FRANCHISE DISCLOSURE DOCUMENT

Recipe Unlimited US, LLC
a Delaware limited liability company
199 Four Valley Drive, Vaughan,
Ontario, Canada L4K 0B8
+1 (905) 760-2244
https://www.newyorkfries.com/

The franchise is for the establishment and operation of distinctive restaurants under "NEW YORK FRIES" and other trademarks that specialize in the sale of, among other things, French fried potatoes with ancillary sales of poutine and premium hot dogs (the "NYF Restaurants" or "Restaurants").

The total investment necessary to begin operation of a NYF Restaurant franchise is $450,000 – $1,233,400. This includes $30,000 that must be paid to the franchisor or its affiliate. If you enter into a Development Agreement for the right to develop and operate multiple NYF Restaurants, you must pay us or our affiliate a development fee equal to the number of NYF Restaurants you are required to develop (you must develop a minimum of 2 NYF Restaurants), multiplied by 50% of our initial franchise fee (currently, $30,000). The development fee under a Development Agreement to begin operating 2 NYF Restaurants is $30,000.

This disclosure document summarizes certain provisions of your Franchise 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 General Counsel, 199 Four Valley Drive, Vaughan, Ontario, Canada L4K 0B8 or by email at legal@recipeunlimited.com or by telephone at (905) 760-2244.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or 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, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Date of Issuance: March 27, 2025

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits C and D.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A-1 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 NYF Restaurant 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 franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be NYF Restaurant franchisee?	Item 20 or Exhibits C and D 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 Attachment 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 requires you to resolve disputes with the franchisor by mediation only in City of Toronto, Ontario, Canada or by litigation only in Delaware. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate with franchisor in the City of Toronto, Ontario, Canada or litigate with franchisor in Delaware than in your home state.

2. **Short Operating History**. The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

3. **Inventory Control**. You must maintain minimum inventory of designated products even if you do not need them. Your inability to maintain inventory levels at all times may result in termination of your franchise and loss of you investment.

4. **Supplier Control**. You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

5. **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.

MICHIGAN NOTICE

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you:

(a) A prohibition against you joining an association of franchisees.

(b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which would deprive you of rights and protections provided under the Michigan Franchise Investment Law. This does not preclude you, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits us to terminate your franchise prior to the expiration of its term except for good cause. Good cause includes your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits us to refuse to renew your franchise without fairly compensating you by repurchase or other means, for the fair market value at the time of expiration, of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This provision applies only if:

(i) The term of the franchise is less than five years; and

(ii) You are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise, or if you do not receive at least six months advance notice of our intent not to renew the franchise.

(e) A provision that permits us to refuse to renew the franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This provision does not require a renewal provision in the Franchise Agreement or other agreement.

(f) A provision requiring that arbitration or litigation be conducted outside of Michigan. This does not preclude you from entering into an agreement, at the time of the arbitration, to conduct arbitration at a location outside of Michigan.

(g) A provision which permits us to refuse to permit a transfer of ownership of the franchise, except for good cause. This provision does not prevent us from exercising a right of first refusal to purchase the franchise. Good cause includes, but is not limited to:

(i) The failure of the proposed transferee to meet our then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of ours.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with the franchisor. This does not prohibit a provision that grants us a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does it prohibit a provision that grants us the right to acquire the assets of a franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in (c), above.

(i) A provision which permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you unless provision has been made for providing the required contractual services.

The fact that there is a notice of this offering on file with the Attorney General does not constitute approval, recommendation, or endorsement by the Attorney General.

Any questions concerning this notice should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Franchise Unit, 525 W. Ottawa Street, G. Mennen Williams Building, 1st Floor, Lansing, Michigan 48913; 517-373-7117.

RECIPE UNLIMITED US, LLC
FRANCHISE DISCLOSURE DOCUMENT

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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor, Its Parent, Predecessors, and Affiliates

The franchisor is Recipe Unlimited US, LLC, referred to in this disclosure document as "Franchisor," "we," "us" or "our." We refer to the person interested in buying a franchise as "you" or "your." If you are a corporation, partnership, limited liability company or other entity, certain provisions of the Agreements will apply to your owners. These will be addressed in this disclosure document where appropriate.

We were organized as a Delaware limited liability company on May 25, 2021. We do not have any predecessors. We are a wholly owned subsidiary of Recipe Unlimited Corporation, a private corporation founded and developed in the Province of Ontario, Canada ("Parent"). We do not have a principal place of business in the United States. We and our Parent share the same principal place of business, which is 199 Four Valley Drive, Vaughan, ON L4K 0B8, Canada. We do business under our corporate name and under the trade name "New York Fries." Our agents for service of process in the states which require franchise registration are listed in Attachment B.

We began offering franchises in the United States for NYF Restaurants on August 23, 2021. As of the date of issuance of this disclosure document, our affiliate operates 4 NYF Restaurants in New York and New Jersey. We are not engaged in any other businesses and have never offered franchises in any other lines of business. Our Parent has offered NYF Restaurant franchises in Canada since 1984. As of December 29, 2024, there were 104 franchised NYF Restaurants and 24 company-owned NYF Restaurants in Canada.

In addition to offering franchises for NYF Restaurants, our Parent and our affiliates listed below offer other types of franchises in Canada and the United States as described below.

SYSTEM	SYSTEM DESCRIPTION	PARENT/ AFFILIATE	ENGAGED IN BUSINESS SINCE	OFFERED FRANCHISES SINCE	WHERE FRANCHISES OFFERED	NUMBER OF FRANCHISED AND COMPANY-OWNED LOCATIONS
Swiss Chalet	National rotisserie chicken chain serving up classic, "craveable", wholesome food through eat-in dining rooms, take-out and delivery.	Parent	1954	Canada: 1969 United States: 2021	Canada and the United States	In Canada: Franchised: 159 Company-Owned: 31 In the United States: Franchised: 0 Company-Owned: 0
East Side Mario's	Full-service Italian family dining.	Parent	1988	1989	Canada	Franchised: 58 Company-Owned: 3
Harvey's	Hamburger chain and entry point for a premium	Parent	1959	1962	Canada	Franchised: 272 Company-Owned: 16

SYSTEM	SYSTEM DESCRIPTION	PARENT/ AFFILIATE	ENGAGED IN BUSINESS SINCE	OFFERED FRANCHISES SINCE	WHERE FRANCHISES OFFERED	NUMBER OF FRANCHISED AND COMPANY-OWNED LOCATIONS
	customized burger.					
Kelseys	Casual roadhouse-style dining with wings, appetizers, burgers, sandwiches, pastas and drinks.	Parent	1978	1981	Canada	Franchised: 62 Company-Owned: 5
Montana's	Western-style BBQ family dining.	Parent	1995	1999	Canada	Franchised: 83 Company-Owned: 12
State & Main	Scratch made food offerings and a collection of unique cocktails, inviting craft beer and a plentiful wine list.	Parent	2012	2012	Canada	Franchised: 17 Company-Owned: 8
Original Joe's	Full service neighborhood restaurant and bar specializing in pub classics prepared in house with fresh ingredients.	Original Joe's Franchise Group, Inc.	2000	2001	Canada	Franchised: 35 Company-Owned: 12
The Keg	Casual steakhouses centered around high-quality meats and great service.	The Keg Restaurants Ltd.	1971	1974	Canada	Franchised: 55 Company-Owned: 49
St-Hubert Rotisseries	Rotisserie chicken and specializes in the sale of chicken, grilled or spit-roasted, and ribs dishes through eat-in dining rooms, take-out and delivery.	St. Hubert Group Ltd.	1951	1967	Canada	Franchised: 102 Company-Owned: 20

SYSTEM	SYSTEM DESCRIPTION	PARENT/ AFFILIATE	ENGAGED IN BUSINESS SINCE	OFFERED FRANCHISES SINCE	WHERE FRANCHISES OFFERED	NUMBER OF FRANCHISED AND COMPANY-OWNED LOCATIONS
The Burger's Priest	Modern day take on a classic burger joint that offers premium burgers using in-house ground beef, chicken sandwiches, french fries, shakes and dessert in a casual vibrant atmosphere.	New & Old Kings and Priests Restaurants Inc.	2010	2021	Canada	Franchised: 2 Company-Owned: 24
Blanco Cantina	Mexican inspired menu focused on margaritas, tacos, and a wide selection of tequila that provides guests with a cantina experience at competitive prices in a lively atmosphere.	Original Joe's Franchise Group Inc.	2015	2020	Canada	Franchised: 6 Company-Owned: 1

The location totals in the above table are as of December 29, 2024. The principal business address of our affiliate, The Keg Restaurants Ltd., the franchisor for The Keg, is 10100 Shellbridge Way, Richmond, British Columbia V6X 2W7. The principal business address of our affiliate, Original Joe's Franchise Group, Inc., the franchisor for Original Joe's, is Second Floor, 7403 MacLeod Trail SW, Calgary, Alberta T2H 0L8. The principal business address of our affiliate, St. Hubert Group Ltd., the franchisor for St. Hubert-Rotisseries, St. Hubert/Harvey's, and St. Hubert Express, is 2500 Daniel-Johnson Blvd., Suite 700, Laval, Quebec, H7T 2P6 ("St. Hubert"). Parent, along with St. Hubert, may sell certain retail products to our franchisees. St. Hubert has neither franchised nor operated NYF Restaurants, but has franchised and operated St-Hubert Rotisseries, St-Hubert/Harvey's and St-Hubert Express locations in Canada.

Except as described above, we have no predecessors or affiliates that have offered franchises for this business or any other lines of business or that sells products or services to our franchisees.

The Franchise

We offer qualified applicants franchises for NYF Restaurants that specialize in the sale of French fried potatoes with ancillary sales of poutine and premium hot dogs and other products, and that do business under the name "New York Fries", the trademarks identified in Item 13, and other trade names, trademarks, logos, emblems and indicia of origin we may from time to time create, use, and license (the "Marks"). The NYF Restaurants operate using the distinctive features of the New York Fries system, including business format, specifications, standards, guidelines, operating procedures, food selection, menus, and presentation,

recipes, methods and procedures, specially designed premises with distinctive décor, equipment, equipment layouts, interior and exterior accessories, color schemes, products, services, methods of operation, management programs, standards, guidelines, specifications, Marks and other information (the "System"). (In this disclosure document, we call your particular NYF Restaurant the "Franchised Business.")

If applicable, we may offer qualified applicants the right to develop multiple NYF Restaurants within a defined area (the "Development Area") in accordance with a specific development schedule (the "Development Schedule") under our standard form of Development Agreement, which is attached to this disclosure document as Exhibit B-1 (the "Development Agreement"). The Development Agreement does not grant you any right to use the Marks or the System, as such rights are granted only pursuant to franchise agreements. You must sign our then-current form of franchise agreement for each additional NYF Restaurant you develop and operate, which may contain materially different terms than the Franchise Agreement (defined below). By each "Fee Deadline" specified in the Development Schedule of the Development Agreement, you must have signed our then-current standard form of franchise agreement for the applicable NYF Restaurant specified on the Development Schedule.

Our current form of franchise agreement is attached to this disclosure document as Exhibit B-2 (the "Franchise Agreement", and together with the Development Agreement, the "Agreements"). The Franchise Agreement gives you the right to establish and operate one NYF Restaurant at a specified location (the "Premises") in accordance with the System and utilizing the Marks. The location of the NYF Restaurant must be within the Territory (as described in Schedule "1" to the Franchise Agreement) or an area otherwise designated by us.

Market and Competition

The market for the products and services that you will offer is well-established and highly competitive. The restaurant business, particularly the quick-serve and fast casual restaurant business, is highly competitive, with national and regional chains, as well as local restaurants, conducting operations throughout the world. Changes in taste, eating habits, and local and national economic conditions often affect the restaurant business. The principal bases of competition are quality and price of food products offered, but name identification, site selection, speed of service, advertising, attractiveness of facilities and other factors are also important. Your Franchised Business will compete with other quick-service restaurants that may be locally-owned or large, regional or national chains. Your Franchised Business will also compete with other restaurants and retail businesses for management personnel and highly sought-after commercial real estate. We believe that we will continue to encounter competition in the future.

Industry Specific Regulation

You will be subject to laws or regulations that apply to all food service businesses, including the Americans with Disabilities Amendments Act, Federal Wage and Hour Laws, and the Occupation, Health, and Safety Act, you must also comply with all local, state and federal laws applicable to establishments handling food, including zoning, licensing, health, sanitation, safety, fire, insecticides, and use, storage and disposal of waste (including laws requiring recycling and regulating the use of certain types of containers and other materials potentially harmful to the environment). Various federal and state agencies, including the U.S. Food and Drug Administration and the U.S. Department of Agriculture and state and local health and sanitation agencies have regulations related to the preparation of food. The operation of your Franchised Business may require a license for preparing and serving food on-premises. State alcoholic beverage regulatory authorities administer and enforce laws and regulations that govern the sale of alcoholic beverages. 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.

You should consider these laws and regulations when evaluating your purchase of a franchise.

ITEM 2

BUSINESS EXPERIENCE

Chief Financial Officer: Kenneth Grondin
Mr. Grondin has served as our Chief Financial Officer since our formation, and of our Parent, since October 2013. Mr. Grondin's positions are based in Vaughan, Ontario (Canada). In February 2025, Mr. Grondin announced he will be retiring from the Franchisor and our Parent effective midyear 2025, and will no longer hold these positions at that time.

President, Limited Service Restaurants & Emerging Brands: Dave Colebrook
Mr. Colebrook has served as our Parent's President of Limited Service Restaurants & Emerging Brands since August 2022. Prior to that, he was the President of New York Fries and Harvey's from February 2021 to August 2022. From October 2018 to January 2021, Mr. Colebrook held the title of our Parent's Chief Operating Officer of Harvey's. From August 2012 to October 2018, Mr. Colebrook served as our Parent's Vice President of Marketing. Mr. Colebrook's positions have all been based in Vaughan, Ontario (Canada).

Chief Operating Officer, New York Fries: Craig Burt
Mr. Burt has served as our Parent's Chief Operating Officer since October 2022. Prior to that, Mr. Burt served as our Parent's Vice President of New York Fries from December 2018 to October 2022. From November 2015 to December 2018, Mr. Burt served as our Parent's Vice President of Operations of New York Fries. Mr. Burt's positions have all been based in Vaughan, Ontario (Canada).

Vice President, Franchising: Winnie Minos
Ms. Minos has served as our Parent's Vice President, Franchising since March 2025. Prior to that, Ms. Minos served as our Parent's Senior Director of Gift Cards from March 2022 to March 2025, and prior to that she served as our Parent's Director of External Reporting from July 2020 to March 2022. Ms. Minos' positions have all been based in Vaughan, Ontario (Canada).

Secretary: Sara R. Sutherland
Ms. Sutherland has served as our Secretary since August 21, 2023. Ms. Sutherland has also served as Vice President, Human Resources and Compliance of EC Restaurants (US) Corp., an affiliate of our Parent, since February 2011. Ms. Sutherland's positions are based in Calgary, Alberta (Canada).

Director, Operations: Asad Mahmood
Mr. Mahmood has served as our Parent's Director, Operations since March 2025. Prior to that, Mr. Mahmood served as our Parent's Senior Business Development Manager from July 2024 to March 2025. From August 2021 to July 2024, Mr. Mahmood served as our Parent's Business Development Manager. Mr. Mahmood's positions with our Parent have all been based in Vaughan, Ontario (Canada). Prior to that, Mr. Mahmood held the position of Director of Operations for South St. Burger Company (MTY Group) from June 2005 to August 2021, in Markham, Ontario (Canada).

ITEM 3

LITIGATION

The following matters are pending and related to Parent's franchise operations outside the United States:

K & B Atlantic Inc., 66902 Newfoundland & Labrador Inc., 68225 Newfoundland & Labrador Inc. Myra King, Ronald Joseph Burke, Marsha Gail Burke v. Recipe Unlimited Corporation/Societe De Recettes Illimitees and Kevin King and 55732 Newfoundland and Labrador Inc. (Supreme Court of Newfoundland and Labrador, General Division, Case. No. 2019 01G 2136). On March 19, 2019, a former Milestones franchisee (and its guarantors) in Newfoundland commenced an action against Parent for fraudulent and negligent misrepresentation, breach of contract, and breach of the duty of good faith and fair dealing, amongst other claims, and seeking rescission of the franchise agreement or damages in the amount $4,924,464.40 CAD as a result of Parent's breach of the franchise agreement. Parent has filed a defense denying all of the franchisee's claims and requesting that the action be dismissed. Parent commenced a counterclaim against the Newfoundland franchisee and its guarantors for breach of the franchise agreement, sublease and indemnity agreement/guarantee, as well as a third-party claim against the landlord, which is an entity related to the franchisee entity, as well as the spouse of one of the guarantors, who is the officer and director of the landlord. Parent's counterclaim has sought rescission of the lease and alternatively, an abatement of rent for the remainder of the lease term. Parent seeks $4,580,640.06 CAD in damages as a result of its counterclaims. On December 2, 2022, the landlord delivered a Notice of Arbitration to Parent claiming unpaid rent and accelerated rent pursuant to the lease. Parent intends to vigorously contest the arbitration on the grounds that the lease is already subject to ongoing litigation as part of the larger action in Newfoundland. On February 5, 2024, the franchise action and the lease action were consolidated with the consent of both parties and will be tried together moving forward. Parent no longer owns the Milestones franchise system. The matter is ongoing and the parties are proceeding with discovery of the franchisee and landlord's representatives which is expected to take place midyear 2025.

N.A.M. 9 Hospitality Inc., N.A.M. 9 Holdings & Management Inc. and Nitin Mendiratta v. Recipe Unlimited Corporation, Dean Campbell, Luis Rego and Grant Cobb. (Ontario Superior Court of Justice, Case No. CV-20-00001451-0000). On April 20, 2021, a former Fionn MacCool's franchisee (and its guarantors) in Barrie, Ontario commenced an action against Parent and other individual defendants who either signed the Canada Franchise Disclosure Document or that were involved in the grant of the Fionn MacCool's franchise to the franchisee, claiming damages for misrepresentation in the Franchise Disclosure Document and for breaches of section 5 of the Ontario *Arthur Wishart Act (Franchise Disclosure), 2000* (the "Wishart Act") pursuant to section 7 of the Wishart Act, as well as, damages for breach of contract, negligent misrepresentation and breach of the statutory duty of fair dealing under section 3 of the Wishart Act. In total, the former franchisee is seeking $4,000,000 CAD in damages as a result of its claims. Parent no longer owns the Fionn MacCool's franchise system. Parent is currently investigating the claim commenced in Barrie, Ontario and intends to vigorously defend its position and commence a counterclaim if and when the litigation proceeds.

2589352 Ontario Inc. v. Recipe Unlimited Corporation (Ontario Superior Court of Justice, Case. No. CV-21-00668506-0000). On September 10, 2021, a former Kelseys franchisee (and its guarantors) in Richmond Hill, Ontario commenced an action against Parent for breach of section 6(2) of the Wishart Act, statutory misrepresentation, negligent, reckless or innocent misrepresentation, and breach of the statutory duty of fair dealing and good faith. The former franchisee is seeking rescission of the franchise agreement or damages as a result of Parent's breach of the franchise agreement in the amount of $2,700,000 CAD. Parent intends to vigorously defend its position and has commenced a counterclaim against the franchisee for abandonment and failure to fulfil its obligations under its franchise agreement. Parent seeks $4,000,000 CAD in damages as a result of its counterclaims. On June 23, 2023, the former franchisee served Parent with a Reply and Defence to Counterclaim denying all of Parent's allegations and requesting

that Parent's counterclaim be dismissed. On that day, the former franchisee also delivered its affidavit of documents and provided an expert report quantifying its damages. On October 2, 2023, Parent served the former franchisee with a Reply denying all of the former franchisee's allegations. On April 8, 2024, Parent delivered its affidavit of documents to the former franchisee. The matter is ongoing and the parties are proceeding with discovery.

First of Five Inc. v. JSM Corporation (Ontario) and Recipe Unlimited Corporation (Ontario Superior Court of Justice, Small Claims Court, Claim No. SC1700000112000. In August 2017, a Harvey's franchisee in Ontario brought an action in small claims court against Parent and the landlord of the premises for issues arising from the Lease Agreement between Parent and the landlord. The franchisee has claimed that Parent and the landlord are liable for costs associated with repairs to the HVAC system and sewage back-up incidents at the premises. Parent has defended the action on the basis that the franchisee has no legal standing to bring the claim, the franchisee is responsible for HVAC costs and that Parent, as franchisor, has no liability for plumbing losses. On May 14, 2018, the franchisee amended the claim to include allegations for breach of the implied terms in the Franchise Agreement, negligence in resolving the lease issues, negligent misrepresentation, unfair dealing and breach of the duty of good faith, amongst other claims. As a result of the amended claim, franchisee seeks damages in the amount of $24,706.16 CAD. Parent has issued three Notices of Default to the franchisee for financial and operational defaults of the Franchise Agreement. On April 21, 2023, the franchisee brought a new action in the Ontario Superior Court of Justice seeking an interim/interlocutory injunction against Parent and the landlord of the premises to restrain Parent from the termination of the Franchise Agreement and/or taking any measures that may result in the franchised business being shut down and repossessed until trial. The franchisee also sought an order consolidating the prior action brought in small claims court against Parent and the landlord. In addition, the franchisee sought a declaration that it was not in breach of the Franchise Agreement and Parent had breached its duties of good faith and fair dealing. The interim/interlocutory injunction was heard on October 4, 2023. On December 7, 2023, the Court issued an endorsement denying the franchisee's request for an interim/interlocutory injunction and finding in favor of Parent. On December 13, 2023, Parent terminated the Franchise Agreement, and shut down and repossessed the franchisee's franchised business. Following which, the franchisee obtained leave to appeal to the Divisional Court of Ontario. On April 15, 2023, a panel of three judges sitting on the Divisional Court released an endorsement allowing the franchisee's appeal and ordering that the injunction motion be re-heard by a different judge of the Superior Court of Justice. On January 6, 2025, the Honourable Alexandre Kaufman released an endorsement from the re-hearing of the injunction motion held on August 23, 2024, and granted the franchisee's interlocutory injunction. Currently, the franchisee is operating month-to-month pending a renewal of the Franchise Agreement.

9264-0101 Quebec Inc., Hugo Tremblay, Charles Tremblay v. Recipe Unlimited Corporation, Quebec Superior Court, Claim No. 500-17-110564-195. On November 29, 2019, a Harvey's franchisee in Quebec brought an action against Parent for lack of support under the Franchise Agreement and seeks damages in the amount of approximately $150,000 CAD. At the time, Parent had already issued two Notices of Default to the franchisee for failure to meet financial obligations under the Franchise Agreement. Parent intends to vigorously defend franchisee's claims and the parties have completed discovery. As such, the parties are currently proceeding to trial, which has been scheduled for January 2026.

2642681 Ontario Inc. v. Recipe Unlimited Corporation, Alternative Dispute Resolution Institute of Canada File No. DCA 24-106. On September 15, 2023, the former master licensee of Northern India for NYF Restaurants sought to arbitrate a dispute pursuant to the Master License Agreement and served a Request for Arbitration in the International Chamber of Commerce ("ICC"). The former master licensee has brought claims against Parent for frustration of contract, breach of contract and unjust enrichment mainly stemming from the COVID-19 pandemic in the Republic of India. On September 28, 2023, Parent proceeded to terminate the Master License Agreement. On October 11, 2023, the former master licensee closed down

its remaining two locations in Northern India. On November 16, 2023, the former master licensee withdrew the arbitration from the ICC and moved the arbitration to the Alternative Dispute Resolution Institute of Canada ("ADRIC"). On March 25, 2024, the master licensee formally served the Notice of Request to Arbitrate in the ADRIC. On April 12, 2024, Parent served its Defence and Counterclaim against the master licensee. On June 20, 2024, the parties appointed the arbitrator for the ADRIC proceeding. The arbitration is proceeding and has been scheduled for December 2025.

ITEM 4

BANKRUPTCY

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

ITEM 5

INITIAL FEES

Development Fee

If we offer you the ability to enter into, and if you sign, a Development Agreement, you must pay us a development fee in an amount equal to the number of NYF Restaurants you are required to develop according to the Development Schedule (you must develop at least 2 NYF Restaurants), multiplied by 50% of the initial franchise fee for each NYF Restaurant (the "Development Fee"). When you sign the Franchise Agreement for each NYF Restaurant to be developed under the Development Schedule, we will apply all or a portion of the Development Fee, as applicable, to the initial franchise fee under the respective Franchise Agreement and, as a result, you will be required to pay us the remaining 50% of the initial franchise fee upon execution of the Franchise Agreement.

The total Development Fee under a Development Agreement to begin operating 2 NYF Restaurants (the minimum required to be developed under the Development Agreement) is $30,000. The Development Fee will be non-refundable and fully earned by us upon receipt.

Initial Franchise Fee

When you sign each Franchise Agreement, you must pay us an initial franchise fee of $30,000, less any Development Fee credit (if applicable). The initial franchise fee is nonrefundable and fully earned by us when you sign the Franchise Agreement.

Additional Training Fee

Prior to the opening of the Franchised Business, we will provide an initial training program at no additional charge for you, your Designated Shareholder, proposed Approved Manager (each as defined in Item 15) and other management personnel approved by us. If you request that additional employees attend the initial training program, we may charge a fee per additional trainee of between $50 to $100 per day.

The fees described in this Item 5 are imposed uniformly on all franchisees and developers, as applicable.

ITEM 6

OTHER FEES

Franchise Agreement.

Column 1 Type of Fee[1]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty	6% of Gross Sales[2]	Payable weekly each Wednesday on Gross Sales generated during the prior week ending Sunday, or as otherwise specified by us.	See Note 2 for definition of Gross Sales.
Advertising Fund	2.5% of Gross Sales	Payable weekly each Wednesday on Gross Sales generated during the prior week ending Sunday, or as otherwise specified by us.	We may increase your advertising Fund contribution with 30 days' notice to you. Your required advertising Fund contribution may not exceed 3%.
Restaurant Technology Program	As we may periodically direct under a restaurant technology agreement that may be entered into from time to time, but currently, $0.	As required.	Currently, we have not implemented a restaurant technology program for NYF Restaurants. If we do so in the future you will be required to enter into a restaurant technology agreement with us and purchase certain goods and services, as required by us, in connection with the program.
Local Advertising Expenditure	Not less than 1% of Gross Sales.	When billed.	There are currently no purchasing or distribution cooperatives for the System. If a regional co-operative is created to conduct regional advertising of a type similar to the local store marketing required within a region that includes your Franchised Business, we may require you to contribute all or a portion of your local advertising expenditure towards the cost of such co-operative advertising.
Renewal Fee	25% of the then-current initial franchise fee.	Upon renewal.	None.

Column 1 Type of Fee[1]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Additional Training, Assistance and Convention Costs	Variable. Currently, $50-$100 per day per trainee, plus all costs for travel, living expenses and all wages or other amounts payable to any trainees.	Payable at time of training, assistance or attendance.	For additional training, retraining, refresher courses, seminars or management or franchisee meetings that we may provide. Further, we may also hold System-wide or regional conferences and conventions from time to time.
Operating Assistance for Special Problems Upon Request	$1,000 - $3,000 per week.	Payable at time of assistance.	None.
Promotional Programs, Gift Certificates, Gift Cards, Loyalty and Coupon Programs, etc.	Variable.	As incurred.	You will be required to participate in all advertising and marketing promotions, gift certificate, gift card, loyalty and coupon programs initiated by us at your cost.
Relocation Fee	Variable, as invoiced.	As incurred.	We may charge a reasonable fee for any service provided by us in connection with evaluating any relocation request from you.
Inspection of Supplier Facilities	Our costs to inspect the supplier's facility.	As incurred.	In the event that you desire to purchase, lease or use any products or other items from a supplier or distributor that we have not approved, you must (or the supplier must) submit to us a written request for such approval, and we may charge you (or the supplier) a fee (not to exceed the cost of the inspection, including administrative costs) for our review costs.
Transfer Fee	50% of our then-current initial franchise fee charged to new franchisees.	As incurred. (1/3 of transfer fee is payable and non-refundable when the transfer	Payable if you sell, transfer, or assign your franchise. The transfer fee may be

Column 1 Type of Fee[1]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
		application is submitted).	reduced to 20% of our then-current initial franchisee fee if the transfer consists of a share transfer between existing shareholders with no new Designated Shareholder or Approved Manager (each as defined in Item 15) being appointed and no training being required.
Costs and Attorneys' Fees	Varies depending on the circumstances (depending on the extent of your non-compliance).	As incurred.	Due when you do not comply with the Franchise Agreement.
Indemnification	Varies depending on the circumstances.	As incurred.	You must reimburse us if we are held liable for claims arising from your Franchise Business's operation or incur costs defending them.
Interest	Lesser of 1.5% per month (18% per annum), or the maximum rate of interest that may legally be charged.	Interest is calculated and payable weekly, and payable to us and/or our affiliates, as required.	Payable for all overdue amounts under the Agreements.
Insurance Reimbursement Costs	Varies depending on the circumstances (depending on the extent of your non-compliance).	As incurred.	You must reimburse us if we obtain insurance coverage for you.
Remediation Costs	Variable.	As invoiced.	If you fail to remedy a default discovered as a result of an inspection by us or our designee, we may remedy such default and bill you for all costs and expenses incurred in doing so.
Underpayment Fee	Variable. Outstanding amount owed plus 25% of the outstanding amount payable to us plus Interest amount.	As invoiced.	If an audit or inspection is made necessary by your failure to furnish required reports, financial statements or any other documentation, or if it is determined by any such audit or inspection that your records and procedures were insufficient to permit a proper determination of Gross Sales, or that reported

Column 1 Type of Fee[1]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
			Gross Sales were understated by 3% or more of the actual Gross Sales, or that you were not complying with book-keeping or reporting requirements in the Franchise Agreement, you will pay the understated royalties and other sums along with 25% the understated or unpaid amount as a fee to us.

1. All fees and expenses described above are non-refundable and, unless otherwise indicated, are imposed uniformly by, and are payable to, us. Unless we have noted differently, we may increase these amounts based on changes in market conditions, our cost of providing services and future policy changes, but we have no present plans to increase any fees.

2. Gross Sales means the entire amount of the actual sales price to customers of all sales of Products (as defined in Item 8), and all other receipts or receivables whatsoever received by you, from any and all business conducted upon or originating from your Franchised Business or by way of any Delivery System, including telephone order, catering (if applicable), internet and other electronic based sales where permitted by us, and revenues from sale of gift cards/certificates or from devices and machines permitted by us, whether such sales or other receipts be by check, for cash, credit, charge accounts, exchange or otherwise and whether such sales be made by means of mechanical or other vending devices in your Franchised Business. There will be no deductions allowed for uncollected or uncollectible credit accounts and no allowances will be made for bad debts. "Gross Sales" will not include: (a) the amount of any tax imposed by any federal, state, or municipal governmental authority directly on sales and collected from customers if such tax is added to the selling price and actually paid by you to such governmental authority; (b) the amount of the refund or credit given in respect of any Products returned, exchanged by a customer, or given in respect of a customer complaint, for which a refund of the whole or a part of the purchase price is made or for which a credit is given, provided that the selling price of such Products was originally included in Gross Sales and provided that the number of such refunds or credits is within acceptable levels as determined by us having regard to levels in other NYF Restaurants; (c) bona fide gratuities received by employees of the Franchised Business; (d) the non-cash amount redeemed by a customer with the Restaurant under any coupon redemption or similar promotion program or the amount of any other form of discount so long as such program or discount is pre-approved by us; (e) the sale price of meals sold to and consumed by employees of the Franchised Business on the Premises during their shifts, provided an accurate list of such meals is reported on the weekly sales report; (f) dispositions of your damaged, obsolete, unusable or unnecessary capital assets used to conduct the business at the Franchised Business; and (g) bona fide, transfers of Products and other items related to the Franchised Business between you and us or another franchisee, as pre-approved by us, and that is surplus to the needs of the Franchised Business. Each charge or sale upon installment or credit will be treated as a sale for the full price on the date which such charge or sale was made, irrespective of when you receive payment the payment.

Development Agreement.

If you sign a Development Agreement, you should review both the above table of fees applicable to the

Franchise Agreement, as well as the following table of fees applicable to the Development Agreement:

Column 1 Type of Fee[1]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Costs and Attorneys' Fees	Varies depending on the circumstances (depending on the extent of your non-compliance).	As incurred.	Due when you do not comply with the Development Agreement.
Indemnification	Varies depending on the circumstances.	As incurred.	You must reimburse us if we are held liable for claims arising from your obligations under the Development Agreement or incur costs defending against such claims.

1. All fees and expenses described above are non-refundable and, unless otherwise indicated, are imposed uniformly by, and are payable to, us. Unless we have noted differently, we may increase these amounts based on changes in market conditions or our cost of providing services and future policy changes.

