These two related actions were commenced in April 2014 and June 2014, respectively, by separate groups of current and former franchisees against us, certain members of our board of managers and executive team, and others in Washington Superior Court (Clark County), alleging misrepresentations involving financial performance representations in ITEM 19 of the franchise disclosure document the franchisees' local marketing obligations, among other things, and brought claims for violation of the Washington Franchise Investment Protection Act ("WFIPA"), fraud, negligent misrepresentation and breach of contract. These two actions were consolidated in September 2014 under Case Number 14-2-00904-0.

Each of the plaintiff groups entered into settlements with Papa Murphy's in which they dismissed all of their claims against defendants with prejudice and the action was dismissed in June 2020. The settlements are as follows: (1) one plaintiff group dismissed its claims against Papa Murphy's for no consideration; (2) two plaintiff groups agreed to pay amounts ranging from $5,000 to $8,000 to Papa Murphy's and remained in the system; (3) Papa Murphy's agreed to pay one plaintiff group's advertising costs for one year, agreed to allow the franchisee to develop an additional franchise, and agreed to return the franchisee's initial development fee of $10,000; (4) another plaintiff group agreed to remain in the system in exchange for Papa Murphy's paying 3.8% of the franchisees' sales towards local advertising for a period of two years and extending the franchise agreement's term for an additional ten years; (5) Papa Murphy's settled with fifteen different plaintiff groups and paid amounts ranging from $10,000 per group to $4 million per group; (6) Papa Murphy's agreed to purchase one plaintiff group's nine Papa Murphy's stores at an agreed upon value of the stores' assets plus $500,000; and (7) Papa Murphy's agreed to purchase seven plaintiff groups' Papa Murphy's stores at an agreed upon value of the stores' assets.

Rob & Bud's Pizza, L.L.C. v. Papa Murphy's International, Inc. and Papa Murphy's International, L.L.C.; United States District Court for the Western District of Washington, Case No. 5:15-cv-05090-TLB.

In spring 2015, Papa Murphy's sent a notice of default to plaintiff for alleged defaults under the plaintiff's franchise agreements. In response, on April 17, 2015, the plaintiff brought an action seeking a declaratory judgment and injunction preventing Papa Murphy's from terminating the franchises. The plaintiff subsequently added claims in the case alleging that Papa Murphy's tortiously interfered with the plaintiff's employees and negligence in how Papa Murphy's handled the plaintiff's customer database, and sought compensatory damages, punitive damages and costs in an unspecified amount. The plaintiff was also a plaintiff in the LMP case described above. The case was dismissed with prejudice as part of a settlement with plaintiff in this case and the LMP case under which Papa Murphy's purchased plaintiff's nine Papa Murphy's stores at an agreed upon value of the stores' assets plus $500,000.

PUBLIC AGENCY ACTIONS AGAINST MTY USA, AFFILIATES AND/OR THEIR PREDECESSORS

Concluded State Administrative Actions Involving SFF, L.L.C., successor in interest to SweetFrog Enterprises, L.L.C.

In the Matter of SweetFrog Enterprises, L.L.C. f.k.a. Imagination Enterprises, Inc., d/b/a Sweet Frog, Administrative Proceeding Before the Securities Commissioner of Maryland, Case No. 2012-0055.

As a result of an inquiry into the franchise related activities of SweetFrog Enterprises, L.L.C., ("SFE") the Maryland Securities Commissioner ("Commissioner") concluded that grounds existed to allege that SFE violated the registration and disclosure provisions of the Maryland Franchise Law in relation to the offer and sale of certain license agreements. SFE acknowledged that those license agreements constituted franchises as defined under the Maryland Franchise Law. SFE represented that it entered into license agreements with eight Maryland licensees during the time it was not registered to offer and sell franchises in Maryland. On August 29, 2012, the Commissioner and SFE agreed to enter into a consent order whereby SFE, without admitting or denying any violations of the law, agreed to: (i) immediately and permanently cease from the offer and sale of franchises in violation of the Maryland Franchise Law; (ii) file and diligently pursue an application for an initial franchise registration in Maryland relating to the license agreements it offered and sold to Maryland licensees; and (iii) to offer to rescind the license agreements of all Maryland licensees to whom it sold unregistered franchises. We are not aware of any licensees that accepted the rescission and have made a good faith effort to obtain that information.

