

14.3.2.6 The transferee must execute Franchisor's then-current Franchise Agreement for the unexpired term of this Agreement;

14.3.2.7 Franchisee or transferee must pay Franchisor a transfer fee equal to thirty percent (30%) of the then-current initial franchise fee;

14.3.2.8 The transferee must satisfactorily complete Franchisor's training Program at the transferee's expense within the time frame Franchisor sets forth;

14.3.2.9 Franchisee (and Franchisee's principals if Franchisee is a partnership, corporation or limited liability company), and the members of their respective families must comply with the post-termination provisions of this Agreement;

14.3.2.10 The transferee must obtain, within the time limits set by Franchisor, and maintain thereafter, all permits, and licenses required for the operation of the Franchised Business;

14.3.2.11 To the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer;

14.3.2.12 The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises;

14.3.2.13 The purchase price and terms of the proposed transfer are not so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Franchised Business and performance under its franchise agreement;

14.3.2.14 Franchisee must request that Franchisor provide the prospective transferee with Franchisor's current form of franchise disclosure document, and Franchisor will not be liable for any representations not included in the franchise disclosure document;

14.3.2.15 Franchisor's approval of the transfer will not constitute a waiver of any claims Franchisor may have against the transferring party;

14.3.2.16 Franchisor will have the right to disclose to any prospective transferee such revenue reports and other financial information concerning Franchisee and Franchisee's Franchised Business as Franchisee has supplied Franchisor hereunder; and

14.3.2.17 In any event, Franchisor may withhold or condition Franchisor's consent to any transfer as Franchisor deems appropriate based on the circumstances of the transfer or otherwise.

14.4 Transfer to a Corporation or Limited Liability Company. If Franchisee is an

individual and desires to assign its rights under this Agreement to a corporation or limited liability company, and if all of the following conditions are met, Franchisor will consent to the transfer without assessing the transfer fee set forth in Section 14.3.2.7, and such assignment will not be subject to Franchisor's right of first refusal in Section 14.3.1:

14.4.1 The corporation or limited liability company is newly organized, and its activities are confined to operating the Franchised Business;

14.4.2 Franchisee is, and always remains, the owner of at least 51% of the outstanding shares of the corporation or a controlling interest in the limited liability company;

14.4.3 The corporation or limited liability company agrees in writing to assume all of Franchisee's obligations hereunder; and

14.4.4 All stockholders of the corporation, or members and managers of the limited liability company, as applicable, personally guarantee prompt payment and performance by the corporation or limited liability company of all its obligations to Franchisor and Franchisor's affiliates, under this Agreement and any other agreement between Franchisee and Franchisor and/or Franchisor's affiliates and execute a non-compete agreement as set forth in Section 17.4 hereof.

14.5 **Franchisor's Right to Transfer.** Franchisor has the right to sell, transfer, assign and/or encumber all or any part of Franchisor's assets and Franchisor's interest in, and rights and obligations under, this Agreement in Franchisor's sole discretion.

15 BREACH AND TERMINATION

15.1 **Automatic Termination.** This Agreement will automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:

15.1.1 *Voluntary Bankruptcy.* If Franchisee makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, is adjudicated bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consents to or acquiesces in the appointment of a trustee or receiver for Franchisee or the Franchised Business.

15.1.2 *Involuntary Bankruptcy.* If proceedings are commenced to have Franchisee adjudicated bankrupt or to seek Franchisee's reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within sixty (60) days, or a trustee or receiver is appointed for Franchisee or the Franchised Business without Franchisee's consent, and the appointment is not vacated within sixty (60) days.

15.1.3 *Unauthorized Transfer.* Franchisee purports to sell, transfer or otherwise dispose of Franchisee or any interest in the Franchised Business in violation of Section 14 hereof.

15.2 **With Notice and Without Opportunity to Cure.** Franchisor has the right to terminate this Agreement upon notice without providing Franchisee an opportunity to cure for any of the following breaches or defaults:

15.2.1 *Criminal Acts.* If Franchisee or Franchisee's principals are convicted of or plead guilty or no contest to a felony or take part in any criminal misconduct relevant to the operation of

Franchisee's Franchised Business.

15.2.2 *Fraud.* If Franchisee or Franchisee's principals commit any fraud or misrepresentation in the operation of Franchisee's Franchised Business.

15.2.3 *Misrepresentation.* If Franchisee or Franchisee's principals make any misrepresentation or omission in connection with Franchisee's franchise application, including but not limited to any financial misrepresentation.

15.2.4 *Failure to Complete Training.* If Franchisee fails to complete initial training as provided in Section 8.1.

15.2.5 *Repeated Breaches.* If Franchisor sends Franchisee two (2) or more written notices to cure pursuant to Sections 15.3 or 15.4 hereof in any twelve (12)-month period.

15.2.6 *Breach of Other Agreements.* If Franchisee or Franchisee's principals materially breach any other agreement with Franchisor or any of Franchisor's affiliates, or threaten any material breach of any such agreement, or any Lease for the Approved Location, and fails to cure such breach within any permitted period for cure.

15.2.7 *Misuse of the Proprietary Marks or Confidential Information.* If Franchisee or Franchisee's principals materially violate any provision hereof pertaining to Proprietary Marks or Confidential Information or misuse the Proprietary Marks or Confidential Information.

15.2.8 *Violation of Health Code.* If Franchisee violates any health, safety or sanitation law, ordinance or regulation or operates the Franchised Business in a manner that presents a health or safety hazard to customers, or the general public.

15.2.9 *Violation of In-term Restrictive Covenant.* If Franchisee violates the in- term restrictive covenant contained in Section 17.1.

15.2.10 *Liens.* If a levy of writ of attachment or execution or any other lien is placed against Franchisee or any of Franchisee's principals or any of their assets which is not released or bonded against within 30 days.

15.2.11 *Insolvency.* If Franchisee or any of Franchisee's principals become insolvent.

15.2.12 *Abandonment.* If Franchisee voluntarily or otherwise abandons the Franchised Business. The term "abandon" includes any conduct which indicates a desire or intent to discontinue the franchisee business in accordance with the terms of this Agreement and will apply in any event Franchisee fails to operate the Franchised Business as a System Franchised Business for a period of two (2) or more consecutive days without Franchisor's prior written approval.

15.2.13 *Unauthorized Products or Services.* If Franchisee offers any unauthorized and unapproved products or services at or from the Franchised Business.

15.2.14 *Unapproved Purchases.* Franchisee orders or purchases supplies, signs, furnishings, fixtures, equipment or inventory from an unapproved supplier or which Franchisor has not approved.

15.2.15 *Proprietary Software.* Franchisee misuses or makes unauthorized use of any Proprietary Software that Franchisor may develop for use in connection with the System.

15.2.16 *Insurance.* Franchisee fails to maintain insurance or to repay Franchisor for insurance paid for by it, or otherwise fails to adhere to the requirements of Section 9.

15.2.17 *Government Regulations; Permits.* Franchisee fails, within fifteen (15) days after notification of non-compliance by federal, state or local government authorities to comply with any law or regulation applicable to the Franchised Business, or Franchisee otherwise fails to procure or maintain any licenses, certifications, or permits necessary for the operation of Franchisee's Franchised Business.

15.2.18 *Government Actions.* Any government action is taken against Franchisee that results in any obligation upon Franchisor which in Franchisor's sole judgment is uneconomical, not in the best interests of Franchisor, or would result in Franchisor having an unintended relationship or obligation.

15.2.19 *Anti-Terrorist Activities.* Franchisee fails to comply with the provisions of Section 22.7.

15.2.20 *Personal Use of Franchised Business Property.* If Franchisee takes for Franchisee's own personal use any assets or property of the Franchised Business, including employee taxes, FICA, insurance or benefits.

15.2.21 *Insufficient Funds.* If there are insufficient funds in Franchisee's bank account to cover a check or EFT payment to Franchisor three (3) or more times within any twelve (12) month period.

15.2.22 *Under-reporting of Gross Sales.* If any audit reveals that Franchisee has understated Franchisee's Royalty or marketing payments, or Franchisee's Local Marketing expenditures, by more than two percent (2%) or if Franchisee has failed to submit timely reports and/or remittances for any two (2) reporting periods within any 12-month period, as described in Section 11.

15.2.23 *Default Under Lease.* Franchisee defaults in obligations under any Lease agreement for the Approved Location.

15.3 **Upon 15 Days' Notice to Cure.** Franchisor has the right to terminate this Agreement if any of the following defaults remains uncured after expiration of the fifteen (15)-day cure period:

15.3.1 *Nonpayment.* If Franchisee fails to pay as and when due any sums owed to Franchisor, any of Franchisor's affiliates, or any of Franchisor's System Suppliers or vendors.

15.3.2 *Endorsement of Checks.* Franchisee fails to immediately endorse and deliver to Franchisor any payments due to Franchisor from any third party that is erroneously made to Franchisee.

15.3.3 *Failure to Maintain Sufficient Inventory Level.* If Franchisee fails to maintain sufficient levels of inventory to adequately meet consumer demand.

15.3.4 *Failure to Open.* If Franchisee fails to commence operations of Franchisee's Franchised Business within the time prescribed in Section 7.3 of this Agreement.

15.3.5 *Interruption of Service.* If Franchisee fails to maintain the prescribed months, days or hours of operation at the Franchised Business.

15.3.6 *Failure to Personally Supervise Franchised Business Operations or Employ Adequate Personnel.* If Franchisee fails, in Franchisor's sole discretion, to personally supervise day-to-day operation of the Franchised Business or fails to employ a sufficient number of qualified, competent personnel as Franchisor requires from time to time.

15.3.7 *Quality Control.* If Franchisee fails to maintain the strict quality controls reasonably required by this Agreement and/or the Operations Manual.

15.3.8 *Other Conduct Reflecting Adversely on System.* Franchisee conducts itself in a manner that, although not criminal, reflects adversely on the System, the Proprietary Marks, or the products offered through the System.

15.4 **Upon 30 Days' Notice to Cure.** Franchisor has the right to terminate this Agreement if Franchisee fails to perform or comply with any one or more of the terms or conditions of this Agreement or any ancillary agreements between Franchisee and Franchisor or Franchisor's affiliates and fails to cure such default after notice and expiration of the thirty (30)-day cure period.

15.5 **Step in Rights.** In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right, or any other rights, Franchisor may have against Franchisee, upon a failure to cure any default within the applicable time period (if any), Franchisor has the right, but not the obligation, to enter upon the Franchised Business premises and exercise complete authority with respect to the operation of the Franchised Business until such time as Franchisor determines, in Franchisor's sole discretion that the default has been cured, and Franchisee is otherwise in compliance with this Agreement. In the event Franchisor exercises the rights described in this Section, Franchisee must pay Franchisor a reasonable management fee and reimburse Franchisor for all reasonable costs and overhead, if any, incurred in connection with its operation of Franchisee's Franchised Business including, without limitations, costs of personnel for supervising and staffing the Franchised Business and their travel and lodging accommodations, plus a twenty percent (20%) service charge. This fee is in addition to the payment of the Royalty and all other fees due under this Agreement during the time Franchisor exercises its rights under this Agreement. If Franchisor undertakes to operate the Franchised Business pursuant to this Section, Franchisee agrees to indemnify and hold Franchisor (and Franchisor's representative(s) and employees) harmless from and against any fines, claims, suits or proceedings that may arise out of Franchisor's operation of the Franchised Business.