ITEM 7

ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

Column 1 Type of Expenditure	Column 2 Amount Low - High	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
Initial Franchise Fee[(1)]	$30,000	Lump Sum	On signing of Franchise Agreement	Us
Rent[(2)] (1 Month)	$5,000 - $25,000	As Arranged	As Arranged	Landlord
Security Deposit[(2)] (2 Months' Rent)	$10,000 - $50,000	As Arranged	As Arranged	Landlord
Leasehold Improvements, Furniture and Fixtures[(2)]	$202,750- $792,100	As Arranged	As Arranged	Landlord or Contractor
Signage	$25,000 - $30,000	As Arranged	As Arranged	Landlord or Contractor
Equipment and Smallwares[(3)]	$103, 250 - $162,000	As Arranged	As Invoiced	Suppliers
Initial Training Expenses[(4)]	$5,000 - $10,000 plus employee wages (if any).	As Arranged	As Invoiced	Us and Employees
Pre-Opening Payroll Costs	$2,500 - $5,000	As Arranged	As Arranged	Employees
Permits and Licenses	$1,000 - $18,500	As Arranged	As Arranged	Local Authorities

Column 1 Type of Expenditure	Column 2 Amount Low - High	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
Digital System[5]	$19,500 - $27,800	As Arranged	As Arranged	Suppliers, Third Parties
Initial Inventory/Supplies[6]	$3,000 - $5,000	As Arranged	Before Opening	Vendors/ Suppliers
Professional Services	$5,000 - $10,000	As Arranged	As Arranged	Accountants, Lawyers, Other Professional Advisors
Grand Opening Marketing Expenses[7]	$5,000 - $8,000	As Arranged	As Arranged	Third-Parties
Insurance[8]	$8,000 - $30,000	As Arranged	As Arranged	Insurance Broker
Additional Funds – For Initial 3-Month Period[9]	$25,000 - $30,000	As Arranged	As Arranged	Third-Parties
TOTAL[10]	$450,000 - $1,233,400			

Notes:

1. We describe the initial franchise fee in Item 5. If you sign a Development Agreement, the initial franchise fee payable at the time of execution of each Franchise Agreement will be less any Development Fee credit. The amount presented in the table above is without credit for the Development Fee.

2. These amounts assume that you will lease the premises for the NYF Restaurant and do not include costs of land acquisition and construction of a building. The leasehold improvements estimate is based on the cost of adapting our prototypical architectural and design plans to a facility containing approximately 350-600 square feet, including your costs for architects, engineers, contractors, subcontractors and other professionals. The leasehold improvement ranges will be affected by various factors like the location of the Restaurant and local market conditions. The estimates assume that the landlord will provide connections to adequate electrical, gas, water and sewage service. Your actual costs may or may not include site preparation and finish out costs, depending on the arrangements you negotiate with your landlord. If your landlord contributes to the cost of finish out, total leasehold improvement costs could be reduced. These costs are our best estimate based on our experience. These estimates may vary substantially based on your ability to negotiate with your landlord and your financial strength, as well as on local commercial leasing and labor rates and other local conditions. Leasehold improvements also include furniture and fixtures, as well as, interior décor.

3. These amounts include the cost of the equipment, and smallwares required for your Franchised Business. (See Item 8)

4. While we provide an initial training program at no additional charge to you for up to a certain number of attendees, you must pay all expenses you or your employees incur in the initial training program, like travel, lodging, meals, wages and benefits. Your costs will vary depending upon the number of employees trained and your selection of salary levels, lodging and dining facilities, and the mode and distance of transportation. If you wish to have additional employees attend the initial training program (beyond the number designated in the Franchise Agreement), you will be responsible for all additional costs, at the then-current daily or weekly rate per trainee established by us.

5. This amount includes the cost for the computer hardware, network hardware, required software, Internet and Wi-Fi, and other point of sale system requirements for your Franchised Business, which are described in Item 11. The amount also includes installation and ongoing support costs for 3 months.

6. We estimate that this range will cover the cost of your initial inventory of supplies and food, including uniforms for your personnel. Your costs will vary depending on various factors, including the size of your Franchised Business, your initial sales projections, and the population density in the area of your Franchised Business.

7. You must spend at least the amount specified in the Franchise Agreement on grand opening advertising and promotion of the opening of the Franchised Business within the time period set forth in the Franchise Agreement.

8. This amount represents an estimate of the down payment on your annual insurance premiums. You must obtain the insurance coverage described in the Franchise Agreement. We must be named as an additional insured on these policies. Your cost of insurance may vary depending on the insurer, the location of your Franchised Business, your claims history, and other factors.

9. You will need additional funds during the start-up phase of your Franchised Business to pay employees, purchase supplies and pay other expenses. We estimate the start-up phase to be 3 months from the date you open for business. These amounts do not include any estimates for debt service. You must also pay the royalty and other related fees described in Item 6 of this disclosure document. These figures are estimates, and we cannot assure you that you will not have additional expenses. Your actual costs will depend on factors like your management skills, experience and business acumen. You should base your estimated start-up expenses on the anticipated costs in your market and consider whether you will need additional cash reserves. We relied on our Parent's previous experience in Canada and our affiliates' experience in opening corporate NYF Restaurants in New York and New Jersey using union labor to compile these estimates.

10. You should review these figures carefully with your business advisor before deciding to acquire the franchise. As set forth in Item 10, we do not offer financing directly or indirectly for any part of the Development Fee, initial franchise fee or any portion of initial investment. Unless otherwise stated, the amounts described above are not refundable.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate the Franchised Business in a manner and to a quality consistent with the System and the restaurant business operated under the Marks, and in accordance with the Guidelines. "Guidelines" means, collectively, all standards, operations manuals, books, pamphlets, bulletins, memoranda, letters, notices, video or audio tapes, computer media (including computer software, CD-ROM) or other publications, documents, guidelines or electronic communications (including by internet), prepared by or on behalf of us and our affiliates for use by franchisees generally or for you in particular, setting forth information, advice, standards, requirements, operating procedures, instructions and/or policies relating to the operation of the Franchised Business, as same may be amended from time to time.

Required Purchases

You generally have no obligation to purchase or lease from us, our affiliates, or other designated third party suppliers any of the products, services, supplies, fixtures, equipment (including computer hardware and software and electronic cash register systems), inventory or real estate used in establishing or operating the

Franchised Business. However, there are some exceptions, as follows:

Purchasing Obligations (Goods and Services; Products)

You must purchase or otherwise acquire all Goods and Services, as well as Retail Items (as defined in Item 12), only from suppliers, sources, or manufacturers designated or approved in writing by us, which may include or be limited to us, or our affiliates. Our policies for the designation and/or approval of suppliers, sources and manufacturers, will be set out from time to time in the Guidelines or otherwise in writing. "Goods and Services" means all items and services which you must purchase or otherwise acquire from suppliers, sources or manufacturers in order to establish and operate your Franchised Business including, without limitation, all raw and prepared food products, ingredients, materials, supplies, non-food products, beverages including alcoholic beverages, inventory, restaurant accessories, promotional materials, uniforms, furniture, fixtures and equipment, smallwares, linen, paper and plastic items, the Digital System (as described in Item 11), the POS Systems (as described in Item 11), and any other information technology equipment and software, as well as services necessary for the operation of your Franchised Business including, without limitation, repairs, preventative and on-going maintenance, cleaning, pest control, music, information technology support and security services.

You must maintain a minimum inventory of certain designated Products, as specified by us from time to time. We may, at any time, and upon notice, discontinue or add new or additional types of items to the list of Products. "Products" means all foods, beverages, wares, merchandise, supplies, accessories, items and services offered or sold by you, at or from the Premises or otherwise in connection with the Franchised Business.

In the operation of the Franchised Business, you may only use those service providers, manufacturers, brands and types of fixtures and equipment (including, without limitation, computer hardware and software, cash register and point of sale systems), and signs (both internal and external) that comply with the Guidelines. You must purchase or otherwise acquire (including by lease, from us or our affiliates or a third party designated by us) approved brands or types of computer hardware and software, fixtures, equipment and signs only from suppliers approved by us or in the Guidelines. You must also place or display at the Premises (interior and exterior) only such signs, emblems, lettering, logos and display materials that are from time to time approved in writing by us.

All food and drink items will be served using smallwares that comply with the Guidelines. Where delivery or takeout is required or permitted, all food and drink items will be served in containers that comply with the Guidelines. All napkins, straws, bags, cups, menus and other paper goods, promotional, packaging and point of sale materials, and like articles used in connection with the NYF Restaurant, must be of a quality and style and bear such reproductions of the Marks that comply with the Guidelines, and all art-work and reproductions must conform to the standards, guidelines and specifications as contained in the Guidelines. Such imprinted items must be purchased by you only from suppliers, sources, or manufacturers designated or approved in writing by us in accordance with the Guidelines, which may include or be limited to us or our affiliates.

Insurance

You must, at your sole cost and expense, take out and keep in full force and effect throughout the term of the Franchise Agreement (and any renewal thereof), the insurance coverages as may be described in the Franchise Agreement (including, within the Guidelines) and on such terms and in such amounts as we require (including, without limitation, the insurance coverages listed in Schedule "1" of the Franchise Agreement). The types and minimum amounts of insurance coverage currently required are as follows:

1. Commercial General Liability Insurance coverage of $5,000,000 per occurrence;

2. Automobile Insurance coverage of $1,000,000 per occurrence; and
3. Crime Insurance coverage of $10,000 per occurrence.

The insurance must fully protect us, our affiliates and you against loss or damage occurring in connection with the Franchised Business. All costs in connection with the placing and maintaining of such insurance will be borne solely by you. All policies of insurance must: be placed only with insurers designated or reasonably acceptable to us and having an A.M. Best A minus (A-) or Standard & Poor's financial rating of not less than A or such other rating as we may require; list us as an additional insured party under the policy; be in such form and amounts as is acceptable to us; and contain a clause that the insurer will not cancel, materially change, or refuse to renew the insurance without first giving us 30 days prior written notice.

If you fail to take out or keep in force any required insurance, and should you not rectify such failure within 48 hours after written notice from us, we may, but without assuming any obligation, to effect such insurance at your sole cost and all payments made by us must be reimbursed by you within 7 days following our payment.

Site Selection and Construction

When you locate a site that you consider suitable for development of a Franchised Business, you must submit to us written information about the proposed site as we may require, including but not limited to, preliminary site location plans, dimensions, building types, proposed layout plans, and any other information or documentation (including, the lease or purchase agreement relating to the site, and containing such provisions as we may require) that we deem necessary. Upon our receipt of all information or documentation required to be given, we will notify you of our approval or rejection of the proposed site and, if approved, any conditions relating to the site.

You must arrange and contract for the construction of the Franchised Business at the Premises, and the purchase and installation of the fixtures, furnishings and equipment required for the operation of the Franchised Business in the Premises in accordance with the timetable or schedule specified by us, and in conformity with the System standard plans, specifications and prototype drawings provided by us, and/or at our option, design drawings provided by us at your expense. You may only engage architects, engineers, contractors, subcontractors and other professionals which are designated or approved by us, and contract directly with and compensate them directly.

Advertising and Promotional Materials

All of your advertising and promotions must conform to our standards, Guidelines and requirements. We must approve all advertising and promotional plans and materials before you use them and you must submit any unapproved plans and materials to us, and we will approve or disapprove them within 10 days after we receive them. You must not use the plans or materials until we have approved them, and must promptly discontinue using any advertising or promotional plans or materials, whether or not we have previously approved them, if we notify you to do so.

Computer Systems

You must purchase and install the Digital System, Required Software and POS System and only use the service providers, manufacturers, brands and types that comply with the Guidelines. Currently, (i) Oracle is our sole designated supplier for the POS System hardware and software components of the Digital System; (ii) Pinnacle IP Solutions is our sole designated supplier for the back office components of the Digital System, including the back office computer, printer and security cameras; and (iii) FreedomPay is our sole designated supplier for the payment platform components of the Digital System. These systems are further described in Item 11.

Approved Suppliers

You must comply with all of our standards, Guidelines and specifications relating to the purchase of all Goods and Services, raw materials, furnishings, equipment (including computer hardware and software) and other products used or offered for sale at the Franchised Business. We formulate our Guidelines, standards, and specifications based on a variety of factors, including our experience.

In addition to the above, if we have approved suppliers (including manufacturers, distributors and other sources) for any inventory, fixtures, furnishings, equipment, you must obtain these items from those suppliers. Approved suppliers are those who demonstrate the ability to meet our then-current standards, Guidelines and specifications and who possess adequate quality controls and the capacity to supply your needs promptly and reliably, whom we have approved in writing and whom we have not later disapproved.

Currently, neither we nor our affiliates are the only approved suppliers of inventory items for our franchisees, but we may designate ourselves or our affiliates as sole approved suppliers of any item. Our Parent and St. Hubert are approved suppliers for certain retail goods to be used in NYF Restaurants (*e.g.*, branded-paper products, including "NYF" cups for serving fries). We may derive revenue based on your purchases and leases (including from charging you for products and services that we or our affiliates provide to you and from payments made to us or our affiliates by suppliers that we designate or approve).

If you desire to purchase, lease or use any products or other items from a supplier or distributor that we have not approved, you must submit to us a written request for such approval, or must request the supplier itself to do so. You must not purchase or lease from any supplier until and unless such supplier has been approved in writing by us. We may require that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, either to us or our designee, and we may charge you (or the supplier) a fee (not to exceed the cost of the inspection, including administrative costs) for our review costs. We will notify you in writing or our decision as to your ability to use such proposed supplier as soon as practicable following our evaluation. We may, at our option and sole discretion, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke our approval upon the supplier's failure to continue to meet any of our then-current criteria. Your failure to comply with our requirements relating to sourcing and use of approved suppliers is deemed as a material breach of the Franchise Agreement.

Our specifications for products and criteria for supplier approval are generally issued through written communications and are available to franchisees and approved suppliers.

None of our officers owns an interest in any supplier of the NYF Restaurant franchise system. From time to time, our officers may own non-material interests in publicly-held companies that may be suppliers to our franchise system.

Delivery System and Aggregators

We may permit or in the future administer one or more non-exclusive delivery and/or pick-up systems, including, a call-ahead, internet-order, mobile application-order, or other similar programs (each a "Delivery System") through without limitation, a third party service provider, us, our affiliate, one or more telephone numbers, and/or through the internet or other electronic or mobile medium (including aggregators), for use by some or all businesses using the System, the Other Brands (as defined in Item 12), or in conjunction with third parties in areas determined by us from time to time. You are required to execute all documents required by us relating to participation in the Delivery System and will be responsible for all associated fees.

We will partner with third party aggregators in the United States, for delivery of Products in relation to the

System as well for Other Brands (as described in Item 12). To participate in these programs, you must enter into a contract with the corresponding third parties. We may add, remove or change these partnerships from time to time at its discretion.

Purchasing Arrangements

We did not receive revenue or other material consideration from required purchases or leases by franchisees in our last fiscal year ending December 29, 2024, though we may receive such revenue or other material consideration in the future. Further, neither we nor our affiliates received payments from any designated sources because of transactions with our franchisees in our last fiscal year ending December 29, 2024.

We may negotiate certain purchase arrangements (including price terms) for the purchase of certain items with suppliers for the benefit of franchisees. In doing so, we will seek to promote the overall interests of our franchise system and our interests as the franchisor. We or our affiliates may receive rebates from approved or designated sources. If we receive rebates based on franchisee purchases, we may use all amounts received for general working capital purposes, without restriction for any purposes we or our affiliates deem appropriate. We do not provide material benefits (for example, renewal of existing or granting of additional franchises) to franchisees based upon their use of designated or approved suppliers. There are currently no purchasing or distribution cooperatives for the System.

Your obligations to purchase or lease goods, services, supplies, fixtures, equipment, inventory, and computer hardware and software from us or our designee, from suppliers we approve, or under our specifications are all considered "required purchases." We describe these obligations in detail in the preceding sections of this Item 8. The magnitude of required purchases in relation to all purchases you make to establish and operate the Franchised Business is difficult to determine due to the highly variable nature of expenditures necessary to establish and operate the Franchised Business as described in Item 7. We estimate that your total initial required purchases will be about 95% of the cost of your initial purchases or leases. We estimate your required purchases for the operation of the Franchised Business will be 75% to 80% or more of your annual purchases or leases.

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Section 6 of the Franchise Agreement and Section 2.5 of Development Agreement	Items 8 and 11
b. Pre-opening purchases/leases	Sections 6, 7 and 8 of Franchise Agreement and Section 2.5 of Development Agreement	Items 5, 6, 7, 8 and 11
c. Site development and other pre-opening requirements	Sections 6 and 7 of Franchise Agreement and Section 2.5 of Development Agreement.	Items 7, 8 and 11

Obligation	Section in Agreement	Disclosure Document Item
d. Initial and ongoing training	Section 5 of Franchise Agreement and Section 2.10 of Development Agreement	Items 6, 7 and 11
e. Opening	Sections 5, 6, 7 and 10 of Franchise Agreement Development Agreement: N/A	Items 7 and 11
f. Fees	Sections 3, 4, 5, 6, 8, 10, 12, 13, 15 and 17 and Schedule "1" of Franchise Agreement and Sections 2.2, 6.2, 10.1, 10.3, 10.11 and Schedule A of the Development Agreement	Items 5, 6 and 7
g. Compliance with standards, guidelines and policies/Manuals	Sections 4, 5, 6, 7, 8, 9, 10, 12, 13 and 17 of Franchise Agreement and Sections 2.5, 2.6 and 2.8 of Development Agreement	Items 8, 11, 14 and 16
h. Trademarks and proprietary information	Sections 9 and 11 of Franchise Agreement and Schedule B of Development Agreement	Items 13 and 14
i. Restrictions on products/services offered	Section 8 of Franchise Agreement and Section 2.5 of Development Agreement	Items 8 and 16
j. Warranty and customer service requirements	N/A	Item 16
k. Territorial development and sales quotas	Section 2 of the Development Agreement	Item 12
l. Ongoing product/service purchases	Sections 8 of Franchise Agreement Development Agreement: N/A	Items 8, 11 and 16
m. Maintenance, appearance and remodeling requirements	Sections 4, 7 and 10 of Franchise Agreement Development Agreement: N/A	Item 8
n. Insurance	Section 13 of Franchise Agreement Development Agreement: N/A	Items 7 and 8
o. Advertising	Section 10 of Franchise Agreement Development Agreement: N/A	Items 6, 8 and 11

Obligation	Section in Agreement	Disclosure Document Item
p. Indemnification	Section 20.2 of Franchise Agreement and Section 10.1 of Development Agreement	Items 6 and 13
q. Owner's participation/ management/staffing	Sections 8.1 of Franchise Agreement Development Agreement: N/A	Items 1, 11 and 15
r. Records and reports	Sections 10 and 12 of Franchise Agreement Development Agreement: N/A	Item 11
s. Inspections and audits	Sections 8.2 and 12 of Franchise Agreement Development Agreement: N/A	Items 6 and 11
t. Transfer	Section 15 of Franchise Agreement and Section 6.6 of Development Agreement	Items 6, 12 and 17
u. Renewal or extension of rights	Section 4.2 of Franchise Agreement and Section 3 of Development Agreement (no renewal rights)	Items 6, 12 and 17
v. Post-termination obligations	Section 17.2 of Franchise Agreement and Section 7.2 of Development Agreement	Item 17
w. Noncompetition covenants	Section 14 of Franchise Agreement and Sections 5.1 and 5.2 of Development Agreement.	Item 17
x. Dispute resolution	Sections 20.10, 20.11, 20.12, 20.13, 20.14, 20.15 and 20.16 of Franchise Agreement and Sections 10.11, 10.12 and 10.13 of Development Agreement.	Item 17

ITEM 10

FINANCING

Neither we nor any agent or affiliate of ours offers direct or indirect financing to you, guarantees any note, lease or obligation of yours.

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 your Franchised Business, we will provide the following pre-opening assistance:

1. Review your proposed site for the Franchised Business and accept or not accept the site and your proposed lease or contract of sale. (Development Agreement, Section 2.5; Franchise Agreement, Section 6.2) The criteria that we evaluate in the site selection process includes, but is not limited to, population density, character of neighborhood, location, number of competing businesses, general traffic and pedestrian traffic flow, and other demographic and population factors. We do not generally own sites or lease sites to franchisees.

2. We will identify the Development Area. (Development Agreement, Section 2.10)

3. We will provide an initial training program at no additional charge for your benefit for such duration and at such locations as we deem appropriate (including, virtually through video conference or other electronic means), covering necessary aspects of the System. (Franchise Agreement, Section 5.1)

4. We will provide support personnel to assist with the opening of your Franchised Business at the Premises for a period of time before or after the opening as we deem necessary. (Franchise Agreement, Section 5.2)

5. If you intend to buy the Premises, then not later than 30 business days prior to the proposed date of execution of the purchase agreement, you must submit a copy of the proposed purchase agreement to us for our written consent, and furnish a copy of the executed purchase agreement to us within 10 business days of execution. (Franchise Agreement, Section 6.2)

6. If you choose to lease the Premises, the lease agreement (or other instrument giving you the right to occupy the Premises) ("Lease") must be in the form and upon terms acceptable to us and have a term at least as long as the initial term of the Franchise Agreement. No later than 30 days before the proposed date of execution of the Lease, you must provide a copy to us for our written consent. The Lease must contain the rider substantially in the form provided in Exhibit "C" to the Franchise Agreement. If we have not communicated our approval or disapproval of the Lease within 30 business days of receiving it from you and if the Lease is accompanied by such rider, the proposed Lease will be considered approved by us. (Franchise Agreement, Section 6.2)

7. If the Premises has not been identified as of the date of the Franchise Agreement, you must use reasonable best efforts to find a suitable location for the Premises that is acceptable to us, within the Territory, or such other area designated by us within 18 months following the date of the Franchise Agreement. Once determined, the complete address of the Premises will be listed in Schedule "1" of the Franchise Agreement. If the Premises are not identified within 18 months following the date of the Franchise Agreement, we will have the continuing option to terminate the Franchise Agreement by giving (30) days' notice of termination to you. Unless you have found a suitable location and enter into the Lease before the expiry of the notice period, the Franchise Agreement will terminate. (Franchise Agreement, Section 6.3)

8. We will provide you with our System standard plans, specifications and prototype drawings

for construction of the Premises, and, at our option, design drawings (at your expense), for you to use to customize your construction, fixturing and equipping of the Premises. (Franchise Agreement, Section 7.1)

9. We will provide you with information regarding approved, required and preferred Goods and Services, and or processes for proposed alternate suppliers for such Goods and Services. (Franchise Agreement, Section 8.2)

10. We will give you access to the Guidelines, either in hardcopy or electronically (e.g., through a restricted website to which you will have password access). (Franchise Agreement, Section 9.1)

11. In connection with the grand opening of the Franchised Business, we may assist you in planning certain pre-opening activities. (Franchise Agreement, Section 10.3)

Continuing Obligations.

During the operation of your Franchised Business, we will perform the following services:

1. Give you on-going advice and guidance related to planning, opening and operation of the Franchised Business, including advice regarding Products, promotional programs, bookkeeping, general operating procedures and improvements to the System. (Franchise Agreement, Section 5.3)

2. Provide additional training programs and seminars at our option and remedial training upon request if we deem it to be necessary. (Franchise Agreement, Sections 5.3 and 5.4)

3. We may hold System-wide or regional conferences/conventions. (Franchise Agreement, Section 5.4)

4. Provide you with an updated list of approved suppliers. (Franchise Agreement, Section 8.2)

5. We may add to, subtract from, modify or otherwise change the System, including, without limitation, the adoption and use of new or modified certification marks, trademarks or trade names, new fixtures, equipment and signs, new products or services and new techniques, and provide such updates to you. (Franchise Agreement, Sections 8.4 and 9.1)

6. We will review and monitor the terms relating to the standby letters of credit issued in favor of us by a bank approved by us, as required under the Franchise Agreement. (Franchise Agreement, Section 8.8)

7. Periodically update the Guidelines and provide such updated Guidelines to you. (Franchise Agreement, Section 9.1)

8. We will let you use our and our affiliates' confidential information. (Franchise Agreement, Section 9.2)

9. We will let you use the Marks. (Franchise Agreement, Section 11)

10. We may, during normal business hours and without prior notice to you, inspect or audit the financial books, records, bookkeeping and accounting records, documents or other materials in respect of the Franchised Business. (Franchise Agreement, Section 12.4)

11. We may inspect the Premises and the furnishings, equipment and fixtures thereon, the Products, to take inventory of such Products, and otherwise to examine the manner in which you are conducting the Franchised Business. (Franchise Agreement, Section 12.5)

12. To the extent permitted by applicable law, we may specify in writing a retail price and/or establish minimum and/or maximum prices for the Products that you sell. (Franchise Agreement, Section 8.2)

Typical Length of Time Before You Open Your Franchised Business.

The typical length of time between the signing of the Franchise Agreement and the opening of your Franchised Business is approximately 4 to 8 months. The specific timetable depends on a number of factors, including, whether you have a site selected when you sign the Franchise Agreement, your ability to obtain a site, prepare a site survey, arrange leasing and financing, make leasehold improvements, install fixtures, equipment, and signs, decorate the Franchised Business, meet local requirements, obtain inventory, governmental restrictions, and similar factors.

You must locate a suitable location and enter a lease for the Premises within 18 months of signing the Franchise Agreement. If you fail to do so, and until such time as you enter into a lease for the Premises, we may have the continuing option to terminate the Franchise Agreement by providing you 30 days' notice. In addition, you must provide us periodic construction reports in the form we designate from the date you begin construction until the date you open the Franchised Business.

Advertising.

Our Advertising

We have no obligation to conduct advertising. If we conduct media advertising, we may use direct mail, print, radio, Internet, or television (which may be national, regional or local in scope). We may produce the marketing materials in-house or employ a local, regional, or national advertising agency. We are not obligated to conduct any advertising or marketing programs within your market.

Advertising Fund

We may maintain and administer a general advertising fund or funds (each a "Fund") for such international, national, regional and other advertising and promotional programs (including gift certificates, gift card and coupons) to enhance, promote and protect the "New York Fries" Brand and NYF Restaurants as we may deem necessary or appropriate. The Fund may be discontinued at any time, or we may delegate to others the obligations associated with the Fund. We will direct all advertising programs produced using the Fund with respect to creative concepts, materials, endorsements and media, and their placement and allocation. Item 6 and the discussion below describe the ranges of the various advertising and marketing fees you must spend. Currently, you are required to contribute to the Fund an amount equal to 2.5% of Gross Sales on a weekly basis. We may increase this Fund contribution amount with 30 days' notice to you but not to exceed 3% of Gross Sales on a weekly basis. With respect to company-owned NYF Restaurants, we may, but we are not obligated to, contribute to the Fund at the rate then being charged to our System franchisees in the applicable region.

The Fund is intended to be used for advertising and promotion of the System and Products and payment of legitimate costs incurred by us and our affiliates to facilitate such advertising and promotion, including but not limited to costs, fees and expenses of System-related brand awareness programs, System-wide or regional conferences/conventions, brand management costs, our and our affiliates' personnel (including

salaries and other compensation, or a reasonable portion thereof in respect of employees who may work on multiple brands), media costs and commissions, menu development costs, costs of market research, product and service research, development and testing, creative and production costs including, without limitation, the costs of creating promotions and artwork, printing costs, and other costs relating to advertising and promotional programs undertaken in respect of the Fund. We may place and develop such advertisements and promotions and to market them either directly or through an advertising agency retained or formed for such purpose or through cooperative advertising groups composed of System franchisees designated by us. Further, any internet website, email addresses, or other means of electronic communication created and/or operated by or on our behalf related directly or indirectly to advertising or promotion of the System, Products and/or the Franchised Business (other than advertising the availability of franchises except where same is done in a purely ancillary manner), and support services relating to such electronic communication, will be deemed "advertising" and may be paid for by the Fund.

We do not act as a trustee with respect to the Fund and have no fiduciary duty to you, your affiliates or your owners, or any other franchisees with regard to the operation or administration of the Fund. The Fund will be accounted for separately from the other funds collected by us and will not be used to advertise the availability of franchises and solicit new franchise sales. The Fund will not be used to defray any of our general operating expenses, except for such reasonable salaries and other compensation of any personnel, administrative costs and overhead, if any, as we may incur in activities reasonably related to the administration of the Fund and its advertising programs. An unaudited statement of the operations of the Fund will be prepared annually, and be made available to you upon request, with the reasonable cost of such statement to be paid by the Fund.

The Fund is intended to maximize general public recognition and patronage of the System and Marks, for the benefit of all franchisees in the System generally. We under no obligation to ensure that any particular franchisee, including you, benefits directly or pro-rata from the placement or conduct of such Fund advertising and promotion. We are under no obligation to administer or distribute the Fund according to any particular geographic area or territory. If we deem appropriate, we may allocate all or a portion of the Fund to regional advertising co-operatives administered by one or more groups of franchisees, without prior notice to you, and/or to a fund to be used to advertise and promote both the System together with one or more of the Other Brands (as described in Item 12), such as in respect of any gift card program or multi-brand advertising that we or our affiliates may undertake.

As of the issuance of this disclosure document, we have not established the Fund and no contributions to the Fund were collected during our last fiscal year.

Local Marketing

You must spend during each 4-5 week consecutive accounting period, on local restaurant marketing and promotions within the Territory, an amount not less than 1% of Gross Sales. You must advertise and promote only in a manner that will reflect favorably on us, you, the Products, and the good name, goodwill and reputation thereof. You must, at least 10 days prior to any intended use, submit to us for our approval, which approval will not be unreasonably withheld or unduly delayed, all advertising and promotions proposed to be utilized by you and until such time as we will give our prior written approval to the use of such advertising and promotions, you must not utilize same in any advertising or promotion. You must pay for any and all local restaurant advertising and promotions conducted by you and approved by us directly to the suppliers of such advertising and promotions.

At this time, there are no local or regional advertising cooperatives. However, we may establish such cooperatives at any time in our sole discretion. If a regional cooperative of System restaurants is created by us to conduct regional advertising of a type similar to your local marketing obligation within a region

that includes the Premises, we may require that all or a portion of the percentage of Gross Sales allocated to local restaurant marketing and promotions within the Territory, be contributed by you towards the cost of that cooperative advertising if it covers an area including the Premises.

Grand Opening

You must spend at least $5,000 to $8,000 (as specified in Schedule "1" of the Franchise Agreement) on grand opening advertising and promotion of the opening of the Franchised Business within the time period specified in the Franchise Agreement (the "Grand Opening Obligation"). The Grand Opening Obligation is in addition to the Fund contribution and local marketing obligations. All materials that you use for the Grand Opening Obligation and the media in which you use them, are subject to our approval. We may require that you provide documentation that demonstrates compliance with the Grand Opening Obligation.

There are currently no franchise advertising councils that advise us on advertising and marketing policies. However, we may form, change, and dissolve these councils.

Computer Systems

We may specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by you at your Franchised Business, including back office systems, data, audio, video, telephone, voice messaging, retrieval, and transmission systems for use at Franchised Business; POS Systems; physical, electronic, and other security systems and measures; printers and other peripheral devices; archival back-up systems; internet access mode and speed; technology used to enhance and evaluate the customer experience; front-of-the-house Wi-Fi and other connectivity service for customers; in-store music systems; age verification technology; and supply-chain management software and hardware programs (collectively, all of the above are referred to as the "Digital System"). Currently, you must purchase (i) the POS System hardware and software components of the Digital System from Oracle, which currently charges a one-time hardware cost (approximately $4,280) and a license fee (approximately $91 per month); (ii) back office hardware, including the back office computer, printer and security cameras, from Pinnacle IP Solutions, which currently charges a one-time hardware cost (approximately $5,550), a one-time installation cost (approximately $4,030), and a license fee (approximately $500 per month); and (iii) payment platform hardware and services from FreedomPay, which currently charges a one-time hardware cost (approximately $875), a one-time installation cost (approximately $550), and a license fee (approximately $43 per month). The total hardware and installation costs for these components of the Digital System is approximately $15,000 to $16,000, and the current total monthly license fees for these components of the Digital System is approximately $600 to $700 per month.

Further, we may develop or designate: i) computer software programs and accounting, data protection and cybersecurity system software that you must use in connection with the Digital System ("Required Software"), which you must install; ii) updates, supplements, modifications, or enhancements to the Required Software, which you must install; iii) the media upon which you must record data; and iv) the database file structure of the Digital System. If we require you to use any or all of the above items, then you must do so. You must install and use the Digital System and Required Software at your expense. However, we may install the Digital System and Required Software at your expense at our discretion. You must pay the initial and ongoing fees in order to install, maintain, and continue to use the Required Software, hardware, and other elements of the Digital System.

You must implement and periodically make upgrades and other changes at your expense to the Digital System and Required Software as we may reasonably request in writing (collectively, "Computer Upgrades"). The total costs for maintenance, updates, or support contracts in connection with our computer systems (including POS Systems) is approximately $8,000 to $10,000 annually. You must comply with all specifications that we issue with respect to the Digital System and the Required Software, and with respect

to Computer Upgrades, at your expense. There are no contractual limits on the frequency or cost of your obligation to obtain these upgrades. We may approve or disapprove the use of any other technology solutions. You may not copy, decompile, reverse engineer or modify the Digital Systems or Required Software in any way whatsoever.

You must record all sales on integrated computer-based point of sale systems that we approve or on such other types of cash registers or systems as we may designate in the Guidelines or otherwise in writing ("POS Systems"). You must utilize POS Systems that are fully compatible with any program, software program, and/or system which we may employ, and you must record all Gross Sales and all sales information on such equipment. We may designate one or more third party suppliers or servicers to provide installation, maintenance, and/or support for the POS System, and you must enter into and maintain such agreements (including making such payments) as required. You must at all times maintain a continuous high-speed Ethernet cabled (not wireless) connection to the Internet to send and receive POS data to us. You must also use the telephone service for the Franchised Business that we require.

If we establish an extranet, then you must comply with our requirements with respect to connecting to and utilizing the extranet in connection with operating the Franchised Business. With respect to all data that you collect, create, provide, acquire, or otherwise develop on the Digital System, all such data is and will be owned exclusively by us, and we may access, download, and use that data in any manner that we deem appropriate without compensation to you. We may, as often as we deem appropriate, including on a daily basis, access the Digital System that you are required to maintain in connection with the operation of the NYF Restaurant franchise and retrieve all information relating to the Franchised Business. We will have independent access to this information.

Changes to technology are dynamic and not predictable. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, we may establish, in writing, new standards or Guidelines for the implementation and acquisition of technology in the System, including updated or replacement Digital Systems, Required Software, POS Systems, and/or other technologies or equipment, and you will, at your expense, abide by all such new standards from time to time, as established. Other than such general support, neither we nor any of our affiliates are required to provide ongoing maintenance, repairs, upgrades, advice or updates to the Digital System.