Concluded State Administrative Actions Involving Predecessor Blimpie Associates, Ltd.

In May 1992, Blimpie Associates, Ltd. ("Blimpie") and Joseph Dornbush (formerly the President of Blimpie) (collectively "Respondents") responded to a claim by the New York Department of Law that it had sold franchises during a period of time when Blimpie's prospectus had not been updated by amendment. Without the admission of any wrongdoing, Respondents consented to the entry of an order in which Respondents agreed: (i) to entry of a judgment enjoining them from further violations of the New York Franchise Sales Act; and (ii) to pay the sum of $18,000 to the State of New York as an additional allowance. Respondents paid the $18,000 in May 1992 and executed the consent judgment on August 25, 1992.

Concluded State Administrative Actions Involving Maui Wowi Franchising, Inc., predecessor in interest to Kahala Franchising, L.L.C.

In the Matter of Maui Wowi Franchising, Inc., Before the Securities Commissioner of Maryland, Case No. 2005-0651.

On November 11, 2005, Maui Wowi Franchising, Inc., the predecessor franchisor of the Maui Wowi brand ("MWF"), entered into a Consent Order with the Securities Commissioner of Maryland ("Commissioner") resulting from MWF inadvertently entering into four franchise agreements with Maryland residents after its registration in Maryland expired on June 9, 2004 ("Maryland Franchisees"). The Consent Order required MWF to cease and desist from the offer and sale of unregistered franchises in Maryland; to diligently pursue the completion of its then pending application; to register its Offering Circular in Maryland; to develop and implement new franchise law compliance procedures to ensure future compliance with the registration and disclosure provisions of Maryland Franchise Law; and to enroll an officer and a franchise compliance person in a franchise law compliance training program. Upon notification by the Commissioner, MWF sent to the Maryland Franchisees the registered Offering Circular, a copy of the Consent Order, and a letter notifying the Maryland Franchisees that they could rescind their franchise agreements. At this time, MWF is in full compliance with the Consent Order.

In the Matter of Maui Wowi Franchising, Inc., Before the Securities Commissioner of Maryland, Case No. 2007-0194.

On September 12, 2007, "MWF" entered into a Consent Order with the Maryland Commissioner resulting from MWF inadvertently entering into two franchise agreements with two Maryland residents ("Second Maryland Franchisees") without delivering to them the appropriate Offering Circular. MWF was registered in the State of Maryland at the time of the offer and sale with an Offering Circular containing certain specific information required only by Maryland law. At the same time, MWF used a second form of Offering Circular in other states that did not contain all of the information required by Maryland law. Prior to the execution of the franchise agreements with the Second Maryland Franchisees, MWF accidentally delivered to them the Offering Circular that did not contain the Maryland-specific information. We subsequently reported these mistakes to the Commissioner. The Consent Order required MWF to cease and desist from the offer and sale of franchises in Maryland in violation of the Maryland Franchise Law; to diligently pursue the completion of its then pending application to register its Offering Circular in Maryland; to implement additional compliance measures to ensure future compliance with the Maryland Franchise Law; to employ an approved franchise law compliance training program or trainer to monitor MWF's franchise activities in Maryland for two years; and to reimburse the Maryland Attorney General for its investigation and resolution costs in the total amount of $2,500. Additionally, MWF was required to provide to the Second Maryland Franchisees the registered Offering Circular, a copy of the Consent Order, and a letter notifying the Second Maryland Franchisees that they have a right to rescind their franchise agreements. The Commissioner and MWF subsequently entered into an Amended Consent Order in which MWF elected to withdraw from the State of Maryland instead of employing a compliance monitor, with the agreement to employ a monitor if MWF was to re-register in the State of Maryland. MWF fully complied with the Amended Consent Order, and subsequently employed a compliance monitor and was granted registration in the State of Maryland.