15.6 **Nonwaiver.** Franchisor's delay in exercising or failing to exercise any right or remedy under this Agreement or Franchisor's acceptance of any late or partial payment due hereunder will not constitute a waiver of any of Franchisor's rights or remedies against Franchisee.

16 RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION

16.1 **Franchisee's Obligations.** Upon termination of this Agreement, regardless of the cause, and upon expiration and nonrenewal or transfer of this Agreement, Franchisee must, at Franchisee's cost and expense:

16.1.1 Immediately cease all operations under this Agreement;

16.1.2 Immediately pay Franchisor all unpaid fees and pay Franchisor, Franchisor's

affiliates, Franchisor's major suppliers and vendors, all other monies owed;

16.1.3 Immediately discontinue the use of the Proprietary Marks;

16.1.4 Immediately return the Operations Manual and all other Proprietary Materials and Confidential Information Franchisor loaned to Franchisee and immediately and permanently cease use of such information and materials;

16.1.5 Immediately cease using all telephone numbers and listings used in connection with the operation of the Franchised Business, and direct the telephone company to transfer all such numbers and listings to Franchisor or Franchisor's designee pursuant to the Conditional Assignment of Franchisee's Telephone Numbers and Listings attached hereto as Exhibit D or, if Franchisor directs, to disconnect the numbers within fifteen (15) days of termination or expiration of this Agreement;

16.1.6 Immediately vacate the Franchised Business, and if Franchisor exercised Franchisor's rights pursuant to the Collateral Assignment of Lease attached as Exhibit C, arrange for transfer of the Lease to Franchisor within fifteen (15) days of termination or expiration of this Agreement;

16.1.7 Immediately surrender all stationery, printed matter, signs, advertising and marketing materials and other items containing the Proprietary Marks as Franchisor directs and all items that are a part of the trade dress of the System, no later than five (5) days after the termination or expiration of this Agreement;

16.1.8 Immediately cease to hold itself out as Franchisor's franchisee;

16.1.9 Take such action as will be necessary to amend or cancel any assumed name, business name or equivalent registration which contains any trade name or other Proprietary Mark Franchisor licensed to Franchisee and furnish Franchisor evidence satisfactory to Franchisor of compliance with this obligation within fifteen (15) days after the termination, expiration or transfer of this Agreement;

16.1.10 Permit Franchisor to make a final inspection of Franchisee's financial records, books, and other accounting records within one (1) month of the effective date of termination, expiration, or transfer;

16.1.11 Comply with the post-termination covenants set forth in Section 17 hereof, all of which will survive the transfer, termination or expiration of this Agreement;

16.1.12 Cease to use in advertising or in any other manner, any methods, procedures or techniques associated with Franchisor or the System;

16.1.13 Immediately cease from engaging in any contacts with customers or former customers of the Franchised Business; and

16.1.13 Execute from time to time any necessary papers, documents, and assurances to effectuate the intent of this Section 16.

16.2 Option to Purchase Personal Property. Upon the termination or expiration of this Agreement, Franchisor, or Franchisor's designee will also have the option, but not the obligation, to purchase any personal property used in connection with operation of Franchisee's Franchised Business by providing Franchisee written notice of Franchisor's election within sixty (60) days after such

termination or expiration and by paying Franchisee the book value for such personal property within sixty (60) days of such notice. For purposes of this paragraph, “book value” means the amount Franchisee actually paid for the personal property less depreciation (calculated by using the straight-line depreciation method on a ten (10)-year depreciation schedule irrespective of the depreciation method or schedule Franchisee uses for accounting purposes). Notwithstanding the foregoing, to the extent that Franchisor exercises Franchisor’s right to purchase any personal property subject to a lease or finance agreement, the purchase price of such personal property will equal the amount of Franchisee’s remaining obligations under the lease or finance agreement, as applicable. Franchisor will be entitled to offset the purchase price by the amount of money owed by Franchisee to Franchisor for any payments necessary to acquire clear title to property or for any other debt. If Franchisor exercises Franchisor’s option to purchase, pending the closing of such purchase, Franchisor has the right to appoint a manager to maintain operation of the Franchised Business, or Franchisor may require that Franchisee close the Franchised Business during such period without removing any assets. Franchisee is required to maintain in force all insurance policies required under this Agreement until the date of such closing. Franchisor has the unrestricted right to assign this option to purchase the Franchised Business. Franchisor will be entitled to all customary warranties and representations in connection with Franchisor’s purchase of Franchisee’s property, including, without limitation, representations and warranties as to ownership and condition of and title to the property; liens and encumbrances on the property; validity of contracts and agreements; and liabilities affecting the property, contingent or otherwise.

16.3 Exclusions. Franchisor may exclude from the personal property purchased under Section 16.2 cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Franchised Business’s operation or that Franchisor has not approved as meeting standards for the Franchised Business.

16.4 Damages, Costs, and Expenses. In the event of termination for any default by Franchisee, Franchisee will promptly pay to Franchisor all damages, costs and expenses, including reasonable attorneys’ fees, incurred by Franchisor as a result of the default, which obligation will create and remain, until paid in full, a lien in favor of Franchisor against any and all of Franchisee’s personal property, furnishings, equipment, signs, fixtures and inventory related to the operation of the Franchised Business.

17 COVENANTS

Franchisee acknowledges that as a participant in Franchisor’s System, Franchisee will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which Franchisor has developed. Therefore, in order to protect Franchisor and all Franchisor’s franchisees, Franchisee agrees as follows:

17.1 During the Term of This Agreement. During the term of this Agreement, neither Franchisee, Franchisee’s officers, directors, principals, or Key Managers, nor any member of the immediate family of Franchisee or Franchisee’s officers, directors, principals, or Key Managers may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

17.1.1 Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any other business deriving ten percent (10%) or more of its revenue from the sale of ice cream or other similar items or any other goods or services offered or authorized for sale by System franchisees (a “Competing Business”) or any business that licenses the right to operate a Competing Business; provided, however, that this Section does not apply to Franchisee’s

operation of a Franchised Business under Franchisor's System; or

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

17.2 After the Term of This Agreement.

17.2.1 For a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, Franchisee's officers, directors, principals, or Key Managers, nor any member of the immediate family of Franchisee or Franchisee's officers, directors, principals, or Key Managers may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation enter into any business competing in whole or in part with Franchisor granting franchises or licenses for Competing Businesses at the time this Agreement is terminated or otherwise expires and is not renewed.

17.2.2 For a period of two (2) years after the expiration, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, Franchisee's principals, nor any member of the immediate family of Franchisee or Franchisee's principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

17.2.2.1 Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any Competing Business: (i) within the Protected Area, including at the Approved Location; or (ii) within a twenty-five (25) mile radius of the perimeter of (a) the Protected Area being granted hereunder, (b) any other protected area licensed by Franchisor as of the date of expiration or termination of this Agreement, or (c) any other Franchised Business; or

17.2.2.2 Solicit business from customers of Franchisee's former Franchised Business or contact any of Franchisor's suppliers or vendors for any competitive business purpose;

17.2.2.3 Solicit any of Franchisor's employees, or the employees of Franchisor's affiliates or any other System franchisee to discontinue employment.

17.3 Intent and Enforcement. It is the parties' intent that the provisions of this Section 17 be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein will not render any other part unenforceable. In the event of the actual or threatened breach of this Section 17 by Franchisee, any of Franchisee's principals, or any member of the immediate family of Franchisee or Franchisee's principals, Franchisor will be entitled to an injunction restraining such person from any such actual or threatened breach. Franchisee acknowledges that the covenants contained herein are necessary to protect the goodwill of the Franchised Business, other System franchisees, and the System. Franchisee further acknowledges that covenants contained in this Section 17 are necessary to protect Franchisor's procedures and know-how transmitted during the term of this Agreement. Franchisee agrees that in the event of the actual or threatened breach of this Section 17, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. Franchisee acknowledges and agrees, on Franchisee's own behalf and on behalf of the persons who are liable under this Section 17, that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 17 in no way prevent any such person from earning a living. Franchisee further acknowledges and agrees that the time limitation of this Section 17 will be tolled during any default under

this Section 17.

17.4 **Employees.** Franchisee will ensure that Franchisee's principals, employees and members of their immediate families who have access to Franchisor's Confidential Information, including all of Franchisee's managers and other key employees, execute a Confidentiality and Restrictive Covenant Agreement, in the form attached as Exhibit E to the Franchise Agreement, or as Franchisor, in Franchisor's sole discretion, otherwise prescribes. Franchisee must furnish Franchisor a copy of each executed agreement.

17.5 **No Defense.** Franchisee hereby agrees the existence of any claim Franchisee may have against Franchisor, whether or not arising from this Agreement, will not constitute a defense to Franchisor's enforcement of the covenants contained in this Section 17. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) that Franchisor incurs in connection with the enforcement of this Section 17.

18 DISPUTE RESOLUTION

18.1 **Choice of Law.** This Agreement will be governed by and construed in accordance with the laws of the State of Florida (without reference to its conflict of laws principals).

18.2 **Internal Dispute Resolution.** Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's President, after providing notice as set forth in Section 18.6 below. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally will survive termination or expiration of this Agreement.

18.3 **Mediation.** At Franchisor's option, all claims or disputes between Franchisor and Franchisee or its affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisor and Franchisee or its affiliates, or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure sent forth in Section 18.2 above, must be submitted first to mediation, in Miami, Florida under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of 30 days following receipt of such notice within which to notify Franchisee as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Franchisee may not commence any action against Franchisor or its affiliates in respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (I) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party will bear its own cost of mediation, and Franchisor and Franchisee will share mediation costs equally. This agreement to mediate will survive any termination or expiration of this Agreement.

18.3.1 The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 18.3 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating):

18.3.1.1 Any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information;

18.3.1.2 Any claims pertaining to or arising out of any warranty issue; or

18.3.1.3 Any of the restrictive covenants contained in this Agreement.

18.4 **Selection of Venue.** Nothing contained in this Agreement will prevent Franchisor from applying to and obtaining from any court of competent jurisdiction a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests. The parties expressly agree to the jurisdiction and venue of any court of general jurisdiction in Miami, Florida and the jurisdiction and venue of the United States District Court presiding over Miami, Florida. Franchisee acknowledges that the parties have entered into this Agreement in Miami, Florida and that Franchisee is to receive valuable and continuing services emanating from Franchisor's headquarters in Miami, Florida, including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts of Florida set forth above.

18.5 **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third-party beneficiaries of the provisions of this Agreement, including the mediation provision set forth in this Section 18, each having authority to specifically enforce the right to mediate/arbitrate claims asserted against such person(s) by Franchisee.