We may develop a Restaurant Technology Program to provide our franchisees with a technology platform to assist with the financial and administrative management of franchised NYF Restaurants. While we have not yet established the Restaurant Technology Program, we may do so in the future and you may be required to execute a restaurant technology agreement in the future.

Confidential Operations Guidelines

After you sign the Franchise Agreement, we will provide you with access to a copy of our Guidelines, either in hardcopy or electronically (e.g., through a restricted website to which you will have password access). A copy of the Table of Contents of the Guidelines is attached as Exhibit E. We consider the contents of the Guidelines to be proprietary, and you must treat them as confidential. Our Guidelines contains 420 pages.

Training

Prior to the opening of the Franchised Business, we will provide an initial training program at no additional charge for such duration and at such location(s) as we may deem appropriate (including, virtually through video conference or other electronic means), covering necessary aspects of the System. You must ensure that your Designated Shareholder and proposed Approved Manager (both as further described in Item 15), if applicable, as well as a team of managers and personnel (the minimum number of which will be determined by us and set forth in the Franchise Agreement) attend and successfully complete our initial

training program to our satisfaction.

Currently, the initial training is conducted in Toronto, Ontario, Canada as well as virtually before and after the Franchised Business opens for business. You will be responsible for all travel and living expenses and all wages, benefits and other amounts payable to any trainees. No wages, benefits and other amounts will be payable by us to any trainee for any service rendered at any NYF Restaurant during the initial training program. If you wish to have additional employees attend the initial training program, you will be responsible for all additional costs, at our then-current daily or weekly rate per trainee.

The initial training program is administered and directed by Asad Mahmood. Mr. Mahmood is currently the Director, Operations of NYF Restaurants. He has over 23 years' experience in the field of restaurant operations and training, and over 3 years of experience with us and the operation of NYF Restaurants.

The initial training program is offered as needed during the year depending on the number of new franchisees entering the System, the number of other personnel needing training, and the scheduled opening of new NYF Restaurants. A blended learning approach is used along with various instructional materials and procedures which include a program overview, operations manuals, training binders, videos and e-learning. All skills are tested with practical exams and quizzes.

Initial training generally lasts approximately 17-21 days. The subjects covered and other information relevant to our initial training program are described below.

TRAINING PROGRAM

Column 1 **Subject**	**Column 2** **Hours of Classroom Training**	**Column 3** **Hours of On-the-job Training**	**Column 4** **Location**
Introduction and Training Overview	7	0	Toronto, Canada/Virtual
Store Orientation	0	8.5	Toronto, Canada/Virtual
Opening Procedures and Food Preparation	0	17	Toronto, Canada/Virtual
Open Store	0	8.5	Toronto, Canada/Virtual
Boilout Fryers	0	8	Toronto, Canada/Virtual
Full Inventory Count	0	8	Toronto, Canada/Virtual
Head Office - NBOS/Food Safety	7	0	Toronto, Canada/Virtual
Customer Service	0	8	Toronto, Canada/Virtual
Operate and Close Store	7	48.5	Toronto, Canada/Virtual
TOTAL	**21**	**106.5**	

Our initial training program is subject to change without notice to reflect updates in the materials, methods and Guidelines and changes in personnel. The subjects taught and the time periods allocated for each subject may vary based on the experience of the trainees.

If we determine, based on any designated trainee's participation in the initial training program, that he or she will not, in our opinion, be able to adequately manage and operate the Franchised Business, then we will provide you with written notice of such assessment, and an opportunity to submit an alternate trainee. You will be responsible for the costs of training for any alternate trainee, at the then-current daily or weekly rate per trainee. If the Designated Shareholder or Approved Manager is to be substituted, then such person must be first approved by us prior to commencing training. If such an alternate Designated Shareholder or Approved Manager has not yet successfully completed the initial training program by the time your Franchised Business is otherwise ready to open for business, we may choose to terminate the Franchise Agreement.

Following the completion of the initial training program, but prior to the opening of the Franchised Business, you must train all other employees and personnel of the Franchised Business at your sole cost and expense, using such training programs, manuals and other tools designated by us from time to time, if any, and otherwise in accordance with the Guidelines.

Additional Training and Conventions

Additional training, retraining, refresher courses, seminars or management/franchisee meetings may be provided by us, at our then-current fee, provided that you will be responsible for all travel and living expenses and all wages, benefits and other amounts payable to any trainees or attendees and no wages, benefits and other amounts will be payable by us to any such trainee or attendee for any service rendered during the course of such events or training. You must ensure that your designated employees attend such events and successfully complete such training as required by us from time to time.

Further to the additional training described above, we may also choose to hold System-wide or regional conferences/conventions from time to time. You must ensure that the Designated Shareholder and any Approved Manager of the Franchised Business, together with such other management level associates as we may reasonably require, attend such conferences/conventions and you will be responsible for all travel and living expenses and all wages or other amounts payable to attendees.

ITEM 12

TERRITORY

Franchise Agreement

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Under the Franchise Agreement, you will have the non-exclusive right to operate a NYF Restaurant only at the Premises, and a non-exclusive license to use the System and Marks solely and exclusively in the operation of such NYF Restaurant. We will designate a geographic "Territory" on Schedule "1" of the Franchise Agreement. If at the time the Franchise Agreement is executed or the Lease commences, a Territory has not been assigned to you by us, then we will assign the Territory, either prior or subsequent to the determination of the location of the Premises. We will determine the size and boundaries of the Territory in our sole judgment, based upon factors including population density, character of neighborhood, location, number of competing businesses, general traffic and pedestrian traffic flow, and other demographic and population factors. So long as you are in full compliance with the material terms and

conditions of the Franchise Agreement and other agreements relating to the Franchised Business, we will refrain from operating or granting to anyone else a franchise to operate a restaurant business using the System and Marks from premises physically located within the Territory. However, we may engage in certain activities within the Territory, as described below. As noted, you may not offer delivery services unless we may permit you to participate in the Delivery System, within an area determined by us (which may be one or more specific areas depending on the Delivery System), using reasonable best efforts to consider guest service standards, which encompasses the Franchised Business and qualify you to participate.

You may not use other channels of distribution to make sales at the Franchised Business, such as the Internet or any other form of electronic commerce, catalog sales, telemarketing, or other direct marketing to make sales inside or outside the Territory. You must advertise and solicit customers for the Franchised Business only within the Territory. You may not operate the Franchised Business away from the Premises.

Except to the extent you are granted the right to operate multiple NYF Restaurants pursuant to a Development Agreement, you have no options, rights of first refusal, or similar rights to acquire additional franchises. Continuation of your rights to the Territory is not dependent upon your achievement of a certain sales volume, market penetration or other contingency.

We expressly reserve all rights not granted by the Franchise Agreement, and we, our affiliates, and their respective affiliates, licensees or others will be free to do any of the following, without liability or compensation to you, to:

a. operate or grant to any other person a franchise or license to operate, outside the Territory (whether immediately adjacent, or otherwise), a business of any kind using the System and Marks;

b. distribute, offer and/or sell, or grant to any other person the right to distribute, offer, or sell Retail Items, using the same System and Marks or not, inside or outside of the Territory, of a temporary or permanent nature, by or through (i) telephone orders, mail order, television, vending machines, electronic media (i.e., including the internet or mobile applications) or catalogue sales; (ii) through catering, catering trucks, carts, kiosks, mobile vehicles, food preparation and fulfillment kitchens (e.g., ghost kitchens and virtual kitchens), including the Delivery System (including aggregators); (iii) supermarkets, grocery, retail, convenience, or similar stores, or as a concession, kiosk, department or as part of or in combination with any restaurant, supermarket, grocery, retail or similar establishments. "Retail Items" means products and/or services offered at retail that may be different, the same or similar to the Products, including but not limited to items such as proprietary sauces, gravies, and seasonings as well as French fries, chicken, ribs and hamburger patties, desserts and/or other items that may include core menu items, as we determine;

c. distribute, offer, or grant to any other person the right to distribute or offer, different, the same or similar products and/or services as the Products, using the same System and Marks, inside or outside of the Territory, of a temporary or permanent nature, by means of Non-Traditional Opportunities. "Non-Traditional Opportunities" means outlets or other or alternate channels of distribution such as, without limitation, by or through; (i) restaurants other than the Franchisor's "traditional" form of NYF Restaurants (as, for example, express, take out and/or delivery only restaurants in relation to the dine in traditional form of that brand's restaurant); (ii) catering, catering trucks, carts, kiosks, mobile vehicles, food preparation and fulfillment kitchens (e.g., ghost kitchens and virtual kitchens), and/or delivery services; (iii) telephone orders, mail order, television, vending machines, electronic media (i.e., including the internet or mobile applications) or catalogue sales; and (iv) outlets, concessions, kiosks or departments located in or otherwise part of or in combination with a retail establishment or public or quasi-public institution, such as without limitation, hospitals, universities, colleges, correctional facilities, airports, train and/or bus stations, gas and service stations, highway rest stops, plazas, supermarkets, grocery, retail or similar establishments, food courts, arenas, stadiums, concert halls, theatres, fairs and/or exhibitions, office

complexes and enclosed shopping malls;

d. operate or grant to any other person a franchise or license to operate, in or outside the Territory, a business using one or more Other Brands and/or franchise systems and/or trademarks now or hereafter acquired or owned or licensed by us, our affiliates, or anyone else, or any other party which acquires us or our affiliates, regardless of whether they are competitive or not with the System or its Products, and whether they are located in close or immediate proximity to the Franchised Business (the "Other Brands"), or distribute, offer, or grant to someone else the right to distribute or offer, different, the same or similar products and/or services as the Products, using the Other Brands, inside or outside of the Territory, of a temporary or permanent nature, by means of other or alternate channels of distribution;

e. offer or take part in any Delivery System or catering services, in accordance the Franchise Agreement; and

f. advertise, sponsor, endorse or otherwise promote or advance the System, the Marks or Other Brands inside or outside of the Territory, in any manner whatsoever.

If we establish a Delivery System, you will be obligated to follow all rules and procedures established from time to time by us in regard to the Delivery System (including, delivery within certain areas that encompass the Franchised Business).

If prior to the termination or expiration of the Franchise Agreement, your Lease for the Premises terminates (without your fault) or if the Premises are destroyed, condemned or otherwise rendered unusable, unless the Lease imposes an obligation on you to rebuild, you will have 6 months from the date of termination of the Lease to relocate and again commence business from another location, subject to your compliance with the Franchise Agreement and any other agreement relating to the Franchised Business. Any relocation must be a premises within the Territory that is acceptable to us. We may charge you a reasonable fee for services we render to you in connection with evaluating such relocation request.

Development Agreement

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Under the Development, we grant to you the right to establish, open and continuously operate the number of NYF Restaurants specified in the Development Schedule within the Development Area, both of which are specified in Schedule "A" of the Development Agreement. Within the Development Schedule there are deadlines by which you must (i) pay the initial franchise fee and sign the Franchise Agreement for each Franchised Businesses; and (ii) open the Franchised Businesses for operation.

So long as you are in full compliance with the terms and conditions of the Development Agreement, including the Development Schedule, and all other agreements between you (and any of your affiliates) and us (and any of our affiliates), including the Franchise Agreements, we will refrain from developing, or granting to anyone the right to develop, any NYF Restaurants from premises physically located in the Development Area, during the term of the Development Agreement. We expressly reserve all rights not granted by the Development Agreement, and we, our affiliates, and their respective affiliates, licensees or others will be free to do any of the following, without liability or compensation to you:

a. develop and/or operate, or grant to any other person a franchise or license to develop and/or operate, NYF Restaurants outside the Development Area (whether immediately adjacent, or otherwise);

b. distribute, offer and/or sell, or grant to any other person the right to distribute, offer, or sell Retail

Items, using the System and Marks or other systems and/or trademarks, inside or outside of the Development Area, of a temporary or permanent nature, by or through (i) telephone orders, mail order, television, vending machines, electronic media (i.e., including the internet or mobile applications) or catalogue sales; (ii) through catering, catering trucks, carts, kiosks, mobile vehicles, food preparation and fulfillment kitchens (e.g., ghost kitchens and virtual kitchens), and/or delivery services (including aggregators), including any delivery system provided for by the Franchise Agreement; (iii) supermarkets, grocery, retail, convenience, or similar stores, or as a concession, kiosk, department or as part of or in combination with any restaurant, supermarket, grocery, retail or similar establishments;

c. distribute, offer, or grant to any other person the right to distribute or offer, different, the same or similar products and/or services as the products sold pursuant to a Franchise Agreement, using the same System and Marks, inside or outside of the Development Area, of a temporary or permanent nature, by means of Non-Traditional Opportunities;

d. develop and/or operate or grant to any other person a franchise or license to develop and/or operate, in or outside the Development Area, Other Brands, or distribute, offer, or grant to someone else the right to distribute or offer, different, the same or similar products and/or services as the products sold pursuant to a Franchise Agreement, using the Other Brands, inside or outside of the Development Area, of a temporary or permanent nature, by means of other or alternate channels of distribution;

e. offer or take part in any delivery system, or offer or take part in catering services, in accordance with the Franchise Agreement, inside or outside the Development Area; and

f. advertise, sponsor, endorse or otherwise promote or advance the System, the Marks or Other Brands inside or outside of the Development Area, in any manner whatsoever.

In the event of your default under the Development Agreement, and in lieu of terminating the Development Agreement, we may do any one or more of the following: (i) reduce the number of Franchised Businesses, without any reduction of the Development Fee; (ii) terminate or reduce the Territory granted to you in the Development Agreement; or (iii) exercise any other rights and remedies which we may have. If you fail to establish and thereafter open and continuously operate the minimum number of Franchised Businesses specified in the Development Schedule by any opening deadline specified in the Development Schedule, we may terminate the Development Agreement. You will not have any option, rights of first refusal or similar rights to acquire additional franchises under the Development Agreement.

ITEM 13

TRADEMARKS

You may use certain Marks while operating the Franchised Business. The following Marks are owned by the Parent and have been registered on the Principal Register of the U.S. Patent and Trademark Office ("PTO"). The Parent has renewed or intends to renew the registrations and has filed all appropriate affidavits:

MARK	TYPE	REGISTRATION NUMBER	REGISTRATION DATE
NYF newyorkfries	Registered	6,741,900	May 31, 2022
newyorkfries	Registered	6,897,236	November 8, 2022
NYF	Registered	7,724,314	March 11, 2025

There is no presently effective determination of the PTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor any pending infringement, opposition, or cancellation proceeding, nor any pending material litigation involving any of the Marks which are relevant to their ownership, use or licensing.

We know of no superior prior rights or infringing use that could materially affect your use of the Marks. We know of no agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to the franchise.

Our rights to the Marks and the proprietary System know-how are derived from an exclusive perpetual license (the "Intercompany License") between us and Parent. The Intercompany License grants us the right to use the Marks and the proprietary information related to the System, such as the know-how and the Guidelines, for the purpose of licensing them to our franchisees and fulfilling our obligations under the Franchise Agreements. The Intercompany License is terminable only for material breach of the Intercompany License and upon 30 days' prior written notice by Parent to us. We know of no other agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to you.

You must immediately notify us of any infringement of or challenge to your use of any of the Marks and we will then have the discretion to take such action as we deem appropriate. We may take the action we deem appropriate (including no action) and control exclusively any litigation, PTO proceeding, or other administrative proceeding arising from any infringement, challenge, or claim. In the prosecution or defense of any such proceeding you must cooperate fully with us, and execute any documents deemed necessary in the opinion of our counsel.

We will indemnify you against and reimburse you for all damages for which you are held liable in any proceeding arising out of any trademark infringement proceeding disputing your use of any of the Marks in compliance with the Franchise Agreement and for all costs reasonably incurred by you in the defense of any such claim brought against you or in any such proceeding in which you are named as a party, subject to a maximum amount and if your use of the Marks has been consistent with the Franchise Agreement and the Guidelines, and you timely notified us of, and complied with our directions in responding to, the proceeding.

If it becomes advisable, we may require you to modify or discontinue the use of any of the Marks or use one or more additional or substitute certification marks, trade names or trademarks, at your sole cost and expense. You may not use any of the Marks or any variations thereof as any part of your corporate, firm or business name or for any other purposes, except in accordance with the terms and conditions of the

Franchise Agreement, as required by applicable law, or as we may specifically authorize in writing. Your operation of the Franchised Business does not in any way give you any interest in the Marks except for the right to use the Marks solely at and on the Premises and in accordance with the terms and conditions of the Franchise Agreement. You must not use the Marks in any manner calculated to represent that you are the owner of the Marks. You must never - neither during the term of the Franchise Agreement nor at any time after a transfer, or the expiration or termination of the Franchise Agreement - directly or indirectly, dispute or contest the validity or enforceability of the Marks, attempt any registration thereof, or attempt to dilute the value of any goodwill attaching to the Marks. Any goodwill associated with the Marks will inure exclusively to our benefit.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any patents, and do not have any pending patent applications, that are material to the franchise. We do claim copyright protection and proprietary rights in the original materials used in the System, including our Guidelines, bulletins, correspondence and communications with our franchisees, training, advertising and promotional materials, and other written materials relating to the operation of NYF Restaurants and the System.

There is no presently effective determination of the U.S. Copyright Office (Library of Congress) or any court affecting our copyrights. There is no currently effective agreement that limits our right to use and/or license our copyrights. We are not obligated by the Development Agreement or Franchise Agreement, or otherwise, to protect any rights you have to use the copyrights. We have no actual knowledge of any infringements that could materially affect the ownership, use or licensing of the copyrights.

We treat all of this information as trade secrets and you must treat any of this information we communicate to you confidentially. You and your owners must agree not to communicate or use our confidential information for the benefit of anyone else during and after the term of the Franchise Agreement. You and your owners must also agree not to use our confidential information at all after the Franchise Agreement terminates or expires. You and your owners can give this confidential information only to your employees who need it to operate your Franchised Business. You must have your Designated Shareholder, Approved Manager (as applicable) and any of your other personnel who have received or will have access to our confidential information, sign similar covenants.

If you, your owners or your personnel develop any new concept, process or improvement in the operation or promotion of your Franchised Business, you must promptly notify us and give us all necessary information about the new process or improvement, without compensation. Any of these concepts, processes or improvements will become our property, and we may use or disclose them to other franchisees, as we determine appropriate.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must devote full time and attention to the establishment, development and operation of the Franchised Business.

If you are a corporation a partnership or other entity, you must appoint a designated shareholder who holds a minimum of 10% of the entity's equity and devotes his or her full time and attention to the establishment, development and operation of the Franchised Business (the "Designated Shareholder"). If the Designated

Shareholder is unable to devote full time and attention, by reason of his/her involvement as a Designated Shareholder with another Franchised Business in the System, or with one of the Other Brands, then you must appoint and make known to us an approved manager to devote his or her full time and attention to the daily operation of the Franchised Business (the "Approved Manager"). If the Designated Shareholder or the Approved Manager, as the case may be, leaves the Franchised Business for any reason, then you must notify us and submit information to us relating to a potential replacement manager, who may be proposed as being either the new Designated Shareholder or new Approved Manager (the "Replacement Manager"). You are responsible for ensuring that the Replacement Manager successfully completes training required by us, at your cost. We require that one or more owners personally invest and maintain throughout the term of the Franchise Agreement, at least a 40% ownership interest in the Franchised Business, and that such investment was (i) made from funds that were not, encumbered, pledged or repayable to any third party, and (ii) not financed by the cash flow of the Franchised Business. We do not require that an Approved Manager have any equity interest in the Franchised Business.

If you enter into a Development Agreement, you must appoint a Designated Developer that, at all times during the term of the Development Agreement, holds a minimum of 20% of the equity of the Developer entity, and that will devote his/her full time, best efforts and attention to the development of System Restaurants.

Each of your current and future owners (including, the Designated Shareholder) must sign a Guaranty and Assumption of Obligations Agreement ("Guaranty") in the form attached as Exhibit B to the Franchise Agreement, guaranteeing your payment and performance obligations and binding themselves individually to certain provisions of the Franchise Agreement, including the covenants against competition and disclosure of confidential information, restrictions on transfer and dispute resolution procedures. Unless meeting the foregoing criteria for owners, there is no requirement that owners' spouses sign the Guaranty.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all menu items and perform all services that we periodically require for NYF Restaurants. You may not offer or sell any products or perform any services that we have not authorized. Our Guidelines may regulate required and/or authorized menu items; unauthorized and prohibited food products, beverages, and services; purchase, storage, preparation, handling, and packaging procedures and techniques; and inventory requirements and other products and supplies so that your Franchised Business operates at full capacity. There are no limits on our rights to change the Guidelines. You must operate the Franchised Business continuously and actively throughout in an up-to-date, quality and reputable manner during such days, nights and hours as we may designate from time to time, having consideration for any requirements legitimately imposed by the landlord of the Premises. We periodically may change required and/or authorized menu items and there are no limits on our right to do so. To the extent permitted by applicable law, we may specify a retail price and establish minimum and maximum prices for the Products that you will sell. You may conduct business only with customers at your Franchised Business and using approved Delivery Systems.

You are not authorized to operate a Franchised Business under the Development Agreement, and the Development Agreement therefore contains no provisions restricting the goods and services you may offer. However, with respect to each Franchised Business developed under the Development Agreement, you will be subject to the restrictions on goods and services contained in our then-current standard franchise agreement.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	Section 4.1 (Franchise Agreement) Section 3 (Development Agreement)	Franchise Agreement Starts on the date the Franchise Agreement is signed and expires 10 years from the Lease commencement date. Development Agreement Starts on the date Development Agreement is signed and expires on the earlier of (i) last opening deadline for the Franchised Business listed on the Development Schedule, and (ii) opening date of the last Franchised Business opened per the Development Schedule.
b. Renewal or extension of the term	Section 4.2 (Franchise Agreement) Section 3 (Development Agreement)	Franchise Agreement One 10-year renewal, if you meet all required conditions. Development Agreement No right or option for renewal/extension.
c. Requirements for franchisee to renew or extend	Section 4.2 (Franchise Agreement)	Your renewal right permits you to remain as a franchisee after the initial term of your franchise agreement expires. However, to remain a franchisee, you must meet all required conditions to renewal, including signing our then-current form of franchise agreement, which may be materially different than the existing Franchise Agreement. Other conditions include: you must give us written notice between 18 and 24 months prior to expiration of the initial

Provision	Section in franchise or other agreement	Summary
		term; you must not be in default of any material terms of the Franchise Agreement, the Lease, any other agreement with us or our affiliates, or any suppliers of your Franchised Business; you should not have received 5 or more default notices in aggregate or 3 or more default notices in any 12 month consecutive period; you must not be in default of the Lease and must have the right to possess the Premises for the period of the renewal term; you must take actions needed to ensure that the Premises satisfy our current Guidelines, including completing renovations, making capital expenditures and purchasing equipment, fixtures and signs as needed; you must not be in default of any material provision of the liquor license (if applicable) or other licenses required for the Franchised Business; you must reimburse us for any costs and expenses incurred by us related to the renewal; you must sign a general release (See Exhibit F); you must execute a new franchise agreement in the form that we are then using for new franchisees which may contain different System royalty rates and advertising contributions and an altered Territory; and you must complete any new or refresher training requirements.
d. Termination by franchisee	Not Applicable	You may terminate the Franchise Agreement and/or Development Agreement under any grounds permitted by law.
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with "cause"	Section 17.1 (Franchise Agreement) Section 7.1 (Development Agreement)	We may terminate on your default.

Provision	Section in franchise or other agreement	Summary
g. "Cause" defined – curable defaults	Section 17.1. (Franchise Agreement) Section 7.1 (Development Agreement)	Franchise Agreement You have 7 days to cure defaults for failure to pay required monies; 24 hours to cure default of any governmental laws or regulations or any directives or guidelines related to health and safety standards; and 3 days to cure breach of terms of the liquor license (if applicable). For any other default capable of being cured, except those specified as noncurable, you have 10 days to cure. Development Agreement You have 7 days to cure defaults for failure to pay required monies. For any other default capable of being cured, except those specified as noncurable, for the Development Agreement or any other agreement between the parties you have 10 days to cure.
h. "Cause" defined – non-curable defaults	Section 17.1 (Franchise Agreement) Section 7.1 (Development Agreement)	Franchise Agreement Insolvency; general assignment for benefit of creditors; bankruptcy; receivership; failure to remit, withhold or collect required taxes; termination of the Lease or loss of right to occupy the Premises; failure to locate a site for the Franchised Business and secure the Lease for the Premises within 18 months; failure to develop the Premises in accordance with Franchise Agreement; failure to appoint a qualified Designated Shareholder or Approved Manager and complete initial training for the appointee within 90 days of when your Franchised Business is ready to open; failure to obtain liquor license, if applicable, or its termination, cancellation or surrender; dissolution, liquidation, or loss of corporate status of franchisee or a guarantor; execution of levy or sale after levy; default under any contract of conditional sale, mortgage, security agreement or other security instrument; foreclosure or execution

Provision	Section in franchise or other agreement	Summary
		proceedings not dismissed within 20 days; final judgment for amount more than $10,000 not discharged within 20 days of entry; abandonment, or threat of abandonment or forfeiture of right to do business; you, Designated Shareholder or any owner is convicted of certain crimes; conduct by you, Designated Shareholder or another owner that reflects unfavorably on the System, Marks or on us; liquidation (or threat of liquidation) of your assets or not making payments in usual course; unauthorized transfer of the Agreements by you; false records or submission of false reports; false representations or material misstatements or omissions; if individual franchisee dies or becomes permanently disabled; failure to conduct adequate investigation into an event of harassment or discrimination at the NYF Restaurant or a failure to take remedial steps; understatement of Gross Sales or other amounts by more than 3% or failure to provide reports within 7 days of due date; any defaults for which a default notice has been delivered by us 5 times during the Initial Term or 3 times in any 12 month consecutive period, and default under or termination of another franchise agreement where (i) you or your Related Person is the franchisee, or (ii) where your Related Person is also a Related Person for the franchisee. <u>Development Agreement</u> Failure to establish, open and operate minimum number of NYF Restaurants in accordance with Development Schedule; insolvency; general assignment for benefit of creditors; bankruptcy; receivership; dissolution, liquidation, or loss of your corporate status or a Guarantor; execution of levy or sale after levy; default under any contract of conditional sale, mortgage, security agreement or other security

Provision	Section in franchise or other agreement	Summary
		instrument; foreclosure or execution proceedings not dismissed within 20 days; final judgment for amount more than $2,500 not discharged within 20 days of entry; you or your affiliate is in default of applicable laws or fails to obtain requisite license or authorization; liquidation or bulk sale of your or a Guarantor's assets; intentional distortion of material facts related to business; if individual Guarantor dies or becomes permanently disabled and a replacement Guarantor is not appointed within 30 days; termination of any Franchise Agreement entered into pursuant to the Development Agreement; and 3 or more defaults under the Development Agreement within any 24 month consecutive period.
i. Franchisee's obligations on termination/nonrenewal	Section 17.2 (Franchise Agreement) Section 7.2 (Development Agreement)	<u>Franchise Agreement</u> Stop operating your Franchised Business and using the System's confidential methods, procedures, techniques and marks; de-identify and de-brand the Premises; execute any documents and take required actions to abandon use of Marks and listing of restaurants in trade directories; pay amounts due within 2 days of termination or expiration and our enforcement costs within 15 days of written demand; comply with confidentiality and non-competition covenants; return all Guidelines and other proprietary materials to us within 2 days of expiration or termination. <u>Development Agreement</u> Discontinue establishment or operation of NYF Restaurants; pay any outstanding monies to us within 7 days; return all confidential and other materials within 3 days; take all necessary actions to abandon use of any fictitious business name containing any Marks; remove listings from any hard-

Provision	Section in franchise or other agreement	Summary
		copy, online or other business directories, assign to us or our designate all of your telephone numbers, domain names and email addresses, continue to be obligated for requirements that by nature survive the termination or expiration of Development Agreement. No default under the Development Agreement constitutes a default under any Franchise Agreement, except if such default separately constitutes a default under any Franchise Agreement.
j. Assignment of contract by franchisor	Section 15.5 (Franchise Agreement) Section 6.3 (Development Agreement)	We may transfer our rights in the Agreements without restriction. We may also grant security interests over any of our assets including the Marks and System components.
k. "Transfer" by franchisee – defined	Sections 15.1 (Franchise Agreement) Section 6.1 (Development Agreement)	<u>Franchise Agreement</u> You must not transfer any direct or indirect interest in you, the Agreements or the assets of the Franchised Business without our consent. <u>Development Agreement</u> The Development Agreement and your rights and interests under the Development Agreement may not be sold, assigned, transferred or encumbered, directly or indirectly, in any manner whatsoever.
l. Franchisor's approval of transfer by franchisee	Sections 15.1. (Franchise Agreement)	No transfer without our prior written consent.
m. Conditions for franchisor's approval of transfer	Section 15.2. (Franchise Agreement) Section 6.1 (Development Agreement)	<u>Franchise Agreement</u> Pay all amounts due to us and to trade creditors up to the closing date; not be in default as of the date of the consent request or the date of transfer; sign a general release (along with the Guarantors) (See Exhibit F); pay transfer fee; provide us a copy of the purchase agreement and other documents requested by us. Transferee

Provision	Section in franchise or other agreement	Summary
		must not be a competitor for us or our affiliates, meet our criteria, comply with our guarantor minimum investment requirements, appoint a Designated Shareholder acceptable to us, obtain liquor license (if applicable), have right to occupy Premises; complete required training, guaranty obligations; enter into then-current franchise agreement for the remaining term; provide a business plan and upgrade/refurbish the NYF Restaurant, as required. The purchase price paid to you must be reasonable under the circumstances. <u>Development Agreement</u> There is no right for Developer to transfer the Development Agreement, or Developer's rights and interests thereunder.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 15.3 (Franchise Agreement)	On 21 days' written notice (in case of the Franchise Agreement) and 60 days' prior notice (in case of the Development Agreement), we have the option to purchase an interest being transferred on the same terms and conditions offered by a third party, except half of the transfer fee will be deducted from the purchase price and we may substitute cash for any other form of consideration offered to you as a part of the purchase price.
o. Franchisor's option to purchase franchisee's business	Sections 17.3 and 17.4. (Franchise Agreement)	Upon termination or expiration we have the option, by providing notice to you no later than 30 days of the termination or expiration, to purchase any portion of the tangible Goods and Services, and all or any part of the fixtures, equipment, furniture or other assets, located on, in or at the Premises or otherwise used in connection with the Franchised Business. We will have the option to purchase the Goods and Services at your cost. We

Provision	Section in franchise or other agreement	Summary
		have the option to purchase the furnishings, equipment, signs, fixtures, supplies, materials, inventory and other assets, at the net depreciated book value. No amount will need to be paid for goodwill or "going concern value" and we will not pay any amount for leasehold improvements.
p. Death or disability of franchisee	Section 16.1 (Franchise Agreement)	On death or permanent disability of you or the Designated Shareholder the person's interest must be transferred to someone we approve within 6 months.
q. Non-competition covenants during the term of the franchise	Section 14.1 (Franchise Agreement) Section 5.1 (Development Agreement)	You may not operate or have an interest in Competitive Business which is similar to the Franchised Business, including, any restaurant or other business that serves French fries, hot dogs, poutine, with or without toppings or sauces. "Competitive Business" means any restaurants or other businesses engaged in the sale of products and services, now or in the future, that are similar in material respects to those offered by NYF Restaurants (including, any restaurant or other business that serves French fries, hot dogs, poutine, with or without toppings or sauces). Competitive Business includes and person or entity that grants licenses, franchises or other interests to others to operate any Competitive Business.
r. Non-competition covenants after the franchise is terminated or expires	Section 14.2 (Franchise Agreement) Section 5.2 (Development Agreement)	For 2 years you may not divert any of your business or customers to a competitor or have an interest in any Competitive Business that is similar to the NYF Restaurant at the Premises or within 5-miles of the Premises or any other restaurant then operating under or using the Marks.
s. Modification of the agreement	Section 20.27 (Franchise Agreement) Section 10.22	No modifications except by written agreement signed by both us and you, but we may change the Guidelines and System standards.

Provision	Section in franchise or other agreement	Summary
	(Development Agreement)	
t. Integration/merger clause	Section 19.2 (Franchise Agreement) Section 9.2 (Development Agreement)	Only the terms of the Agreements and other related written agreements are binding (subject to state law). Nothing in the Agreements or any related agreement is intended to disclaim the express representations made in this disclosure document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	Section 20.11 (Franchise Agreement) Section 10.11 (Development Agreement)	Except for actions based on the Marks or confidential information, those related to monies owed, or actions seeking injunctive or other extraordinary relief, claims, controversies or disputes from or relating to the Agreements must be submitted to mediation prior to being brought in a court or before any other tribunal.
v. Choice of forum	Sections 20.11 and 20.12 (Franchise Agreement) Sections 10.11 and 10.12 (Development Agreement)	Mediation will be held in the city of Toronto, Canada (subject to applicable law). Any claims, controversies or disputes that are not resolved through mediation will be submitted to the jurisdiction of state and federal courts in the state of Delaware (subject to applicable law).
w. Choice of law	Section 20.10 (Franchise Agreement) Section 10.10 (Development Agreement)	Delaware (except for Delaware's conflict of law rules) and subject to applicable law.

ITEM 18

PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and 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 performance at a particular location or under particular circumstances.