<u>Concluded State Administrative Actions, Arbitration, and Litigation Involving BF Acquisition Holdings, L.L.C. and/or its predecessors</u>

State of Maryland Determination; Case Number 2012-0073.

In February 2012, the State of Maryland alleged that during the period January 1, 2009 to November 26, 2009, Triune, LLC ("Triune"): (i) did not retain signed acknowledgements of receipt reflecting the dates that its Franchise Disclosure Document was delivered to certain Maryland residents and non-residents; (ii) sold franchises to certain Maryland residents and non-residents without providing them with a copy of a 2009 Franchise Disclosure Document; (iii) sold franchises to certain Maryland residents and non-residents without providing them with a copy of a 2009 Franchise Disclosure Document that contained its 2008 financial statements with a going concern note from its auditors resulting from the unfavorable financial condition of its parent company; and (iv) sold franchises to certain Maryland residents and non-residents without including, or abiding with, a deferral condition in their Franchise Agreements that was imposed upon it by the State of Maryland, all as required by the Maryland Franchise Registration and Disclosure Law (the "Maryland Law") and in violation of the Maryland Law. Without admitting or denying the allegations, in September 2012, Triune voluntarily entered into a Consent Order with the Office of the Attorney General of Maryland and agreed to: (i) not violate the Maryland Law in the future; (ii) pay the Office of the Attorney General the sum of $50,000 as a civil penalty; (iii) retain copies of all acknowledgments of receipt confirming dates that prospective Maryland franchisees received any Maryland Franchise Disclosure Documents; (iv) comply with the disclosure and antifraud provisions of the Maryland Franchise Law and the record keeping and escrow requirements of the Code of Maryland Regulations; and (v) send a copy of the Consent Order to certain Maryland franchisees.

<u>State of Virginia Determination; Case Number SEC-2012-00027.</u>

In February 2012, the Division of Securities and Retail Franchising of the State Corporation Commission (the "Commission") alleged that during 2009 Triune, LLC ("Triune"): (i) offered or sold franchises in Virginia in 2009 that were not registered under the Virginia Retail Franchising Act (the "Virginia Act"); (ii) offered or sold franchises in Virginia without disclosing that it was not registered to do so; (iii) failed to provide material information regarding the parent company's unfavorable financial condition and the potential impact that it could have on Triune as stated in a going concern note in its 2008 financial statements from its auditors; and (iv) failed to provide a prospective franchisee with a copy of its Franchise Disclosure Document as required by rule or order of the Commission at least 14 calendar days before the prospective franchisee signed a binding agreement or made any payment to it in connection with the sale or offer to sell a franchise in Virginia. Without admitting or denying the allegations, on November 26, 2012, Triune voluntarily entered into a Settlement Order with the Commission and agreed: (i) to not violate the Virginia Act in the future; (ii) to pay Virginia the sum of $25,000 as a penalty and the sum of $5,000 to defray the Commission's costs of investigation; (iii) to offer certain Virginia franchisees a refund of their initial franchise fees; and (iv) to send a copy of the Settlement Order to certain Virginia franchisees.

Lawsuits Filed by Franchisor Kahala Franchising, L.L.C. Against Franchisees During Fiscal Year December 1, 2023 through November 30, 2024

Suit for Breach of Contract

Kahala Franchising, L.L.C. v. All About Food, Inc. and Chu Yup Lee a/k/a Michale Lee; In the Circuit Court of the Nineteenth Judicial Circuit Lake County, Illinois; Case No.: 2024LA00000001.

Suit for Forcible Entry and Detainer

Cold Stone Creamery Leasing Company, Inc. v. JRF, Inc.; Iowa District Court for Dallas County; Case No.: SCSC050015.