18.6 **Prior Notice of Claims.** As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice will preclude any claim for damages.

18.7 **No Right to Offset.** Franchisee is prohibited from withholding all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Franchisee under this Agreement or any related agreements.

18.8 **Injunctive Relief.** Nothing in this Agreement will prevent Franchisor from seeking to obtain injunctive relief, without posting a bond, against threatened conduct that will cause Franchisor loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions. If injunctive relief is granted, Franchisee's only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Franchisee expressly waives all claims for damages Franchisee incurred as a result of the wrongful issuance.

18.9 **Limitation of Action.** Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after the Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period will be barred as a claim, counterclaim, defense, or set-off.

18.9.1 Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in

any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

18.10 Waiver of Punitive Damages. Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

18.11 THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER WILL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES. THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE FRANCHISED BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

19 REPRESENTATIONS

19.1 No Authority. NO SALESPERSON, REPRESENTATIVE OR OTHER PERSON HAS THE AUTHORITY TO BIND OR OBLIGATE FRANCHISOR EXCEPT FRANCHISOR'S AUTHORIZED OFFICER BY A WRITTEN DOCUMENT. FRANCHISEE ACKNOWLEDGES THAT NO REPRESENTATIONS, PROMISES, INDUCEMENTS, GUARANTEES OR WARRANTIES OF ANY KIND WERE MADE BY FRANCHISOR OR ON FRANCHISOR'S BEHALF THAT HAVE LED FRANCHISEE TO ENTER INTO THIS AGREEMENT. FRANCHISEE UNDERSTANDS THAT WHETHER FRANCHISEE SUCCEEDS AS A FRANCHISEE IS DEPENDENT UPON FRANCHISEE'S EFFORTS, BUSINESS JUDGMENTS, THE PERFORMANCE OF FRANCHISEE'S EMPLOYEES, MARKET CONDITIONS AND VARIABLE FACTORS BEYOND FRANCHISOR'S CONTROL OR INFLUENCE. FRANCHISEE FURTHER UNDERSTANDS THAT SOME FRANCHISEES ARE MORE OR LESS SUCCESSFUL THAN OTHER FRANCHISEES AND THAT FRANCHISOR HAS MADE NO REPRESENTATION THAT FRANCHISEE WILL DO AS WELL AS ANY OTHER FRANCHISEE.

19.2 Receipt. THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF THIS AGREEMENT, WITH ALL BLANKS COMPLETED AND WITH ANY AMENDMENTS AND EXHIBITS, AT LEAST SEVEN (7) CALENDAR DAYS PRIOR TO EXECUTION OF THIS AGREEMENT. IN ADDITION, THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO THE EXECUTION OF THIS AGREEMENT OR FRANCHISEE'S PAYMENT OF ANY MONIES TO FRANCHISOR, REFUNDABLE OR OTHERWISE.

19.3 Opportunity for Review by Franchisee's Advisors. FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR HAS RECOMMENDED, AND THAT FRANCHISEE HAS HAD THE OPPORTUNITY TO OBTAIN, REVIEW THIS AGREEMENT AND FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT BY FRANCHISEE'S LAWYER, ACCOUNTANT OR OTHER BUSINESS ADVISOR PRIOR TO EXECUTION HEREOF.

19.4 Execution of Agreement. EACH OF THE UNDERSIGNED PARTIES WARRANTS THAT IT HAS THE FULL AUTHORITY TO SIGN AND EXECUTE THIS AGREEMENT. IF FRANCHISEE IS A PARTNERSHIP OR CORPORATION, THE PERSON EXECUTING THIS AGREEMENT ON BEHALF OF SUCH PARTNERSHIP OR CORPORATION WARRANTS TO FRANCHISOR, BOTH INDIVIDUALLY AND IN HIS CAPACITY AS PARTNER OR OFFICER, THAT ALL OF THE PARTNERS OF THE PARTNERSHIP OR ALL OF THE SHAREHOLDERS OF THE CORPORATION, AS APPLICABLE, HAVE READ AND APPROVED THIS AGREEMENT, INCLUDING ANY RESTRICTIONS WHICH THIS AGREEMENT PLACES UPON RIGHTS TO TRANSFER THEIR INTEREST IN THE PARTNERSHIP OR CORPORATION.

20 GUARANTY

If Franchisee is a corporation, or subsequent to execution hereof, Franchisee assigns this Agreement to a corporation, all shareholders of Franchisee's outstanding shares and their spouses (or if Franchisee is a partnership, or subsequent to execution hereof, Franchisee assigns this Agreement to a partnership, all partners and their spouses, or if Franchisee is a limited liability company, or subsequent to execution hereof Franchisee assigns this Agreement to a limited liability company, all members and managers and their spouses) hereby personally and unconditionally guarantee without notice, demand, or presentment, the payment of all of Franchisee's monetary obligations under this Agreement, and any other agreement between Franchisee and Franchisor and/or Franchisor's affiliates, as if each were an original party to this or any other agreement in his or her individual capacity. All such personal guarantors further agree to be bound by the restrictions of Franchisee's activities upon transfer, termination, or expiration and nonrenewal of this Agreement as if each were an original party to this Agreement in his or her individual capacity. All such personal guarantors and their spouses must execute a continuing personal guarantee in the form attached hereto as Exhibit B.

21 NOTICES

All notices and requests to be given under this Agreement are to be in writing, and delivered by either hand delivery or overnight mail by a recognized carrier offering a delivery receipt, to the following addresses (which may be changed by written notice):

Franchisee Name/Address: _____

Franchisor Name/Address: Chill-N Nitrogen Ice Cream Franchising, LLC
3015 NW 75th Avenue
Miami, FL 33122

With a copy to: Fisher Zucker, LLC

21 S. 21st Street
Philadelphia, PA 19103
Attn: Lane Fisher

22 MISCELLANEOUS

22.1 **Entire Agreement.** This Agreement contains the entire Agreement of the parties. There are no representations either oral or written, except those contained in this Agreement. This written Agreement includes all representations between the parties. This agreement may not be modified except by a written document signed by both parties. Nothing in the Agreement is intended to disclaim the representations Franchisor made in the franchise disclosure document furnished to you.

22.2 **Construction of Language.** The language of this Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Franchisee, their obligations and liabilities will be joint and several. Headings are for reference purposes and do not control interpretation. Reference to Franchisee's "immediate family" means Franchisee's spouse, parents, children and siblings and Franchisee's spouse's parents, children and siblings. Reference to Franchisee's "principals" means Franchisee's partners, officers, directors, shareholders, members and managers, as applicable. References to "Franchisor" and "Franchisee" include the party's successors, assigns or transferees. The parties have had a reasonable opportunity to review this Agreement. In the event of an ambiguity or if a question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by all of the parties, and no presumptions or burdens of proof will arise in favor of any party by virtue of the authorship of any of the provisions of this Agreement.

22.3 **Severability.** If any provision of this Agreement is deemed invalid or inoperative for any reason, that provision will be deemed modified to the extent necessary to make it valid and operative or, if it cannot be so modified, it will then be severed, and the remainder of that provision will continue in full force and effect as if this Agreement had been signed with the invalid portion so modified or eliminated; provided, however, that if any part of this Agreement relating to payments to Franchisor or any of its affiliates or protection of the Proprietary Marks or the Confidential Information, including the Operations Manual and Franchisor's other trade secrets, is declared invalid or unenforceable, then Franchisor at Franchisor's option may terminate this Agreement immediately upon written notice to Franchisee.

22.4 **State Law Applies.** If any provision of this Agreement, including but not limited to its provisions for transfer, renewal, termination, notice of termination, or cure rights, is inconsistent with any valid law or regulation of the state in which the Franchised Business is located, then the valid law or regulation of that state applicable to the franchise will supersede any provision of this Agreement that is less favorable to Franchisee.

22.5 **Additional Documentation.** Franchisee must from time to time, subsequent to the date first set forth above, at Franchisor's request and without further consideration, execute and deliver such other documentation or agreement and take such other action as Franchisor reasonably may require in order to effectuate the transactions contemplated herein. In the event that Franchisee fails to comply with the provisions of this Section 22.5, Franchisee hereby appoints Franchisor as Franchisee's attorney-in-fact to execute any and all documents on Franchisee's behalf, reasonably necessary to effectuate the transactions contemplated herein.

22.6 **Force Majeure.** Neither Franchisee nor Franchisor or Franchisor's affiliates will be

liable for loss or damage or deemed to be in breach of this Agreement or any related agreement if its failure to perform its obligations is not the fault nor within the reasonable control of the person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, epidemics, pandemics, quarantines, governmental acts or orders, or civil disorders. Any delay resulting from any such cause will extend the time of performance for the period of such delay or for such other reasonable period of time as the parties agree in writing or will excuse performance, in whole or in part, as Franchisor deems reasonable.

22.7 Anti-Terrorist Activities. Franchisee certifies that neither Franchisee, nor Franchisee's owners, principals, employees or anyone associated with Franchisee is listed in the Annex to Executive Order 13224 (the "Annex"). Franchisee agrees not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that Franchisee has no knowledge or information that, if generally known, would result in Franchisee, Franchisee's owners, principals, employees, or anyone associated with Franchisee being listed in the Annex. Franchisee agrees to comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee certifies, represents, and warrants that none of Franchisee's property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and Franchisee's owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in Section 13.2 of this Agreement pertain to Franchisee's obligations under this Section 22.7. Any misrepresentation by Franchisee under this Section or any violation of the Anti-Terrorism Laws by Franchisee, Franchisee's owners, principals or employees will constitute grounds for immediate termination, upon notice, of this Agreement and any other agreement Franchisee has entered into with Franchisor or one of Franchisor's affiliates in accordance with the terms of Section 15.2.19 of this Agreement. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies lists and any other requirements of any Governmental Authority (including without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

22.8 Attorneys' Fees. If Franchisee is in breach or default of any monetary or non-monetary material obligation under this Agreement or any related agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), Franchisee must pay all reasonable attorneys' fees, court costs and litigation expenses Franchisor incurs. If Franchisee institutes any legal action to interpret or enforce the terms of this Agreement, and Franchisee's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

23 ACKNOWLEDGMENTS

23.1 Independent Investigation. Franchisee acknowledges that Franchisee has conducted an independent investigation of the Franchised Business contemplated by this Agreement and recognizes that it involves business risks that make the success of the venture largely dependent upon Franchisee's

business abilities and efforts. Franchisee acknowledges that Franchisee has been given the opportunity to clarify any provision of this Agreement that Franchisee may not have initially understood and that Franchisor has advised Franchisee to have this Agreement reviewed by an attorney.

23.2 **No Guarantee of Earnings.** Franchisee understands that Franchisor and any of Franchisor’s representatives and/or agents with whom Franchisee has met have not made and are not making any guarantees as to the extent of Franchisee’s success in Franchisee’s Franchised Business and have not and are not in any way representing or promising any specific amounts of earnings or profits in association with Franchisee’s Franchised Business.