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 General Counsel, 199 Four Valley Drive, Vaughan, Ontario, Canada L4K 0B8 or by email at legal@recipeunlimited.com or by telephone at (905) 760-2244, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2022 to 2024[(1)]

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Company-Owned	2022	0	0	0
	2023	0	0	0
	2024	0	4	4
Total Outlets	2022	0	0	0
	2023	0	0	0
	2024	0	4	4

1. All numbers are as of our fiscal year end, which ended on December 29, 2024.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2022 to 2024[(1)]

Column 1 State	Column 2 Year	Column 3 Number of Transfers
All States	2022	0
	2023	0
	2024	0
Total	2022	0
	2023	0
	2024	0

1. All numbers are as of our fiscal year end, which ended on December 29, 2024.

Table No. 3
Status of Franchised Outlets
For years 2022 to 2024[(1)]

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina-tions	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Opera-tions-Other Reasons	Col. 9 Outlets at End of the Year
All States	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Totals	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

1. All numbers are as of our fiscal year end, which ended on December 29, 2024.

Table No. 4
Status of Company-Owned Outlets
For years 2022 to 2024[(1)]

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of Year
New Jersey	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	2	0	0	0	2
New York	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	2	0	0	0	2
All Other States	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
TOTALS	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	4	0	0	0	4

1. All numbers are as of our fiscal year end, which ended on December 29, 2024.

Table No. 5
Projected Openings as of December 29, 2024

Column 1 **State**	**Column 2** **Franchise Agreements Signed But Outlet Not Opened**	**Column 3** **Projected New Franchised Outlet In The Next Fiscal Year**	**Column 4** **Projected New Company-Owned Outlet In the Next Fiscal Year**
Maryland	0	5	5
TOTAL	0	5	5

The name, business address, and business telephone number of each current franchisee as of December 29, 2024 are listed on Exhibit C.

The name, city and state, and current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who has had a Franchised Business terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or has not communicated with us within 10 weeks of the date of issuance of this disclosure document are listed on Exhibit D. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experience as a franchisee in our franchise system.

As of the date of this disclosure document, no independent trademark-specific franchisee organizations have asked to be included in this disclosure document and there are no franchisee organizations sponsored or endorsed by us.

ITEM 21

FINANCIAL STATEMENTS

Parent's consolidated financial statements for the 52-week period ended December 29, 2024, the 53-week period ended December 31, 2023, and the 52-week periods ended December 25, 2022, are attached to this Disclosure Document.

Parent absolutely and unconditionally guarantees to assume our duties and obligations under the Franchise Agreement should we become unable to perform our duties and obligations under the Franchise Agreement. Parent's guaranty of performance is included in Exhibit A-2.

Parent's financial statements were prepared using Canadian dollars. According to the Bank of Canada, the average Canadian exchange rates to U.S. dollars during the time periods covered in Parent's financial statements were the following: (i) 2022 - $1.30; (ii) 2023 - $1.35; and (iii) 2024 - $1.37.

ITEM 22

CONTRACTS

Attached to this disclosure document are the following contracts and their attachments:

1. Franchise Agreement (with attachments). (Exhibit B-2)

2. Development Agreement. (Exhibit B-1)

3. Form of General Release. (Exhibit F)

4. State Specific Addenda to Franchise Agreement and Development Agreement. (Attachment D)

ITEM 23

RECEIPTS

Attached as the last 2 pages of this disclosure document are duplicate Receipts to be signed by you. Keep one for your records and return the other one to us.

EXHIBIT A-1

FINANCIAL STATEMENTS

Recipe Unlimited Corporation

Consolidated Financial Statements
For the 52 weeks ended December 29, 2024 and 53 weeks ended December 31, 2023

KPMG LLP
100 New Park Place, Suite 1400
Vaughan, ON L4K 0J3
Tel 905-265 5900
Fax 905-265 6390
www.kpmg.ca

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Recipe Unlimited Corporation

Opinion

We have audited the consolidated financial statements of Recipe Unlimited Corporation (the Entity), which comprise:

- the consolidated balance sheet as at December 29, 2024
- the consolidated statement of earnings for the 52 week period then ended
- the consolidated statement of comprehensive income for the 52 week period then ended
- the consolidated statement of total equity for the 52 week period then ended
- the consolidated statement of cash flows for the 52 week period then ended
- and notes to the consolidated financial statement, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 29, 2024 its consolidated financial performance and its consolidated cash flows for the 52 week period then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.
Document classification: KPMG Confidential

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the Management's Discussion and Analysis as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

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 a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  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.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

March 10, 2025

Recipe Unlimited Corporation
Consolidated Statements of Earnings
For the 52 weeks ended December 29, 2024 and 53 weeks ended December 31, 2023

(in thousands of Canadian dollars, except where otherwise indicated)	For the 52 weeks ended December 29, 2024	For the 53 weeks ended December 31, 2023
Sales (note 5)	$ 1,230,421	$ 1,232,694
Franchise revenues (note 6)	196,173	198,477
Total gross revenue	**$ 1,426,594**	**$ 1,431,171**
Cost of inventories sold	(553,982)	(570,113)
Selling, general and administrative expenses (note 7)	(719,613)	(736,349)
Impairment loss on restaurant assets, lease receivables, intangible assets, and goodwill, net of reversals (notes 12, 13, 14 and 15)	(13,074)	(17,752)
Restructuring and other (note 8)	3,841	(5,875)
Operating income	**$ 143,766**	**$ 101,082**
Interest expense and other financing charges (note 9)	(59,305)	(66,937)
Interest and other income (note 9)	28,221	29,342
Share of loss from investment in joint ventures (note 14)	(57)	(41)
Earnings before change in fair value and income taxes	**$ 112,625**	**$ 63,446**
Change in fair value of non-controlling interest liability (note 18)	5,152	(3,601)
Change in fair value of Exchangeable Keg Partnership units and Keg Royalty Income Fund units (KRIF)	5,472	(10,888)
Earnings before income taxes	**$ 123,249**	**$ 48,957**
Current income tax expense (note 10)	(30,568)	(17,017)
Deferred income tax (expense) recovery (note 10)	(1,845)	1,257
Net earnings	**$ 90,836**	**$ 33,197**

Recipe Unlimited Corporation
Consolidated Statements of Comprehensive Income
For the 52 weeks ended December 29, 2024 and 53 weeks ended December 31, 2023

(in thousands of Canadian dollars, except where otherwise indicated)	For the 52 weeks ended December 29, 2024	For the 53 weeks ended December 31, 2023
Net earnings	**$ 90,836**	**$ 33,197**
Other comprehensive loss, net of taxes		
Items that will not be reclassified to profit or loss:		
Net defined benefit plan actuarial gain	356	517
Items that may be reclassified subsequently to earnings:		
Cumulative translation adjustment	(2,157)	(1,759)
Other comprehensive loss	(1,801)	(1,242)
Total comprehensive income, net of taxes	**$ 89,035**	**$ 31,955**

(in thousands of Canadian dollars, except where otherwise indicated)	Attributable to the Common Shareholders of the Company						
	Number of shares (in thousands)	**Share capital** (note 21)	**Merger reserve** (note 21)	**Amalgamation reserve** (note 21)	**Accumulated other comprehensive loss**	**Retained Earnings**	**Total equity**
Balance at December 31, 2023	58,845	$ 983,969	$(216,728)	$ (571,128)	$ (2,092)	$ 15,962	$ 209,983
Net earnings	—	—	—	—	—	90,836	90,836
Other comprehensive loss	—	—	—	—	(1,801)	—	(1,801)
Dividends (note 21)	—	—	—	—	—	(4,400)	(4,400)
Balance at December 29, 2024	**58,845**	**$ 983,969**	**$(216,728)**	**$ (571,128)**	**$ (3,893)**	**$ 102,398**	**$ 294,618**

(in thousands of Canadian dollars, except where otherwise indicated)	Attributable to the Common Shareholders of the Company						
	Number of shares (in thousands)	**Share capital** (note 21)	**Merger reserve** (note 21)	**Amalgamation reserve** (note 21)	**Accumulated other comprehensive loss**	**Retained (Deficit) Earnings**	**Total equity**
Balance at December 25, 2022	50,303	$1,083,969	$(216,728)	$ (571,128)	$ (850)	$ (13,168)	$ 282,095
Net earnings	—	—	—	—	—	33,197	33,197
Other comprehensive loss	—	—	—	—	(1,242)	—	(1,242)
Share redemption (note 21)	(5,000)	(100,000)	—	—	—	—	(100,000)
Dividends (note 21)	—	—	—	—	—	(4,067)	(4,067)
Share split (note 21)	13,542	—	—	—	—	—	—
Balance at December 31, 2023	**58,845**	**$ 983,969**	**$(216,728)**	**$ (571,128)**	**$ (2,092)**	**$ 15,962**	**$ 209,983**

Recipe Unlimited Corporation
Consolidated Balance Sheets
As at December 29, 2024 and December 31, 2023

(in thousands of Canadian dollars)	As at December 29, 2024	As at December 31, 2023
Assets		
Current Assets		
Cash	$ 92,490	$ 71,600
Accounts receivable (note 25)	84,176	90,058
Inventories (note 11)	62,337	62,953
Current taxes receivable	150	3,411
Prepaid expenses and other assets	8,836	11,148
Current portion of long-term receivables (note 12)	57,309	59,924
Total Current Assets	**$ 305,298**	**$ 299,094**
Long-term receivables (note 12)	192,524	209,536
Property, plant and equipment (note 13)	475,608	488,330
Investment in the Keg Limited Partnership (note 26)	143,156	137,390
Brands and other assets (note 14)	555,513	563,527
Goodwill (note 15)	204,884	214,627
Deferred tax asset (note 10)	34,797	38,847
Total Assets	**$ 1,911,780**	**$ 1,951,351**
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	$ 146,638	$ 174,665
Provisions	1,632	1,913
Gift card liability	177,690	177,937
Income taxes payable	8,164	4,196
Current portion of long-term debt (note 16)	—	893
Current portion of other long-term liability (note 18)	17,683	15,824
Current portion of lease liabilities (note 17)	100,722	104,148
Total Current Liabilities	**$ 452,529**	**$ 479,576**
Long-term debt (note 16)	386,338	467,178
Note payable to The Keg Royalties Income Fund (note 26)	57,000	57,000
Provisions	4,887	4,745
Lease liabilities (note 17)	430,363	434,344
Other long-term liabilities (note 18)	38,491	46,850
Deferred gain on sale of The Keg Rights (note 26)	144,411	146,301
Deferred tax liability (note 10)	103,143	105,374
Total Liabilities	**$ 1,617,162**	**$ 1,741,368**
Shareholders' Equity		
Common share capital (note 21)	$ 983,969	$ 983,969
Merger reserve (note 26)	(216,728)	(216,728)
Amalgamation reserve	(571,128)	(571,128)
Accumulated other comprehensive loss	(3,893)	(2,092)
Retained earnings	102,398	15,962
Total Shareholders' Equity	**$ 294,618**	**$ 209,983**
Total Liabilities and Equity	**$ 1,911,780**	**$ 1,951,351**

Commitments, contingencies and guarantees (note 24)

Recipe Unlimited Corporation
Consolidated Statements of Cash Flows
For the 52 weeks ended December 29, 2024 and 53 weeks ended December 31, 2023

(in thousands of Canadian dollars)	For the 52 weeks ended December 29, 2024	For the 53 weeks ended December 31, 2023
Cash from (used in)		
Operating Activities		
Net earnings	$ 90,836	$ 33,197
Depreciation and amortization	97,914	98,044
Amortization of deferred gain	(1,890)	(1,890)
Net (gain) loss on disposal of property, plant and equipment and other assets (note 13 and 14)	(1,245)	329
Net loss on early buyout/cancellation of equipment rental contracts	44	482
Net impairment loss on restaurant assets, lease receivables, brands and other assets, and goodwill (notes 12, 13, 14 and 15)	13,074	17,752
Net gain on settlement of lease liabilities (note 17)	(55)	(2,792)
Lease termination fees received	—	2,850
Interest expense on long-term debt and note payable to the Keg Royalties Income Fund (note 9)	32,131	40,192
Share of loss from investment in joint ventures	57	41
Net interest expense on lease liabilities and receivables (note 9)	12,343	11,600
Stock based compensation	3,561	3,876
Income taxes paid	(23,295)	(15,097)
Restructuring expenses paid (note 8)	(5,994)	(3,410)
Income taxes expense, net (note 10)	32,413	15,760
Change in fair value of exchangeable Keg Partnership units and KRIF units	(5,472)	10,888
Change in fair value of non-controlling interest liability	(5,152)	3,601
Settlement of non-controlling interest liability (note 18)	(7,272)	—
Other non-cash items	(3,887)	8,356
Net change in non-cash operating working capital (note 23)	(14,477)	60,332
Cash flows from operating activities	**$ 213,634**	**$ 284,111**
Investing Activities		
Business buybacks, net of cash assumed	$ (785)	$ 237
Purchase of property, plant and equipment (note 13)	(28,169)	(51,098)
Proceeds on disposal of property, plant and equipment	13,359	3,568
Lease payments received	40,842	43,661
Cash flows from (used in) investing activities	**$ 25,247**	**$ (3,632)**
Financing Activities		
Issuance of long-term debt (note 16)	$ 46,000	$ 10,000
Repayment of long-term debt (note 16)	(128,491)	(110,893)
Deferred financing costs	(26)	(189)
Share redemption (note 21)	—	(100,000)
Lease liabilities paid (note 17)	(99,803)	(100,077)
Interest paid on long-term debt and note payable	(31,067)	(39,670)
Dividends paid (note 21)	(4,400)	(7,102)
Cash flows used in financing activities	**$ (217,787)**	**$ (347,931)**
Change in cash during the period	**$ 21,094**	**$ (67,452)**
Foreign currency translation adjustment	(204)	56
Cash - Beginning of period	71,600	138,996
Cash - End of period	**$ 92,490**	**$ 71,600**

1. Nature and description of the reporting entity

Recipe Unlimited Corporation is a Canadian company incorporated under the Ontario Business Corporations Act and is a restaurant operator and franchisor. As at December 29, 2024, Fairfax Financial Holdings Limited and its affiliates ("Fairfax") and Cara Holdings Limited ("CHL") own all of the total issued and outstanding shares of the Company.

The Company's registered office is located at 199 Four Valley Drive, Vaughan, Canada L4K 0B8. Recipe Unlimited Corporation and its controlled subsidiaries are together referred to in these consolidated financial statements as "Recipe" or "the Company".

2 Basis of presentation

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and using the accounting policies described herein.

The consolidated financial statements were authorized for issue by the Board of Directors ("Board") on March 10, 2025.

Basis of preparation

The consolidated financial statements were prepared on a historical cost basis, except for initial recording of net assets acquired on business combinations and corporate buybacks, certain financial instruments, liabilities associated with certain stock-based compensation, defined benefit plan assets and liabilities, and certain investments in the Keg Limited Partnership and Keg Royalty Income Fund units, which are stated at fair value. Liabilities associated with employee benefits are stated at actuarially determined present values.

Fiscal year

The fiscal year of the Company ends on the last Sunday of December for the current year. As a result, the Company's fiscal year is usually 52 weeks in duration but includes a 53rd week every five to six years. The year ended December 29, 2024 contained 52 weeks, and the year ended December 31, 2023 contained 53 weeks. The Company's next fiscal year end will be December 28, 2025 and will contain 52 weeks.

Critical accounting judgements and estimates

The preparation of the consolidated financial statements requires management to make various judgements, estimates and assumptions in applying the Company's accounting policies that affect the reported amounts and disclosures made in the consolidated financial statements and accompanying notes. Actual results may differ from these estimates.

These judgements and estimates are based on management's historical experience, knowledge of current events and conditions and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Within the context of these financial statements, a judgement is a decision made by management in respect of the application of an accounting policy, a recognized or unrecognized financial statement amount, and/or note disclosure, following an analysis of relevant information that may include estimates and assumptions.

Estimates and assumptions are used mainly in determining the measurement of balances recognized or disclosed in the consolidated financial statements and are based on a set of underlying data that may include management's historical experience, knowledge of current events and conditions and other factors that are believed to be reasonable under the circumstances. Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The following are the accounting policies that are subject to judgements and estimates.

Business combinations

Accounting for business combinations requires judgements and estimates to be made to determine the fair values of the consideration transferred, assets acquired and the liabilities assumed. The Company uses all available information, including external valuations and appraisals where appropriate, to determine these fair values. Changes in estimates of fair value due to additional information related to facts and circumstances that existed at the acquisition date would impact the amount of goodwill recognized. If necessary, the Company has up to one year from the acquisition date to finalize the determinations of fair value for business combinations.

Accounting for joint ventures and associates

Joint ventures represent separately incorporated entities for which joint control exists. This requires judgement to determine if in fact joint control exists in each circumstance. Entities are considered to be under joint control when the Company has the ability to exercise significant influence but not control. Management has assessed the nature of its joint venture agreements with the respective other joint venture parties and using judgement determined where joint control does in fact exist. While the Company will also have a franchise agreement with certain joint venture restaurants, the rights included in these franchise agreements are considered protective in nature and, therefore, do not allow for any additional substantive control over the other party.

Depreciation and amortization

The Company's property, plant and equipment and definite life intangible assets are depreciated and amortized on a straight-line basis. Management uses judgement in determining the estimated useful lives of the assets and residual values. Changes to these estimates may affect the carrying value of these assets, net earnings/ (losses), and comprehensive income/ (losses) in future periods.

Impairment of non-financial assets

Management is required to use judgement in determining the grouping of assets to identify their cash generating units ("CGUs") for the purposes of testing property, plant and equipment for impairment. Judgement is further required to determine appropriate groupings of CGUs, for the level at which goodwill and intangible assets are tested for impairment. In addition, judgement is used to determine whether a triggering event has occurred requiring an impairment test to be completed for property, plant and equipment and definite life intangible assets.

The Company determines the recoverable amount of the CGU as the higher of fair value less costs to sell ("FVLCS") or its value in use ("VIU"). The determination of each of these amounts is subject to estimation uncertainty. The significant assumptions for FVLCS include vacancy period and market rental rates, and for VIU include projected future sales and earnings, and discount rates.

The Company determines the FVLCS of its brands using the "Relief from Royalty Method", a discounted cash flow model, using significant assumptions such as projected future sales, terminal growth rates, royalty rates and discount rates.

The Company determines the recoverable amount of goodwill based on its VIU, using significant assumptions such as projected future sales and earnings, terminal growth rates and discount rates.

Projected future sales and earnings are consistent with strategic plans provided to the Company's Board. Discount rates are based on an estimate of the Company's weighted average cost of capital, considering external industry information reflecting the risk associated with the specific cash flows.

When determining the VIU of a restaurant location, the Company employs a discounted cash flow model for each CGU. The duration of the cash flow projections for individual CGUs varies based on the shorter of remaining useful life of the significant asset within the CGU or the remaining lease term of the location. Sales forecasts for cash flows are based on actual operating results, operating budgets and long-term growth rates that are consistent with strategic plans presented to the Company's Board.

Impairment of financial assets

In accordance with IFRS 9 *Financial instruments* ("IFRS 9"), Management applies the 'expected credit loss' ("ECL") model to assess for impairment on its accounts receivables, franchise receivables, lease receivables and amounts due from related party joint ventures at each balance sheet date. There is significant judgement used in determining the staging, including assessing changes in credit risks, forecasts of future economic conditions and historical information to ascertain the credit risk of the financial asset.

The Company applies the ECL model to assess for impairment on its long-term receivables at each balance sheet date. The ECL is determined using assumptions such as the probability of default ("PD") incorporating loss given default and exposure at default at the period end date, updated quarterly based on the Company's historical experience, current conditions, relevant forward-looking expectations over the expected life of the exposure to determine the PD curve. Forward-looking expectations include relevant macroeconomic variables. Expected life is the maximum contractual period the Company is exposed to credit risk. The ECL is measured over the period the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Definition of default

The Company considers a financial asset to be in default when a lease receivable is no longer collectible.

Incorporation of forward-looking information

The Company incorporates forward-looking information into its measurement of ECL. Based on statistical results, business experience and interpretability of the model behaviour in relation to the inputs, the Company uses Canada's GDP as the forward-looking macro-economic factor. The Company formulates a "base case" view of the future direction of Canada's GDP as well as a representative range of other possible forecast scenarios. This process involves developing two additional economic scenarios and considers the relative probabilities of each outcome. The Company uses the consensus GDP rate forecasts published by the major Canadian Chartered Banks and the International Monetary Fund.

The base case represents a most-likely outcome and is aligned with the consensus GDP rate forecasts and information. The other scenarios represent optimistic and pessimistic outcomes.

Leases

In determining the carrying amount of the right-of-use asset or lease receivable and corresponding lease liabilities, assumptions include the non-cancellable term of the lease plus periods covered by an option to renew the leases and incremental borrowing rate. Renewal options are only included in the lease term if management is reasonably certain to renew. Management considers factors such as investments in major leaseholds, store performance and available renewal options. The Company is also required to estimate the incremental borrowing rate specific to each portfolio of leased assets with similar characteristics if the interest rate in the lease is not readily determined. Management determines the incremental borrowing rate using the Government of Canada bond yield with an adjustment that reflects the Company's credit rating, security adjustment plus a risk premium over leases with similar terms.

Income and other taxes

The calculation of current and deferred income taxes requires management to make certain judgements regarding the tax rules in jurisdictions where the Company performs activities. Application of judgements is required regarding classification of transactions and in assessing probable outcomes of tax exposures, claimed deductions including expectations of future operating results, the timing and reversal of temporary differences, the likelihood of utilizing deferred tax assets and reassessments of income tax and other tax filings by the tax authorities.

Employee future benefits

Accounting for the costs of defined benefit pension plans is based on a number of assumptions including estimates of rates of compensation increase, retirement ages of plan members and mortality. The discount rate used to value the accrued pension benefit obligation is based on high quality corporate bonds in the same currency in which the benefits are expected to be paid with terms to maturities that on average match the terms of the defined benefit obligations. Other key assumptions for pension obligations are based on actuarial determined data and current market conditions.

Gift cards

Management is required to make certain assumptions on the likelihood of gift card redemptions based on historical redemption patterns. The impact of these assumptions result in a reduction to the costs of administering and fulfilling the liability associated with the gift card program when it can be determined that the likelihood of the gift card being redeemed, or a portion thereof, is remote based on several facts including historical redemption patterns and any changes to the gift card program.

Stock-based compensation

The accounting for cash-settled stock-based compensation requires management to make an estimate of the fair value of the stock options at grant date based on the estimated enterprise value of the Company, or the expected cash payout at the time of exercise. At each reporting date, the fair value is re-estimated based on the current enterprise value of the Company as well as estimates around forfeitures of vested and unvested options.

Comparative information

Certain of the Company's prior year information was reclassified to conform with the current year's presentation.

3 Material accounting policies

The material accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and other entities that the Company controls. Control exists when the Company is exposed to or has the rights to variable returns from its involvement in the entity and has the ability to direct the activities that significantly affect the entity's returns through its power over the entity. The Company reassesses control at each reporting date. Transactions and balances between the Company and its consolidated entities have been eliminated on consolidation.

Investments in joint ventures and associates

Investments over which the Company has joint control, and meets the definition of a joint venture under IFRS 11, *Joint Arrangements*, are accounted for using the equity method.

The equity method involves the recording of the initial investment at cost and the subsequent adjusting of the carrying value of the investment for the proportionate share of the income or loss and any other changes in the associates' or joint ventures' net assets.

The Company's proportionate share of the associate's or joint ventures' income or loss is based on its most recent financial statements. If the Company's share of the associate's or joint venture's losses equals or exceeds its investment in the associate or joint venture, recognition of further losses is discontinued. The Company's investment in the associate or joint venture for purposes of loss recognition is comprised of the investment balance plus the unsecured portion of any related party note receivable. After the Company's interest is reduced to zero, additional losses will be provided for and a liability recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate subsequently reports income, the Company resumes recognizing its share of that income only after the Company's share of the income equals the share of losses not recognized. At each balance sheet date, the Company assesses its investments for indicators of impairment.

Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars which is the Company's functional currency, other than its US operations, which has a functional currency of US dollars.

Foreign currency transactions

Assets and liabilities of foreign operations having a functional currency other than the Canadian dollar are translated at the rate of exchange prevailing at the reporting date, and revenues and expenses at average rates during the period. Gains or losses on translation are included as a component of shareholders' equity in other comprehensive income (OCI).

Foreign currency transactions are translated into the functional currency of the Company and its subsidiaries using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of earnings. Non-monetary items carried at cost are translated using the exchange rate at the date of the transaction. Non-monetary items carried at fair value are translated at the date the fair value is determined.

Revenue recognition

Gross revenues include revenue from the Company's food service activities. These activities consist primarily of food and beverage sales at restaurants operated by the Company, food processing and distribution sales related to the sale of manufactured products to grocery retailers and certain franchisees, franchise revenues earned as part of the license agreements between the Company and its franchisees, and advertising fund payments received from franchisees. Under IFRS 15 *Revenue from contracts with customers* ("IFRS 15"), revenue is recognized when a customer obtains control of the goods or services.

Corporate sales

Corporate sales are made up of the direct sale of prepared food and beverage to customers at company-owned restaurants, its catering division, and revenue from processing off-premise phone, web and mobile orders for franchised restaurants.

Food processing and distribution sales

The Company recognizes revenue from food product sales at the fair value of the consideration received or receivable and an estimate of sales incentives provided to customers. Revenue is recognized when the customer takes ownership of the product, title has transferred, all the risks and rewards of ownership have transferred to the customer, recovery of the consideration is probable, the Company has satisfied its performance obligations under the arrangement, and has no ongoing involvement with the sold product. The value of sales incentives provided to customers are estimated using historical trends and are recognized at the time of sale as a reduction of revenue. Sales incentives include rebates and promotional programs provided to the Company's customers. These rebates are based on achievement of specified volume or growth in volume levels and other agreed promotional activities. In subsequent periods, the Company monitors the performance of customers against agreed upon obligations related to sales incentive programs and makes any adjustments to both revenue and sales incentive accruals as required.

Franchise revenues

The Company grants license agreements to independent operators ("franchisees"). As part of the license agreements, the franchisees pay initial and renewal franchise fees, conversion fees for established locations, royalties based on franchisee sales, and other payments, which may include payments for equipment usage and property rents. Franchise fees and conversion fees, if applicable, are substantially earned and collected at the time the license agreement is entered into.

Royalties, based on a percentage of sales, are recognized as revenue and are recorded when earned. Most rental agreements are based on fixed payments including the recovery of operating costs, while other rental agreements are contingent on certain sales levels. Rental revenue from fixed rental leases are recognized on a straight-line basis over the term of the related lease while variable rental agreements based on a percentage of sales are accrued based on the actual sales of the restaurant.

Finance costs

Finance costs are primarily comprised of interest expense on long-term debt including the recognition of transaction costs over the expected life of the underlying borrowing using the effective interest rate at the initial recognition of the debt. All finance costs are recognized in the consolidated statements of earnings on an accrual basis (using the effective interest method), net of amounts capitalized as part of the costs of purchasing qualifying property, plant and equipment.

Finance costs directly attributable to the acquisition, construction or development of an asset that takes a substantial period of time (greater than six months), to prepare for their intended use, are recognized as part of

the cost of that asset. All other finance costs are recognized in the consolidated statements of earnings in the period in which they are incurred. The Company capitalizes finance costs at the weighted average interest rate of borrowings outstanding for the period.

Income taxes

Income tax provision is comprised of current and deferred income tax. Current income tax and deferred income tax are recognized in the consolidated statements of earnings except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income or losses.

Current income tax is the expected tax payable or receivable on the Company's taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is not recognized for the following temporary differences; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable earnings or loss, and taxable temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred income tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred income tax is measured at the tax rates expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current income tax liabilities and assets on a net basis or their income tax assets and liabilities will be realized simultaneously.

A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized or increased to the extent that it is probable that the related income tax benefit will be realized.

Financial instruments

The classification and measurement approach for financial assets reflect the business model in which assets are managed and their cash flow characteristics. Financial assets are classified and initially measured at: amortized cost; or fair value through profit and loss ("FVTPL"). For the Company, FVTPL is equivalent to fair value through statement of earnings.

Financial assets are measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and

- It is held within a business model whose objective is to hold assets to collect contractual cash flows.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the consolidated statements of earnings.

A financial asset is measured at FVTPL unless it is measured at amortized cost. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in the consolidated statements of earnings.

Financial assets are not reclassified subsequent to their initial recognition unless the Company identifies changes in its business model in managing financial assets.

Financial liabilities are classified and measured at amortized cost or FVTPL. A financial liability is measured at FVTPL if it is held for trading or it is designated by the entity as FVTPL on recognition. Financial liabilities at FVTPL are initially recognized at fair value and are thereafter carried at fair value. Financial liabilities at amortized cost are initially recognized at fair value less transaction costs and are thereafter carried at amortized cost using the effective interest method.

The following table and the accompanying notes below explain the measurement categories for each class of the Company's financial assets and liabilities.

Financial assets	**Notes**	**Classification**
Cash		Amortized cost
Accounts receivable		Amortized cost
Lease receivables		Amortized cost
Long-term receivables - franchise receivable and promissory notes		Amortized cost
Long-term receivables - due from related parties	(a)	Amortized cost/FVTPL
Financial liabilities	**Notes**	**Classification**
Accounts payable and accrued liabilities		Amortized cost
Long-term debt		Amortized cost
Note payable to the Keg Royalties Income Fund		Amortized cost
Lease liabilities		Amortized cost
Other long-term liabilities	(b)	Amortized cost/FVTPL

(a) Some amounts due from related parties relate to joint venture loans for business purposes of which collection of the loan principal is contingent on the financial performance of the joint venture. These receivables are classified at FVTPL. All other due from related parties are classified at amortized cost.

(b) Other long-term liabilities including non-controlling interest liability, contingent liabilities are measured based on meeting certain targets and are classified at FVTPL. All other long-term liabilities are classified at amortized cost.

Fair value of financial instruments

The fair value of financial instruments is the estimated amount that the Company would receive or pay to terminate the instrument at the reporting date. The fair values have been determined by reference to prices provided by counterparties. The fair values of all financial instruments are recorded in other long-term liabilities on the consolidated balance sheets.

The different levels used to determine fair values have been defined as follows:

• Level 1 - inputs use quoted prices (unadjusted) in active markets for identical financial assets or financial liabilities that the Company has the ability to access.

• Level 2 - inputs other than quoted prices included in Level 1 that are observable for the financial asset or financial liability, either directly or indirectly. Level 2 inputs include quoted prices for similar financial assets

and financial liabilities in active markets, and inputs other than quoted prices that are observable for the financial assets or financial liabilities.

• Level 3 - inputs are unobservable inputs for the financial asset or financial liability and include situations where there is little, if any, market activity for the financial asset or financial liability.

Derecognition

A financial asset is derecognized when the contractual rights to receive the cash flows from the assets expire, the risks and rewards have substantially all been transferred or the Company no longer has control of the asset. A financial liability is derecognized when the obligation specified in the contract is either discharged, cancelled or has expired.

Any gain or loss on de-recognition is recognized in the consolidated statement of earnings.

Impairment of financial assets

The Company applies the ECL model to assess for impairment on its financial assets measured at amortized cost at each balance sheet date. Expected credit losses are required to be measured through a loss allowance at an amount equal to:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and

- Full Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

For trade receivables, the standard provides a simplified impairment model for trade receivables without significant financing components which is applied by the Company. In this model, only life-time ECL's are recognized.

The ECL model outlines a three stage approach to recognizing expected losses which is intended to reflect the deterioration in credit quality of a financial instrument.

- Stage 1 is comprised of all financial instruments that have not deteriorated significantly in credit quality since initial recognition or has low credit risk at the reporting date.

- Stage 2 is comprised of all financial instruments that have deteriorated significantly in credit quality since initial recognition but do not have objective evidence of a credit loss event at the reporting date.

- Stage 3 is comprised of all financial instruments that have objective evidence of impairment at the reporting date.

For all stages of financial instruments, impairment is recognized based on the expected losses arising from loss events that could occur over the expected life of the instrument. The Company is required to recognize impairment based on a lifetime ECL for all stages of financial instruments.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, including forward-looking information.

An impairment loss or reversal is recorded in the consolidated statement of earnings when the credit risk is assessed to have increased or decreased for the financial assets.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Inventories

Inventories consist of food and beverage items for use at the Company's corporately-owned locations, catering division, Company-branded retail products and food and packaging materials used in St-Hubert's and The Keg's food processing and distribution division. Inventories are stated at the lower of cost and estimated net realizable value. Costs consist of the cost to purchase and other costs incurred in bringing the inventory to its present location reduced by vendor allowances. The cost of inventories is determined using the first-in, first-out method or standard cost method. The cost of inventory for products being manufactured by the Company includes direct product costs, direct labour and an allocation of variable and fixed manufacturing overheads, including depreciation. When circumstances that previously caused inventories to have a write-down below cost no longer exist, or when there is clear evidence of an increase in net realizable value, the amount of a write-down previously recorded is reversed through cost of inventories sold.

Property, plant and equipment

Recognition and measurement

Land other than through a finance lease is carried at cost and is not depreciated.

Property, plant and equipment are stated at cost less accumulated depreciation and net accumulated impairment losses (refer to impairment of long-lived assets policy below). Cost includes expenditures directly attributable to the acquisition of the asset, including the costs of dismantling and removing the items and restoring the site on which they are located, and finance costs on qualifying assets less tenant inducements received from landlords.

Construction-in-progress assets are capitalized during construction and depreciation commences when the asset is available for use.

When significant component parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains or losses on disposal of an item of property, plant and equipment, are determined by comparing the proceeds from disposal with the net carrying amount of property, plant and equipment, and are recognized within selling, general and administrative expenses in the consolidated statements of earnings.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount, if any, of the replaced part is de-recognized and recorded within selling, general and administrative expenses in the consolidated statements of earnings. The

costs of repairs and maintenance of property, plant and equipment are recognized within selling, general and administrative expenses in the consolidated statements of earnings as incurred.

Depreciation and Amortization

Depreciation is calculated based upon the depreciable amount, which is the cost of an asset less its residual value.

