



## **Mora Iced Creamery International Franchise Development Program**

### **Overview of Mora Iced Creamery International Franchise Development Program**

The incredible taste of Mora's artisanal ice cream has been enchanting the United States' Pacific Northwest and garnering national media praise since we opened our first shop in 2005. Made from real ingredients, Mora's ice cream provides the perfect treat – highly pleasurable, lower in butterfat than conventional ice cream, and enjoyed by ice cream lovers of all ages.

Our proven concept is now available to prospective international developers wanting to bring an efficient business with a high quality product, sophisticated and attractive shops, and the full support of a passionate franchise team into targeted markets. Our international developers can focus on building their territory without the concern of creating the product in-house. This is because Mora ice cream is produced at the Mora creamery, located in Poulsbo, Washington, U.S.A. and made available to your importer, ready to be stored and delivered to your franchisees. This process insures that each shop serves the same high quality ice cream and that our franchisees can concentrate on operating their business with fewer complications.

In addition to our franchising program, Mora has also expanded into the wholesale market, making our wholesale brand, D'Bonaire, available to importers and distributors both in the United States and abroad. Restaurant and hotel chains, cruise lines, universities and corporate campuses, business facilities, tourist destinations, and other similar business industries can now offer our extraordinary ice creams and sorbets to their customers. Our development partner may also have the opportunity also serve as our regional distributor of proprietary products and retail items within their territory.

Mora Development, LLC (referred to in some instances in this document as MODE), with Jerry Perez serving as CEO, has implemented a Sub-Franchisor program as the foundation of our international expansion. Mora shall determine the consideration of granting Sub-Franchisor rights to an individual, group, or entity based on certain criteria to include, but not be limited to:

- The territory to be developed
- The number of locations deemed feasible to open in the territory
- A reasonable and mutually agreeable development schedule to build out the territory
- The experience of the prospective Sub-Franchisor ownership group and management team
- Verified financial capability of the prospective Sub-Franchisor to invest in acquiring and supporting the Sub-Franchise Territory development rights
- The prospective Sub-Franchisor possessing existing, or the ability to build, infrastructure necessary to execute the duties and responsibilities of a Sub-Franchisor, to include facilities, equipment, supplies, importing and distribution, and staffing
- Mutually agreeable personal relationship between the principals of the Franchisor and prospective Sub-Franchisor



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### Who is the Ideal Sub-Franchisor Candidate?

The traits of the ideal candidate to partner with Mora Iced Creamery as a Sub-Franchisor:

- Values the reputation that Mora Iced Creamery has worked hard to earn as a company that provides our customers with extraordinary products, clean and inviting shops, and outstanding customer service.
- Respects and is able to implement the standards and principles that are the foundation of Mora's culture.
- Can faithfully follow processes and systems, formed through years of experience by Mora Iced Creamery, 100% of the time, subject to reasonably and mutually agreeable modifications based on the laws, customs, and tastes of the Sub-Franchisor's jurisdiction.
- Has a high level of personal integrity and ethics.
- Has a history of strong leadership qualities, managing people with mutual respect.
- Understands the cultural, economic, and business characteristics of the market to be developed.
- Will commit their efforts and passion to responsibly developing and growing the Mora brand in the territory.
- Is proactive and takes initiative in business dealings.
- Has the financial resources and infrastructure to independently fund or access financing for the development growth schedule agreed upon for the territory

### Franchise Glossary

The terminology listed below is intended to provide clarity and uniformity within our franchising system.

<b>Franchise</b>	A type of license agreement that describes the relationship between a franchisor and franchisee including use of brand name, trademarks, fees, training, assistance and guidelines.
<b>Conversion Franchise</b>	The opportunity to convert an existing business to a franchise brand. Conversion opportunities may allow for lower startup costs.
<b>Franchise Fee</b>	The initial fee paid to a franchisor, usually due at the signing of the contract, for the right to use the franchisor's name, marks, business system, and training.
<b>Royalty</b>	The ongoing regular payment made by the franchisee to the franchisor, usually based on a percentage of the franchisee's gross revenue.
<b>Marketing Fee</b>	An ongoing fee paid by franchisees, usually a percentage of gross revenues, enabling franchisors to create and execute marketing and advertising programs.