23.3 **No Personal Liability.** Franchisee agrees that fulfillment of any and all of Franchisor’s obligations written in this Agreement or based on any oral communications that may be ruled to be binding in a court of law will be Franchisor’s sole responsibility and none of Franchisor’s agents, representatives, nor any individuals associated with Franchisor’s franchise company will be personally liable to Franchisee for any reason. This is an important part of this Agreement. Franchisee agrees that nothing that Franchisee believes Franchisee has been told by Franchisor or Franchisor’s representatives will be binding unless it is written in this Agreement. Do not sign this Agreement if there is any question concerning its contents or any representations made.

**IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND
HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED
EFFECTIVE THE DATE FIRST SET FORTH ABOVE.**

FRANCHISEE

(Individual, Partnership or Corporation Name)

By: _____

Title: _____

By: _____

Title: _____

PERSONAL GUARANTORS

FRANCHISOR

**CHILL-N NITROGEN ICE CREAM
FRANCHISING, LLC**

By: David A. Leonardo

Title: Chief Executive Officer

EXHIBIT A
to
CHILL-N NITROGEN ICE CREAM FRANCHISING, LLC
FRANCHISE AGREEMENT

SITE SELECTION ADDENDUM

Chill-N Nitrogen Ice Cream Franchising, LLC ("Franchisor") and _____ ("Franchisee"), have this _____ day of _____, 20____, entered into a Franchise Agreement for the operation of a Franchised Business using Franchisor's Proprietary Marks and System (the "Franchised Business") and desire to supplement its terms, as set forth below. The parties therefore agree as follows:

1. Within 180 days after Franchisee receives notice of approval of the Franchise Agreement, Franchisee must obtain a site, at Franchisee's expense, for the business franchised under the Franchise Agreement (the "Franchised Business"), which Franchisor will approve as hereinafter provided. The site must be within the following protected area:

_____ (the "Site Selection Protected Area").

2. Franchisee's failure to obtain a site for the Franchised Business within the time required in Paragraph 1 will constitute a default under the Franchise Agreement and this Site Selection Addendum. Time is of the essence.

3. Prior to Franchisee's acquisition by lease or purchase of a site for the Franchised Business, Franchisee must submit to Franchisor, in the form Franchisor specifies, a completed site review form, such other information or materials as Franchisor may reasonably require, and a letter of intent or other evidence satisfactory to Franchisor that confirms Franchisee's favorable prospects for obtaining the proposed site. Recognizing that time is of the essence, Franchisee must submit a proposed site, together with the information and materials required by this Paragraph 3, to Franchisor for Franchisor's approval within one hundred twenty (120) days after execution of the Franchise Agreement. Franchisor will have thirty (30) days after receipt of such information and materials from Franchisee to approve or disapprove, in Franchisor's sole discretion, the site as a location for the Franchised Business. No proposed site will be deemed approved unless Franchisor has expressly approved it in writing.

4. Franchisor will furnish to Franchisee such site selection guidelines, consultation and on-site evaluation as Franchisor deems advisable as part of Franchisor's evaluation of Franchisee's request for site approval. Franchisor will not, however, provide on-site evaluation for any proposed site prior to Franchisor's receipt of the information and materials required by Paragraph 3 hereof. If Franchisor deems on-site evaluation necessary and appropriate, Franchisor will conduct up to one (1) on-site evaluation at Franchisor's cost. For each additional on-site evaluation (if any), Franchisee will reimburse Franchisor for Franchisor's reasonable expenses including, without limitation, the costs of travel, lodging, and meals.

5. If Franchisee will be occupying the Franchised Business premises under a lease, Franchisee must, prior to the execution of the lease, submit the lease to Franchisor for Franchisor's written approval. Franchisor's approval of the lease will be conditioned upon Franchisee's execution of a

Collateral Assignment of Lease in the form Franchisor prescribes and the inclusion of the following terms and conditions:

5.1 That the initial term of the lease, or the initial term together with renewal terms, will be for not less than ten (10) years with the option to renew the lease for one (1) additional ten (10)-year term;

5.2 That the lessor consents to Franchisee's use of such Proprietary Marks and initial signage as Franchisor may prescribe for the Franchised Business;

5.3 That the use of the premises be restricted solely to the operation of the Franchised Business;

5.4 That Franchisee be prohibited from subleasing or assigning all or any part of Franchisee's occupancy rights or extending the term of or renewing the lease without Franchisor's prior written consent;

5.5 That the lessor provides to Franchisor copies of any and all notices of default given to Franchisee under the lease;

5.6 That Franchisor has the right to enter the premises to make modifications necessary to protect the Proprietary Marks or the System or to cure any default under the Franchise Agreement or under the lease;

5.7 That Franchisor (or Franchisor's designee) has the option, upon default, expiration, or termination of the Franchise Agreement, and upon notice to the lessor, to assume all of Franchisee's right under the lease terms, including the right to assign or sublease.

6. Franchisee must furnish Franchisor with a copy of any executed lease within ten (10) days after execution thereof.

7. After Franchisor has approved a site for the Franchised Business in writing and Franchisee has acquired the site pursuant to Paragraph 4 hereof, the site will constitute the Approved Location referred to in Section 1.3 of the Franchise Agreement.

8. Franchisee hereby acknowledges and agrees that Franchisor's approval of a site does not constitute an assurance, representation or warranty or any kind, express or implied, as to the suitability of the site for the Franchised Business or for any other purpose. Franchisor's approval of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for Franchisor's purposes as of the time of the evaluation. Both parties to this Agreement acknowledge the application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to Franchisor's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from Franchisor's criteria could change thereby altering the potential of a site. Such factors are unpredictable and are beyond Franchisor's control. Franchisor will not be responsible for the failure of a site approved by Franchisor to meet Franchisee's expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that

Franchisee's acceptance of a franchise for the operation of the Franchised Business at the site is based on Franchisee's own independent investigation of the suitability of the site.

9. This Site Selection Addendum constitutes an integral part of the Franchise Agreement between the parties hereto, and terms of this Site Selection Addendum will be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Site Selection Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum on the day and year first above written.

FRANCHISEE

(Individual, Partnership or Corporation Name)

By: _____

Title: _____

By: _____

Title: _____

FRANCHISOR

**CHILL-N NITROGEN ICE CREAM
FRANCHISING, LLC**

By: _____

Title: _____

EXHIBIT B
to
CHILL-N NITROGEN ICE CREAM FRANCHISING, LLC
FRANCHISE AGREEMENT

PERSONAL GUARANTY AND GUARANTY OF SPOUSES

NOTE: IF FRANCHISEE IS A CORPORATION, EACH OF FRANCHISEE'S SHAREHOLDERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A PARTNERSHIP, EACH OF FRANCHISEE'S GENERAL PARTNERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A LIMITED LIABILITY COMPANY, EACH OF FRANCHISEE'S MEMBERS AND MANAGERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING.

ARTICLE I
PERSONAL GUARANTY

The undersigned persons (individually and collectively "you") hereby represent to Chill-N Nitrogen Ice Cream Franchising, LLC ("Franchisor") that you are all of the shareholders of, or all of the general partners of, or all of the members and managers of, or the spouse of any such shareholder, general partner, or member or manager of _____ ("Franchisee"), as the case may be. In consideration of the grant by Franchisor to the Franchisee as herein provided, each of you hereby agree, in consideration of benefits received and to be received by each of you, jointly and severally, and for yourselves, your heirs, legal representatives and assigns, to be firmly bound by all of the terms, provisions and conditions of the foregoing Franchise Agreement, and any other agreement between Franchisee and Franchisor and/or its affiliates, and do hereby unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the aforesaid Franchise Agreement or other agreement between Franchisor and Franchisee, including, without limitation, any indebtedness of Franchisee arising under or by virtue of the aforesaid Franchise Agreement and that you (jointly and individually) will not permit or cause any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first obtaining the written consent of Franchisor prior to said proposed transfer, which consent must not be unreasonably withheld, and without first paying or causing to be paid to Franchisor the transfer fee provided for in said Franchise Agreement, if applicable, and without otherwise complying with the transfer provisions of the foregoing Franchise Agreement. You further agree to be bound by the in-term and post-term covenants against competition of the aforesaid Franchise Agreement.

ARTICLE II
CONFIDENTIALITY

During the term of this Agreement, you will receive information which Franchisor considers a trade secret and confidential information ("Confidential Information"). You will not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information including, without limitation, operating procedures, customer lists, sources of supply, supplier contracts, advertising materials, copyrighted materials, equipment specifications, any information contained in the Operations Manual, trade secrets, the Proprietary Recipes, copyrighted materials,

and other methods, techniques and know-how concerning the operation of the Franchised Business which may be communicated to you or of which you may be apprised by virtue of your relationship with Franchisee and role as a Guarantor of the Franchise Agreement.

ARTICLE III NON-COMPETITION

1) **During the Term of the Franchise Agreement.** During the term of the Franchise Agreement, neither you, nor your principals, officers, directors, nor any members of your family or the family of your officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

- a) Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any other business deriving ten percent (10%) or more of its revenue from the sale of ice cream or other similar items or any other goods or services offered or authorized for sale by System franchisees (a “Competing Business”) or any business that licenses the right to operate a Competing Business; provided, however, that this Section does not apply to the said parties’ operation of a Franchised Business; or
- b) Divert or attempt to divert any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System.

2) **After the Term of the Franchise Agreement.**

- a) For a period of two (2) years after the expiration and nonrenewal, transfer or termination of the Franchise Agreement, regardless of the cause, neither you, your principals, officers, directors, nor any members of your immediate family or the immediate family of your officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation enter into any business competing in whole or in part with Franchisor granting franchises or licenses for Competing Businesses at the time the Franchise Agreement is terminated or otherwise expires and is not renewed.
- b) For a period of two (2) years after the expiration, transfer or termination of this Agreement, regardless of the cause, neither you, nor your principals, officers, directors, nor any member of your immediate family or the immediate family of your officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:
 - i) Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any Competing Business or any other goods or services offered or authorized for sale by System franchisees, at the time the Franchise Agreement is terminated or otherwise expires and is not renewed, (i) within the Protected Area, including at the Approved Location; or (ii) within a twenty-five (25) mile radius of the perimeter of (a) the Protected Area being granted hereunder, (b) any other Protected Area licensed by Franchisor as of the date of expiration or termination of this Agreement,

or (c) any other Franchised Business; or

- ii) Solicit business from customers of Franchisee's former Franchised Business or contact any of Franchisor's suppliers or vendors for any competitive business purpose nor induce any of Franchisor's employees or the employees of Franchisor's affiliates or any other System franchisee to discontinue employment.

- 3) **Intent and Enforcement.** It is the parties' intent that the provisions of this Article III be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein will not render any other part unenforceable. In the event of the actual or threatened breach of this Article III by you, any of your principals, or any members of their immediate family, Franchisor will be entitled to an injunction restraining such person from any such actual or threatened breach. You agree that in the event of the actual or threatened breach of this Article III, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. You acknowledge and agree that each of you has previously worked or been gainfully employed in other careers and that the provisions of this Article III in no way prevent you from earning a living. You further acknowledge and agree that the time limitation of this Article III will be tolled during any default under this Personal Guaranty.