Depreciation commences when assets are available for use and is recognized on a straight-line basis to amortize the cost of these assets over their estimated useful lives. Estimated useful lives range from 2 to 12 years for equipment. Buildings are depreciated over 20 to 40 years and leasehold improvements are depreciated over the shorter of their estimated useful lives or the term of the lease, including expected renewal terms to a maximum of 15 years. Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate on a prospective basis. Depreciation expense is recognized in selling, general and administrative expenses in the consolidated statements of earnings. Depreciation expense related to assets used to manufacture and process food are recognized in the cost of inventory and cost of inventory sold upon the sale of inventory.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date that control is transferred to the Company.

Goodwill arising in a business combination is recognized as an asset at the date that control is acquired. Goodwill represents the excess of the purchase price of a business acquired over the fair value of the underlying net assets acquired at the date of acquisition. Goodwill is allocated at the date of the acquisition to a group of CGUs that are expected to benefit from the synergies of the business combination, but no higher than an operating segment. Goodwill is not amortized and is tested at the brand level for impairment at least annually and whenever there is an indication that the asset may be impaired. Refer to the impairment of long-lived assets policy below.

Brands and other assets

Brands and other assets including re-acquired franchise rights are recorded at their fair value at the date of acquisition. The Company assesses each intangible asset and other assets for legal, regulatory, contractual, competitive or other factors to determine if the useful life is definite. Brands are measured at cost less net accumulated impairment losses and are not amortized as they are considered to have an indefinite useful life. Indefinite life intangible assets are tested for impairment at least annually and whenever there is an indication that the asset may be impaired. Re-acquired franchise rights and other assets are amortized on a straight-line basis over their estimated useful lives, averaging approximately five years and are tested for impairment whenever there is an indication that the asset may be impaired. Refer to the impairment of long-lived assets policy below.

Other Intangible Assets

The Company has certain definite life intangible assets, primarily related to customer relationships, which are measured at fair value on the date of acquisition. These assets are subsequently measured at cost less accumulated amortization and less any net accumulated impairment losses. Amortization is recognized in selling, general and administrative expenses on a straight-line basis over their estimated useful lives.

Customer relationships have estimated useful lives ranging from 20 to 33 years. Customer relationships are tested for impairment whenever events or circumstances exist that suggest the carrying value is greater than the recoverable amount.

Impairment of long-lived assets

For the purpose of reviewing definite life non-financial assets for impairment, asset groups are reviewed at their lowest level for which identifiable cash inflows are largely independent of cash inflows of other assets or groups of assets. The Company has determined that its CGUs comprise of individual restaurants. For customer relationships, the Company has determined that its CGUs comprise of type of customer, being sales to franchise customers and retail grocery chains. For indefinite life intangible assets, the Company allocates the brand assets to the group of CGUs, being brands that are considered to generate independent cash inflows from other assets. Goodwill is assessed for impairment based at the brand level on the group of CGUs expected to benefit from the synergies of the business combination, and the lowest level at which management monitors the goodwill and cannot be at a higher level than an operating segment.

At each balance sheet date, the Company reviews the carrying amounts of its non-financial assets, including property, plant and equipment, brands and other assets for any indication of impairment or a reversal of previously recorded impairment. Previous impairment of goodwill is not permitted to be reversed. In addition, goodwill and indefinite life brands are tested for impairment at least annually. If any such indication of impairment exists, the recoverable amount of the CGU is estimated in order to determine the extent of the impairment loss, if any.

An impairment loss is recognized if the net carrying amount of the CGU or group of CGUs exceeds its recoverable amount, calculated as the higher of the fair value less costs to sell (FVLCS) and the value in use (VIU). Impairment losses are recognized in the consolidated statements of earnings in the period in which they occur. When impairment subsequently reverses, the carrying amount of the asset is increased to the extent that the carrying value of the underlying assets does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment had been recognized. Impairment reversals are recognized in consolidated statements of earnings in the period which they occur.

Any potential brand impairment is identified by comparing the recoverable amount of the groups of CGUs that includes the indefinite life asset to its carrying amount. If the recoverable amount, calculated as the higher of the fair value less costs to sell and the value in use, is less than its carrying value, an impairment loss is recognized in the consolidated statements of earnings in the period in which it occurs.

Any potential goodwill impairment is identified by comparing the recoverable amount of the CGU grouping to which the goodwill is allocated to its carrying value. If the recoverable amount, calculated as the higher of the fair value less costs to sell and the value in use, is less than its carrying amount, an impairment loss is recognized in the consolidated statements of earnings or losses in the period in which it occurs. Impairment losses on goodwill are not subsequently reversed if conditions change.

Gift cards

The Company’s various branded restaurants, in addition to third party companies, sell gift cards to be redeemed at the Company’s corporate and franchised restaurants for food and beverages only. Proceeds received from the sale of gift cards are treated as gift card liability in current liabilities until redeemed by the gift card holder as a method of payment for food and beverage purchases.

Based on historical redemption patterns, the Company estimates the portion of gift cards that have a remote likelihood of being redeemed and recognizes the amount as a reduction in expenses on the operational statements of the marketing funds that the Company administers on behalf of franchisees and on the Company's consolidated statements of earnings. At the Keg Restaurant Limited ("KRL"), based on historical redemption patterns, the KRL estimates the portion of gift cards that have a remote likelihood of being redeemed and recognizes the amount as a reduction of costs of administrating and fulfilling the gift card program and are included in the selling, general and administrative expense in the consolidated statements of earnings and consolidated statements of comprehensive income.

Due to the inherent nature of gift cards, it is not possible for the Company to determine what portion of the unearned revenue related to gift cards will be redeemed in the next 12 months and, therefore, the entire accrual balance is considered to be a current liability.

Employee future benefits

The cost of the Company's defined benefit pension plans are accrued as earned by the employees, based on actuarial valuations. The cost of defined benefit pension plans are determined using the projected unit credit benefit method pro-rated on service and management's best estimate, rates of compensation increase and retirement ages of plan members. Assets are recorded at fair value. The discount rate used to value the accrued benefit plan obligations are based on high quality corporate bonds in the same currency in which the benefits are expected to be paid and with terms to maturities that on average match the terms of the defined benefit obligations. An interest amount on plan assets is calculated by applying a prescribed discount rate used to value the accrued benefit obligations. Past service costs from plan amendments are recognized within operating income in the consolidated statements of earnings in the year that they arise.

For the plans that resulted in a net defined benefit asset, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to the plan. An economic benefit is available to the plan if it is realizable during the life of the plan, or on settlement of the plan liabilities.

At each balance sheet date, plan assets are measured at fair value and defined benefit plan obligations are measured using assumptions which approximate their present values at the reporting date, with the resulting actuarial gains and losses from both of these measurements, net of taxes, are recognized in the consolidated statements of other comprehensive income.

Short-term employee benefits

Short-term employee benefits include wages, salaries, compensated absences and bonuses. Short-term employee benefit obligations are measured on an undiscounted basis and are recognized within operating income in the consolidated statements of earnings as the related service is provided or capitalized if the service rendered is in connection with the creation of a tangible asset. A liability is recognized for the amount expected to be paid under short-term cash bonus plans if the Company has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

Stock based compensation

The Company has stock-based compensation plans for eligible employees. As these plans permit a cash settlement at the option holder's discretion, these grants are treated as cash-settled.

Leases

Definition of a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone

prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date.

The lease liability is initially measured at the present value of the lease payments that have not been paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination if the Company is reasonably certain to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Right-of-use assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. Refer to the Impairment of long-lived assets policy.

When a lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short term leases, leases of low-value assets and variable lease payments exemption

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes these lease payments and variable payments associated with these leases as an expense in selling, general and administrative expenses in the consolidated statements of earnings on the most systematic basis over the lease term.

As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying assets. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head-lease is a short-term lease to which the Company applies the exemption previously described, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

Accounting Standards Implemented in 2024

The Company implemented the following accounting standards for the annual period beginning January 1, 2024.

Classification of Liabilities as Current or Non-current and Enhanced Disclosure of Long-Term Debt with Covenants (Amendments to IAS 1)

On January 23, 2020, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* (IAS 1), to clarify the classification of liabilities as current or non-current. The amendments removed the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must have substance and exist at the end of the reporting period. The amendments also clarify how a company classifies a liability which includes a counterparty conversion option. The amendments state that: (i). settlement of a liability includes transferring a company's own equity instruments to the counterparty, and (ii). when classifying liabilities as current or non-current a company can ignore only those conversion options that are recognized as equity. The amendments apply retrospectively for annual periods beginning on or after January 1, 2024 and did not have a material impact on the consolidated financial statements.

On October 31, 2022, the IASB issued *Non-current Liabilities with Covenants (Amendments to IAS 1)* requiring enhanced disclosures on liabilities that are presented as long-term and are subject to compliance with covenants, and the risk that debt could become repayable within 12 months of the reporting date if covenants are not met. The amendments are effective for annual periods beginning on or after January 1, 2024, and were early adopted by the Company and did not have a material impact on the consolidated financial statements.

Definition of Accounting Estimates (Amendments to IAS 8)

On February 12, 2021, the IASB issued *Definition of Accounting Estimates (Amendments to IAS 8)*. The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for annual periods beginning on or after January 1, 2023, and did not have a material impact on the consolidated financial statements.

Disclosure initiative - Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

On February 12, 2021, the IASB issued *Disclosure Initiative - Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements).* The amendments help companies provide useful accounting policy disclosures. The key amendments include: (1) requiring companies to disclose their material accounting policies rather than their significant accounting policies; (2) clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and (3) clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements. The amendments are effective for annual periods beginning on or after January 1, 2023 and did not have a material impact on the consolidated financial statements.

Amendments related to Income tax (Amendments to IAS 12)

On May 7, 2021, the IASB issued *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).* The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. The amendments are effective for annual periods beginning on or after January 1, 2023 and did not have a material impact on the consolidated financial statements.

On May 23 2023, the IASB issued *International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)* on the mandatory exemption to recognizing deferred taxes related to global minimum tax. The amendments provide a temporary exception to the requirement to recognize deferred taxes arising from a tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development ("OECD") and to disclose information about them, including the tax regulations that implement qualified domestic minimum top-up taxes described in such rules. The Canadian tax law to implement these rules received royal assent on June 20, 2024 and the Company will be subject to the top-up rules for its 2024 taxation year. The amendments also provide targeted note disclosure requirements for the concerned entities to enable the users of the financial statements to understand to what extent the entity will be affected by the minimum tax, in particular before the regulation becomes effective. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and did not have a material impact on the consolidated financial statements, as none of the Company's current jurisdictions are subject to any material top-up tax amount.

Lease liability in a sale and leaseback (Amendments to IFRS 16)

On September 22, 2022, the IASB issued *Lease Liability in a Sales and Leaseback (Amendments to IAS 16).* The amendments introduces a new accounting model which impacts how a seller-lessee accounts for variable lease payments that arise in a sale-and-lease back transaction and needs to be applied retrospectively. Under IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors,* a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into on or after the date of initial application of IFRS 16. The amendments are effective for annual periods beginning on or after January 1, 2024 and did not have a material impact on the consolidated financial statements.

4 Future accounting standards

Enhanced presentation and disclosure of financial statements (IFRS 18)

On April 9, 2024, the IASB issued a new standard IFRS 18 *Presentation and Disclosure in Financial Statements* to improve the usefulness and comparability of financial statement information. The new standard replaces IAS 1 and introduces three sets of new presentation and disclosure requirements: (1) it codifies the reporting structure of the income statement and requires defined subtotals; (2) disclosure of management-defined performance measures that relate to the income statement; and (3) enhanced guidance on how to

organize information in the financial statements and whether to provide it in the primary financial statements or in the notes. The new standard is effective for annual periods beginning on or after January 1, 2027. The Company is currently assessing whether the new standard will have a material impact on the consolidated financial statements.

Reduced financial statement disclosure requirements for subsidiaries without public accountability (IFRS 19)

On May 9, 2024, the IASB issued a new voluntary standard IFRS 19 *Subsidiaries without Public Accountability: Disclosures* that will permit reduced disclosure requirements for eligible subsidiary financial statements. The new standard simplifies the disclosure requirements of certain IFRS standards. The new standard is voluntary and is effective for annual periods beginning on or after January 1, 2027. The Company is currently assessing whether to adopt the new standard.

Amendments to IFRS 9 *Financial Instruments* & IFRS 7 *Financial Instruments*

On May 30, 2024, the IASB issued targeted amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments.* These amendments include clarifying the date of recognition and derecognition of certain financial assets and liabilities with an optional exception for the derecognition of a financial liability settled through electronic cash transfer. These new amendments are effective for annual periods beginning on or after January 1, 2026. The Company is currently assessing whether the new amendment will have a material impact on the consolidated financial statements.

Annual improvements to IFRS Standards

On July 18, 2024, the IASB issued *Annual Improvements to IFRS Accounting Standards-Volume 11*, which contains amendments to various IFRS as a result of the IASB's annual improvement project. These narrow amendments include clarifications, simplifications, corrections and changes to improve the consistency across the standards, and are effective for annual periods beginning on or after January 1, 2026. The Company is currently assessing whether these amendments will have a material impact on the consolidated financial statements.

5 Sales

Sales are made up of the direct sales of prepared food and beverage to customers at corporately-owned restaurants and from its catering operations, sales of St-Hubert and The Keg branded products and other private label products produced and shipped from the Company’s manufacturing plant and distribution centers to retail grocery customers and to its network of St-Hubert restaurants, and revenue from processing off-premise phone, web and mobile orders for franchised locations.

(in thousands of Canadian dollars)	For the 52 weeks ended December 29, 2024	For the 53 weeks ended December 31, 2023
Sales at corporate restaurants and catering operations	$ 834,854	$ 824,625
Food processing and distribution sales	389,145	400,765
Call centre service charge revenues	6,422	7,304
	$ 1,230,421	**$ 1,232,694**

6 Franchise revenues

The Company grants license agreements to franchisees. As part of the license agreements, the franchisees pay franchise fees, marketing fund contributions, conversion fees for established locations, and other payments, which may include payments for royalties, equipment and property rents.

(in thousands of Canadian dollars)	For the 52 weeks ended December 29, 2024	For the 53 weeks ended December 31, 2023
Royalty revenue	$ 117,172	$ 119,646
Marketing fund contributions	69,362	68,964
Other rental income	7,593	8,009
Franchise fees on new and renewal licenses	1,810	1,581
Income on equipment finance leases	236	277
	$ 196,173	**$ 198,477**

7 Selling, general and administrative expenses

Included in operating income are the following selling, general and administrative expenses:

(in thousands of Canadian dollars)	For the 52 weeks ended December 29, 2024	For the 53 weeks ended December 31, 2023
Corporate restaurant expenses	$ 484,731	$ 482,750
Advertising fund transfers	69,362	68,964
The Keg royalty expense (note 26)	28,782	29,668
Franchise assistance and bad debt	1,318	2,801
Depreciation of property, plant and equipment	89,452	90,345
Amortization of other assets (note 14)	3,709	3,317
Net (gain) loss on disposal of property, plant and equipment and other assets	(1,245)	329
Net gain on settlement of lease liabilities (note 17)	(55)	(2,792)
Other	43,559	60,967
	$ 719,613	**$ 736,349**

For the year ended December 29, 2024, $4.8 million (December 31, 2023 - $4.4 million) of depreciation related to property, plant and equipment has been included in cost of inventories sold as part of food processing and distribution.

Employee costs

Included in selling, general and administrative expenses are the following employee costs:

(in thousands of Canadian dollars)	For the 52 weeks ended December 29, 2024	For the 53 weeks ended December 31, 2023
Salaries and short-term employee benefits	$ 416,933	$ 423,523
Post-employment benefits (note 19)	331	364
Long-term incentive plans (note 18 and 20)	8,956	12,754
	$ 426,220	**$ 436,641**

8 Restructuring and other

Restructuring costs are based on plans to consolidate and eliminate certain home office and brand operations positions related to Recipe's acquisitions, and are comprised primarily of severance and lease settlement costs. Restructuring costs also consist of closure costs related to repositioning certain brands.

Home office and brand reorganization

In conjunction with certain acquisitions, the Company approved the restructuring of certain home office and brand operations positions to consolidate with Recipe's existing infrastructure. For the 52 weeks ended December 29, 2024 the Company recorded a restructuring recovery of $0.1 million (for the 53 weeks ended December 31, 2023 - restructuring expense of $4.2 million) comprised primarily of severance and other benefits.

For the 52 weeks ended December 29, 2024 the Company recorded a restructuring recovery of $3.7 million (for the 53 weeks ended December 31, 2023 - restructuring expense of $1.6 million) related to expected cost to settle and exit certain leases.

The following table provides a summary of the costs recognized and cash payments made, as well as the corresponding net liability as at December 29, 2024 and December 31, 2023:

(in thousands of Canadian dollars)	For the 52 weeks ended December 29, 2024	For the 53 weeks ended December 31, 2023
Net liability, beginning of period	**$ 14,292**	**$ 12,076**
(Recovery) cost recognized		
Employee termination benefits	(128)	4,233
Site closing costs and other	(3,713)	1,642
	(3,841)	**5,875**
Cash payments		
Employee termination benefits	(5,344)	(2,759)
Site closing costs and other	(650)	(651)
	(5,994)	**(3,410)**
Other adjustments	—	**(249)**
Net liability, end of period	**$ 4,457**	**$ 14,292**

Recorded in the consolidated balance sheets as follows:

(in thousands of Canadian dollars)	December 29, 2024	December 31, 2023
Employee termination benefits:		
Accounts payable and accrued liabilities	$ 75	$ 5,547
Site closing costs and other are recorded as an adjustment to:		
Provisions for long-term receivables (note 12)	1,147	—
Provisions (current)	465	759
Provisions (long-term)	1,527	932
Property, plant and equipment	1,243	7,054
	$ 4,457	**$ 14,292**

9 Interest expense (income) and other financing charges (other income)

(in thousands of Canadian dollars)	For the 52 weeks ended December 29, 2024	For the 53 weeks ended December 31, 2023
Interest expense and other financing charges		
Interest expense on long-term debt	$ 27,856	$ 35,917
Interest expense on note payable to The Keg Royalties Income Fund	4,275	4,275
Interest on lease obligations (note 17)	25,074	24,475
Financing costs	700	876
Interest expense - other	1,400	1,394
Interest expense and other financing charges	**59,305**	**66,937**
Interest income on Partnership units and KRIF units	(13,428)	(13,741)
Interest income	(2,062)	(2,726)
Interest income on lease receivable (note 12)	(12,731)	(12,875)
Interest and other income	**$ (28,221)**	**$ (29,342)**
	$ 31,084	**$ 37,595**

10 Income taxes

The Company's income tax expense is comprised of the following:

(in thousands of Canadian dollars)	For the 52 weeks ended December 29, 2024	For the 53 weeks ended December 31, 2023
Current income tax expense		
Current period	$ 30,323	$ 16,307
Adjustments for prior years	245	710
	$ 30,568	**$ 17,017**
Deferred income tax expense (recovery)		
Benefit from previously unrecognized tax asset	$ (756)	$ (534)
Origination and reversal of temporary differences	3,425	578
Adjustments for prior years	(824)	(1,301)
	$ 1,845	**$ (1,257)**
Net income tax expense[(1)]	**$ 32,413**	**$ 15,760**

[(1)] Net income tax expense for the 52 weeks ended December 29, 2024 and the 53 weeks ended December 31, 2023 relate to income taxes from operations.

Net income tax expense is reconciled from net earnings as follows:

(in thousands of Canadian dollars)	For the 52 weeks ended December 29, 2024	For the 53 weeks ended December 31, 2023
Net earnings	$ 90,836	$ 33,197
Income taxes	32,413	15,760
Income before income taxes	123,249	48,957
Statutory income tax rate	26.23 %	26.25 %
Expected income tax expense based on above rates	32,328	12,851
Increase (decrease) resulting from:		
Benefit from previously unrecognized tax asset (including unrecognized income tax benefit utilized in the current year)	(756)	(534)
Adjustments for prior years	(578)	(591)
Income taxes on non-deductible/(taxable) amounts	(136)	5,457
Other	1,555	(1,423)
Expense for income taxes	**$ 32,413**	**$ 15,760**

Recognized deferred tax assets and liabilities

(in thousands of Canadian dollars)	December 29, 2024	December 31, 2023
Opening balance	$ (66,527)	$ (67,622)
Deferred income tax expense	(1,845)	1,257
Income taxes recognized in other comprehensive loss	(136)	(164)
Other	162	2
Deferred tax liabilities	**$ (68,346)**	**$ (66,527)**

Deferred tax assets and liabilities are attributable to the following:

(in thousands of Canadian dollars)	December 29, 2024	December 31, 2023
Deferred tax assets:		
Other long-term liabilities	$ 78,550	$ 77,005
Income tax losses [1]	8,703	10,499
Accounts payable and accrued liabilities	6,913	7,605
Other assets	7,565	4,695
	$ 101,731	**$ 99,804**
Offset of deferred tax asset and liabilities	(66,934)	(60,957)
	$ 34,797	**$ 38,847**
Deferred tax liabilities:		
Brand and other intangibles	$ (94,065)	$ (93,451)
Property, plant and equipment	(75,979)	(72,851)
Long-term receivables	(20)	—
Accounts receivable	(13)	(29)
	$ (170,077)	**$ (166,331)**
Offset of deferred tax asset and liabilities	66,934	60,957
	$ (103,143)	**$ (105,374)**

[1] The gross amount of tax non-capital losses carried forward will start to expire in 2034.

Unrecognized deferred tax liabilities

Deferred tax is not recognized on the unremitted earnings of subsidiaries and other investments as the Company is in a position to control the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. Reversing these temporary differences would not result in any significant tax implications.

Unrecognized deferred tax assets

Deferred tax assets have not been recognized on the consolidated balance sheets in respect of the following items:

(in thousands of Canadian dollars)	December 29, 2024	December 31, 2023
Income tax losses	$ 17,641	$ 23,148
Deductible temporary differences	28,096	25,366
	$ 45,737	**$ 48,514**

The unrecognized carry forward US income tax losses of $17.6 million (December 31, 2023 - $23.1 million) began to expire in 2024. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable income will be available to the Company to utilize the benefits.

11 Inventories

(in thousands of Canadian dollars)	December 29, 2024	December 31, 2023
Raw materials	$ 15,786	$ 18,401
Work in progress	1,222	1,395
Finished goods	31,586	30,428
Food and beverage supplies	13,743	12,729
	$ 62,337	**$ 62,953**

As at December 29, 2024, the Company had a provision of less than $0.1 million to reflect inventories at the lower of cost and net realizable value (December 31, 2023 - $0.1 million).

12 Long-term receivables

(in thousands of Canadian dollars)	December 29, 2024	December 31, 2023
Lease receivables	$ 247,734	$ 267,493
Franchise receivables	552	732
Due from related parties	1,187	1,203
Promissory notes	360	32
	$ 249,833	**$ 269,460**

Recorded in the consolidated balance sheets as follows:

(in thousands of Canadian dollars)	December 29, 2024	December 31, 2023
Current portion of long-term receivables	$ 57,309	$ 59,924
Long-term receivables	192,524	209,536
	$ 249,833	**$ 269,460**

Lease receivables

Lease receivables are related to the lease liabilities where the Company is on the real estate head lease of its franchised locations and a corresponding sublease contract is entered into between the Company and its franchisees. These subleases are all related to non-consolidated franchisees and are related to the long-term obligation of the franchisee sub-tenants to pay the Company over the term of the lease agreements excluding any unexercised renewal options, as they have not been determined to be certain to be exercised.

The lease receivable balance also includes the receivables relating to certain divested Milestones and Pubs locations where the Company remains as guarantor or is named on the head lease in those lease arrangements. The lease obligation balance, which represents the Company's full exposure in those lease arrangements, as well as the related lease receivable, will remain on the Company's balance sheet until landlord approvals to release the Company as guarantor are obtained. Consequently, the Company has not derecognized those lease obligations or the related sublease receivables assets.

Lease receivables are reviewed for impairment based on expected losses at each balance sheet date in accordance with IFRS 9, *Financial Instruments*. An impairment (loss) reversal is recorded when the credit risk is assessed to have changed for the lease receivables. For the 52 weeks ended December 29, 2024, the

Company recorded an impairment loss reversal of $3.0 million (53 weeks ended December 31, 2023 - $1.2 million impairment loss reversal) on long-term lease receivables using the expected credit loss model.

Lease receivables have maturity dates ranging from 2025 to 2036 and bear an average effective interest rate of 3.7% to 7.5%.

(in thousands of Canadian dollars)	For the 52 weeks ended December 29, 2024	For the 53 weeks ended December 31, 2023
Balance, beginning of period	$ 267,493	$ 293,001
Additions	4,469	1,236
Lease renewals and modifications	34,935	36,799
Lease terminations and assignments	(2,784)	(2,850)
Payments and amounts payable	(71,871)	(76,610)
Interest income	12,731	12,875
Net impairment reversal	2,995	1,243
Other adjustments	(234)	1,799
Lease receivables	**$ 247,734**	**$ 267,493**

Franchise receivables (in thousands of Canadian dollars)	For the 52 weeks ended December 29, 2024	For the 53 weeks ended December 31, 2023
Balance, beginning of period	$ 732	$ 2,840
Payments	(373)	(1,124)
Buyouts, take-backs, and other adjustments	21	(984)
Impairment loss related to equipment leases	172	—
	$ 552	**$ 732**

Provision for long-term receivables (in thousands of Canadian dollars)	For the 52 weeks ended December 29, 2024	For the 53 weeks ended December 31, 2023
Balance, beginning of period	$ 29,289	$ 32,362
Impairment loss related to lease receivable	4,703	7,568
Impairment reversal related to lease receivable	(7,526)	(8,811)
Impairment loss related to equipment leases	(172)	—
Drawdown of provision from terminations	(879)	(1,830)
Provision related to restructuring location (note 8)	1,147	—
Provision for long-term receivables	**$ 26,562**	**$ 29,289**

Presentation of the provision for long term receivables balance has been revised from prior year, however the underlying value of the long-term receivable has not been impacted.

13 Property, plant and equipment

	As at and for the 52 weeks ended December 29, 2024						
(in thousands of Canadian dollars)	Land	Buildings	Equipment	Leasehold improvements	Right-of-Use Assets	Construction-in-progress	Total
Cost							
Balance, beginning of year	$ 35,473	$ 112,743	$ 279,174	$ 242,858	$ 455,611	$ 11,943	$ 1,137,802
Additions	—	—	6,305	2,887	7,090	18,977	35,259
Buybacks	—	—	208	388	—	—	596
Lease renewals and modifications	—	—	—	—	58,955	—	58,955
Foreign exchange translation	—	—	1,006	2,276	1,853	76	5,211
Disposals and adjustments	(3,855)	(9,299)	(4,750)	(6,346)	(2,319)	212	(26,357)
Transfer to/(from) construction-in-progress	—	—	8,266	14,985	—	(23,251)	—
Balance, end of year	**$ 31,618**	**$ 103,444**	**$ 290,209**	**$ 257,048**	**$ 521,190**	**$ 7,957**	**$ 1,211,466**
Accumulated depreciation and impairment losses							
Balance, beginning of year	$ —	$ 28,230	$ 213,082	$ 171,827	$ 236,333	$ —	$ 649,472
Depreciation expense	—	3,465	23,453	19,231	48,056	—	94,205
Impairment losses	—	—	241	1,773	2,339	—	4,353
Reversal of impairment losses	—	—	(270)	(627)	(1,334)	—	(2,231)
Foreign exchange translation	—	—	887	2,111	1,120	—	4,118
Disposals and adjustments	—	(2,998)	(4,193)	(5,438)	(1,430)	—	(14,059)
Balance, end of year	**$ —**	**$ 28,697**	**$ 233,200**	**$ 188,877**	**$ 285,084**	**$ —**	**$ 735,858**
Carrying amount as at December 29, 2024	**$ 31,618**	**$ 74,747**	**$ 57,009**	**$ 68,171**	**$ 236,106**	**$ 7,957**	**$ 475,608**

	As at and for the 53 weeks ended December 25, 2023						
(in thousands of Canadian dollars)	Land	Buildings	Equipment	Leasehold improvements	Right-of-Use Assets	Construction-in-progress	Total
Cost							
Balance, beginning of year	$ 35,320	$ 114,496	$ 262,464	$ 228,565	$ 407,537	$ 12,833	$ 1,061,215
Additions	153	13	8,088	3,987	9,843	37,323	59,407
Acquisitions	—	—	403	1,131	—	—	1,534
Lease renewals and modifications	—	—	—	—	40,328	—	40,328
Foreign exchange translation	—	—	(309)	(706)	(551)	(12)	(1,578)
Divestitures, disposals and adjustments	—	(1,849)	(8,854)	(10,855)	(1,546)	—	(23,104)
Transfer to/(from) construction-in-progress	—	83	17,382	20,736	—	(38,201)	—
Balance, end of year	**$ 35,473**	**$ 112,743**	**$ 279,174**	**$ 242,858**	**$ 455,611**	**$ 11,943**	**$ 1,137,802**
Accumulated depreciation and impairment losses							
Balance, beginning of year	$ —	$ 25,168	$ 195,574	$ 159,112	$ 191,896	$ —	$ 571,750
Depreciation expense	—	3,586	25,698	22,891	42,552	—	94,727
Impairment losses	—	—	747	4,223	4,001	—	8,971
Reversal of impairment losses	—	—	(28)	(3,346)	(2,040)	—	(5,414)
Foreign exchange translation	—	—	(273)	(651)	(296)	—	(1,220)
Divestitures, disposals and adjustments	—	(524)	(8,636)	(10,402)	220	—	(19,342)
Balance, end of year	**$ —**	**$ 28,230**	**$ 213,082**	**$ 171,827**	**$ 236,333**	**$ —**	**$ 649,472**
Carrying amount as at December 31, 2023	**$ 35,473**	**$ 84,513**	**$ 66,092**	**$ 71,031**	**$ 219,278**	**$ 11,943**	**$ 488,330**

Impairment losses and reversals

For the 52 weeks ended December 29, 2024, the Company recorded $4.4 million (53 weeks ended December 31, 2023 - $9.0 million) of impairment losses on property, plant and equipment in respect of 12 CGUs (53 weeks ended December 31, 2023 - 26 CGUs). An impairment loss is recorded when the carrying amount of the restaurant location exceeds its recoverable amount. The recoverable amount is based on the greater of the CGU's fair value less costs to sell ("FVLCS") and its value in use ("VIU"). Approximately 21% (December 31, 2023 - 34%) of impaired CGUs had carrying values greater than their FVLCS. The remaining 79% (December 31, 2023 - 66%) of impaired CGUs had carrying values greater than their VIU**.**

For the 52 weeks ended December 29, 2024, the Company recorded $2.2 million of impairment reversals (53 weeks ended December 31, 2023 - $5.4 million) in respect of 12 CGUs (53 weeks ended December 31, 2023 - 18 CGUs).

When determining the recoverable amount of a restaurant location, the Company employs a discounted cash flow model for each CGU. The duration of the cash flow projections for individual CGUs varies based on the remaining useful life of the significant asset within the CGU or the remaining lease term of the location. Sales forecasts for cash flows are based on actual operating results, operating budgets and long-term growth rates that were consistent with strategic plans presented to the Company's Board and ranged between 3% and 50% (December 31, 2023 - between 3% and 10%). The Company used an after-tax discount rate of 3.8% to 13.6% at December 29, 2024 (December 31, 2023 - 3.7% to 13.7%).

14 Brands and other assets

(in thousands of Canadian dollars)	Brands	Customer Relationships	Investment in joint ventures	Total
	As at and for the 52 weeks ended December 29, 2024			
Cost				
Balance, beginning of year	$ 526,969	$ 83,591	$ 1,199	$ 611,759
Share of loss	—	—	(57)	(57)
Adjustments and transfers	(1,220)	1,220	—	—
Balance as at December 29, 2024	**$ 525,749**	**$ 84,811**	**$ 1,142**	**$ 611,702**
Accumulated amortization and impairment losses				
Balance, beginning of year	$ 13,418	$ 34,814	$ —	$ 48,232
Amortization	—	3,709	—	3,709
Impairment	4,051	153	—	4,204
Other	—	44	—	44
Balance as at December 29, 2024	**$ 17,469**	**$ 38,720**	**$ —**	**$ 56,189**
Carrying amount as at December 29, 2024	**$ 508,280**	**$ 46,091**	**$ 1,142**	**$ 555,513**

(in thousands of Canadian dollars)	Brands	Customer Relationships	Investment in joint ventures (note 27)	Total
	As at and for the 53 weeks ended December 31, 2023			
Cost				
Balance, beginning of year	$ 526,969	$ 83,591	$ 1,240	$ 611,800
Share of loss	—	—	(41)	(41)
Balance as at December 31, 2023	**$ 526,969**	**$ 83,591**	**$ 1,199**	**$ 611,759**
Accumulated amortization and impairment losses				
Balance, beginning of year	$ 8,319	$ 31,395	$ —	$ 39,714
Amortization	—	3,317	—	3,317
Impairment	5,099	—	—	5,099
Other	—	102	—	102
Balance as at December 31, 2023	**$ 13,418**	**$ 34,814**	**$ —**	**$ 48,232**
Carrying amount as at December 31, 2023	**$ 513,551**	**$ 48,777**	**$ 1,199**	**$ 563,527**

Impairment testing of brands and other assets

For the purpose of impairment testing, brands are allocated to the group of CGUs which represent the lowest level within the group at which the brands are monitored for internal management purposes.

For the 52 weeks ended December 29, 2024 the Company recorded $4.1 million of impairment loss in respect of the Pickle Barrel brand intangible asset (for the 53 weeks ended December 31, 2023 - $5.1 million in respect of the Pickle Barrel and Bier Markt brand intangible assets).