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**Sub-Franchise Territory** A geographic area designated by a Franchisor which, when granted upon execution of a Sub-Franchisor Agreement, provides a Sub-Franchisor with protected rights to develop the territory, in accordance with the development schedule, by expanding the presence of the franchise opportunity in the territory. A Sub-Franchise Territory may be defined as a group of countries, a single country, or a portion of a single country. The Franchisor may reserve certain rights within the territory, including certain types of locations (limited venues such as military bases, airports, malls, arenas, stadiums, supermarkets, hospitals, universities, etc.) and alternative channels of distribution, which must be defined in the Sub-Franchisor Agreement.

**Location** The site of a franchised or company-owned business, typically designated by the physical address of the location.

**Protected Territory** A defined territory of business practice granted by a Franchisor to the Franchisee of each franchised location. Generally, the Franchisor will not operate, or grant anyone else the right to operate, any business using the marks and systems within the Protected Territory. The Franchisor will reserve certain rights within the territory. The Protected Territory may be defined by radius, zip codes, streets, or other means, as defined in the franchise agreement.

**Distributorship** The right granted by MODE to sell or distribute their products in a specified marketplace or territory.

### **Contract Terms to be Detailed in a Sub-Franchisor Agreement**

- Franchisor
- Sub-Franchisor
- Term length of the Sub-Franchisor Agreement
- Options to renew the Sub-Franchisor Agreement
- Geographic scope of Sub-Franchise Territory
- Sub-Franchisor Development Fee
- Franchise Fee structure
- Franchise Royalty structure
- Marketing/Advertising Fee structure
- Terms of territorial protection assigned to the Sub-Franchisor
- Responsibilities of the Sub-Franchisor
- Responsibilities of the Franchisor

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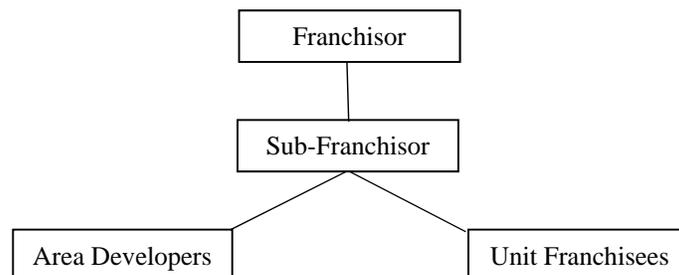
## Mora Iced Creamery International Franchise Development Program

### Structure of Mora Iced Creamery International Sub-Franchisor Program

**Franchisor** The company that owns the franchise system, trademarks, products, recipes, and intellectual property, and grants the license rights to franchisees to use the Franchisor's intellectual property in conjunction with owning and operating franchised locations, in return for an agreed-upon franchise fee, royalty fee, advertising fee, and other fees, terms, and conditions.

**Sub-Franchisor** (Sometimes titled as a Master Licensee, Master Franchisee, or Regional Developer.) A Sub-Franchisor may consist of a person, persons, and/or entity. A Sub-Franchisor shall pay a predetermined development fee to MODE to acquire protected rights to act on behalf of the Franchisor in recruiting, vetting, contracting with, training, and supporting Franchisees within the assigned Sub-Franchise Territory or region. Ordinarily, the Sub-Franchisor shall have the authority to enter into agreements with Unit Franchisees and Area Developers (Multi-Unit Franchisees) within the assigned Sub-Franchise Territory. The Sub-Franchisor shall share in a predetermined split of the franchise fees for each Unit Franchisee an Area Developer brought into the Mora Iced Creamery franchise system by the Sub-Franchisor within the Sub-Franchisor's Territory. In addition, a Sub-Franchisor is responsible for providing facilities, resources, and staffing to provide Mora-approved training and ongoing support to each Franchisee in the Sub-Franchise Territory. Additionally, a Sub-Franchisor shall be responsible for securing a MODE approved importer and/or distributor of all Mora proprietary food and non-food products. The Sub-Franchisor shall share in a predetermined split of the royalties collected from each Unit Franchisee and Area Developer operating within the assigned Sub-Franchise Territory. In addition to the Sub-Franchisor role, a Sub-Franchisor may also opt to operate franchised locations as an Area Developer or Unit Franchisee, with franchise fees and royalties decreased in accordance with the pre-determined split in the Sub-Franchisor Agreement.