ARTICLE IV DISPUTE RESOLUTION

- 1) **Acknowledgment.** You acknowledge that this Personal Guaranty is not a franchise agreement and does not confer upon you any rights to use the Franchisor's Proprietary Marks or its system.
- 2) **Governing Law.** This Personal Guaranty will be deemed to have been made in and governed by the laws of the State of Florida (without reference to its conflict of laws principals).
- 3) **Internal Dispute Resolution.** You must first bring any claim or dispute arising out of or relating to the Franchise Agreement or this Personal Guaranty to Franchisor's President. You agree to exhaust this internal dispute resolution procedure before bringing any dispute before a third party. This agreement to engage in internal dispute resolution first will survive the termination or expiration of this Agreement.
- 4) **Mediation.** At Franchisor's option, all claims or disputes between you and Franchisor arising out of, or in any way relating to, this Personal Guaranty or the Franchise Agreement or any other agreement by and between you and the Franchisor, or any of the parties' respective rights and obligations arising from such agreements must be submitted first to mediation, in Miami, Florida under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, you must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of 30 days following receipt of such notice within which to notify you as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. You may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated

either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party will bear its own cost of mediation and the parties will share the cost of mediator. This agreement to mediate at our option will survive the termination or expiration of the Franchise Agreement.

a) The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section IV if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating):

(1) Any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information;

(2) Any claims arising out of or pertaining to any warranty issued; or

(3) Any of the restrictive covenants contained in this agreement.

- 5) **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third-party beneficiaries of the Franchise Agreement and this Personal Guaranty, and the mediation provisions contained herein, each having authority to specifically enforce the right to mediate and arbitrate claims asserted against such person(s) by you.
- 6) **Injunctive Relief.** Nothing contained in this Personal Guaranty will prevent Franchisor from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interest prior to the filing of any mediation proceeding or pending the trial or handing down of a decision or award pursuant to any mediation or judicial proceeding conducted hereunder.
- 7) **Jurisdiction and Venue.** With respect to any proceeding not subject to mediation, the parties expressly agree to submit to the jurisdiction and venue of any court of general jurisdiction in Miami, Florida and the jurisdiction and venue of the United States District Court presiding over Miami, Florida.
- 8) **Jury Trial Waiver.** THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER WILL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS PERSONAL GUARANTY OR THE FRANCHISE AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR YOUR PURCHASE FROM FRANCHISOR OF THE FRANCHISE, OPTION AND/OR ANY GOODS OR SERVICES.
- 9) **Waiver of Punitive Damages.** You waive to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) that you may have against us arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or

otherwise) and agree that in the event of a dispute, your recovery will be limited to actual damages. If any other term of this Personal Guaranty is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

- 10) **Limitation on Action.** You agree that no cause of action arising out of or under this Personal Guaranty or the Franchise Agreement may be maintained by you unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim against the Franchisor, whichever occurs sooner, and that any action not brought within this period will be barred as a claim, counterclaim, defense or set-off.
- 11) **Attorneys' Fees.** If either party institutes any mediation action or judicial proceeding to enforce any monetary or nonmonetary obligation or interpret the terms of this Personal Guaranty and the Franchise Agreement, and Franchisor prevails in such action, you will be liable to Franchisor for all costs, including reasonable attorneys' fees, incurred in connection with such proceeding.
- 12) **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Personal Guaranty and the Franchise Agreement will not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default will not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Personal Guaranty will be cumulative. Franchisor's election to exercise any remedy available by law or contract will not be deemed a waiver or preclude exercise of any other remedy.
- 13) **Severability.** The parties agree that if any provisions of this Personal Guaranty may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision will have the meaning that renders it valid and enforceable. The language of all provisions of this Personal Guaranty will be construed according to fair meaning and not strictly construed against either party. The provisions of this Personal Guaranty are severable, and this Personal Guaranty will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions will be enforced to the extent that they are valid and enforceable. If any material provision of this Personal Guaranty will be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Personal Guaranty.
- 14) **Construction of Language.** Any term defined in the Franchise Agreement which is not defined in this Personal Guaranty will be ascribed the meaning given to it in the Franchise Agreement. The language of this Personal Guaranty will be construed according to its fair meaning, and not strictly for or against either party. All words in this Personal Guaranty refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

15) **Successors.** References to “Franchisor” or “the undersigned,” or “you” include the respective parties’ successors, assigns or transferees.

16) **No Personal Liability.** You agree that fulfillment of any and all of Franchisor’s obligations written in this Personal Guaranty or in the Franchise Agreement or based on any oral communications that may be ruled to be binding in a court of law will be Franchisor’s sole responsibility and none of Franchisor’s agents, representatives, nor any individuals associated with Franchisor’s franchise company will be personally liable to Franchisee or you for any reason.

PERSONAL GUARANTORS

SPOUSES

EXHIBIT C
to
CHILL-N NITROGEN ICE CREAM
FRANCHISING, LLC
FRANCHISE AGREEMENT COLLATERAL
ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned (“Assignor”) hereby assigns and transfers to Chill-N Nitrogen Ice Cream Franchising, LLC, a Delaware corporation, with its principal place of business address at 3051 NW 7th Avenue, Miami, Florida 33122 (“Assignee”), all of Assignor’s right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit 1 (the “Lease”) respecting premises commonly known as _____. This Assignment is for collateral purposes only and except as specified herein, Assignee has no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor thereunder.

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

Upon a default by Assignor under the Lease or under the franchise agreement for a Franchised Business between Assignee and Assignor (the “Franchise Agreement”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, or upon expiration or termination of the Franchise Agreement or this Agreement, Assignee has the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor will have no further right, title or interest in the Lease. Assignor hereby authorizes the Lessor to disclose to Assignee, upon its request, sales and other information furnished to the Lessor by Assignor.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it must elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing.

If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and instead of Assignor for the purpose of effecting such extension or renewal.

ASSIGNOR:

Dated: _____

SIGNED AND SEALED this ____
day of _____, 20__

Notary Public

CONSENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the aforescribed Lease hereby:

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

(b) Agrees that Assignee has the right, but must not be obligated, to cure any default by Assignor under the Lease within 30 days (or such longer period of time as reasonably necessary to cure the default, so long as Assignee commences the cure within 30 days and thereafter diligently pursues the cure to completion) after delivery by Lessor of notice thereof in accordance with paragraph (a) above;

(c) Consents to the foregoing Collateral Assignment and agrees that if Assignee takes possession of the premises demised by the Lease and confirms to Lessor the assumption of the Lease by Assignee as tenant thereunder, Lessor must recognize Assignee as tenant under the Lease, provided that Assignee cures within the time period set forth above the defaults, if any, of Assignor under the Lease;

(d) Agrees that Assignee may further assign the Lease to a person, firm or corporation who must agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Lessor and upon such assignment Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise.

DATED: _____

LESSOR:

EXHIBIT D
to
CHILL-N NITROGEN ICE CREAM FRANCHISING, LLC
FRANCHISE AGREEMENT

CONDITIONAL ASSIGNMENT
OF FRANCHISEE'S TELEPHONE NUMBERS AND LISTINGS

1. _____ ("Assignor"), in exchange for valuable consideration provided by Chill-N Nitrogen Ice Cream Franchising, LLC ("Assignee"), receipt of which is hereby acknowledged, hereby conditionally assigns to Assignee all telephone numbers, facsimile numbers, domain names, as well as any listings associated therewith, utilized by Assignor in the operation of its Chill N⁷ Franchised Business at Assignor's above-referenced address (the "Assigned Property"). The Assigned Property includes the following:

Telephone Number(s): _____
Facsimile Number(s): _____
Domain Name(s) (as permitted by Franchisor under the Franchise Agreement): _____.

2. The conditional agreement will become effective automatically upon termination or expiration of Assignor's franchise. Upon the occurrence of that condition, Assignor must do all things required by the telephone company and/or domain name registrar to assure the effectiveness of the assignment of Assigned Property as if the Assignee had been originally issued such Assigned Property and the usage thereof.

3. Assignor agrees to pay the telephone company and/or domain name registrar, on or before the effective date of assignment, all amounts owed for the use of the Assigned Property up to the date this Assignment becomes effective. Assignor further agrees to indemnify Assignee for any sums Assignee must pay the telephone company to effectuate this Assignment and agrees to fully cooperate with the telephone company and/or domain name registrar, as well as the Assignee, in effectuating this assignment.

ASSIGNOR:

BY: _____ Date: _____
TITLE: _____

ASSIGNEE:

CHILL-N NITROGEN ICE CREAM FRANCHISING, LLC

By: _____ Date: _____

EXHIBIT E
to
CHILL-N NITROGEN ICE CREAM FRANCHISING, LLC
FRANCHISE AGREEMENT

CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT
*(for trained employees, shareholders, officers, directors,
general partners, members and managers and Key Manager of Franchisee)*

In consideration of my being a _____ of _____ (“Franchisee”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that: Franchisee has acquired the right from Chill-N Nitrogen Ice Cream Franchising, LLC (the “Company”) to establish and operate a Chill-N Nitrogen Ice Cream Franchised Business (the “Franchised Business” or “Franchised Business”) and the right to use in the operation of the Franchised Business the Company’s trade names, trademarks and service marks (the “Proprietary Marks”) and the Company’s unique and distinctive format and system relating to the establishment and operation of Franchised Business (the “System”), as they may be changed, improved and further developed from time to time in the Company’s sole discretion, only at the following authorized and approved location: _____ (the “Franchised Business Premises”).

1. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain trade secrets, Proprietary Recipes and food preparation and presentation techniques, copyrighted materials, methods and other techniques and know-how (the “Confidential Information”).

2. Any and all information, knowledge, know-how, and techniques that the Company specifically designates as confidential will be deemed to be Confidential Information for purposes of this Agreement.

3. As an employee of Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Chill-N Nitrogen Ice Cream Franchising, LLC operations manual (the “Manual”) and other general assistance during the term of this Agreement.

4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

5. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I will hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as an employee of the Franchisee and will continue not to disclose any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

6. Except as otherwise approved in writing by the Company, I will not, while in my

position with Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own, maintain, engage in, be employed by, or have any interest in any other business that operates or licenses any other Franchised Business, except for a Chill-N Ice Franchised Business operating under the System and Proprietary Marks.

7. I agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

8. I understand and acknowledge that the Company will have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

9. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against Franchisee or the Company is a separate matter and does not entitle me to violate or justify any violation of this Agreement.