The Company determines FVLCS of its brands using the "Relief from Royalty Method", a discounted cash flow model. The process of determining the FVLCS requires management to make assumptions around projected future sales, terminal growth rates, royalty rates and discount rates. Projected future sales are consistent with the most recent strategic plans presented to the Company's Board. For the purposes of the impairment test, the Company has reflected a terminal value growth of 3% (December 31, 2023 - 3%) after the fifth year in its present value calculations.

The Company has used an after-tax discount rate in the range of 10.6% to 13.6% (December 31, 2023 - 10.7% to 13.7%), which is based on the Company's weighted average cost of capital with appropriate adjustments for the risks associated with the group of CGUs to which brands with an indefinite life are allocated. Cash flow projections are discounted over a five-year period plus a terminal value.

Finite life intangible assets tested for impairment are reviewed at their lowest level for which identifiable cash inflows are largely independent of cash inflows of other assets or groups of assets.

An impairment loss and any subsequent reversals, if any, are recognized in the consolidated statements of earnings.

15 Goodwill

(in thousands of Canadian dollars)	For the 52 weeks ended December 29, 2024	For the 53 weeks ended December 31, 2023
Balance, beginning of period	$ 214,627	$ 224,966
Impairment	(9,743)	(10,339)
Balance, end of period	**$ 204,884**	**$ 214,627**

Impairment testing of goodwill

For the purpose of impairment testing, goodwill is allocated to the group of CGUs, being brands that are considered to represent the lowest level within the group at which the goodwill is monitored for internal management purposes.

During the years ended December 29, 2024 and December 31, 2023, the Company performed annual impairment testing of goodwill, in accordance with the Company's accounting policy.

To determine the recoverable amount of the group of CGUs to which goodwill is allocated, the higher of VIU or FVLCS method is used. The values assigned to the key assumptions represent management's assessment of future trends and are based on both external sources and internal sources (historical data). Significant assumptions include projected future sales and earnings, terminal growth rate and discount rates. The Company has projected cash flows based on the most recent strategic plans presented to the Company's Board. For the purposes of the impairment test, the Company has reflected a terminal value growth of 3.0% to 5.0% (December 31, 2023 - 3.0% to 5.0%) after the fifth or final forecast year in its present value calculations.

The Company has used an after-tax discount rate in the range of 10.6% to 13.6% (December 31, 2023 - 10.7% to 13.7%), which is based on the Company's weighted average cost of capital with appropriate adjustments for

the risks associated with the group of CGUs to which goodwill is allocated. Cash flow projections are discounted over the forecast period plus a terminal value.

For the 52 weeks ended December 29, 2024, the Company recorded an impairment loss on goodwill of $9.7 million (for the 53 weeks ended December 31, 2023 - $10.3 million), including $8.5 million related to the Fresh brand (for the 53 weeks ended December 31, 2023 - $6.9 million).

16 Long-term debt

(in thousands of Canadian dollars)	December 29, 2024	December 31, 2023
Private debt	$ 250,000	$ 250,000
Term credit facility - revolving	108,203	188,203
The Keg credit facilities	30,000	32,491
	388,203	470,694
Less: financing costs	1,865	2,623
	$ 386,338	**$ 468,071**

Recorded in the consolidated balance sheets as follows:

(in thousands of Canadian dollars)	December 29, 2024	December 31, 2023
Current portion of long-term debt	$ —	$ 893
Long-term portion of long-term debt	386,338	467,178
	$ 386,338	**$ 468,071**

Private debt

On May 1, 2019, the Company issued $250.0 million First Lien 10 year Senior Secured Notes by way of a private placement (the “Notes”). The Notes bear interest from their date of issue at a rate of 4.72% per annum, payable semi-annually and maturing on May 1, 2029. As at December 29, 2024, $250.0 million (December 31, 2023 - $250.0 million) was outstanding under the Notes.

Term credit facility

The Company has a syndicated bank credit facility in the amount of $550.0 million with an accordion feature of up to $250.0 million. The $550.0 million revolving facility includes a $400.0 million tranche that is scheduled to mature on May 3, 2027 and a $150.0 million tranche that is scheduled to mature on May 1, 2025. The $250.0 million accordion feature is applicable to either tranche. The credit facility was amended on June 17, 2024, to reflect the market-driven replacement of the Canadian Dollar Offered Rate ("CDOR") and bankers acceptances, with the Canadian Overnight Repo Rate Average ("CORRA"). In accordance with IFRS 9, *Financial Instruments,* the renegotiation of the credit facility was not considered as substantial modification of the financial liability.

The terms of the Company's syndicated bank credit facility and private debt require that it comply with certain financial covenants including a maximum leverage ratio which is determined by dividing total funded net debt by annualized EBITDA ("Leverage Ratio"), both as defined in the bank credit facility agreement.

As at December 29, 2024, $108.2 million (December 31, 2023 - $188.2 million) was drawn under the amended and extended credit facilities. For the 52 weeks ended December 29, 2024, the effective interest rate was 7.60% representing bankers acceptance / CORRA rate of 4.91% plus 1.70% borrowing spread, standby fees of 0.62% and the amortization of deferred financing fees of 0.37% (53 weeks ended December 31, 2023 - 7.75% representing bankers acceptance rate of 5.17% plus 2.00% borrowing spread, standby fees of 0.33% and the amortization of deferred financing fees of 0.25%). As at December 29, 2024, the effective interest rate was 5.90%, representing

CORRA rate of 3.63% plus 1.45% borrowing spread, standby fees of 0.29% and the amortization of deferred financing fees of 0.53% (December 31, 2023 - effective interest rate of 7.78%, representing bankers acceptance rate of 5.16% plus 2.00% borrowing spread, standby fees of 0.40% and the amortization of deferred financing fees of 0.22%).

The standby fee, like the interest rate, is based on the Company's total funded net debt to EBITDA ratio. It ranges between 0.20% and 0.46% per annum and is charged on the undrawn portion of the $550.0 million revolving facility.

The Keg Credit Facilities

On September 22, 2023, Keg Restaurants Ltd. ("KRL") entered into a $60.0 million amended and restated multi-option credit facility agreement with a Canadian chartered bank. The facility is comprised of a $55.0 million revolving facility available for working capital purposes and to partially finance the construction of new corporate restaurants and major renovations, and a $5.0 million revolving demand operating facility available for general corporate purposes including working capital, overdrafts and letters of credit. The multi-option facility has a maturity date of September 28, 2026.

The facility was amended on June 18, 2024 to reflect the market-driven replacement of the Canadian Dollar Offered Rate ("CDOR") with the Canadian Overnight Repo Rate Average ("CORRA"). Accordingly, KRL may borrow funds under this credit facility via (i) a Prime Rate Advance which bears interest at a variable rate between prime and bank prime plus 0.75%, based on certain financial criteria, or (ii) a CORRA Advance with either a one-month or three-month fixed rate interest term, with reference to the CORRA rate in effect, as published by the Bank of Canada, at issuance of the CORRA Advance.

As at December 29, 2024, $30.0 million of the revolving facility has been drawn (December 31, 2023 - $22.0 million) while $25.0 million remains available.

On December 24, 2024, KRL borrowed $22.0 million in CORRA Advances under its existing credit facility and immediately used the proceeds to fully repay the $22.0 million of existing Prime Rate Advances within the same credit facility. This transaction resulted in an immediate reduction in future interest charges on the existing $22.0 million of long-term debt, as Prime Advances accrue interest at a variable rate between bank prime and bank prime plus 0.75% based on certain financial criteria, whereas CORRA Advances generally bear interest at a rate below bank prime rate.

The combined effective interest rate on Prime Rate / CORRA Advances outstanding during the 52 weeks ended December 29, 2024 was 6.62% (53 weeks ended December 31, 2023 - the effective interest rate on the Prime Rate Advances was 6.93%).

On September 29, 2020, KRL borrowed $12.5 million under BDC Co-Lending Program ("BCAP Loan") from its existing banking syndicate and the BDC jointly. This amount was borrowed to help fund the cash flow needs which were negatively impacted by the unexpected impact of COVID-19. The BCAP Loan is a non-revolving term facility with a five-year term, requires interest only payments for the first year, and bears interest at the prime rate plus 1.5%. Commencing on October 1, 2021, KRL is required to make monthly principal repayment of $74,000 for the remainder of BCAP Loan term.

On December 24, 2024, KRL fully repaid the $9.6 million outstanding principal balance of the BCAP Loan without incurring any penalties or premiums on the early repayment. The $9.6 million was funded through a combination of cash reserves on hand, and the $8.0 million in CORRA Advances under KRL's existing revolving credit facility. This transaction resulted in a net $1.6 million reduction in long-term debt balances and an immediate reduction in future interest charges on the net $8.0 million of long-term debt retained by KRL, as the BCAP Loan accrued interest at bank prime rate plus 1.5%, whereas CORRA Advances generally bear interest at a rate below bank prime rate.

The effective interest rate on the BCAP Loan for the 52 weeks ended December 29, 2024 was 8.27% (53 weeks ended December 31, 2023 - 8.43%).

As at December 29, 2024, KRL has drawn $nil on the $5.0 million revolving demand operating facility and has issued $2.1 million (December 31, 2023 - $2.0 million) letters of credit, while $2.9 million remains available. Letters of credit bear annual issuance fees at a variable rate between 1.00% and 1.75% of the face value of the letter of credit, based on certain financial criteria. As at December 29, 2024, KRL meets the criteria for letter of credit issuance fees at 1.00% (December 31, 2023 - 1.00%).

In accordance with IFRS 9, *Financial Instruments*, the renegotiation of the long-term debt facility was not considered a substantial modification of the financial liability.

As at December 29, 2024, the Company was in compliance with financial covenants on all credit facilities.

The movement in long-term debt from December 31, 2023 to December 29, 2024 is as follows:

(in thousands of Canadian dollars)	Private Debt	Term Credit Facility	Keg Credit Facilities	Total
Principal balance at December 31, 2023	$ 250,000	$ 188,203	$ 32,491	$ 470,694
Less unamortized deferred Financing costs	(1,095)	(1,258)	(270)	(2,623)
Balance as at December 31, 2023	248,905	186,945	32,221	468,071
Changes from financing cash flows				
Repayment of borrowings	—	(90,000)	(38,491)	(128,491)
Borrowings	—	10,000	36,000	46,000
Addition to deferred financing costs	—	(17)	(9)	(26)
Balance due to changes from financing cash flows as at December 29, 2024	**$ 248,905**	**$ 106,928**	**$ 29,721**	**$ 385,554**
Non-cash movements				
Amortization of deferred financing costs	206	484	94	784
Balance as at December 29, 2024	**$ 249,111**	**$ 107,412**	**$ 29,815**	**$ 386,338**

The movement in long-term debt from December 25, 2022 to December 31, 2023 is as follows:

(in thousands of Canadian dollars)	Private Debt	Term Credit Facility	Keg Credit Facilities	Total
Principal Balance at December 25, 2022	$ 250,000	$ 288,203	$ 33,384	$ 571,587
Less unamortized deferred Financing costs	(1,301)	(1,739)	(201)	(3,241)
Balance as at December 25, 2022	248,699	286,464	33,183	568,346
Changes from financing cash flows				
Repayment of borrowings	—	(110,000)	(893)	(110,893)
Borrowings	—	10,000	—	10,000
Additions to deferred financing costs	—	—	(189)	(189)
Balance due to changes from financing cash flows as at December 31, 2023	**$ 248,699**	**$ 186,464**	**$ 32,101**	**$ 467,264**
Non-cash movements				
Amortization of deferred financing costs	206	481	120	807
Balance as at December 31, 2023	**$ 248,905**	**$ 186,945**	**$ 32,221**	**$ 468,071**

Debt repayments

The five-year schedule of repayment of long-term debt is as follows:

(in thousands of Canadian dollars)	2025	2026	2027	2028	2029	Thereafter
Private Debt	$ —	$ —	$ —	$ —	$ 250,000	$ —
Revolving Credit Facility	—	—	108,203	—	—	—
Keg Credit Facilities	—	30,000	—	—	—	—
Total [(1)]	**$ —**	**$ 30,000**	**$ 108,203**	**$ —**	**$ 250,000**	**$ —**

[(1)] The total does not reflect any interest payments.

17 Leases

At the initial commencement date, the Company's lease liabilities are measured at the present value of the future lease payments using the Company's incremental borrowing rate. After initial recognition, the lease liabilities are measured at amortized cost using the effective interest method.

As a Lessee

Real estate leases

The Company's lease contracts consist of real estate leases for use in the operation of its corporate and franchise restaurants, call centre, retail and catering business, and corporate head offices. The leases typically run for a period of 10 years.

Most of the Company's property leases contain extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. These options are typically five years after the end of the current contract terms. The Company recognizes the exercised options in its lease liabilities.

Lease liabilities

(in thousands of Canadian dollars)	For the 52 weeks ended December 29, 2024	For the 53 weeks ended December 31, 2023
Balance, beginning of period	$ 538,492	$ 560,818
Additions	11,555	11,152
Lease renewals and modifications	87,925	77,167
Lease terminations	(3,932)	(914)
Net gain on settlement of lease liability	(55)	(2,792)
Other adjustments	(126)	(117)
Interest expense	25,074	24,475
Foreign translation adjustment	889	(302)
Payments	(128,737)	(130,995)
Balance, end of period	**$ 531,085**	**$ 538,492**

Recorded in the consolidated balance sheets as follows:

(in thousands of Canadian dollars)	December 29, 2024	December 31, 2023
Current portion of lease liabilities	$ 100,722	$ 104,148
Lease liabilities	430,363	434,344
	$ 531,085	**$ 538,492**

Amounts recognized in net earnings

(in thousands of Canadian dollars)	For the 52 weeks ended December 29, 2024	For the 53 weeks ended December 31, 2023
Interest on lease liabilities	$ 25,074	$ 24,475
Variable lease payments not included in the measurement of lease liabilities	24,656	23,101
Expense relating to leases of low-value assets	1,789	1,769
Expense relating to leases of short-term leases	940	1,463

Maturity analysis - contractual undiscounted cash flows

(in thousands of Canadian dollars)

2025	$	125,486
2026		115,452
2027		98,508
2028		77,932
2029		57,596
Thereafter		159,357
Total undiscounted lease liabilities, end of year	**$**	**634,331**

Other leases

The Company leases vehicles and equipment used in St-Hubert's food processing and distribution division, with lease terms of up to five years. The Company recognizes and monitors the use of these vehicles and equipment, and reassesses the estimated amount payable at each reporting date to remeasure lease liabilities and right-of-use assets. The Company also leases IT equipment and vehicles with contract terms of one to three years, these leases are short-term and/or leases of low-value items, therefore, the Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

As a Lessor

The Company is on the head lease of many of its franchised locations whereby a corresponding sublease contract is entered into between the Company and its franchisees (see note 12). The Company continuously monitors the financial health of its franchisees and retains the right to modify, buy-back or terminate contracts if certain conditions are not met.

The Company has classified all subleases as finance leases, as substantially all risks and rewards of the lease arrangement is transferred to its lessee. Such assets are reported as receivables at an amount equal to the net investment in the lease. Income from finance leases is recognized as revenue at amounts that represent the fair value, which approximates the present value of the minimum lease payments under the lease agreements with the third party owned properties.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

(in thousands of Canadian dollars)		
2025	$	70,277
2026		63,484
2027		51,681
2028		37,451
2029		25,154
Thereafter		53,196
Total undiscounted lease payments receivable, end of year	**$**	**301,243**
Unearned finance income		(52,957)
Net investment in lease receivables	**$**	**248,286**

18 Other long-term liabilities

(in thousands of Canadian dollars)	December 29, 2024	December 31, 2023
Accrued pension and other benefit plans	$ 12,384	$ 13,702
Non-controlling interest liability	14,068	26,492
Deferred income	5,937	6,474
Other long-term liabilities	27	59
Cash-settled stock-based compensation liability	20,436	14,076
Other deferred compensation liability	4,303	3,462
	$ 57,155	**$ 64,265**

Recorded in the consolidated balance sheets as follows:

(in thousands of Canadian dollars)	December 29, 2024	December 31, 2023
Accounts payable and accrued liabilities	$ 981	$ 1,591
Current portion of other long-term liabilities	17,683	15,824
Other long-term liabilities	38,491	46,850
	$ 57,155	**$ 64,265**

Non-controlling interest liability

In connection with the Original Joe's transaction, a non-controlling interest (NCI) liability relates to the expected earn-out liability, on a discounted basis, to purchase the remaining ownership of Original Joe's Franchise Group Inc. based on meeting certain targets over a period of time. On July 2, 2024, $7.3 million was paid to the NCI owner, who exercised a put right on a portion of their interest. During 2024, the Company recorded a $5.2 million reduction in NCI liability (2023 - $3.6 million increase) based on the latest forecast of the financial targets.

Deferred income

Unearned franchise and conversion fee income

At December 29, 2024, the Company had deferred $1.6 million (December 31, 2023 - $2.7 million) of initial franchise fees and conversion fees received from franchisees that will be recognized over the remaining term of the respective franchise agreements.

Covenancy fees

The Company collects covenancy fees from franchisees on subtenant leases. At December 29, 2024, the Company had unearned covenancy fees of $2.8 million (December 31, 2023 - $2.9 million).

Unearned Revenue

The Company earns sales incentives which includes rebates and promotional programs based on achievement of specified volume or growth in volume levels and other agreed promotional activities. At December 29, 2024, the Company had unearned revenue of $1.6 million (December 31, 2023 - $0.7 million) related to these sales incentives.

Cash-settled stock-based compensation liability

This liability is comprised of cash-settled share options (see note 20) with the liability for Class D options of $13.0 million (December 31, 2023 - $10.2 million) and Class A options of $7.4 million (December 31, 2023 - $3.9 million).

Other deferred compensation liability

This liability is comprised of a liability for cash-settled restricted share units ("RSU"s) and for enhanced STIP. The RSUs were granted at the beginning of each year and are earned only if the holder remains employed at the time of vesting. These RSUs typically vest after 3 years and are now settled for cash based on a fixed value per RSU. The enhanced STIP were granted at the beginning of 2023 and will be earned only if the holder remains employed at the time of vesting; they will vest after 3 years and are settled for cash based on a fixed value. For the 52 weeks ended December 29, 2024, the Company recognized an expense of $2.6 million (53 weeks ended December 31, 2023 - $1.2 million) for these plans.

19 Employee future benefits

The Company sponsors a number of pension plans, including a registered funded defined benefit pension plan, and other supplemental unfunded unsecured arrangements providing pension benefits in excess of statutory limits. The defined benefit plans are non-contributory and these benefits are, in general, based on career average earnings subject to limits.

Recipe's Pension Committee (the "Committee") oversees the Company's pension plans. The Committee is responsible for assisting the Board in fulfilling its general oversight responsibilities for the plans such as administration of the plans, pension investment and compliance with legal and regulatory requirements.

Information on the Company's defined benefit pension plans, in aggregate, is summarized as follows:

(in thousands of Canadian dollars)	December 29, 2024	December 31, 2023
Present value of obligations	$ (43,265)	$ (43,659)
Fair value of plan assets	30,880	29,957
Deficit in the plans	**$ (12,385)**	**$ (13,702)**

The following are the continuities of the fair value of plan assets and the present value of the defined benefit plan obligation:

(in thousands of Canadian dollars)	Defined benefit pension plans		Supplemental Executive Retirement Plans (Unfunded)		Total	
	Dec 29, 2024	Dec 31, 2023	Dec 29, 2024	Dec 31, 2023	Dec 29, 2024	Dec 31, 2023
Changes in the fair value of plan assets						
Fair value, beginning of period	**$ 29,957**	$ 29,060	**$ —**	$ —	**$ 29,957**	$ 29,060
Interest income	**1,353**	1,356	**—**	—	**1,353**	1,356
Return on plan assets (excluding interest income)	**1,092**	877	**—**	—	**1,092**	877
Employer contributions	**443**	546	**1,328**	1,446	**1,771**	1,992
Employee contributions	**59**	74	**—**	—	**59**	74
Administrative expenses	**(58)**	(78)	**—**	—	**(58)**	(78)
Benefits paid	**(1,966)**	(1,878)	**(1,328)**	(1,446)	**(3,294)**	(3,324)
Fair value, end of period	**$ 30,880**	$ 29,957	**$ —**	$ —	**$ 30,880**	$ 29,957
Changes in the present value of obligations						
Balance, beginning of period	**$ (31,173)**	$ (30,664)	**$ (12,488)**	$ (13,770)	**$ (43,661)**	$ (44,434)
Current service cost	**(273)**	(286)	**—**	—	**(273)**	(286)
Employee contributions	**(59)**	(74)	**—**	—	**(59)**	(74)
Interest cost	**(1,414)**	(1,437)	**(544)**	(581)	**(1,958)**	(2,018)
Benefits paid	**1,966**	1,878	**1,328**	1,446	**3,294**	3,324
Impact of experience adjustments	**110**	(25)	**140**	417	**250**	392
Actuarial gains (losses) in financial assumptions	**191**	(565)	**(77)**	—	**114**	(565)
Surplus limit	**(972)**	**—**	**—**	**—**	**(972)**	—
Balance, end of period	**$ (31,624)**	$ (31,173)	**$ (11,641)**	$ (12,488)	**$ (43,265)**	$ (43,661)

The net expense recognized in selling, general and administrative expense, interest expense, and interest income on the consolidated statements of earnings for the Company's defined benefit pension plans was as follows:

(in thousands of Canadian dollars)	Defined benefit pension plans		Supplemental Executive Retirement Plans (Unfunded)		Total	
	Dec 29, 2024	**Dec 31, 2023**	**Dec 29, 2024**	**Dec 31, 2023**	**Dec 29, 2024**	**Dec 31, 2023**
Current service cost	**$ 273**	$ 286	**$ —**	$ —	**$ 273**	$ 286
Interest on obligations	**1,414**	1,437	**544**	581	**1,958**	2,018
Interest income on plan assets	**(1,353)**	(1,356)	**—**	—	**(1,353)**	(1,356)
Administrative expenses	**58**	78	**—**	—	**58**	78
Net benefit plan expense	**$ 392**	$ 445	**$ 544**	$ 581	**$ 936**	$ 1,026

The cumulative actuarial losses before tax recognized in accumulated comprehensive income for the Company's defined benefit pension plans are as follows:

(in thousands of Canadian dollars)	Defined benefit pension plans		Supplemental Executive Retirement Plans (Unfunded)		Total	
	Dec 29, 2024	**Dec 31, 2023**	**Dec 29, 2024**	**Dec 31, 2023**	**Dec 29, 2024**	**Dec 31, 2023**
Cumulative amount, beginning of period	**$ 3,741**	$ 3,641	**$ (7,568)**	$ (7,985)	**$ (3,827)**	$ (4,344)
Return on plan assets (excluding interest income)	**1,092**	877	**—**	—	**1,092**	877
Impact of experience adjustments	**110**	(25)	**140**	417	**250**	392
Actuarial gain (losses) in financial assumptions	**191**	(565)	**(77)**	—	**114**	(565)
Surplus limit	**(972)**	—	**—**	—	**(972)**	—
Income tax expense (note 10)	**(128)**	(187)	**—**	—	**(128)**	(187)
Total net actuarial gains recognized in OCI	**293**	100	**63**	417	**356**	517
Cumulative amount, end of period	**$ 4,034**	$ 3,741	**$ (7,505)**	$ (7,568)	**$ (3,471)**	$ (3,827)

The actual total gain on plan assets was $2.4 million for the period ended December 29, 2024 (December 31, 2023 - total gain on plan assets was $2.2 million).

As at December 29, 2024, the accrued benefit plan obligations and the fair value of the benefit plan assets were determined using a December 29 measurement date for accounting purposes (December 31, 2023 - December 31).

The Company’s pension funding policy is to contribute amounts sufficient, at minimum, to meet local statutory funding requirements. The Company does not expect to be required to contribute to one of its registered funded defined benefit plan in 2025. This expectation is based on actuarial valuations being completed, investment performance, volatility in discount rates, regulatory requirements and other factors.

The benefit plan assets are held in trust and at December 29, 2024 were invested in either a balanced fund, or a mix of equity and bond index funds.

The Company's defined benefit pension plans are exposed to actuarial risks, such as longevity risk, investment rate risk and market risk.

The principal actuarial assumptions used in calculating the Company's defined benefit plan obligations and net defined benefit plan expense, as at the measurement date, were as follows:

	Defined benefit pension plan		Unfunded defined benefit pension plans	
	December 29, 2024	**December 31, 2023**	**December 29, 2024**	**December 31, 2023**
Defined benefit plan obligations				
Discount rate (%)	**4.50-4.75**	4.60-4.65	**4.5**	4.6
Rate of compensation increase (%)	**2.0-3.0**	2.0-3.0	**2.0**	2.0
Mortality table	CPM2014BPubl - SAF 0.8	CPM2014BPubl - SAF 0.8	CPM2014BPubl - SAF 0.8	CPM2014BPubl - SAF 0.8
Weighted average duration of obligations (in years)	**11.0**	10.9	**6.8**	6.0
Net defined benefit plan expense				
Discount rate (%)	**4.60-4.65**	4.60-4.85	**4.6**	4.6
Rate of compensation increase (%)	**2.0-3.0**	2.0-3.0	**2.0**	2.0
Mortality table	CPM2014BPubl - SAF 0.8	CPM2014BPubl - SAF 0.8	CPM2014BPubl - SAF 0.8	CPM2014BPubl - SAF 0.8

The following table outlines the key actuarial assumption for the year ended December 29, 2024 and the sensitivity of a 1% change in each of these assumptions on the defined benefit plan obligations and net defined benefit plan expense. The sensitivity analysis provided in the table is hypothetical and should be used with caution. The sensitivities of each key assumption have been calculated independently of any changes in other key assumptions. Actual experience may result in changes in a number of key assumptions simultaneously. Changes in one factor may result in changes in another, which could amplify or reduce the impact of such assumptions.

	Defined benefit pension plan		Unfunded defined benefit pension plans	
(in thousands of Canadian dollars)	**Defined Benefit Plan Obligations**	**Net Defined Benefit Plan Expense**	**Defined Benefit Plan Obligations**	**Net Defined Benefit Plan Expense**
Discount rate	4.50%-4.75%	4.60%-4.65%	4.5 %	4.6 %
Impact of: 1% increase	(2,983)	(179)	(745)	(69)
1% decrease	3,580	167	841	81

20 Stock based compensation

On December 15, 2023, the Company issued two grants of stock options: one grant of 24.2 million Class D options and one grant of approximately 1.2 million Class A options. Stock options granted have a term of 10 years from the initial grant date. 10.2 million Class D options and 0.5 million Class A options vested upon grant and are exercisable. The remaining Class D and Class A options will vest based on a service condition

and non-market performance conditions. The Class D options have a cash settlement value based on their redemption price of $1.00 per share less the option exercise price of $0.00001, and the Class A options have a cash settlement value of the difference in the fair market value of a Class A share (as determined by the Board) and the exercise price of $20.73. As the cash settlement feature is at the discretion of the option holder, these options are considered cash-settled stock-based compensation plans and a corresponding liability is recorded in Other long-term liabilities (see note 18).

The following table summarizes the options granted in 2023 (no options were granted in 2024):

	For the 53 weeks ended December 31, 2023					
	Class A options			Class D options		
	Options (number of shares)	Weighted average exercise price/share	Weighted average remaining contractual life	Options (number of shares)	Weighted average exercise price/share	Weighted average remaining contractual life
Granted	1,167,390	$ 20.73		24,200,000	$ 0.00001	
Outstanding options, end of period	**1,167,390**	**$ 20.73**	**10.0 years**	**24,200,000**	**$ 0.00001**	**10.0 years**
Options exercisable, end of period	**492,028**	**$ 20.73**		**10,200,000**	**$ 0.00001**	

The Company has valued the Class D options based on their cash settlement value and an expense of $2.8 million has been recorded in 2024 (2023 - $10.2 million). The Company has valued the Class A options using the grant date fair value in accordance with IFRS 2. The fair value of options granted was determined by applying the Black-Scholes option pricing model using the following assumptions:

Option Grant Date	Number of Options	Exercise Price	Share Price[(1)]	Expected Time to Expiry from Grant Date	Stock Price Volatility	Risk-Free Interest Rate	Grant Date Fair Value of Option
December 15, 2023	1,167,390	$20.73	$23.67	5 years	23.40%	3.17%	$7.88

(1) Share price has been estimated for this Black-Scholes model.

The expected annual volatility is based on an industry index that includes a pool of comparable industry stocks, using average 5-year volatility trends as of the grant date. The risk-free interest rate is based on Government of Canada bond yields with maturities that coincide with the expected time to expiry and terms of the grant.

As these options are considered a cash-settled stock-based compensation plan, the Company will mark-to-market the vested options every reporting period. The Company has recorded an expense of $3.6 million for the Class A options in 2024 (2023 - $3.9 million). The intrinsic value of the vested Class A options is $4.2 million as at December 29, 2024 (December 31, 2023 - $1.6 million).

21 Share capital

As at December 29, 2024, the Company's authorized share capital consists of an unlimited number of Class A Common Shares, an unlimited number of Class A-1 Common Shares, an unlimited number of Class B Common Shares, an unlimited number of Preferred Shares, and 25,000,000 Class D Preferred Shares. Class A and A-1 shares have been issued and are held by Fairfax, and Class B shares have been issued and are held by CHL. No Preferred Shares or Class D shares have been issued. The Company previously had an additional

class of shares, Class C, however all shares issued were redeemed during the first quarter of 2023 and the class was deleted (see below).

Each Class A, A-1 and B share is entitled to one vote, while Class D shares have no voting rights. Class C shares were redeemable at the discretion of the Company in part or in whole, at a price of $20.00 per share plus any unpaid and accrued dividends. Class D shares are redeemable at the discretion of the Company in part or in whole, at a price of $1.00 per share plus any unpaid and accrued dividends. Class D shareholders have the right to put shares, in part or in whole, at a price of $1.00 per share plus any unpaid and accrued dividends.

Holders of Class A and A-1 shares shall be entitled to receive dividends at such time and in such amount as the Board may determine. If at any time, the Company has paid dividends on each Class A or Class A-1 share ("Equalization Dividends") in a cumulative amount equivalent to the Initial Dividend (see below) and all Regular Dividends (see below) paid on each Class B share to that time, all additional dividends which the Board may declare at such time on the Class A, A-1 and B shares shall be declared and paid, pari passu, in equal amounts per share on all Class A, A-1 and B shares at the time outstanding ("Matching Dividends"). The Company may only pay dividends on the Class A and A-1 shares that are Equalization Dividends or Matching Dividends. As at December 29, 2024, no Equalization Dividends have been declared or paid to the Class A nor Class A-1 holders.

The Class B holders shall be entitled to receive (when declared by the Board) cumulative cash dividends ("Regular Dividends") equal to $0.468085 per Class B share per annum (the "Dividend Rate"), payable in equal quarterly amounts. On October 28, 2025 (the "Dividend Rate Increase Date"), and each subsequent anniversary of the Dividend Rate Increase Date, the Dividend Rate shall increase by 5% per annum, and the amount of Regular Dividends will be paid at the new Dividend Rate.

In addition to Regular Dividends, on January 31, 2023, Class B holders received, as declared by the Board, a fixed dividend in the amount per Class B share equal to $0.234042 (the "Initial Dividend"). Further to the Initial Dividend and the Regular Dividends, Class B shares shall be entitled to receive Matching Dividends if and as when declared by the Board.

Finally, if any dividend payable on any dividend payment date is not paid in full on all of the Class B shares then outstanding, such dividend or the unpaid part thereof shall accumulate and accrue as of such payment date, and shall be paid on a subsequent date or dates to be determined by the Board.

Subject to the prior payment of the accrued but unpaid Initial Dividend and Regular Dividends and any declared but unpaid Matching Dividends in respect to the Class B shares, the Class C holders were entitled to receive (as and when declared by the Board), cumulative cash dividends equal to 5% of the issuance price of the Class C shares (i.e. $20.00) per annum. Such dividends were payable quarterly. If any dividend payable on any dividend payment date was not paid in full on all of the Class C shares then outstanding, such dividend or the unpaid part thereof would have accumulated and accrue as of such payment date, and shall be paid on a subsequent date or dates as determined by the Board.

Subject to the prior payment of the accrued but unpaid Regular Dividends and any declared but unpaid Matching Dividends in respect to the Class B shares, the Class D holders are entitled to receive (as and when declared by the Board), non-cumulative cash dividends in such amount and in such form as the Board may from time to time determine.

During the 52 weeks ended December 29, 2024, Regular Dividends on the Class B shares of $4.4 million (53 weeks ended December 31, 2023 - $4.1 million) were declared and paid.

The following table provides a summary of changes to the Company's share capital:

	Number of Shares (in thousands)					Share Capital (in thousands of dollars)				
	Class A common shares	Class A-1 common shares	Class B common shares	Class C special shares	Total Shares	Class A common shares	Class A-1 common shares	Class B common shares	Class C special shares	Total Share Capital
Balance at December 25, 2022	38,067	—	7,236	5,000	50,303	$ 789,133	$ —	$ 194,836	$ 100,000	$1,083,969
Share redemption	—	—	—	(5,000)	(5,000)	—	—	—	(100,000)	(100,000)
Share split	11,379	—	2,163	—	13,542	—	—	—	—	—
Balance at December 31, 2023	49,446	—	9,399	—	58,845	789,133	—	194,836	—	983,969
Share exchange	(6,688)	6,688	—	—	—	(106,737)	106,737	—	—	—
Balance at December 29, 2024	42,758	6,688	9,399	—	58,845	$ 682,396	$ 106,737	$ 194,836	$ —	$ 983,969

On December 28, 2022, the Company redeemed in whole the Class C shares for $100.0 million. On March 17, 2023, the Company's Articles were amended and the Class C shares were deleted. In addition, the Class A and Class B shares were split on the basis that every Class A common share and every Class B common share shall become 1.29890992799315 Class A common share and 1.29890992799315 Class B common share, respectively.