### Sub-Franchisor Hierarchy



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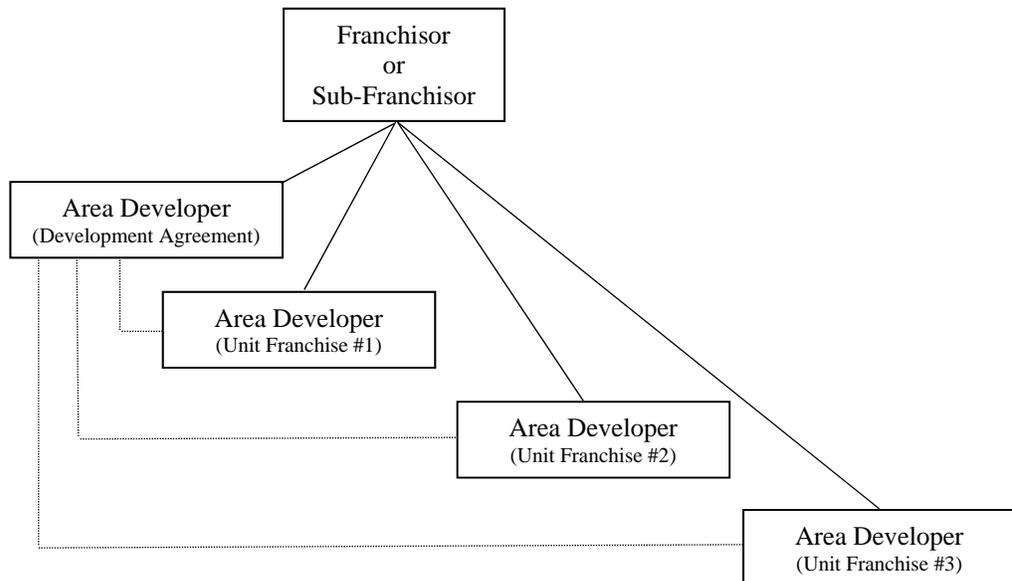


## Mora Iced Creamery International Franchise Development Program

### Area Developer

(Sometimes titled as a Multi-Unit Franchisee.) A Franchisee who enters in an agreement with the Franchisor or Sub-Franchisor to own and operate a predetermined number of franchised business locations within a specified territory. An Area Developer shall pay franchise fees, royalties, and advertising fees in accordance with a prescribed fee structure, and shall have an agreed-upon development schedule timetable within which to open franchised locations in the agreement. Discounts of franchise fees may be offered for incremental increases of the number of franchised locations included in the Area Development agreement. An Area Developer has no authorization to sell or award franchises, and does not share in franchise fees or royalties from any franchised locations. An Area Developer shall execute a franchise agreement for each franchised location.

### Area Developer Hierarchy



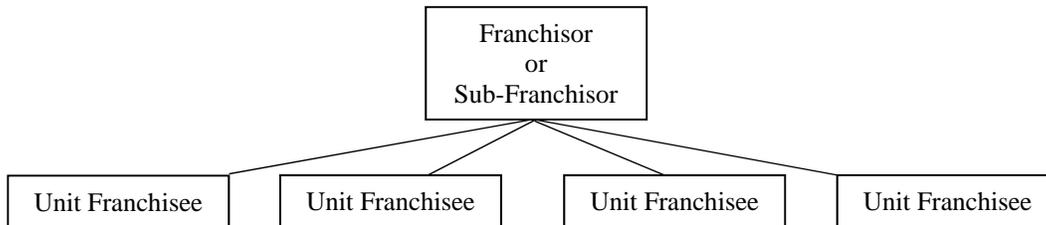


## Mora Iced Creamery International Franchise Development Program

### Unit Franchisee

A Franchisee who owns and operates a single location franchised business. A Unit Franchisee may be awarded multiple unit franchise agreements, without the benefit of discounted franchise fees that may be offered to Area Developers, unless such discounts are mutually agreed upon in the Franchise Agreement. If a Unit Franchisee purchases multiple franchises simultaneously, then the Franchisee will sign an Area Development Agreement. A Unit Franchisee may be offered, but is not guaranteed, the opportunity to upgrade from Unit Franchisee to Area Developer.

### Unit Franchisee Hierarchy



### Franchise Broker

An independent third-party sales agent or firm, not employed by the Franchisor, which undertakes, at the broker's expense, the contracted task of the recruiting, vetting, and recommending to the Franchisor or Sub-Franchisor to award franchises to qualified prospects. Franchise brokers are paid a predetermined fee or commission upon receipt of non-refundable franchise fees accompanying execution of Unit Franchise Agreements, Area Developer Agreements, or Sub-Franchisor Agreements by prospects referred by the broker to the Franchisor or Sub-Franchisor.