10. This Agreement will be construed under the laws of the State of Florida (without reference to its conflict of laws principals). The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

Signature: _____

Name: _____

ACKNOWLEDGED BY FRANCHISEE

By: _____

Name: _____

Title: _____

EXHIBIT F
to
CHILL-N NITROGEN ICE CREAM FRANCHISING, LLC
FRANCHISE AGREEMENT

ELECTRONIC FUNDS WITHDRAWAL AUTHORIZATION

Bank Name : _____

ABA# : _____

Acct. No. : _____

Acct. Name : _____

Effective as of the date of the signature below, _____ (“Franchisee”) hereby authorizes Chill-N Nitrogen Ice Cream Franchising, LLC (“Company”) or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to make the following payments to Company under the Franchise Agreement for the franchise located at _____: (1) all Royalty and (2) all contributions to the Brand Fund; and (3) all other amounts due under the Franchise Agreement. Such withdrawals will occur on a weekly basis, or on such other schedule as Company will specify in writing. Company is also authorized to deposit funds into the above-referenced account, electronically or otherwise. This authorization will remain in full force and effect until terminated in writing by Company. Franchisee will provide Company, in conjunction with this authorization, a voided check from the above-referenced account.

AGREED:

FRANCHISEE

By: _____

Print name: _____

Its: _

EXHIBIT E
TO THE CHILL-N NITROGEN ICE CREAM FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
DEVELOPMENT AGREEMENT

DEVELOPMENT AGREEMENT

This Development Agreement (“Agreement”) entered into this ____ day of _____, 202__, between: (i) Chill-N Nitrogen Ice Cream Franchising, LLC, a Delaware limited liability company with a principal business address at 3051 NW 75th Avenue, Miami, FL 33122 (“Franchisor”); and (ii) _____ a _____, with a principal business address at _____ (“Developer”).

BACKGROUND

A. Franchisor and its principals have developed a system for operating businesses offering nitrogen ice cream, yogurt, and toppings under the “Chill N⁷ Nitrogen Ice Cream” name and mark (each a “Franchised Businesses” or “Business”).

B. Developer desires to enter into an agreement with Franchisor to obtain the right to operate a Franchised Business using the system developed by Franchisor, the characteristics of which include, depending on Franchisee’s location: Franchisor’s proprietary standards and specifications for food preparation and service (the “Proprietary Recipes”); interior and exterior designs, décor and color schemes; standard specifications for furniture, fixtures, equipment, wall and ceiling designs and displays; sales techniques, merchandising, marketing, advertising, and inventory management systems; and procedures for operating, promoting, and managing a Business in the manner set forth in this Agreement and in the Operations Manual, as defined in Section 6.1, and modified from time to time (the “System”).

C. Franchisor and its franchisees use various trade names, trademarks and service marks including, without limitation, the mark “Chill N⁷ Nitrogen Ice Cream,” in connection with the System (the “Proprietary Marks”). The rights to all Proprietary Marks Franchisor may now, or in the future designate as part of the System, will be owned exclusively by Franchisor or its affiliate and be used for the benefit of Franchisor, its affiliate and Franchisor’s franchisees to identify to the public the source of the products and services marketed thereunder.

D. Franchisor grants qualified third parties the right to develop a certain number of Franchised Businesses within a defined geographical area (the “Development Area”) in accordance with the terms of this Agreement that must be strictly adhered to, with each Franchised Business within the Development Area being opened and operating utilizing the Proprietary Marks and System pursuant to the terms and conditions set forth in Franchisor’s then-current form of franchise agreement (each, a “Franchise Agreement”).

E. Developer recognizes the benefits from receiving the right to operate a Franchised Business and desires to: (i) become a multi-unit Franchised Business operator subject to the terms of this Agreement; and (ii) receive the benefits provided by Franchisor under this Agreement.

F. Developer has applied for the right to open and operate _____ (__) Franchised Businesses within the Development Area as set forth in this Agreement, and Franchisor has approved such application in reliance on Developer’s representations made therein.

G. Developer hereby acknowledges that adherence to the terms of this Agreement, including Franchisor’s operations manual and other System standards and specifications, are essential to the operation of all Franchised Businesses and Franchisor’s System as a whole.

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

Agreement

1. **Development Area.** Subject to the terms and conditions set forth herein, Franchisor grants Developer the right, and Developer undertakes the obligation, to develop and establish _____ (___) Franchised Businesses within the Development Area described in the data sheet attached hereto as Exhibit “A” (the “Data Sheet”), provided Developer opens and commences operations of such Franchised Businesses in accordance with the development schedule provided in the Data Sheet (“Development Schedule”). During the term of this Agreement and except as provided herein, Franchisor will not open, or license any third party the right to open, any Franchised Business within the Development Area.

2. **Development Fee.** In consideration of the rights granted under this Agreement, Developer agrees to pay to Franchisor a development fee in the amount of _____ thousand dollars (\$____,000) (the “Development Fee”).

3. **Payment Terms.** The Development Fee is payable in full upon the execution of this Agreement. Notwithstanding the terms of Developer’s individual Franchise Agreements, Developer shall not be required to pay any additional “initial franchise fee” for Franchised Businesses opened pursuant to this Agreement. The Development Fee is deemed fully earned and non-refundable upon payment.

4. **Initial Franchise Agreement.** Contemporaneous with the execution of this Agreement, Developer must enter into Franchisor’s current form of Franchise Agreement for the first Franchised Business that Developer is required to open within the Development Area. In the event Developer is a business entity of any kind, then Developer’s principals/owners must each execute the form of personal guaranty attached to the foregoing Franchise Agreement, as well as any additional Franchise Agreements described in Section 5 of this Agreement.

5. **Additional Franchise Agreements.** Developer agrees and acknowledges that it must: (i) enter into Franchisor’s then-current form of Franchise Agreement for each additional Franchised Business that Developer is required to open under this Agreement, the terms of which may be materially different than the terms of the current form of Franchise Agreement; and (ii) enter into such Franchise Agreements at such times as are required for Developer to timely meet, and strictly adhere to, its development obligations set forth in Section 6 of this Agreement.

6. **Development Obligations.** Developer must ensure that it: (i) opens and commences operations of the number of new Franchised Business during each of the development periods defined in the Development Schedule (each, a “Development Period”) until Developer has opened the number of Franchised Businesses it is required to open pursuant to the Development Schedule; and (ii) has the minimum cumulative number of Franchised Businesses open and operating at the expiration of each Development Period. The parties agree and acknowledge that time is of the essence with respect to the foregoing development obligations, and that Developer’s failure to comply with this Section is grounds for termination of this Agreement (and any future development rights granted hereunder) following notice and a thirty-day cure period, as set forth herein in Section 7.2.

7. Term and Termination.

7.1 This Agreement will commence as of the date it is fully-executed and, unless earlier terminated by Franchisor, will expire on the last day of the calendar month that the final Franchised Business is required to be opened and operating under the Development Schedule. Upon expiration or termination of this Agreement for any reason, Developer will not have any rights within the Development Area other than the territorial rights granted in connection with any Franchised Businesses that Developer has opened and commenced operating as of the date this Agreement is terminated or expires (pursuant to the respective

Franchise Agreement(s) that Developer entered into for such Franchised Business(es)).

7.2 Franchisor will have the right, at its option, to terminate this Agreement and all rights granted to Developer hereunder, without affording Developer any opportunity to cure such default, effective upon written notice to Developer, upon the occurrence of any of the following events: (i) if Developer ceases to actively engage in development activities in the Development Area or otherwise abandons its development business for three (3) consecutive months, or any shorter period that indicates an intent by Developer to discontinue development of the Franchised Businesses within the Development Area; (ii) if Developer becomes insolvent or is adjudicated bankrupt, or if any action is taken by Developer, or by others against the Developer, under any insolvency, bankruptcy or reorganization act, or if Developer makes an assignment for the benefit of creditors or a receiver is appointed by the Developer; (iii) if Developer fails to meet its development obligations set forth in Section 6 of this Agreement during any Development Period, and fails to cure such default within thirty days of receiving notice thereof; and (iv) if any Franchise Agreement that is entered into in order to fulfill Developer's development obligations under this Agreement is terminated or subject to termination by Franchisor, pursuant to the terms of that Franchise Agreement.

8. **Reservation of Rights.** Except as provided in Section 1 of this Agreement, the parties agree and acknowledge that the rights granted in this Agreement are non-exclusive and that Franchisor and its affiliates reserve all other rights not expressly granted to Developer herein.

9. **Sale or Assignment.** Developer's rights under this Agreement are personal and Developer may not sell, transfer, or assign any right granted herein without Franchisor's prior written consent, which may be withheld in its sole discretion. Notwithstanding, if Developer is an individual or a partnership, Developer has the right to assign its rights under this Agreement to a corporation or limited liability company that is wholly owned by Developer according to the same terms and conditions as provided in Developer's initial Franchise Agreement. Franchisor has the right to assign this Agreement in whole or in part in its sole discretion.

10. **Acknowledgment.** Developer acknowledges that this Agreement is not a Franchise Agreement and does not confer upon Developer any rights to use the Franchisor's Proprietary Marks or System.

11. **Notices.** All notices, requests and reports to be given under this Agreement are to be in writing, and delivered by either hand, overnight mail via recognized courier such as UPS or FedEx, or certified mail, return receipt requested, prepaid, to the addresses set forth above (which may be changed by written notice).

12. **Choice of Law.** This Agreement will be governed by the laws of the State of Florida (without reference to its conflict of laws principals).

13. **Internal Dispute Resolution.** Developer must first bring any claim or dispute between Developer and Franchisor to Franchisor's Chief Executive Officer, after providing Franchisor with notice of and a reasonable opportunity to cure any alleged breach hereunder. Developer must exhaust this internal dispute resolution procedure before bringing a dispute before a third party. This agreement to first attempt resolution of disputes internally will survive termination or expiration of this Agreement.

14. **Mediation.** At Franchisor's option, all claims or disputes between Franchisor and Developer or its affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisor and Developer or its affiliates, or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Section 13 above, must be submitted first to non-binding mediation, in or near Miami, Florida, under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation

Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Developer must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty days following receipt of such notice within which to notify Developer as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Developer may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. This agreement to mediate will survive any termination or expiration of this Agreement. The parties agree that there will be no class action mediation.

15. **Injunctive Relief.** Nothing contained in this Agreement herein will prevent Franchisor from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests prior to the filing of any mediation proceeding or pending the trial or handing down of a decision or award pursuant to any mediation proceeding conducted hereunder.

16. **Jurisdiction and Venue.** With respect to any proceeding not subject to mediation, the parties expressly agree to the jurisdiction and venue of any state court of general jurisdiction in Miami, Florida and the jurisdiction and venue of the United States District Court presiding over Miami, Florida. Developer acknowledges that this Agreement has been entered into in the State of Florida, and that Developer is to receive valuable and continuing services emanating from Franchisor's headquarters in Miami, Florida. In recognition of such services and their origin, Developer hereby irrevocably consents to the personal jurisdiction of the state and federal courts of Florida set forth above.

17. **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of this Agreement and the dispute resolution procedures contained herein, each having authority to specifically enforce the right to mediate claims asserted against such person(s) by Developer.

18. **JURY TRIAL WAIVER.** WITH RESPECT TO ANY PROCEEDING NOT SUBJECT TO MEDIATION, THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER WILL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR DEVELOPER'S PURCHASE FROM FRANCHISOR OF THE DEVELOPMENT RIGHTS DESCRIBED HEREIN.