On June 24 2024, the Company's Articles were amended to create an unlimited number of Class A-1 shares, which have the same rights as Class A shares. Fairfax exchanged 6,687,625 of Class A shares for newly-issued Class A-1 shares.

Merger reserve

In connection with the merger with the Keg Restaurants Limited ("the Keg") in 2018, a merger reserve equal to the total consideration was recorded. The merger was not accounted for as a business combination under IFRS 3 *Business Combinations*, as the transaction represented a combination of entities under common control of Fairfax and the combination was recorded on a book value basis.

Amalgamation reserve

In connection with the privatization transaction in 2022 and subsequent amalgamation with the holding company (controlled by Fairfax) that acquired all of the shares, an amalgamation reserve was created from Recipe's prior share capital and related contributed surplus, and the holding company's investment in Recipe.

22 Capital management

Capital is defined by the Company as total long-term debt and shareholders' equity. The objectives of the Company when managing capital are to safeguard the Company's ability to continue as a going concern while maintaining adequate financial flexibility to invest in new business opportunities that will provide attractive returns to shareholders. The primary activities engaged by the Company to generate attractive returns include the construction and related leasehold improvements of new and existing restaurants, the development of new business concepts, the acquisition of restaurant concepts complementary to the Company's existing portfolio of restaurant brands, the investment in information technology to increase scale and support the expansion of the Company's multi-branded restaurant network, the investment in maintenance of capital equipment used in the Company's food processing and distribution business and investment in technologies and research and development to improve food manufacturing.

The Company's main sources of capital are cash flows generated from operations, a revolving line of credit, and long-term debt. These sources are used to fund the Company's debt service requirements, capital expenditures, working capital needs, share redemptions, and dividend distributions to shareholders.

The Company monitors its anticipated capital expenditures to ensure that acceptable returns will be generated from the invested funds and will increase or decrease the program accordingly. Capital expenditures may also be adjusted in light of changes in economic conditions, the objectives of its shareholders, the cash requirements of the business and the condition of capital markets.

The following table provides a summary of certain information with respect to the Company's capital structure and financial position:

(in thousands of Canadian dollars)	December 29, 2024	December 31, 2023
Current portion of long-term debt (note 16)	$ —	893
Current portion of lease liabilities (note 17)	100,722	104,148
Long-term debt (note 16)	386,338	467,178
Lease liabilities (note 17)	430,363	434,344
Letters of credit (note 24)	2,397	2,291
Total	919,820	1,008,854
Shareholders' equity	294,618	209,983
Total capital under management	**$ 1,214,438**	**$ 1,218,837**

23 Cash flows

The changes in non-cash working capital components, net of the effects of acquisitions and discontinued operations, are as follows:

(in thousands of Canadian dollars)	For the 52 weeks ended December 29, 2024	For the 53 weeks ended December 31, 2023
Accounts receivable	$ 5,603	$ 27,791
Inventories	771	20,072
Income taxes payable/receivable	(23,339)	(14,897)
Prepaid expenses and other assets	2,312	(1,028)
Accounts payable and accrued liabilities	(21,808)	15,872
Gift card liability	(247)	(2,053)
Income taxes paid	23,295	15,097
Change in interest payable	(1,064)	(522)
Net change in non-cash operating working capital	**$ (14,477)**	**$ 60,332**

24 Commitments, contingencies and guarantees

The Company is involved in and potentially subject to various claims by third parties arising out of the normal course and conduct of its business including, but not limited to, labour and employment, regulatory, franchisee

related and environmental claims. For certain locations that were part of the divestiture of the Milestones and Pubs brands in 2021 and 2022 respectively, the Company continues to be a guarantor in the lease arrangements. In addition, the Company is involved in and potentially subject to regular audits from federal and provincial tax authorities relating to income, commodity and capital taxes and as a result of these audits may receive assessments and reassessments.

Although such matters cannot be predicted with certainty, management currently considers the Company's exposure to such claims and litigation, to the extent not covered by the Company's insurance policies or otherwise provided for, not to be material to these consolidated financial statements.

The Company has outstanding letters of credit amounting to $2.4 million (December 31, 2023 - $2.3 million), primarily related to KRL as part of its normal course of business and are covered by its operating credit facility described in note 16.

Contingent liabilities

Contingent liabilities include contingent consideration in connection with the acquisition of Fresh representing amounts payable to the former shareholders contingent on certain targets and conditions being met. As at December 29, 2024, the Company has not recorded any contingent liability in connection with the acquisition of Fresh as a result of certain targets and conditions for the payout are projected to not be met.

Indemnification provisions

In addition to the above guarantees, the Company provides and receives customary indemnifications in the normal course of business and in connection with business dispositions and acquisitions. These indemnifications include items relating to taxation, litigation or claims that may be suffered by a counterparty as a consequence of the transaction. Until such times as events take place and/or claims are made under these provisions, it is not possible to reasonably determine the amount of liability under these arrangements. Historically, the Company has not made significant payments relating to these types of indemnifications.

25 Financial instruments and risk management

Market risk

Market risk is the loss that may arise from changes in factors such as interest rate, commodity prices and the impact these factors may have on other counterparties.

Interest rate risk

The Company is exposed to interest rate risk from the issuance of variable rate long-term debt. To manage the exposure, the Company closely monitors market conditions for potential changes in interest rates and may enter into interest rate derivatives from time to time.

Commodity price risk

The Company is exposed to increases in the prices of commodities in operating its corporate restaurants and food manufacturing and distribution division. To manage this exposure, the Company uses purchase arrangements for a portion of its needs for certain consumer products that may be commodities based.

Liquidity and capital availability risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price.

Should the Company's financial performance and condition deteriorate, the Company's ability to obtain funding from external sources may be restricted. In addition, credit and capital markets are subject to inherent global risks that may negatively affect the Company's access and ability to fund its long-term debt as it matures. The Company mitigates these risks by maintaining appropriate availability under the credit facilities and varying maturity dates of long-term obligations and by actively monitoring market conditions.

Continued compliance with the covenants under the amended credit facilities is dependent on the Company achieving its financial forecasts. Market conditions are difficult to predict and there is no assurance that the Company will achieve its forecasts. The Company mitigates this risk by amending its lending covenants with its bank syndicate and Private Noteholders. The Company continues to carefully monitor its compliance with the covenants.

The following table summarizes the amount of contractual maturities of both the interest and principal portion of significant financial liabilities on an undiscounted basis as at December 29, 2024:

(in thousands of Canadian dollars)	2025	2026	2027	2028	2029	Thereafter
Accounts payable and accrued liabilities	$ 146,638	$ —	$ —	$ —	$ —	$ —
Long-term debt	—	30,000	108,203	—	250,000	—
Note payable to The Keg Royalties Income Fund	—	—	—	—	—	57,000
Lease obligations	125,486	115,452	98,508	77,932	57,596	159,357
Other long-term liabilities	1,684	14,830	1,085	1,281	247	20,345
Total	**$ 273,808**	**$ 160,282**	**$ 207,796**	**$ 79,213**	**$ 307,843**	**$ 236,702**

Credit risk

Credit risk refers to the risk of losses due to failure of the Company's customers or other counterparties to meet their payment obligations.

In the normal course of business, the Company is exposed to credit risk from its customers, primarily franchisees, joint ventures, and retail customers of the Company's food manufacturing operations. The Company performs ongoing credit evaluations of new and existing customers, primarily franchisees, financial condition and reviews the collectability of its trade and long-term accounts receivable in order to mitigate any possible credit losses.

The following is an aging of the Company's accounts receivable, net of the allowance for uncollectible accounts, as at December 29, 2024 and December 31, 2023:

(in thousands of Canadian dollars)	Current	> 30 days past due	> 60 days past due	Total
Accounts receivable (net of ECL)				
Balance as at December 29, 2024	**$ 73,755**	**$ 8,256**	**$ 2,165**	**$ 84,176**
Balance as at December 31, 2023	$ 77,601	$ 9,026	$ 3,431	$ 90,058

There are no significant impaired receivables that have not been provided for in the ECL. As at December 29, 2024, the Company has an ECL of $3.2 million (December 31, 2023 - $3.9 million). The Company believes that the allowance sufficiently covers any credit risk related to the receivable balances past due. The remaining amounts past due were not classified as impaired as the past due status was reasonably expected to be remedied.

Fair value of financial instruments

There were no transfers between classes of the fair value hierarchy during the year ended December 29, 2024.

The following describes the fair value determinations of financial instruments:

Long-term debt

Fair value (Level 2) is based on the Company's current incremental borrowing rate for similar types of borrowing arrangements. As at December 29, 2024, the fair value of the debt associated with the Company's current financing of $388.2 million (excluding unamortized financing costs) is approximately $373.3 million.

Note payable to The Keg Royalties Income Fund

KRL has the option at any time to transfer its 5,700,000 Class C Partnership units to The Keg Holdings Trust ("KHT"), a subsidiary of The Keg Royalties Income Fund, in consideration for the assumption by KHT of an amount of the note payable equal to $10.00 for each Class C units transferred. If KRL transferred all 5,700,000 Class C Partnership units, the entire $57.0 million note payable to the Fund would be extinguished. The carrying amount of the note payable is equivalent to its fair value as at December 29, 2024.

The principal amount matures on May 31, 2042 and is subject to extension by the mutual agreement of KRL and the Fund. The note is secured by a general security agreement, including accounts receivable and inventories, that is subordinated to primary bank debt obligations and may not be assigned without the prior consent of KRL.

Other financial instruments

Other financial instruments of the Company consist of cash, accounts receivable, franchise receivables, and accounts payable and accrued liabilities. The carrying amount for these financial instruments approximates fair value due to the short term maturity of these instruments and/or the use of market interest rates.

26 Related parties

Shareholders

As at December 29, 2024, Fairfax holds all of the issued and outstanding Class A and Class A-1 common shares, representing 84% voting control and CHL holds all of the issued and outstanding Class B common shares, representing 16% voting control.

Fairfax and the Company are parties to a Shared Services and Purchasing Agreement. Under this agreement, Fairfax is authorized to enter into negotiations on behalf of the Company (and Fairfax associated restaurant companies) to source shared services and purchasing arrangements for any aspect of Recipe's operations, including food and beverages, information technology, payment processing, marketing and advertising or other logistics. There were no transactions under this agreement for 52 weeks ended December 29, 2024 and 53 weeks ended December 31, 2023.

The Company's policy is to conduct all transactions and settle all balances with related parties on market terms and conditions.

Insurance Provider

Certain of Recipe's insurance policies are held by companies that are affiliated with Fairfax. The transactions are on market terms and conditions. As at December 29, 2024, no payments were outstanding (December 31, 2023 - $nil). For the 52 weeks ended December 29, 2024, the Company made payments of $2.4 million (53

weeks ended December 31, 2023 - $2.5 million) for services provided by Fairfax affiliated insurance companies.

Investment in The Keg Partnership (the "Partnership") and The Keg Royalties Income Fund ("KRIF")

The Company's equity investment in the Partnership is represented by the investment in The Keg GP Ltd ("KGP"). The value of the equity investment in the Partnership is nominal as substantially all of the cash flows from the Partnership are attributable to the Class C and Class A, B and D Partnership units ("Exchangeable Partnership units" or "Exchangeable units").

Investment in The Keg Royalties Income Fund

The KRIF units held by the Company are measured at fair value through profit or loss. The closing market price of a Fund unit as at December 29, 2024 was $14.89 (December 31, 2023 - $13.93). Distributions on KRIF units are recorded as interest income on Partnership and Fund units in the consolidated statements of earnings. During the 52 weeks ended December 29, 2024, the Company purchased nil KRIF units (December 31, 2023 - nil).

	December 29, 2024		December 31, 2023	
(in thousands of Canadian dollars)	**# of units**	**Fair Value**	**# of units**	**Fair Value**
Class A Partnership units	905,944	$ 13,490	905,944	$ 12,620
Class B Partnership units	176,700	2,631	176,700	2,461
Class D Partnership units	4,367,667	65,034	4,367,667	60,842
Exchangeable unit investment in the Partnership	5,450,311	$ 81,155	5,450,311	$ 75,923
Class C unit investment in the Partnership	5,700,000	57,000	5,700,000	57,000
Investment in the Partnership	**11,150,311**	**$ 138,155**	**11,150,311**	**$ 132,923**
Investment in KRIF units	250,000	3,723	250,000	3,483
Distributions earned on KRIF units	—	1,278	—	984
	11,400,311	**$ 143,156**	**11,400,311**	**$ 137,390**

Exchangeable Unit Investment in the Partnership

The Exchangeable unit investment in the Partnership is comprised of the Exchangeable Partnership units held by the Company, and measured at fair value through profit or loss. The closing market price of a Fund unit as at December 29, 2024 was $14.89 (December 31, 2023 - $13.93).

The Class A Partnership units represent The Keg's initial 10% effective ownership of The Keg Royalties Income Fund ("the Fund") at the date of The Keg Initial Public Offering ("The Keg IPO"). The Class B and Class D Partnership units were received by The Keg subsequent to The Keg IPO date in return for adding net sales to the Royalty Pool on an annual basis. The royalty payments from KRL to the Partnership is four percent of system sales for such period reported by The Keg restaurants that are in the Partnership.

Pursuant to the declaration of trust, the holder (other than the Fund or its subsidiaries) of the Exchangeable Partnership units is entitled to vote in all votes of Fund unitholders as if they were holders of the number of Fund units they would receive if the Exchangeable Partnership units were exchanged into Fund units as of the record date of such votes, and will be treated in all respects as a Fund unitholder for the purpose of any such votes.

(a) The Class A units are entitled to a preferential proportionate distribution equal to the distribution on the Class C units, multiplied by the number of Class A units divided by the number of LP Partnership units ("LP units") issued and outstanding. The Keg Holdings Trust ("KHT") holds all of the 8,153,500 LP units issued and outstanding at December 29, 2024. In addition, the Class A units receive a residual distribution proportionately with the Class B units, Class D units, LP units and GP units relative to the aggregate number of each class issued and outstanding (or in the case of the Class B units and Class D units, the number issued and outstanding multiplied by the Class B and Class D current distribution entitlement, respectively). Class A units are exchangeable for Fund units on the basis of one Class A unit for one Fund unit and represent The Keg's initial 10% effective ownership of the Fund prior to the entitlement of Class B and Class D units.

(b) The Class B units were issued to The Keg in return for adding net sales from new Keg restaurants to the Royalty Pool and are entitled to a preferential proportionate distribution and a residual distribution based on the incremental royalty paid to the Partnership. The distribution entitlements of the Class B units were adjusted annually on January 1 until the January 1, 2008 roll-in when the Class B Termination Date was reached and the last of the Class B units became entitled. Class B units held by the Company are exchangeable for Fund units on the basis of one Class B unit for one Fund unit. Class B units held by the Company receive a distribution entitlement.

(c) The Class D units were issued to the Company in return for adding net sales from new Keg restaurants to the Royalty Pool on an annual basis and are entitled to a preferential proportionate distribution and a residual distribution based on the incremental royalty paid to the Partnership. The distribution entitlements of the Class D units are adjusted annually on January 1. Class D units held by the Company are exchangeable for Fund units on the basis of one Class D unit for one Fund unit and the same distribution entitlement as the Class B units. Class D units are issued subsequent to the Class B Termination Date and are identical to Class B units except that, on the first business day following an Additional Entitlement, the Trustees of KHT can require the Company to surrender any or all of the issued Class D units for a price that is equal to the roll-in price used in the formula to calculate the number of Class D units issued.

Included in the total 4,020,766 Class D units, are 139,097 notional Class D units that KRL recognized during the 2020 and 2021 fiscal years in exchange for adding net sales to the Royalty Pool on January 1, 2020 and January 1, 2021. Interest income on these notional Class D units have been accrued in the consolidated statements of earnings, no cash distributions will be paid to KRL on these Class D units, as they shall be considered unentitled until such time as the final sales determination is made, and the actual Class D units are issued to KRL on December 25, 2022, to be effective January 1, 2020 and January 1, 2021, respectively.

Distributions on Exchangeable Partnership units are recorded as interest income on Partnership and Fund units in the consolidated statements of earnings.

Class C Unit Investment in the Partnership

The Class C unit investment in the Partnership is comprised of 5,700,000 Class C Partnership units held by the Company. The Class C Partnership units were issued to The Keg as one of a series of transactions that occurred in conjunction with The Keg IPO of the Fund on May 31, 2002.

The Company has the option at any time to transfer its 5,700,000 Class C Partnership units to KHT, a subsidiary of Fund, in consideration for the assumption by KHT of an amount of the note payable equal to $10.00 for each Class C unit transferred. If the Company transferred all 5,700,000 Class C Partnership units, the entire $57.0 million note payable to the Fund would be extinguished. The Class C units are entitled to preferential monthly distributions equal to $0.0625 per Class C unit issued and outstanding and these

distributions are recorded as interest income on Partnership and Fund units in the consolidated statements of earnings.

The Royalty Pool

Annually, on January 1, the Royalty Pool is adjusted to include the gross sales from new Keg restaurants that have opened on or before October 2 of the prior year, less gross sales from any Keg restaurants that have permanently closed during the prior year. In return for adding these net sales to the Royalty Pool, KRL receives the right to indirectly acquire additional Fund units (the "Additional Entitlement"). The Additional Entitlement is determined based on 92.5% of the net royalty revenue added to the Royalty Pool, divided by the yield of the Fund units, divided by the weighted average unit price of the Fund units. KRL receives 80% of the estimated Additional Entitlement initially, with the balance received on December 25 of each year when the actual full year performance of the new restaurants is known with certainty.

The total number of Keg restaurants included in the Royalty Pool increased from the 80 Keg restaurants in existence on March 31, 2002, to 105 as of December 29, 2024. Seventy-nine new Keg restaurants that opened during the period from April 1, 2002 through October 2, 2023, with annual gross sales rolled-in of $419,963,000, were added to the Royalty Pool. Fifty-four permanently closed Keg restaurants with annual sales rolled-out of $163,238,000 were removed from the Royalty Pool. This resulted in a cumulative net increase in Royalty Pool Sales of $251,725,000 rolled into the Royalty Pool, and KRL receiving a cumulative Additional Entitlement equivalent to 7,744,637 Fund units as of December 29, 2024.

No new restaurants were opened during the period from October 3, 2022 through October 2, 2023 (the cut-off date for restaurant openings for roll-in purposes in any year) resulting in no additions to the Royalty Pool on January 1, 2024.

On January 1, 2024, the Royalty Pool was adjusted to remove two Keg restaurants that were permanently closed during 2023, both due to lease expiries. No new restaurants were opened during the 52-week period ended October 2, 2024, therefore the total number of Keg restaurants in the Royalty Pool was reduced from 107 to 105, effective January 1, 2024. This resulted in a Royalty Pool sales shortfall ("Royalty Pool Sales Deficiency") since the lost sales from the permanently closed restaurants exceed the sales from any newly opened restaurants, as there were none. KRL will be required to replace the 2023 Royalty Pool Sales Deficiency by deducting those lost sales from the first available roll-in of new restaurant sales, before receiving any further Additional Entitlements. The actual sales of these two closed restaurants originally added to the Royalty Pool were $4.6 million which created a Royalty Pool Sales Deficiency for the 2023 fiscal year of the same amount. KRL will therefore be required to replace $4.6 million of lost sales by deducting that amount from the first available roll-in of new restaurant sales at a future date, before receiving any further Additional Entitlements. KRL did not lose any of the Additional Entitlements it received in respect of previous years.

As at December 29, 2024, KRL continues to have the right to exchange its Exchangeable Partnership units in the capital of the Partnership for 5,450,311 Fund units, representing 32.43% of the Fund units on a fully diluted basis. On January 1, 2025, the Royalty Pool was adjusted to remove one restaurant which was permanently closed during the period between January 1, 2024 and December 31, 2024.

Remuneration of key management personnel of the Company is comprised of the following expenses:

(in thousands of Canadian dollars)	For the 52 weeks ended December 29, 2024	For the 53 weeks ended December 31, 2023
Short-term employee benefits	$ 6,117	$ 5,881
Long-term incentive plans	7,239	12,388
Total compensation	**$ 13,356**	**$ 18,269**

There were no additional related party transactions between the Company and its key management personnel, or their related parties, including other entities over which they have control.

27 Segmented information

Recipe divides its operations into the following four business segments: Corporate restaurants, Franchise restaurants, Consumer Packaged Goods (CPG), and Central operations.

The Corporate restaurant segment includes the operations of the company-owned restaurants, the proportionate results from the Company's joint venture restaurants from the Original Joe's investment, which generate revenues from the direct sale of prepared food and beverages to consumers, and sales and operating expense related to the Company's catering divisions which operate under the names of The Pickle Barrel and Marigolds & Onions (previously included in the CPG segment).

Franchised restaurants represent the operations of its franchised restaurant network operating under the Company's several brand names from which the Company earns royalties calculated at an agreed upon percentage of franchise and joint venture restaurant sales. Recipe provides financial assistance to certain franchisees and the franchise royalty income reported is net of any assistance being provided.

CPG (formerly known as Retail and Catering) represent sales of St-Hubert, Swiss Chalet, Montana's and The Keg branded products; and other private label products produced and shipped from the Company's manufacturing plant and distribution centers to retail grocery customers and to its network of St-Hubert restaurants.

Central operations include sales from call centre services which earn fees from off-premise phone, mobile and web orders processed for corporate and franchised restaurants; income generated from the lease of buildings and certain equipment to franchisees; and the collection of new franchise and franchise renewal fees. Central operations also include corporate (non-restaurant) expenses which include head office people and non-people overhead expenses, finance and IT support, occupancy costs, and general and administrative support services offset by vendor purchase allowances and government subsidies. The Company has determined that the allocation of corporate (non-restaurant) revenues and expenses which include finance and IT support, occupancy costs, and general and administrative support services would not reflect how the Company manages the business and has not allocated these revenues and expenses to a specific segment.

The CEO and the CFO are the chief operating decision makers and they regularly review the operations and performance by segment. The CEO and CFO review operating income as a key measure of performance for each segment and to make decisions about the allocation of resources. The accounting policies of the reportable operating segments are the same as those described in the Company's summary of material accounting policies. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(in thousands of Canadian dollars)	For the 52 weeks ended December 29, 2024	For the 53 weeks ended December 31, 2023
Gross revenue		
Sales	$ 836,767	$ 827,255
Proportionate share of equity accounted joint venture sales	(1,913)	(2,630)
Sales at corporate restaurants	**$ 834,854**	**$ 824,625**
Franchise revenues	117,172	119,639
Proportionate share of equity accounted joint venture royalty revenue	—	7
Royalty revenue	**$ 117,172**	**$ 119,646**
CPG	389,145	400,765
Central	16,060	17,067
Non-allocated	69,363	69,068
Total gross revenue	**$ 1,426,594**	**$ 1,431,171**
Operating income (loss)		
Corporate restaurants	$ 59,798	$ 49,674
Franchise restaurants	115,977	116,838
CPG	29,413	23,134
Central	(94,604)	(104,420)
Proportionate share equity accounted joint venture results included in corporate and franchise segment	(119)	69
Non-allocated	33,301	15,787
	$ 143,766	**$ 101,082**
Depreciation and amortization		
Corporate restaurants	$ 31,843	$ 32,931
CPG	5,428	5,586
Central	60,643	59,527
	$ 97,914	**$ 98,044**
Capital expenditures		
Corporate restaurants	$ 22,919	$ 42,563
CPG	3,412	4,059
Central	2,434	4,476
	$ 28,765	**$ 51,098**

28 Subsequent Events

Keg Restaurants Ltd. ("KRL") Additional Entitlement

On January 1, 2025, the Royalty Pool was adjusted to remove one restaurant which was permanently closed during the period between January 1, 2024 and December 31, 2024. This restaurant will be relocated and is expected to open to the public in 2025. No new restaurants were opened during the 52 weeks ending October 2, 2024 (the cut-off date for restaurant openings for roll-in purposes in any year), resulting in the total number of Keg restaurants in the Royalty Pool being reduced from 105 to 104, effective January 1, 2025.

The actual sales of this closed restaurant originally added to the Royalty Pool was $6.4 million, which creates a Royalty Pool Sales Deficiency for the 2024 fiscal year of the same amount. The cumulative Royalty Pool Sales Deficiency as of January 1, 2025 is $11.1 million (January 1, 2024 – $4.6 million), and KRL will therefore be required to replace $11.1 million of lost sales by deducting that amount from the first available roll-in of new restaurant sales at a future date, before receiving any further Additional Entitlements.

However, KRL did not lose any of the Additional Entitlements it received in respect of previous years. KRL continues to have the right to exchange its Exchangeable Partnership units in the capital of the Partnership for 5,450,311 Fund units, representing 32.43% of the Fund units on a fully diluted basis.

KRL new restaurant openings:

During the first quarter of 2025, one new franchised Keg restaurant located in Alberta was opened to the public and will be rolled into the Royalty Pool on January 1, 2026. KRL management currently expects one relocated franchise Keg restaurant, located in Ontario, to open to the public prior to October 2, 2025 (the cut-off date for restaurant openings for roll-in purposes), and is expected to be added to the Royalty Pool on January 1, 2026. The scheduled opening of this relocated Keg restaurant is conditional upon the timely receipt of municipal approvals, construction permits, and ongoing evaluation of the current economic environment, and as such, the opening date of this restaurant could be delayed until after October 2, 2025.

KRL 2025 Administration Agreement:

KRL is considered to be a related party of the Fund by virtue of common directors of KRL and KGP, the Managing General Partner of the Partnership and Administrator of the Fund. On May 31, 2002, the Fund entered into an administrative agreement with its subsidiary, the Partnership, whereby the Partnership will provide, or arrange for the provision of, services required in the administration of the Fund (the "2002 Administration Agreement"). In turn, the Partnership arranged for certain of these services to be provided by KRL in its capacity as a partner of the Partnership, and for the period of May 31, 2002 to December 31, 2024, KRL provided these services at no cost to the Partnership. On December 31, 2024, the 2002 Administration Agreement was terminated, and effective January 1, 2025, KRL and the Partnership entered into a new administration agreement (the "2025 Administration Agreement").

Effective January 1, 2025 (the “Effective Date”), the Fund entered into the 2025 Administration Agreement with its subsidiary, the Partnership, whereby the Partnership will provide, or arrange for the provision of, services required in the administration of the Fund. In turn, the Partnership has arranged for certain of these services to be provided by KRL in its capacity as a partner of the Partnership. An annual fee of $0.2 million is payable to KRL quarterly, and will be adjusted annually on each anniversary of the Effective Date, to reflect increases in the annual average Consumer Price Index for the prior year as published by Statistics Canada. The 2025 Administration Agreement has an initial term of five years from the Effective Date and will automatically renew for a further period of five years from the Effective Date, unless terminated earlier by the

Fund or the Partnership by providing 90 days written notice to KRL of the intention to terminate the 2025 Administration Agreement.

Divestiture of Marigolds & Onions

On February 7, 2025, the Company completed the sale of its investment in the Marigolds & Onions brand for cash proceeds of approximately $8.0 million.

Recipe Unlimited Corporation

Consolidated Financial Statements
For the 53 weeks ended December 31, 2023 and 52 weeks ended December 25, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Recipe Unlimited Corporation

Opinion

We have audited the consolidated financial statements of Recipe Unlimited Corporation (the "Entity"), which comprise:

- the consolidated balance sheet as at December 31, 2023
- the consolidated statement of earnings for the 53 week period then ended
- the consolidated statement of comprehensive income for the 53 week period then ended
- the consolidated statement of total equity for the 53 week period then ended
- the consolidated statement of cash flows for the 53 week period then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023 and its consolidated financial performance and its consolidated cash flows for the 53 week period then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.
Document classification: KPMG Confidential

Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in Management's Discussion and Analysis as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

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 a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  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.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Obtain sufficient appropriate audit evidence regarding the financial

information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants
Vaughan, Canada

March 5, 2024

Recipe Unlimited Corporation
Consolidated Statements of Earnings
For the 53 weeks ended December 31, 2023 and 52 weeks ended December 25, 2022

(in thousands of Canadian dollars, except where otherwise indicated)	For the 53 weeks ended December 31, 2023	For the 52 weeks ended December 25, 2022
Sales (note 6)	$ 1,232,694	$ 1,121,450
Franchise revenues (note 7)	199,621	183,163
Total gross revenue	**$ 1,432,315**	**$ 1,304,613**
Cost of inventories sold	(570,113)	(528,037)
Selling, general and administrative expenses (note 8)	(737,493)	(672,196)
Impairment loss on restaurant assets, lease receivables, intangible assets, and goodwill, net of reversals (notes 13, 14, 15 and 16)	(17,752)	(1,664)
Restructuring and other (note 9)	(5,875)	(6,408)
Operating income	**$ 101,082**	**$ 96,308**
Interest expense and other financing charges (note 10)	(66,937)	(49,846)
Interest and other income (note 10)	29,342	27,282
Gain on disposition (note 5)	—	5,926
Share of loss from investment in joint ventures (note 15)	(41)	(71)
Earnings before change in fair value and income taxes	**$ 63,446**	**$ 79,599**
Change in fair value of non-controlling interest liability (note 20)	(3,601)	(5,527)
Change in fair value of contingent liability (note 26)	—	8,167
Change in fair value of Exchangeable Keg Partnership units and Keg Royalty Income Fund units	(10,888)	6,775
Earnings before income taxes	**$ 48,957**	**$ 89,014**
Current income tax expense (note 11)	(17,017)	(9,716)
Deferred income tax expense (note 11)	1,257	(10,796)
Net earnings	**$ 33,197**	**$ 68,502**

Recipe Unlimited Corporation
Consolidated Statements of Comprehensive Income
For the 53 weeks ended December 31, 2023 and 52 weeks ended December 25, 2022

(in thousands of Canadian dollars, except where otherwise indicated)	For the 53 weeks ended December 31, 2023	For the 52 weeks ended December 25, 2022
Net earnings	**$ 33,197**	**$ 68,502**
Other comprehensive (loss) income, net of taxes		
Items that will not be reclassified to profit or loss:		
Net defined benefit plan actuarial gain	517	1,725
Items that may be reclassified subsequently to earnings:		
Cumulative translation adjustment	(1,759)	441
Other comprehensive (loss) income	(1,242)	2,166
Total comprehensive income, net of taxes	**$ 31,955**	**$ 70,668**

Recipe Unlimited Corporation
Consolidated Statements of Total Equity
For the 53 weeks ended December 31, 2023 and 52 weeks ended December 25, 2022

	Attributable to the Common Shareholders of the Company							
(in thousands of Canadian dollars, except where otherwise indicated)	Number of shares (in thousands)	Share capital (note 23)	Merger reserve	Amalgamation reserve	Contributed surplus	Accumulated other comprehensive loss	(Deficit) earnings	Total equity
Balance at December 25, 2022	50,303	$1,083,969	$(216,728)	$ (571,128)	$ —	$ (850)	$ (13,168)	$ 282,095
Net earnings	—	—	—	—	—	—	33,197	33,197
Other comprehensive loss	—	—	—	—	—	(1,242)	—	(1,242)
Share redemption (note 23)	(5,000)	(100,000)	—	—	—	—	—	(100,000)
Dividends (note 23)	—	—	—	—	—	—	(4,067)	(4,067)
Share split (note 23)	13,542	—	—	—	—	—	—	—
Balance at December 31, 2023	**58,845**	**$ 983,969**	**$(216,728)**	**$ (571,128)**	**$ —**	**$ (2,092)**	**$ 15,962**	**$ 209,983**

	Attributable to the Common Shareholders of the Company							
(in thousands of Canadian dollars, except where otherwise indicated)	Number of shares (in thousands)	Share capital (note 23)	Merger reserve	Amalgamation reserve	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity
Balance at December 26, 2021	58,827	$ 637,997	$(216,728)	$ —	$ 13,329	$ (3,016)	$ (78,635)	$ 352,947
Net earnings	—	—	—	—	—	—	68,502	68,502
Other comprehensive income	—	—	—	—	—	2,166	—	2,166
Privatization - reduction in share capital (note 23)	(58,845)	(638,151)	—	649,413	(11,262)	—	—	—
Privatization - amalgamation with 100297337 Ontario Limited (notes 1, 22 and 23)	50,303	1,083,969	—	(1,220,541)	(2,716)	—	—	(139,288)
Dividends	—	—	—	—	—	—	(3,035)	(3,035)
Stock options exercised (note 23)	18	154	—	—	—	—	—	154
Stock-based compensation (note 22)	—	—	—	—	649	—	—	649
Balance at December 25, 2022	**50,303**	**$1,083,969**	**$(216,728)**	**$ (571,128)**	**$ —**	**$ (850)**	**$ (13,168)**	**$ 282,095**

Recipe Unlimited Corporation
Consolidated Balance Sheets
As at December 31, 2023 and December 25, 2022

(in thousands of Canadian dollars)	As at December 31, 2023	As at December 25, 2022
Assets		
Current Assets		
Cash	$ 71,600	$ 138,996
Accounts receivable (note 27)	90,058	118,471
Inventories (note 12)	62,953	82,745
Current taxes receivable	3,411	3,558
Prepaid expenses and other assets	11,148	10,120
Current portion of long-term receivables (note 13)	59,924	62,922
Total Current Assets	**$ 299,094**	**$ 416,812**
Long-term receivables (note 13)	209,536	234,025
Property, plant and equipment (note 14)	488,330	489,465
Investment in the Keg Limited Partnership (note 28)	137,390	147,950
Brands and other assets (note 15)	563,527	572,086
Goodwill (note 16)	214,627	224,966
Deferred tax asset (note 11)	38,847	36,382
Total Assets	**$ 1,951,351**	**$ 2,121,686**
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	$ 174,665	$ 162,203
Provisions (note 17)	1,913	3,152
Gift card liability	177,937	179,990
Income taxes payable	4,196	2,223
Current portion of long-term debt (note 18)	893	893
Current portion of other long-term liability (note 20)	15,824	1,850
Current portion of lease liabilities (note 19)	104,148	105,574
Total Current Liabilities	**$ 479,576**	**$ 455,885**
Long-term debt (note 18)	467,178	567,454
Note payable to The Keg Royalties Income Fund (note 27)	57,000	57,000
Provisions (note 17)	4,745	2,762
Lease liabilities (note 19)	434,344	455,244
Other long-term liabilities (note 20)	46,850	49,051
Deferred gain on sale of The Keg Rights (note 28)	146,301	148,191
Deferred tax liability (note 11)	105,374	104,004
Total Liabilities	**$ 1,741,368**	**$ 1,839,591**
Shareholders' Equity		
Common share capital (note 23)	$ 983,969	$ 1,083,969
Merger reserve (note 28)	(216,728)	(216,728)
Amalgamation reserve	(571,128)	(571,128)
Accumulated other comprehensive loss	(2,092)	(850)
Retained earnings (deficit)	15,962	(13,168)
Total Shareholders' Equity	**$ 209,983**	**$ 282,095**
Total Liabilities and Equity	**$ 1,951,351**	**$ 2,121,686**

Commitments, contingencies and guarantees (note 26)

Recipe Unlimited Corporation
Consolidated Statements of Cash Flows
For the 53 weeks ended December 31, 2023 and 52 weeks ended December 25, 2022

(in thousands of Canadian dollars)	For the 53 weeks ended December 31, 2023	For the 52 weeks ended December 25, 2022
Cash from (used in)		
Operating Activities		
Net earnings	$ 33,197	$ 68,502
Depreciation and amortization	98,044	92,525
Amortization of deferred gain	(1,890)	(1,866)
Net loss (gain) on disposal of property, plant and equipment and other assets	329	(1,352)
Gain on disposition of brand assets	—	(5,926)
Net loss on early buyout/cancellation of equipment rental contracts	482	772
assets, net of reversals (notes 13, 14, 15 and 16)	17,752	1,664
Net (gain) loss on settlement of lease liabilities (note 19)	(2,792)	354
Lease termination fees received (note 13)	2,850	—
Net interest expense on long-term debt and note payable to the Keg Royalties Income Fund (note 10)	40,192	24,735
Share of loss from investment in joint ventures	41	71
Net interest expense on lease liabilities and receivables (note 10)	11,600	10,579
Stock based compensation	3,876	649
Income taxes paid	(15,097)	(8,184)
Change in restructuring provision (note 9)	2,216	1,624
Income taxes (note 11)	15,760	20,512
Change in fair value of exchangeable Keg Partnership units and KRIF units	10,888	(6,775)
Change in fair value of non-controlling interest liability and contingent liability	3,601	(2,640)
Change in lease liability due to rent concessions (note 19)	—	(277)
Other non-cash items	8,356	5,247
Net change in non-cash operating working capital (note 25)	54,706	(21,622)
Cash flows from operating activities	**$ 284,111**	**$ 178,592**
Investing Activities		
Business acquisitions, net of cash assumed	$ 237	$ (1,120)
Proceeds from divestiture (note 5)	—	13,001
Purchase of property, plant and equipment (note 14)	(51,098)	(38,915)
Proceeds on disposal of property, plant and equipment	3,568	2,646
Lease payments received	43,661	40,723
Cash flows (used in) from investing activities	**$ (3,632)**	**$ 16,335**
Financing Activities		
Issuance of long-term debt (note 18)	$ 10,000	$ 210,880
Repayment of long-term debt (note 18)	(110,893)	(35,893)
Settlement of financing debt upon Amalgamation (note 18)	—	(135,880)
Settlement of stock options and restricted share units upon closing of the Arrangement (note 22)	—	(3,408)
Deferred financing costs (note 18)	(189)	(1,284)
Issuance of subordinated voting common shares (note 23)	—	154
Share redemption (note 23)	(100,000)	—
Lease liabilities paid (note 19)	(100,077)	(106,316)
Interest paid on long-term debt and note payable	(39,670)	(26,225)
Dividends paid on subordinate and multiple voting common shares	(7,102)	—
Cash flows used in financing activities	**$ (347,931)**	**$ (97,972)**
Change in cash during the period	**$ (67,452)**	**$ 96,955**
Foreign currency translation adjustment	56	(151)
Cash - Beginning of period	138,996	42,192
Cash - End of period	**$ 71,600**	**$ 138,996**

1. Nature and description of the reporting entity

Recipe Unlimited Corporation is a Canadian company incorporated under the Ontario Business Corporations Act and is a restaurant operator and franchisor.

