

FREQUENTLY ASKED QUESTIONS

1. WHAT IS THE COST OF A CUPCAKES FRANCHISE?

Cupcakes financially pre-qualifies all prospective Cupcakes franchisees who can confirm that they have the total investment price of approximately \$250,000.00 plus an additional approximate \$100,000 in unencumbered (free and clear) cash. The total investment price includes the initial franchise fee, build out costs, opening and operational costs. The amount can fluctuate per location depending on the leasehold improvements, current market conditions and negotiated rental rates.

2. HOW MUCH MONEY WILL I MAKE?

That depends on the franchisee and their ability to operate the bakery effectively. Determining factors like following operational budgets, fixed costs, cost of financing, and sales volumes all affect the bottom line and profitability.

3. IS CUPCAKES ACCEPTING FRANCHISE APPLICATIONS FOR THE U.S.?

Yes. Although Cupcakes & Other Good Stuff is currently focusing on the Canadian Marketplace, we will accept applications for Area Development for the USA and International expansion.

4. DO I NEED TO HAVE FRANCHISING EXPERIENCE TO OPERATE A CUPCAKES BAKERY?

No. Previous franchise experience is not a requirement. Cupcakes provides ongoing training and support that will properly prepare every franchisee with the appropriate tools and information they need.

5. DO I NEED TO KNOW HOW TO BAKE CUPCAKES?

It is not required for the franchisee to bake cupcakes, because Cupcakes has Commissary Supply for most locations. However, the Cupcakes franchise training program does start with an introductory Cupcakes baking session to get insight into a bakery operations.

6. WHAT IS CUPCAKES LOOKING FOR IN A FRANCHISEE?

All eligible Cupcakes franchisee must, at a minimum, have the following qualities:

- Minimum 2 years' management experience
- A desire to achieve and grow rapidly with Cupcakes
- Entrepreneurial spirit, grit and tenacity
- Enthusiasm and devotion to work daily in the store on the floor
- Comfortable knowledge and experience with computers

- Ability to read, understand and manage financial statements
- Willingness to learn and follow the Cupcakes manuals and procedures
- Team player
- Superior organizational skills
- Acceptable credit history
- Sufficient liquid assets (i.e. cash) to invest into the business

7. DOES CUPCAKES OFFER FINANCING ARRANGEMENTS?

Cupcakes does not offer financing for eligible franchisees but has franchise financing programs established with a hospitality equipment funding provider. Prospective Cupcakes' team members considering owning a Cupcakes bakery are recommended to refer to the bakery lessee agreements section.

8. CAN A FRANCHISE PARTNER OWN MORE THAN ONE CUPCAKES BAKERY LOCATION?

Yes, Cupcakes is looking for prospective franchisees who are capable of operating multiple Cupcakes bakery locations.

9. WHAT IS TERM OF THE CUPCAKES FRANCHISE AGREEMENT?

The Cupcakes Franchise Agreement is a 10-year term.

10. IS THE CUPCAKES FRANCHISEE REQUIRED TO BE MANAGING THE DAY TO DAY OPERATIONS OF THEIR CUPCAKES BAKERY?

It is highly recommended that every Cupcakes franchisee understands and experiences the day to day operations of their location on a management level. A minimum of 40 hours per week is mandatory. It is completely acceptable for a trained Cupcakes franchisee to eventually hire and teach a suitable Store/Bakery Manager to take over the "hands on" responsibilities.