19. **Waiver of Punitive Damages.** Developer waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which Developer may have against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, Developer's recovery will be limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

20. **Attorneys' Fees.** If Developer is in breach or default of any monetary or non-monetary material obligation under this Agreement or any related agreement between Developer and Franchisor and/or Franchisor's affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not

formal judicial proceedings are initiated), Developer must pay all reasonable attorneys' fees, court costs and litigation expenses Franchisor incurs. If Developer institutes any legal action to interpret or enforce the terms of this Agreement, and Developer's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

21. **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Agreement will not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default will not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Agreement will be cumulative. Franchisor's election to exercise any remedy available by law or contract will not be deemed a waiver or preclude exercise of any other remedy.

22. **Severability.** The parties agree that if any provisions of this Agreement may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision will have the meaning, which renders it valid and enforceable. The provisions of this Agreement are severable, and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions will be enforced to the extent that they are valid and enforceable. If any material provision of this Agreement will be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Agreement.

23. **Construction of Language.** The language of this Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Developer, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

24. **Successors.** References to "Franchisor" or "Developer" include the respective parties' successors, assigns or transferees, subject to the limitations of Section 9 of this Agreement.

25. **Additional Documentation.** Developer must from time to time, subsequent to the date first set forth above, at Franchisor's request and without further consideration, execute and deliver such other documentation or agreements and take such other action as Franchisor may reasonably require in order to effectuate the transactions contemplated in this Agreement. In the event that Developer fails to comply with the provisions of this Section, Developer hereby appoints Franchisor as Developer's attorney-in-fact to execute any and all documents on Developer's behalf, as reasonably necessary to effectuate the transactions contemplated herein.

26. **No Right to Offset.** Developer may not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of the alleged nonperformance of Franchisor or any of its affiliates or as an offset against any amount Franchisor or any of its affiliates may owe or allegedly owe Developer under this Agreement or any related agreements.

27. **State Law Applies.** If any provision of this Agreement, including but not limited to its provisions for transfer, renewal, termination, notice of termination, or cure rights, is inconsistent with any valid law or regulation of the state in which Developer's initial Franchised Business is located, then the valid law or regulation of such state will supersede any provision of this Agreement that is less favorable to Developer.

28. **Entire Agreement.** This Agreement contains the entire agreement between the parties

concerning Developer's development rights within the Development Area; no promises, inducements or representations (other than those in the Franchise Disclosure Document) not contained in this Agreement have been made, nor will any be of any force or effect, or binding on the parties. Modifications of this Agreement must be in writing and signed by both parties. Franchisor reserves the right to change Franchisor's policies, procedures, standards, specifications or manuals at Franchisor's discretion. In the event of a conflict between this Agreement and any Franchise Agreement(s), the terms, conditions and intent of this Agreement will control. Nothing in this Agreement, or any related agreement, is intended to disclaim any of the representations Franchisor made to Developer in the Franchise Disclosure Document that Franchisor provided to Developer.

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

DEVELOPER:

FRANCHISOR:

**CHILL-N NITROGEN ICE CREAM
FRANCHISING, LLC**

(Individual, Partnership or Corporation Name)

By: _____

By: _____

Print Name: _____

Print Name: David A. Leonardo

Title: _____

Title: Chief Executive Officer

EXHIBIT A to DEVELOPMENT AGREEMENT

DATA SHEET

1. **Development Area.** The Development Area, as referred to in Section 1 of the Development Agreement, is described below (or an attached map) by geographic boundaries and will consist of the following area or areas:

2. **Development Fee.** The Development Fee under the Development Agreement is \$____,000.

3. **Development Schedule.** The Development Schedule referred to in Section 1 of the Development Agreement is as follows:

Expiration of Development Period (each, a "Development Period")	# of New Franchised Businesses Opened Within Development Period	Cumulative # of Franchised Businesses that Must Be Open and Operating
____ Months from Effective Date	____	____
____ Months from Effective Date		
____ Months from Effective Date		

APPROVED AND AGREED TO BY:

FRANCHISOR:
CHILL-N NITROGEN ICE CREAM
FRANCHISING, LLC

DEVELOPER:

(Individual, Partnership or Corporation Name)

By: _____

By: _____

Print Name: David A. Leonardo

Print Name: _____

Title: Chief Executive Officer

Title: _____

EXHIBIT F
TO CHILL-N NITROGEN ICE CREAM FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

SAMPLE TERMINATION AND RELEASE AGREEMENT

This Termination of Franchise Agreement and Release (the “Agreement”) is made this _____ day of _____, 20__, by and between Chill-N Nitrogen Ice Cream Franchising, LLC, a Delaware Limited liability company with a principal business address at 3051 NW 75th Avenue, Miami, FL 33122(“Franchisor”) and _____, a _____ with an address at _____ (“Transferor”).

BACKGROUND

- A. On _____, Transferor entered into a franchise agreement (the “Franchise Agreement”) with Franchisor for the right to operate a Franchised Business at _____.
- B. Transferor has satisfied all conditions of transfer as specified in the Franchise Agreement and now desires to sell the business to _____, who has been approved by Franchisor as an authorized transferee.
- C. In order to complete Transferor’s sale of the business, Transferor now desires to terminate the Franchise Agreement and all rights and obligations between the parties relating to the Franchise Agreement, and Franchisor desires to accept such termination, pursuant to the terms of this Agreement.

AGREEMENT

In consideration of the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

1. Subject to the terms and conditions contained in this Agreement, the Franchise Agreement and all rights and obligations between Franchisor and Transferor arising from or related to the Franchise Agreement are terminated, effective as of the date of this Agreement.
2. Notwithstanding anything in this Agreement to the contrary, the parties agree that Transferor will remain bound by all of the post-term covenants and obligations contained in the Franchise Agreement including, without limitation, those relating to Confidential Information and non-competition.
3. Transferor represents and warrants that all of Transferor’s monetary obligations to Franchisor and its subsidiaries and affiliates have been satisfied in full as of the date of this Agreement.
4. Transferor, for itself and all persons and entities claiming by, through or under it, releases, acquits and forever discharges Franchisor and its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors and assigns (the “Franchisor Releasees”) from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorneys’ fees, actions or causes of action whatsoever, whether known or unknown, which it, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Franchisor Releasees arising out of or related to the offer, sale and operation of the business, and the parties’ rights or obligations under the Franchise Agreement.
5. Excluding the indemnification obligations set forth in the Franchise Agreement, and Transferor’s obligations as set forth in paragraph 2 of this Agreement, Franchisor, for itself and all persons and entities claiming by, through or under it, releases, acquits and forever discharges Transferor and Transferor’s employees, agents, servants, representatives, affiliates,

successors and assigns (the "Transferor Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorneys' fees, actions or causes of action whatsoever, whether known or unknown, which it, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Transferor Releasees arising out of or related to the offer, sale and operation of the business, and the parties' rights or obligations under the Franchise Agreement.

6. This Agreement constitutes the entire integrated agreement of the parties with respect to the subject matter contained in this Agreement, and may not be subject to any modification without the written consent of the parties.

7. This Agreement will be construed under the laws of Florida, which laws will control in the event of any conflict of law.

8. This Agreement will be for the benefit of and binding upon the parties and their respective representatives, successors and assigns.

9. Each party acknowledges that the terms of this Agreement have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel. This Agreement is entered into after a full investigation by the parties, and the parties are not relying upon any statements or representations not embodied in this Agreement.

10. In the event that Franchisor retains the services of legal counsel to enforce the terms of this Agreement, it will be entitled to recover all costs and expenses, including reasonable attorneys' fees, incurred in enforcing the terms of this Agreement.

11. Transferor agrees that Transferor has and had a relationship with Franchisor at its offices in Miami, Florida and that, with the exception of Franchisor's right to seek injunctive relief in any appropriate jurisdiction, any action by or against Franchisor arising out of or relating to this Agreement will be commenced and concluded in Miami, Florida pursuant to the dispute resolution provisions of the Franchise Agreement.

12. This Agreement may be executed in multiple counterparts by the various parties and the failure to have the signatures of all parties on a single Agreement will not affect the validity or enforceability of any part of this Agreement against any party who executes any counterpart of the Agreement. Executed facsimile copies of this Agreement will be deemed to be effective as original signatures.

I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

CHILL-N NITROGEN ICE CREAM FRANCHISING, LLC

TRANSFEROR

By: _____

By: _____

EXHIBIT G
TO THE CHILL-N NITROGEN ICE CREAM FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA

ILLINOIS

ADDENDUM TO DISCLOSURE DOCUMENT

1. The “**Summary**” section of Item 17(v), entitled **Choice of forum**, is deleted in its entirety.
2. The “**Summary**” section of Item 17(w), entitled **Choice of law**, is deleted and replaced with the following:

Illinois law applies.
2. Illinois law governs the agreement(s) between the parties to this franchise.
3. Any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void, provided that arbitration may take place outside of Illinois. 815 ILCS 705/4 (West 2010)
4. Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of Illinois is void. 815 ILCS 705/41 (West 2010)

ILLINOIS

AMENDMENT TO FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT

The Franchise Agreement and Development Agreement are specifically amended as follows:

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987 (as amended), the parties to the attached Franchise Agreement ("**Agreement**") agree as follows:

1. Governing Law.
 - a. Section 18.1 of the Franchise Agreement, "**Choice of Law**," is deleted in its entirety 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.), THE FEDERAL ARBITRATION ACT, OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE RIGHTS OF THE PARTIES HEREUNDER SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF THE STATE OF ILLINOIS.
 - b. Section 12 of the Development Agreement is hereby amended to provide that Illinois law governs the agreements between the parties to this franchise.
2. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement/development agreement that designates jurisdiction or venue outside of the State of Illinois is void. However, a franchise agreement/development agreement may provide for arbitration in a venue outside of Illinois.
3. Section 41 of the Illinois Franchise Disclosure Act provide that 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. Accordingly, insofar as the Franchise Agreement requires you to waive your rights under the Illinois franchise law, these requirements are deleted from the Franchise Agreement. This provision will not prevent the franchisor from requiring you to sign a general release of claims as part of a negotiated settlement of a dispute or actual lawsuit filed under any of the provisions of the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

Chill-N Nitrogen Ice Cream Franchising, LLC

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

NEW YORK

ADDENDUM TO DISCLOSURE DOCUMENT

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, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

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

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

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

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

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

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

6. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled **“Assignment of contract by franchisor”**:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum”**, and Item 17(w), titled **“Choice of law”**:

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

**VIRGINIA ADDENDUM
TO THE FRANCHISE DISCLOSURE DOCUMENT**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document Chill- N Nitrogen Ice Cream Franchising, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosures. The following statements are added to Item 17.H.

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

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

Additional Disclosures. The following statements are added to Item 5.

The Virginia State Corporation Commission’s Divison of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

**EXHIBIT H
TO THE CHILL-N NITROGEN ICE CREAM FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT**

LIST OF FRANCHISEES AS OF DECEMBER 31, 2021

None.