A significant difference between a Sub-Franchisor and a Franchise Broker is that a broker pays no initial development fee, has no responsibilities after the awarding of a franchise, and as a result does not share in franchise fees or royalties collected from any franchised businesses in the system. Mora may elect to utilize the services of brokers both in the United States and internationally, to assist in recruiting Sub-Franchisors, Area Developers, and Unit Franchisees. Sub-Franchisors are required to accept leads of prospective candidates until the end-date of the contractual agreement between Mora and the Broker.



## **Mora Iced Creamery International Franchise Development Program**

### **Benefits of the Mora Iced Creamery Sub-Franchisor Program**

- Franchise Fees** When a Sub-Franchisor awards a franchise in the Sub-Franchise Territory, the Sub-Franchisor receives a franchise fee from each franchisee. The Sub-Franchisor will share an agreed-upon portion of the franchise fee with the Franchisor, as stated in the Sub-Franchise Agreement.
- Ongoing Royalties** This is the primary income source. Once the Sub-Franchisor assists a Unit Franchisee or Area Developer open each location in the Protected Territory, the Sub-Franchisor will share an agreed-upon portion of the franchise royalty fees collected with the Franchisor, as stated in the Sub-Franchise Agreement.
- Building Equity Faster** A Sub-Franchisor has the opportunity to build much more than a single or multiple unit franchise business. As a result, the amount of equity can build at a larger and faster rate. The potential ongoing revenue generated from franchise fees and royalties offers the Sub-Franchisor the opportunity to build equity in a developing marketplace, which may lead to a solid business investment, with possible cash flow for future resale.
- Real Estate** Some Sub-Franchisors perform site selection services for franchisees in the Sub-Franchise Territory, while others rent or sell property to franchisees. A Sub-Franchisor may obtain a commission or profit on the rental or sale of properties to franchisees.
- Distributorship** A Sub-Franchisor may be granted rights by the Franchisor to act as a distributor of proprietary products to franchisees within the Sub-Franchise Territory.
- Sale of Other Services** A Sub-Franchisor may be granted by the Franchisor the right to offer other resources or services to the franchise network in the Sub-Franchise Territory. These may include accounting, bookkeeping, insurance, additional training and consulting, and other services approved by MODE.
- Very Few Customers** As a Sub-Franchisor, your customers are your franchisees. You recruit, train, and support the franchisees that you bring into the Mora franchise system, who then typically own one or multiple franchise units each.
- Lower Overhead** A Sub-Franchisor may or may not own any franchised locations in the Sub-Franchise Territory. As a result, the amount of overhead incurred from managing the Sub-Franchise Territory should be less than it would be if all units were owned by the Sub-Franchisor.

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## **Mora Iced Creamery International Franchise Development Program**

### **Examples of Responsibilities of a Mora Iced Creamery Sub-Franchisor**

- The Sub-Franchisor may be required to create marketing materials, in any media format, based on MODE supplied graphics and subject to MODE pre-approval, to meet the laws, customs, tastes and translation needs of the foreign jurisdiction.
- Complete research and perform due diligence to locate the most qualified companies or candidates to be considered as prospective franchisees in the assigned Sub-Franchise Territory, following the territory growth schedule outlined in the Sub-Franchisor Agreement.
- Complete due diligence to determine customs, rules, and regulations for importing of ice cream, sorbets, frozen desserts, and other food products, equipment, and supplies required for franchise operations.
- Securing facilities for frozen and non-frozen storage and direct the delivery of food products, equipment, and supplies to franchisees, maintaining the quality expectations of MODE.
- Provide translation services and revision suggestions of training and operations manuals to meet the needs of the franchisee's local markets.
- Assist MODE with logistics of shipping and storing food products, equipment, and supplies from the United States to export destinations within the boundaries of the assigned Sub-Franchise Territory.
- Offer consulting services to franchisees to assist with determining site locations of franchised stores, storage and delivery requirements, day-to-day store operations, training of all employees on all aspects of operating the franchised business, marketing, and promotions.
- Provide office space, equipment, and staff required to train new franchisees and managers.
- Provide office space, equipment, and staff required to provide operational support of day-to-day store operations to all franchisees in the assigned Protected Territory.
- All travel costs incurred by MODE principals and employees to the development territory.
- All costs incurred related to office space, equipment, and personnel required by the Sub-Franchisor to perform these responsibilities listed.
- The Sub-Franchisor shall not invest in nor participate in the development of any competitive business, to include ice cream, sorbets, and/or frozen desserts, and all principals of the Sub-Franchisor shall execute a non-compete, non-disclosure agreement with MODE.
- The Sub-Franchisor, or its designated representative, shall be responsible for all costs incurred for marketing and advertising in the assigned Sub-Franchise Territory.
- The Sub-Franchisor agrees to exclusively purchase all ice creams, sorbets, gelato, frozen yogurts, and other food items specific to Mora Iced Creamery shops from MODE, or its affiliate.
- The Sub-Franchisor agrees that no Mora branded products may be sold or distributed to any other business entity, franchise, wholesale purchaser, or distributor.
- The Sub-Franchisor shall be responsible for providing guidance and development services support to each Area Developer and Unit Franchisee to include site selection (following MODE approved criteria), lease negotiations, floor plan layouts and architectural drawings, permitting, securing a general contractor, construction project management, procurement of equipment, supplies, and inventory, décor installation, store readiness to open, pre-opening training, soft opening, grand opening, and ongoing operations.