Other than these actions, no litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY

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

ITEM 5: INITIAL FEES

The initial franchise fee ("Initial Franchise Fee") for your first traditional Franchised Business is $30,000. The Initial Franchise Fee is reduced for your second and each subsequent traditional Franchised Business to $15,000. The Initial Franchise Fee for your non-traditional Franchised Business is $15,000 for each Kiosk or Standard Counter Floorplan, and $10,000 for each Vehicle.

If you are currently an active or active reserve member of the U.S. Armed Forces, have been honorably discharged from the U.S. Armed Forces ("Eligible Military"), or are a 501(c)(3) organization ("501(c)(3)"), you will receive a 20% discount on the Initial Franchise Fee.

The initial fees to be paid to us and/or our affiliate(s) before the Franchised Business opens are indicated on the chart below and in the notes to the chart. The initial fees to be paid to us and/or our affiliate(s) before the Franchised Business opens are the total of the Initial Franchise Fee, Grand Opening Marketing, Lease Guarantee Fee (if any), Lease Review Fee (if any), and the cost of equipment, furniture, menu boards (if applicable), wall décor, interior and exterior signage and smallwares, and ranges from $13,500 to $42,500 for a non-traditional location, and from $30,500 to $58,000 for a traditional location. These amounts do not include the Document Administration Fee.

For the 2024 fiscal year, the formula used to calculate the range of initial fees paid to us and/or our affiliate(s) before the franchisee's Franchised Business opened was: the total of the initial franchise fee, lease guarantee fee (if any), lease review fee (if any), and the cost of equipment, furniture, menu boards, wall décor, interior and exterior signage and/or smallwares purchased from Neptune Equipment (if applicable). The factors that determined these amounts were: (i) if the Initial

Franchise Fee was discounted or waived; (ii) if the Franchised Business was traditional or non-traditional, and if non-traditional, what type of non-traditional; (iii) if the Franchised Business was the franchisee's first or subsequent Franchised Business; and (vi) the cost of equipment, furniture, menu boards, wall décor, interior and exterior signage and smallwares purchased from our affiliate, Neptune Equipment (if applicable).

There are no refunds of an Initial Franchise Fee under any circumstances. We may periodically reduce the Initial Franchise Fee in connection with limited time promotions, new concepts and/or operational programs. We may vary the terms of our franchises in connection with testing new marketing, branding and/or operational programs. These tests are generally conducted with experienced, existing franchisees and may include incentives and other rights which are not available to all franchisees. If you sign the Franchise Agreement in connection with a transfer or renewal, you will not pay the Initial Franchise Fee.

We may offer you the option to purchase a license to sell additional signature products in your Franchised Business and to use the signature products trademark(s) as signature products are developed. The signature products that would be available for sweetFrog franchisees to sell in a Franchised Business are currently under development. We estimate that the fees associated with acquiring license(s) to sell additional products will be between $2,500 and $5,000 although these license fees may be modified from time to time.

CATEGORY	AMOUNT	METHOD OF PAYMENT	DUE DATE	TO WHOM PMT IS MADE	REFUNDABILITY
Initial Franchise Fee – first traditional Franchised Business	$30,000 (reduced to $24,000 for Eligible Military and 501(c)(3))	Lump Sum	Signing of the Franchise Agreement	Franchisor	See Note (1)
Initial Franchise Fee – second traditional Franchised Business and each afterward	$15,000 (reduced to $12,000 for Eligible Military and 501(c)(3))	Lump Sum	Signing of the Franchise Agreement	Franchisor	See Note (1)
Initial Franchise Fee – Kiosk or Standard Counter Floorplan	$15,000 (reduced to $12,000 for Eligible Military and 501(c)(3))	Lump Sum	Signing of the Franchise Agreement	Franchisor	See Note (1)
Initial Franchise Fee -- Vehicle	$10,000 (reduced to $8,000 for Eligible Military and 501(c)(3))	Lump Sum	Signing of the Franchise Agreement	Franchisor	See Note (1)
Grand Opening Marketing	$10,000 for a traditional Franchised	Lump Sum	Prior to execution of a lease	Franchisor or its affiliate	See Note (1)