**FRANCHISEES WHO HAVE SIGNED A FRANCHISE AGREEMENT BUT WERE NOT YET OPEN
AS OF DECEMBER 31, 2021**

Harold Gernsbacher
Texas Treats LLC
2743 S. Hulen St.
Fort Worth, TX 76109
(817) 296-8361

Angela & Wesley Langlois
Nashville Nitro Inc.
3415 Golf Club Lane
Nashville, TN 37215
(239) 438-0317

Vanessa Richaud
Richaud, LLC
10003 NW Military Hwy
Suite 3109
San Antonio, TX 78231
(210) 331-6578

Gerardo Rocha
Rocha Foods LLC
321 N. University Drive
Plantation, FL 33324
(818) 839-1663

Rafael Eduardo Mesa Rodriguez
Quantmony LLC
1968 NW 24th Avenue
Miami, FL 33125
(786) 710-3563

Jose Tomas Silva
Eightfifteen Ice Cream LLC
26009 Budde Road

A-200
The Woodlands, TX 77380
(936) 232-4177

Christopher Wirth
Yusman-Wirth Holdings, LLC
13887 Narcoossee Road
Orlando, FL 32832
(305) 790-0338

Doreen and Jason Ziegler
Wepa Good LLC
95 Newton Avenue
Wantage, NJ 07461

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

Miguel Mansur
Crazy Spoon LLC
8219 SW 85th Terrace
Miami, FL 33143
(305) 323-4574
(Outlet never opened)

EXHIBIT I
TO THE CHILL-N NITROGEN ICE CREAM FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

CONSTRUCTION SERVICES AGREEMENT

AGREEMENT
BETWEEN OWNER AND PROJECT MANAGER

PROJECT MANAGER: SEWELL GROUP LLC

Owner: _____ dba: Chill-N Ice Cream

Project Name: _____ (hereinafter "Project")

Project Address: _____

THIS AGREEMENT (the "Agreement"), is made this _____ day of _____, 20____, by and between Sewell Group, LLC (the "Project Manager"), and the Owner, as identified above (the "Owner"). The Project Manager and the Owner may be referred to herein individually as a "Party" or collectively as the "Parties".

WHEREAS, the Project Manager is in the business of assisting real property owners in coordinating with contractors in the construction and general improvement of real property.

WHEREAS, the Owner wishes to hire the Project Manager to assist Owner in the construction and general improvement of the Project located at the Project Address identified above.

NOW THEREFORE, in consideration of the respective rights and obligations hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. **PROJECT MANAGEMENT DOCUMENTS:** For purposes hereof, the Project Management documents consist of: this Agreement; any Exhibits hereto; all Plans & Specifications (if any) related to the Project; and any (and all) modifications (Modifications") to any of the foregoing (including, but not limited to, amendments and change orders).

2. **PROJECT MANAGEMENT SERVICE AMOUNT** In consideration of the services provided by Project Manager for the benefit of Owner, as listed in Exhibit A and attached and incorporated herein, Owner agrees to pay to Project Manager during and up to completion of Project the following amount: \$10,500 (Ten- Thousand – Five Hundred Dollars & 00/100).

3. **INSURANCE** The Owner shall procure and maintain insurance, separately from any insurance provided by the Project Manager, to bind the property, and that such policy shall provide blanket coverage to the Project at all times during the project.

4. DEPOSITS & PAYMENTS:

1. Deposit payment of \$4,000 is due at contract signing
2. Progress payment will be invoiced to Owner at or around Rough Inspection
3. Progress payment will be invoiced to Owner at or around Final Inspection /CO
4. Owner agrees to pay and/or otherwise reimburse Project Manager, in addition to the Project Draw, for any expenses incurred by Project Manager in the furtherance of completing the Project.
5. Owner agrees to make payments owed to contractors directly to such pertinent contractors as requested for the Project. In no way shall Project Manager be responsible for the payment of fees owed to any Contractors, nor shall the Project Manager be responsible for any costs of supplies or permitting related to the project.

5. CLAIMS AND DISPUTES If a dispute arises out of or relates to this Agreement, the Parties shall endeavor to settle the dispute through direct discussion.

6. RELATIONSHIP OF PARTIES: The relationship between the Owner and the Project Manager is that of owner of Property and consultant on the construction of the Property. The Project Manager is not an agent, partner, or employee of the Owner, nor vice versa. The Parties understand and agree that the Project Manager is not a construction contractor and that the Project Manager is not being hired to construct, renovate, remodel, alter, and/or improve real property.

7. OTHER DISPUTE PROCESSES: If direct discussions cannot successfully resolve the dispute, the parties agree that arbitration shall be used to resolve the dispute. Arbitration shall be pursuant to the Construction Industry Rules of the American Arbitration Association, unless the parties mutually agree otherwise. A written demand for arbitration shall be filed with the American Arbitration Association and the other party to the Agreement within a reasonable time after the dispute or claim has arisen. The arbitration award shall be final.

8. INDEMNIFICATION: Owner agrees to indemnify Project Manager and Project Manager's members, managers, shareholders, directors, officers, employees, and agents and hold them harmless from and against all claims, liabilities, damages, losses, costs and expenses, together with all costs and expenses incurred by them in defending any suit or action which may be brought against any of them, including reasonable attorney's fees and expenses, incurred or suffered by any of them and arising, in whole or in part, out of any actual or alleged act of the Owner in connection with this agreement, the negligence of misconduct of the Owner or any of its representatives, or the improvement of real property. In addition, Owner agrees to assume all legal fees and expenses incurred in the defense against such claims and in enforcing this Agreement and to reimburse the Project Manager for such fees and expenses incurred by the Project Manager.

9. LIMITATION OF LIABILITY: If the Project Manager, or any of the Project Manager's members, managers, shareholders, directors, officers, employees, or agents, are careless or negligent in performing the services described herein, the liability from such carelessness or negligence is limited to the monies paid by Owner to Project Manager under this Agreement.

10. MISCELLANEOUS PROVISIONS

- A. Governing Law: The Parties stipulate and agree that this Agreement, and all matters related to performance hereunder, shall be governed by North Carolina law, regardless of the location of the work. The Parties further agree that the location and jurisdiction for any dispute arising under this Agreement shall be properly located only in Wake County, North Carolina.
- B. Modification: No changes, modifications, or amendments of any term shall be valid unless agreed upon by the Parties in writing. Any agreement between the Parties purporting to amend a term or condition of this Agreement shall, to be effective, specifically identify that term or condition's Paragraph number, and shall include the Parties' specific intent to amend that term or condition.
- C. Binding Effect: This Agreement is binding on, and shall inure to the benefit of, the parties hereto; their successors and assigns.
- D. Assignment of Contract: Both Parties agree that this agreement shall not be assigned to any other party without the express written approval of both parties.
- E. Force Majeure: Neither Party shall be liable to the other for any delay or failure to perform under this Agreement if the delay or failure to perform is without fault or negligence of the Party claiming excusable delay and is due to causes beyond the control of that Party, including, but not limited to acts of God, war, terrorism, acts of the government, fire, floods, epidemics, and quarantine restrictions.
- F. Reformation, Severability, and No Strict Construction: Should any provision of this Contract be determined unlawful or unenforceable by a court or arbitrator having competent jurisdiction, the remaining provisions shall remain and be construed to give effect to the intent of the parties as otherwise expressed in this Contract. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, or neuter, singular or plural as the identity of the person or persons may require. This Contract shall not be construed more strictly against either party by reason of having supplied any of its provisions.

IN WITNESS WHEREOF, the Parties have executed this Agreement in duplicate originals under seal on the date set forth in the opening paragraph hereof.

Owner: OWNER

Project Manager: Sewell Group, LLC

BY: _____

BY: _____

DATE: _____

DATE: _____

PRINT NAME:

NAME: Christopher M Sewell

PRINT TITLE:

Title: Manager

Exhibit A
GENERAL SCOPE OF WORK

PROJECT MANAGER'S TARGET DUTIES & RESPONSIBILITIES:

- Assist Owner with its coordination with general contractors, subcontractors and end-users for new and ongoing construction and renovation projects.
- Assist Owner with the managing of and meeting the scope of the project, including assistance with staying within the Project's budget.
- Assist Owner with pursuing on-time completion of construction, punch-list and close-out processes,
- Assist Owner with assembling all warranty and legal closeout documentation for projects.
- Assisting Owner with the Owner's review, validation, and approval of contractors, tradesmens, and material suppliers, as well as assisting Owner with invoices and associated bills to be paid by Owner(s)

EXHIBIT J
TO THE CHILL-N NITROGEN ICE CREAM FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
EFFECTIVE DATES – 2022

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Connecticut, Florida, Georgia, Hawaii, Illinois, Indiana, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Nebraska, New York, North Carolina, North Dakota, Rhode Island, South Carolina, South Dakota, Texas, Utah, Virginia, Washington, and Wisconsin.

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

CALIFORNIA	Not Registered
FLORIDA	Effective
HAWAII	Not Registered
ILLINOIS	Pending Registration
INDIANA	Not Registered
KENTUCKY	Not Registered
MARYLAND	Not Registered
MICHIGAN	Not Registered
MINNESOTA	Not Registered
NEBRASKA	Not Registered
NEW YORK	Pending Registration
NORTH DAKOTA	Not Registered
RHODE ISLAND	Not Registered
SOUTH DAKOTA	Not Registered
TEXAS	Exempt
UTAH	Not Registered
VIRGINIA	August 23, 2022
WASHINGTON	Not Registered
WISCONSIN	Not Registered

EXHIBIT K
TO THE CHILL-N NITROGEN ICE CREAM FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

RECEIPTS

RECEIPTS (OUR COPY)

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Chill-N Nitrogen Ice Cream Franchising, LLC offers you a franchise it must provide this disclosure document to you within 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If Chill-N Nitrogen Ice Cream Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit A of this Franchise Disclosure Document.

Issuance Date: May 25, 2022

A list of franchisor's agents registered to receive service of process is listed as Exhibit B to this Franchise Disclosure Document.

I have received a Franchise Disclosure Document with an issue date of May 25, 2022 which contained the following Exhibits.

- | | |
|--|--|
| A – List of State Administrators and List of Agents for Service of Process | F – Sample Termination and Release Agreement |
| B – Table of Contents of Operations Manual | G – State Specific Addenda |
| C – Financial Statements | H – List of Franchisees/List of Franchisees Who Have Left the System |
| D – Franchise Agreement | I – Construction Services Agreement |
| E – Development Agreement | J – State Effective Dates |
| | K - Receipts |

A list of the names, principal business addresses, and telephone numbers of each franchise seller offering this franchise is as follows:

- David Leonardo, 3051 NW 75th Avenue, Miami, FL 33122

If an individual:

By: _____
Name: _____
Date: _____
Telephone Number: _____

If a Partnership, Corporation or Limited Liability Corporation:

Name: _____
Title: _____
Name of Entity: _____
Address: _____
Date: _____

**RECEIPTS
(YOUR COPY)**

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Chill-N Nitrogen Ice Cream Franchising, LLC offers you a franchise it must provide this disclosure document to you within 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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