## **Mora Iced Creamery International Franchise Development Program**

### **Examples of Responsibilities of Mora Development, LLC**

- All costs incurred to prepare and submit a Sub-Franchisor Agreement to the prospective Sub-Franchisor.
- All costs incurred related to franchising registration and licensing in the assigned Sub-Franchise Territory.
- Develop and maintain a presence on the Mora Iced Creamery website to promote international franchising.
- MODE and/or training representatives, shall provide thorough training to representatives of the Sub-Franchisor at the MODE corporate headquarters, located in Poulsbo, Washington, U.S.A., or other designated training site, prior to awarding the first franchised agreements in the assigned Sub-Franchise Territory.
- If deemed necessary by MODE, a training representative, shall travel to a predetermined site in the Sub-Franchise Territory to provide additional training, and support in preparation of opening the first franchised location in the territory. This additional training and support may be subject to reasonable training fees and reimbursement of Franchisor's costs and expenses as may be described in the Sub-Franchisor Agreement.
- MODE shall provide marketing material graphics needed to market the franchise opportunity in the assigned Sub-Franchise Territory. The Sub-Franchisor may be granted rights to create marketing materials based on MODE supplied graphics and subject to MODE pre-approval, to meet the laws, customs, tastes and translation needs of the foreign jurisdiction.
- MODE shall provide reasonable support to The Sub-Franchisor in the territory via telephone, email, Skype, video, audio, and other advancements in technology, as they become available.
- MODE shall provide consultation, guidance, and support to the Sub-Franchisor with marketing franchise development within the assigned Sub-Franchise Territory.
- MODE may create an executive panel of Sub-Franchisors, on which a member of the Sub-Franchisor executive team, or its designated representative may be a member. Details of the role of the executive panel shall be defined by MODE subsequent to the creation of the executive panel.

### **Severability of the Sub-Franchisor Agreement**

While it is our intent and expectation that the agreement between MODE and our Sub-Franchisors will be mutually beneficial and maintained as a long-term relationship, issues that may factor into severability of the agreement shall be specified in the Sub-Franchisor Agreement. Those issues may include, but not be limited to:

- Egregious default of the Sub-Franchisor Agreement
- Failure to remedy outstanding identified defaults of the Sub-Franchisor Agreement in a timely fashion, as defined in the Sub-Franchisor Agreement
- Participating in activities deemed illegal in the United States or the country within which the Sub-Franchisor is conducting business, or within which each Area Developer or Unit Franchisee is conducting business within the Sub-Franchise Territory
- Failure on the part of the Sub-Franchisor to meet the requirements of the development growth schedule outlined in the Sub-Franchisor Agreement
- Promoting, offering, awarding, or opening businesses affiliated in any way with Mora or Mora products in countries that U.S. companies are forbidden to do business.

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## **Mora Iced Creamery International Franchise Development Program**

### **Summation**

Mora Development, LLC (MODE) is pleased to present this introductory presentation of our international franchise development program. Our hope is that the tremendous growth potential of Mora Iced Creamery will allow Mora and our Sub-Franchisors to enter and grow in new markets quickly and efficiently. Mora is prepared to proceed aggressively to assist our Sub-Franchisors with the development of their respective territories, details of which shall be outlined in the Sub-Franchisor Agreement.

### **Disclaimer**

This information is not intended as an offer to sell, nor the solicitation of an offer to buy, a franchise. It is for informational purposes only. If you are a resident of a U.S. state or a country that regulates the offer and sale of franchises, are receiving this message in one of those states or countries, or intend to operate a franchise in any of those states or countries, Mora will not offer you a franchise opportunity unless and until we have complied with all pre-sale registrations and/or disclosure requirements in the applicable jurisdiction. To find out about our current status in your state or country, please contact us.

### **For More Information Contact**

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