CATEGORY	AMOUNT	METHOD OF PAYMENT	DUE DATE	TO WHOM PMT IS MADE	REFUNDABILITY
	Business; $5,000 for a non-traditional Franchised Business (Kiosk/Standard Counter Floorplan only)		or prior to constructio n of premises (earlier of)		
Lease Guarantee Fee (optional)	10% of the total amount guaranteed, up to a maximum payment of $10,000 (if applicable) (Note 2)	Lump Sum	Signing of the lease guarantee agreement (if applicable)	Franchisor or its affiliate who guarantees the lease	See Note (1)
Lease Review Fee (optional)	$2,500 (Note 3)	Lump Sum	When you request review by Kahala Manageme nt's real estate department	Franchisor	See Note (1)
Equipment, furniture, wall décor, interior and exterior signage, menu boards, and/or smallwares	$0 to $10,000 (Note 4)	Lump Sum	When invoiced	Neptune Equipment	See Note (1)

Notes:

(1) There are no refunds under any circumstances. Franchisor does not offer any financing of the Initial Franchise Fee. We may periodically reduce the Initial Franchise Fee in connection with limited time promotions, new concepts and/or operational programs.

(2) If, after a request by you, Franchisor or any of its affiliates agree, in their sole and absolute discretion, to guarantee your lease with the applicable third party landlord for the Franchised Business you are developing, you will pay Franchisor or its affiliate a lease guarantee fee ("Lease Guarantee Fee") in the amount of 10% of the total amount of the rental obligations being guaranteed under the lease upon the execution of the lease and associated guarantee with the third party landlord, up to a maximum payment of $10,000. This fee is not refundable (See Exhibit M: Lease Guaranty Acknowledgement).

(3) If, prior to executing the lease, you request Kahala Management's real estate department to review your lease and provide suggested changes to you, a $2,500 lease review fee shall be paid by you to Franchisor ("Lease Review Fee") upon your request to Kahala Management's real estate department. The Lease Review Fee is non-refundable. This is an optional service, with the determination of whether to utilize Kahala Management's real estate department to be made in your sole discretion.

(4) Certain of your equipment, furniture, wall décor, menu boards, interior and exterior signage and smallwares may be purchased from Neptune Equipment, an affiliate of ours.

ITEM 6: OTHER FEES

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty Fee and Surcharge (Notes 1 and 13)	5% of Gross Sales plus a maximum Surcharge of $10 per week (Note 2)	Withdrawn electronically from your Depository Account weekly (Note 3)	"Gross Sales" include all revenue from your Franchised Business excluding sales tax and authorized refunds, credits and allowances.
Advertising Fee (traditional Franchised Business) (Note 1)	2.5% of weekly Gross Sales	Same as Royalty Fee (Note 3)	The Advertising Fee is deposited as follows: 1.5% to the National Fund and 1% to the Regional Fund for your Cooperative or your Franchised Business (Note 4).
Advertising Fee (non-traditional Franchised Business) (Note 1)	1% of weekly Gross Sales	Same as Royalty Fee (Note 3)	The Advertising Fee is deposited as follows: 1% to the National Fund (Note 4).
POS Help Desk Phone Support Maintenance Contract Fee (if	$55 per month	Last Thursday of each month	We will debit your Depository Account for this fee.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
applicable see Note 15)			
Additional Persons Training Fee (Note 1)	$1,250 per person ($500 per person for the In-Store portion of the Training Program, and $750 per person for the New Owner Training portion of the Training Program)	Before training	The training of two management personnel is included in the Initial Franchise Fee. The Additional Persons Training Fee is for any additional persons who attend the Training Program.
Additional Training Fee (Note 1)	$300 per person per day	Prior to attendance	Payable if we require or you request additional training after attending the Training Program.
Annual Meeting Registration Fee (Notes 1 and 5)	Up to $1,000 plus incidental costs to attend	60-90 days prior to the Meeting	We will debit your Depository Account for this fee, which is non-refundable. This fee may be charged to all franchisees whether or not they attend the Meeting.
Depository Account	$3,000 (must be replenished on a regular basis)	Signing of the Franchise Agreement	(Note 3)
Charitable Contributions	To be determined by us	As determined by us	(Note 6)
Data Fees (Notes 1 and 7)	Up to $100 per month (subject to reasonable annual and/or service enhancement increases)	Same as Royalty Fee (Note 3)	Begins immediately after you open your Franchised Business.
Gift Card Redemption Fee	$0.05 per activity (Note 14)	On or about the 25th day of each month	Fee is charged by us and collected by a third party on our behalf.
Renewal Franchise Fee (Note 1)	50% of the then-current Initial Franchise Fee not including any discounts or reductions	Signing of new Franchise Agreement at renewal	Applicable if you are renewing your Franchise Agreement. Renewal term is five years.
Transfer Franchise Fee (Notes 1 and 10)	$7,500 for traditional Franchised Business;	Prior to consummation of transfer	Payable if you are purchasing your Franchised Business as a result of a full

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
	$5,000 for non-traditional Franchised Business		transfer. A full transfer is including, but not limited to, a transfer of 50% or more ownership or control.
Transfer Training Fee	$1,500 for two (2) individuals ($500 for each additional individual)	Prior to consummation of transfer	Payable if you are purchasing your Franchised Business as a result of a full transfer. A full transfer is including, but not limited to, a transfer of 50% or more ownership or control.
Relocation Fee (does not apply to Vehicles) (Note 1)	$500	Signing of relocation amendment to Franchise Agreement	Payable if we approve the relocation of your Franchised Business.
Non-participation Fee	$100 per day if you fail or refuse to participate in any required national, local, regional, seasonal, promotional or other program, initiative or campaign or in any new or modified product or service test or offering	Upon failing or refusing to participate	Payable to us.
Document Administration Fee	$500 (Note 11)	As incurred	Applicable if an amendment must be prepared, including for an affiliate transfer.
Default Interest (Notes 1 and 12)	$50 plus interest at 1.5% per month or maximum legal rate, if less ("Default Rate")	Payable upon assessment	Payable on all overdue amounts.
Document Late Charge (Notes 1 and 8)	$100 per week or partial week	Payable upon assessment	Payable if any required financial statement, report or other document is delinquent.
Draft Draw Charge (Notes 1 and 9)	$100 per day	As incurred	Payable to us.
Late Charge	5% of the unpaid amount or $100, whichever is	As incurred	Payable to us.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
	greater, on royalties, advertising payments, and other amounts unpaid when due		
Sublease Late Charge	5% of the late or unpaid amount plus any late charges and interest incurred under the Master Lease as a result of the late payment (where applicable)	As incurred	Payable to our affiliate if you are subleasing your Franchised Business space from our affiliate.
Collection Costs (Note 1)	All collection costs including, but not limited to, reasonable attorneys' fees	Payable upon assessment	Payable only if we are required to retain an attorney or collection agency to collect delinquent payments from you. We will also collect as damages any attorneys' fees and costs incurred by us in defending claims that arise due to your actions as a *sweetFrog* franchisee.
Non-Sufficient Funds Fee (Note 1)	$50 for each electronic funds transfer returned for non-sufficient funds; $25 for each check or draft returned for non-sufficient funds	Payable upon assessment	Payable only if your electronic funds transfer from your Depository Account or any check you remit to us is returned for non-sufficient funds.
Audit (Note 1)	Cost of audit plus interest at Default Rate on underpayments (Note 9)	Payable upon assessment	Payable only if audit is caused by your failure to furnish reports or if audit reveals an understatement of fees or assessment of 5% or more.
Early Termination Damages (Note 1)	The average monthly Royalty and Advertising Fees paid for any consecutive 12 month period within the preceding 48 month period multiplied by the	30 days prior to the early closing of the Franchised Business	You must provide us with 90 days prior written notice of the termination of your Franchise Agreement.