On October 28, 2022, Fairfax Financial Holdings Limited and its affiliates ("Fairfax") through a wholly-owned subsidiary, 1000297337 Ontario Inc., acquired all the issued and outstanding subordinate voting shares, and the multi-voting shares that Fairfax owned as well as a portion of the multi-voting shares owned by the Phelan family through Cara Holdings Limited ("Cara Holdings" or "CHL") at a price of $20.73 per share (the "Transaction price") (the "Arrangement"). Subsequently, 1000297337 Ontario Inc. and the Company amalgamated (the "Amalgamation"), continuing with the name of Recipe Unlimited Corporation (the "Company"). As at December 31, 2023, Fairfax and Cara Holdings (the "Principal Shareholders") own all of the total issued and outstanding shares of the Company.

The Company's registered office is located at 199 Four Valley Drive, Vaughan, Canada L4K 0B8. Recipe Unlimited Corporation and its controlled subsidiaries are together referred to in these consolidated financial statements as "Recipe" or "the Company".

2 Basis of Presentation

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and using the accounting policies described herein.

The consolidated financial statements were authorized for issue by the Board of Directors ("Board") on March 5, 2024.

Basis of preparation

The consolidated financial statements were prepared on a historical cost basis, except for initial recording of net assets acquired on business combinations, certain financial instruments, liabilities associated with certain stock-based compensation, defined benefit plan assets and liabilities, and certain investments in the Keg Limited Partnership and Keg Royalty Income Fund units, which are stated at fair value. Liabilities associated with employee benefits are stated at actuarially determined present values.

Fiscal year

The fiscal year of the Company ends on the last Sunday of December for the current year. As a result, the Company's fiscal year is usually 52 weeks in duration but includes a 53rd week every five to six years. The year ended December 31, 2023 contained 53 weeks, and the year ended December 25, 2022 contained 52 weeks. The Company's next fiscal year end will be December 29, 2024 and will contain 52 weeks.

Critical accounting judgements and estimates

The preparation of the consolidated financial statements requires management to make various judgements, estimates and assumptions in applying the Company's accounting policies that affect the reported amounts and disclosures made in the consolidated financial statements and accompanying notes. Actual results may differ from these estimates.

These judgements and estimates are based on management's historical experience, knowledge of current events and conditions and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Within the context of these financial statements, a judgement is a decision made by management in respect of the application of an accounting policy, a recognized or unrecognized financial statement amount, and/or note disclosure, following an analysis of relevant information that may include estimates and assumptions.

Estimates and assumptions are used mainly in determining the measurement of balances recognized or disclosed in the consolidated financial statements and are based on a set of underlying data that may include management's historical experience, knowledge of current events and conditions and other factors that are believed to be reasonable under the circumstances. Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The following are the accounting policies that are subject to judgements and estimates.

Business combinations

Accounting for business combinations requires judgements and estimates to be made to determine the fair values of the consideration transferred, assets acquired and the liabilities assumed. The Company uses all available information, including external valuations and appraisals where appropriate, to determine these fair values. Changes in estimates of fair value due to additional information related to facts and circumstances that existed at the acquisition date would impact the amount of goodwill recognized. If necessary, the Company has up to one year from the acquisition date to finalize the determinations of fair value for business combinations.

Accounting for joint ventures and associates

Joint ventures represent separately incorporated entities for which joint control exists. This requires judgement to determine if in fact joint control exists in each circumstance. Entities are considered to be under joint control when the Company has the ability to exercise significant influence but not control. Management has assessed the nature of its joint venture agreements with the respective other joint venture parties and using judgement determined where joint control does in fact exist. While the Company will also have a franchise agreement with certain joint venture restaurants, the rights included in these franchise agreements are considered protective in nature and, therefore, do not allow for any additional substantive control over the other party.

Depreciation and amortization

The Company's property, plant and equipment and definite life intangible assets are depreciated and amortized on a straight-line basis. Management uses judgement in determining the estimated useful lives of the assets and residual values. Changes to these estimates may affect the carrying value of these assets, net earnings/ (losses), and comprehensive income/ (losses) in future periods.

Valuation of investments

For equity investments where the underlying investment shares are not traded publicly, estimates are required to determine the fair value of the underlying investment shares. Accordingly, those amounts are subject to measurement uncertainty and judgement.

Impairment of non-financial assets

Management is required to use judgement in determining the grouping of assets to identify their cash generating units ("CGUs") for the purposes of testing property, plant and equipment for impairment.

Judgement is further required to determine appropriate groupings of CGUs, for the level at which goodwill and intangible assets are tested for impairment. In addition, judgement is used to determine whether a triggering event has occurred requiring an impairment test to be completed for property, plant and equipment and definite life intangible assets.

The Company determines the recoverable amount of the CGU as the higher of fair value less costs to sell ("FVLCS") or its value in use ("VIU"). The determination of each of these amounts is subject to estimation uncertainty. The significant assumptions for FVLCS include vacancy period and market rental rates, and for VIU include projected future sales and earnings, and discount rates.

The Company determines the FVLCS of its brands using the "Relief from Royalty Method", a discounted cash flow model, using significant assumptions such as projected future sales, terminal growth rates, royalty rates and discount rates.

The Company determines the recoverable amount of goodwill based on its VIU, using significant assumptions such as projected future sales and earnings, terminal growth rates and discount rates.

Projected future sales and earnings are consistent with strategic plans provided to the Company's Board. Discount rates are based on an estimate of the Company's weighted average cost of capital, considering external industry information reflecting the risk associated with the specific cash flows.

When determining the VIU of a restaurant location, the Company employs a discounted cash flow model for each CGU. The duration of the cash flow projections for individual CGUs varies based on the remaining useful life of the significant asset within the CGU or the remaining lease term of the location. Sales forecasts for cash flows are based on actual operating results, operating budgets and long-term growth rates that are consistent with strategic plans presented to the Company's Board.

Impairment of financial assets

In accordance with IFRS 9 *Financial instruments* ("IFRS 9"), Management applies the 'expected credit loss' ("ECL") model to assess for impairment on its accounts receivables, franchise receivables, lease receivables and amounts due from related party joint ventures at each balance sheet date. There is significant judgement used in determining the staging, including assessing changes in credit risks, forecasts of future economic conditions and historical information to ascertain the credit risk of the financial asset.

The Company applies the ECL model to assess for impairment on its long-term receivables at each balance sheet date. The ECL is determined using assumptions such as the probability of default ("PD") incorporating loss given default and exposure at default at the period end date, updated quarterly based on the Company's historical experience, current conditions, relevant forward-looking expectations over the expected life of the exposure to determine the PD curve. Forward-looking expectations include relevant macroeconomic variables. Expected life is the maximum contractual period the Company is exposed to credit risk. The ECL is measured over the period the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Definition of default

The Company considers a financial asset to be in default when a lease receivable is no longer collectible.

Incorporation of forward-looking information

The Company incorporates forward-looking information into its measurement of ECL. Based on statistical results, business experience and interpretability of the model behaviour in relation to the inputs, the Company uses Canada's GDP as the forward-looking macro-economic factor. The Company formulates a "base case" view of the future direction of Canada's GDP as well as a representative range of other possible forecast scenarios. This process involves developing two additional economic scenarios and considers the relative probabilities of each outcome. The Company uses the consensus GDP rate forecasts published by the major Canadian Chartered Banks and the International Monetary Fund.

The base case represents a most-likely outcome and is aligned with the consensus GDP rate forecasts and information. The other scenarios represent optimistic and pessimistic outcomes.

Leases

In determining the carrying amount of the right-of-use asset or lease receivable and corresponding lease liabilities, assumptions include the non-cancellable term of the lease plus periods covered by an option to renew the leases and incremental borrowing rate. Renewal options are only included in the lease term if management is reasonably certain to renew. Management considers factors such as investments in major leaseholds, store performance and available renewal options. The Company is also required to estimate the incremental borrowing rate specific to each portfolio of leased assets with similar characteristics if the interest rate in the lease is not readily determined. Management determines the incremental borrowing rate using the Government of Canada bond yield with an adjustment that reflects the Company's credit rating, security adjustment plus a risk premium over leases with similar terms.

Income and other taxes

The calculation of current and deferred income taxes requires management to make certain judgements regarding the tax rules in jurisdictions where the Company performs activities. Application of judgements is required regarding classification of transactions and in assessing probable outcomes of tax exposures, claimed deductions including expectations of future operating results, the timing and reversal of temporary differences, the likelihood of utilizing deferred tax assets and reassessments of income tax and other tax filings by the tax authorities.

Employee future benefits

Accounting for the costs of defined benefit pension plans is based on a number of assumptions including estimates of rates of compensation increase, retirement ages of plan members and mortality. The discount rate used to value the accrued pension benefit obligation is based on high quality corporate bonds in the same currency in which the benefits are expected to be paid with terms to maturities that on average match the terms of the defined benefit obligations. Other key assumptions for pension obligations are based on actuarial determined data and current market conditions.

Gift cards

Management is required to make certain assumptions on the likelihood of gift card redemptions based on historical redemption patterns. The impact of these assumptions result in a reduction to the costs of administering and fulfilling the liability associated with the gift card program when it can be determined that the likelihood of the gift card being redeemed, or a portion thereof, is remote based on several facts including historical redemption patterns and any changes to the gift card program.

Provisions

Management reviews provisions at each balance sheet date utilizing judgements to determine the probability that an outflow of economic benefit will result from the legal or constructive obligation and an estimate of the associated obligation. Due to the judgemental nature of these items, future settlements may differ from amounts recognized.

Stock-based compensation

The accounting for cash-settled stock-based compensation requires management to make an estimate of the fair value of the stock options at each reporting date based on the current enterprise value of the Company as well as estimates around forfeitures of vested and unvested options.

The accounting for equity-settled stock-based compensation requires management to make an estimate of the fair value of the stock options when granted based on the enterprise value and share price of the Company at the time of the grant as well as estimates around volatility, risk free interest rates and forfeitures of vested and unvested options.

Comparative information

Certain of the Company's prior year information was reclassified to conform with the current year's presentation.

3 Significant accounting policies

The significant accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and other entities that the Company controls. Control exists when the Company is exposed to or has the rights to variable returns from its involvement in the entity and has the ability to direct the activities that significantly affect the entity's returns through its power over the entity. The Company reassesses control at each reporting date. Transactions and balances between the Company and its consolidated entities have been eliminated on consolidation.

Investments in joint ventures and associates

Investments over which the Company has joint control, and meets the definition of a joint venture under IFRS 11, *Joint Arrangements*, are accounted for using the equity method.

The equity method involves the recording of the initial investment at cost and the subsequent adjusting of the carrying value of the investment for the proportionate share of the income or loss and any other changes in the associates' or joint ventures' net assets.

The Company's proportionate share of the associate's or joint ventures' income or loss is based on its most recent financial statements. If the Company's share of the associate's or joint venture's losses equals or exceeds its investment in the associate or joint venture, recognition of further losses is discontinued. The Company's investment in the associate or joint venture for purposes of loss recognition is comprised of the investment balance plus the unsecured portion of any related party note receivable. After the Company's interest is reduced to zero, additional losses will be provided for and a liability recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate subsequently reports income, the Company resumes recognizing its share of that

income only after the Company's share of the income equals the share of losses not recognized. At each balance sheet date, the Company assesses its investments for indicators of impairment.

Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars which is the Company's functional currency.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the Company and its subsidiaries using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of earnings. Non-monetary items carried at cost are translated using the exchange rate at the date of the transaction. Non-monetary items carried at fair value are translated at the date the fair value is determined.

Revenue recognition

Gross revenues include revenue from the Company's food service activities. These activities consist primarily of food and beverage sales at restaurants operated by the Company, food processing and distribution sales related to the sale of manufactured products to grocery retailers and certain franchisees, franchise revenues earned as part of the license agreements between the Company and its franchisees, and advertising fund payments received from franchisees. Under IFRS 15 *Revenue from contracts with customers* ("IFRS 15"), revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control, at a point in time or over time, requires judgement.

Corporate sales

Corporate sales are made up of the direct sale of prepared food and beverage to customers at company-owned restaurants, its catering division, and revenue from processing off-premise phone, web and mobile orders for franchised restaurants.

Food processing and distribution sales

The Company recognizes revenue from food product sales at the fair value of the consideration received or receivable and an estimate of sales incentives provided to customers. Revenue is recognized when the customer takes ownership of the product, title has transferred, all the risks and rewards of ownership have transferred to the customer, recovery of the consideration is probable, the Company has satisfied its performance obligations under the arrangement, and has no ongoing involvement with the sold product. The value of sales incentives provided to customers are estimated using historical trends and are recognized at the time of sale as a reduction of revenue. Sales incentives include rebates and promotional programs provided to the Company's customers. These rebates are based on achievement of specified volume or growth in volume levels and other agreed promotional activities. In subsequent periods, the Company monitors the performance of customers against agreed upon obligations related to sales incentive programs and makes any adjustments to both revenue and sales incentive accruals as required.

Franchise revenues

The Company grants license agreements to independent operators ("franchisees"). As part of the license agreements, the franchisees pay initial and renewal franchise fees, conversion fees for established locations,

royalties based on franchisee sales, and other payments, which may include payments for equipment usage and property rents. Franchise fees and conversion fees, if applicable, are substantially earned and collected at the time the license agreement is entered into.

Royalties, based on a percentage of sales, are recognized as revenue and are recorded when earned. Most rental agreements are based on fixed payments including the recovery of operating costs, while other rental agreements are contingent on certain sales levels. Rental revenue from fixed rental leases are recognized on a straight-line basis over the term of the related lease while variable rental agreements based on a percentage of sales are accrued based on the actual sales of the restaurant.

Finance costs

Finance costs are primarily comprised of interest expense on long-term debt including the recognition of transaction costs over the expected life of the underlying borrowing using the effective interest rate at the initial recognition of the debt. All finance costs are recognized in the consolidated statements of earnings on an accrual basis (using the effective interest method), net of amounts capitalized as part of the costs of purchasing qualifying property, plant and equipment.

Finance costs directly attributable to the acquisition, construction or development of an asset that takes a substantial period of time (greater than six months), to prepare for their intended use, are recognized as part of the cost of that asset. All other finance costs are recognized in the consolidated statements of earnings in the period in which they are incurred. The Company capitalizes finance costs at the weighted average interest rate of borrowings outstanding for the period.

Income taxes

Income tax provision is comprised of current and deferred income tax. Current income tax and deferred income tax are recognized in the consolidated statements of earnings except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income or losses.

Current income tax is the expected tax payable or receivable on the Company's taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is not recognized for the following temporary differences; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable earnings or loss, and taxable temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred income tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred income tax is measured at the tax rates expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current income tax liabilities and assets on a net basis or their income tax assets and liabilities will be realized simultaneously.

A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized or increased to the extent that it is probable that the related income tax benefit will be realized.

Financial instruments

The classification and measurement approach for financial assets reflect the business model in which assets are managed and their cash flow characteristics. Financial assets are classified and initially measured at: amortized cost; fair value through OCI ("FVOCI") - debt investment; FVOCI - equity investment; or fair value through profit and loss ("FVTPL"). For the Company, FVTPL is equivalent to fair value through statement of earnings or losses.

Financial assets are measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and

- It is held within a business model whose objective is to hold assets to collect contractual cash flows.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the statement of earnings or losses.

A financial asset is measured at FVTPL unless it is measured at amortized cost. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in the statement of earnings or losses.

Financial assets are not reclassified subsequent to their initial recognition unless the Company identifies changes in its business model in managing financial assets.

Financial liabilities are classified and measured at amortized cost or FVTPL. A financial liability is measured at FVTPL if it is held for trading or it is designated by the entity as FVTPL on recognition. Financial liabilities at FVTPL are initially recognized at fair value and are thereafter carried at fair value. Financial liabilities at amortized cost are initially recognized at fair value less transaction costs and are thereafter carried at amortized cost using the effective interest method.

The following table and the accompanying notes below explain the measurement categories for each class of the Company's financial assets and liabilities.

Financial assets	**Notes**	**Classification**
Cash		Amortized cost
Accounts receivable		Amortized cost
Lease receivables		Amortized cost
Long-term receivables - franchise receivable and promissory notes		Amortized cost
Long-term receivables - due from related parties	(a)	Amortized cost/FVTPL
Financial liabilities	**Notes**	**Classification**
Accounts payable and accrued liabilities		Amortized cost
Long-term debt		Amortized cost
Note payable to the Keg Royalties Income Fund		Amortized cost
Lease liabilities		Amortized cost
Other long-term liabilities	(b)	Amortized cost/FVTPL

(a) Some amounts due from related parties relate to joint venture loans for business purposes of which collection of the loan principal is contingent on the financial performance of the joint venture. These receivables are classified at FVTPL. All other due from related parties are classified at amortized cost.

(b) Other long-term liabilities including Non-controlling interest liability, Contingent liabilities, Deferred share units and Restricted share units are measured based on meeting certain targets and are classified at FVTPL. All other long-term liabilities are classified at amortized cost.

Fair value of financial instruments

The fair value of derivative financial instruments is the estimated amount that the Company would receive or pay to terminate the instrument at the reporting date. The fair values have been determined by reference to prices provided by counterparties. The fair values of all derivative financial instruments are recorded in other long-term liabilities on the consolidated balance sheets.

The different levels used to determine fair values have been defined as follows:

• Level 1 - inputs use quoted prices (unadjusted) in active markets for identical financial assets or financial liabilities that the Company has the ability to access.

• Level 2 - inputs other than quoted prices included in Level 1 that are observable for the financial asset or financial liability, either directly or indirectly. Level 2 inputs include quoted prices for similar financial assets and financial liabilities in active markets, and inputs other than quoted prices that are observable for the financial assets or financial liabilities.

• Level 3 - inputs are unobservable inputs for the financial asset or financial liability and include situations where there is little, if any, market activity for the financial asset or financial liability.

Derecognition

A financial asset is derecognized when the contractual rights to receive the cash flows from the assets expire, the risks and rewards have substantially all been transferred or the Company no longer has control of the asset. A financial liability is derecognized when the obligation specified in the contract is either discharged, cancelled or has expired.

Any gain or loss on de-recognition is recognized in the statement of earnings or losses.

Impairment of financial assets

The Company applies the Expected Credit Loss ("ECL") model to assess for impairment on its financial assets measured at amortized cost at each balance sheet date. Expected credit losses are required to be measured through a loss allowance at an amount equal to:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and

- Full Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

For trade receivables, the standard provides a simplified impairment model for trade receivables without significant financing components which is applied by the Company. In this model, only life-time ECL's are recognized.

The ECL model outlines a three stage approach to recognizing expected losses which is intended to reflect the deterioration in credit quality of a financial instrument.

- Stage 1 is comprised of all financial instruments that have not deteriorated significantly in credit quality since initial recognition or has low credit risk at the reporting date.

- Stage 2 is comprised of all financial instruments that have deteriorated significantly in credit quality since initial recognition but do not have objective evidence of a credit loss event at the reporting date.

- Stage 3 is comprised of all financial instruments that have objective evidence of impairment at the reporting date.

For all stages of financial instruments, impairment is recognized based on the expected losses arising from loss events that could occur over the expected life of the instrument. The Company is required to recognize impairment based on a lifetime ECL for all stages of financial instruments.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, including forward-looking information.

An impairment loss or reversal is recorded in the statement of earnings or losses when the credit risk is assessed to have increased or decreased for the financial assets.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Inventories

Inventories consist of food and beverage items for use at the Company's corporately-owned locations, catering division, Company-branded retail products and food and packaging materials used in St-Hubert's and The Keg's food processing and distribution division. Inventories are stated at the lower of cost and estimated net realizable value. Costs consist of the cost to purchase and other costs incurred in bringing the inventory to its present location reduced by vendor allowances. The cost of inventories is determined using the first-in, first-out method or standard cost method. The cost of inventory for products being manufactured by the Company includes direct product costs, direct labour and an allocation of variable and fixed manufacturing overheads, including depreciation. When circumstances that previously caused inventories to have a write-down below cost no longer exist, or when there is clear evidence of an increase in net realizable value, the amount of a write-down previously recorded is reversed through cost of inventories sold.

Property, plant and equipment

Recognition and measurement

Land other than through a finance lease is carried at cost and is not depreciated.

Property, plant and equipment are stated at cost less accumulated depreciation and net accumulated impairment losses (refer to impairment of long-lived assets policy below). Cost includes expenditures directly attributable to the acquisition of the asset, including the costs of dismantling and removing the items and restoring the site

on which they are located, and finance costs on qualifying assets less tenant inducements received from landlords.

Construction-in-progress assets are capitalized during construction and depreciation commences when the asset is available for use.

When significant component parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains or losses on disposal of an item of property, plant and equipment, are determined by comparing the proceeds from disposal with the net carrying amount of property, plant and equipment, and are recognized within selling, general and administrative expenses in the consolidated statements of earnings.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount, if any, of the replaced part is de-recognized and recorded within selling, general and administrative expenses in the consolidated statements of earnings. The costs of repairs and maintenance of property, plant and equipment are recognized within selling, general and administrative expenses in the consolidated statements of earnings as incurred.

Depreciation and Amortization

Depreciation is calculated based upon the depreciable amount, which is the cost of an asset less its residual value.

Depreciation commences when assets are available for use and is recognized on a straight-line basis to amortize the cost of these assets over their estimated useful lives. Estimated useful lives range from 2 to 12 years for equipment. Buildings are depreciated over 20 to 40 years and leasehold improvements are depreciated over the shorter of their estimated useful lives or the term of the lease, including expected renewal terms to a maximum of 15 years. Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate on a prospective basis. Depreciation expense is recognized in selling, general and administrative expenses in the consolidated statements of earnings. Depreciation expense related to assets used to manufacture and process food are recognized in the cost of inventory and cost of inventory sold upon the sale of inventory.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date that control is transferred to the Company.

Goodwill arising in a business combination is recognized as an asset at the date that control is acquired. Goodwill represents the excess of the purchase price of a business acquired over the fair value of the underlying net assets acquired at the date of acquisition. Goodwill is allocated at the date of the acquisition to a group of CGUs that are expected to benefit from the synergies of the business combination, but no higher than an operating segment. Goodwill is not amortized and is tested at the brand level for impairment at least annually and whenever there is an indication that the asset may be impaired. Refer to the impairment of long-lived assets policy below.

Brands and other assets

Brands and other assets including re-acquired franchise rights are recorded at their fair value at the date of acquisition. The Company assesses each intangible asset and other assets for legal, regulatory, contractual, competitive or other factors to determine if the useful life is definite. Brands are measured at cost less net accumulated impairment losses and are not amortized as they are considered to have an indefinite useful life. Indefinite life intangible assets are tested for impairment at least annually and whenever there is an indication that the asset may be impaired. Re-acquired franchise rights and other assets are amortized on a straight-line basis over their estimated useful lives, averaging approximately five years and are tested for impairment whenever there is an indication that the asset may be impaired. Refer to the impairment of long-lived assets policy below.

Other Intangible Assets

The Company has certain definite life intangible assets, primarily related to customer relationships, which are measured at fair value on the date of acquisition. These assets are subsequently measured at cost less accumulated amortization and less any net accumulated impairment losses. Amortization is recognized in selling, general and administrative expenses on a straight-line basis over their estimated useful lives.

Customer relationships have estimated useful lives ranging from 20 to 33 years. Customer relationships are tested for impairment whenever events or circumstances exist that suggest the carrying value is greater than the recoverable amount.

Impairment of long-lived assets

For the purpose of reviewing definite life non-financial assets for impairment, asset groups are reviewed at their lowest level for which identifiable cash inflows are largely independent of cash inflows of other assets or groups of assets. The Company has determined that its CGUs comprise of individual restaurants. For customer relationships, the Company has determined that its CGUs comprise of type of customer, being sales to franchise customers and retail grocery chains. For indefinite life intangible assets, the Company allocates the brand assets to the group of CGUs, being brands that are considered to generate independent cash inflows from other assets. Goodwill is assessed for impairment based at the brand level on the group of CGUs expected to benefit from the synergies of the business combination, and the lowest level at which management monitors the goodwill and cannot be at a higher level than an operating segment.

At each balance sheet date, the Company reviews the carrying amounts of its non-financial assets, including property, plant and equipment, brands and other assets for any indication of impairment or a reversal of previously recorded impairment. Previous impairment of goodwill is not permitted to be reversed. In addition, goodwill and indefinite life brands are tested for impairment at least annually. If any such indication of impairment exists, the recoverable amount of the CGU is estimated in order to determine the extent of the impairment loss, if any.

An impairment loss is recognized if the net carrying amount of the CGU or group of CGUs exceeds its recoverable amount, calculated as the higher of the fair value less costs to sell (FVLCS) and the value in use (VIU). Impairment losses are recognized in the consolidated statements of earnings in the period in which they occur. When impairment subsequently reverses, the carrying amount of the asset is increased to the extent that the carrying value of the underlying assets does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment had been recognized. Impairment reversals are recognized in consolidated statements of earnings in the period which they occur.

Any potential brand impairment is identified by comparing the recoverable amount of the groups of CGUs that includes the indefinite life asset to its carrying amount. If the recoverable amount, calculated as the higher of the fair value less costs to sell and the value in use, is less than its carrying value, an impairment loss is recognized in the consolidated statements of earnings in the period in which it occurs.

Any potential goodwill impairment is identified by comparing the recoverable amount of the CGU grouping to which the goodwill is allocated to its carrying value. If the recoverable amount, calculated as the higher of the fair value less costs to sell and the value in use, is less than its carrying amount, an impairment loss is recognized in the consolidated statements of earnings or losses in the period in which it occurs. Impairment losses on goodwill are not subsequently reversed if conditions change.

Gift cards

The Company's various branded restaurants, in addition to third party companies, sell gift cards to be redeemed at the Company's corporate and franchised restaurants for food and beverages only. Proceeds received from the sale of gift cards are treated as gift card liability in current liabilities until redeemed by the gift card holder as a method of payment for food and beverage purchases.

Based on historical redemption patterns, the Company estimates the portion of gift cards that have a remote likelihood of being redeemed and recognizes the amount as a reduction in expenses on the operational statements of the marketing funds that the Company administers on behalf of franchisees and on the Company's consolidated statements of earnings. At the Keg Restaurant Limited ("KRL"), based on historical redemption patterns, the KRL estimates the portion of gift cards that have a remote likelihood of being redeemed and recognizes the amount as a reduction of costs of administrating and fulfilling the gift card program and are included in the selling, general and administrative expense in the consolidated statement of earnings and consolidated statements comprehensive income.

Due to the inherent nature of gift cards, it is not possible for the Company to determine what portion of the unearned revenue related to gift cards will be redeemed in the next 12 months and, therefore, the entire accrual balance is considered to be a current liability.

Provisions

Provisions are recognized when there is a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and that obligation can be measured reliably. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risk specific to the liability. Provisions are reviewed on a regular basis and adjusted to reflect management's best estimates. Due to the judgemental nature of these items, future settlements may differ from amounts recognized.

Employee future benefits

The cost of the Company's defined benefit pension plans are accrued as earned by the employees, based on actuarial valuations. The cost of defined benefit pension plans are determined using the projected unit credit benefit method pro-rated on service and management's best estimate, rates of compensation increase and retirement ages of plan members. Assets are recorded at fair value. The discount rate used to value the accrued benefit plan obligations are based on high quality corporate bonds in the same currency in which the benefits are expected to be paid and with terms to maturities that on average match the terms of the defined benefit obligations. An interest amount on plan assets is calculated by applying a prescribed discount rate used to value the accrued benefit obligations. Past service costs from plan amendments are recognized within operating income in the consolidated statements of earnings in the year that they arise.

For the plans that resulted in a net defined benefit asset, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to the plan. An

economic benefit is available to the plan if it is realizable during the life of the plan, or on settlement of the plan liabilities.

At each balance sheet date, plan assets are measured at fair value and defined benefit plan obligations are measured using assumptions which approximate their present values at the reporting date, with the resulting actuarial gains and losses from both of these measurements, net of taxes, are recognized in the consolidated statements of other comprehensive income.

Multi-employer plan

The Company participates in a multi-employer defined benefit pension plan which is accounted for as a defined contribution plan. The Company does not administer this plan as the administration and investment of the assets are controlled by the plan's board of trustees consisting of union and employer representatives. The Company's responsibility to make contributions to the plan is established pursuant to collective bargaining agreements. The contributions made by the Company to the multi-employer plan are expensed when due.

Short-term employee benefits

Short-term employee benefits include wages, salaries, compensated absences and bonuses. Short-term employee benefit obligations are measured on an undiscounted basis and are recognized within operating income in the consolidated statements of earnings as the related service is provided or capitalized if the service rendered is in connection with the creation of a tangible asset. A liability is recognized for the amount expected to be paid under short-term cash bonus plans if the Company has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

Stock based compensation

The Company has stock-based compensation plans for eligible employees. As these plans permit a cash settlement at the option holder's discretion, these grants are treated as cash-settled.

Prior to the Arrangement, the Company had equity-settled stock-based compensation plans for eligible employees, including (i) stock options, and (ii) equity-settled restricted share units ("RSUs").

The fair value of the stock option and equity-settled RSU grants was expensed over their respective vesting periods and were recognized in selling, general and administrative expenses, with a corresponding increase in contributed surplus over the period, at the end of which, the employees became unconditionally entitled to shares. The fair value of stock options was measured based on the enterprise value of the Company at the time of the grant using a Black-Scholes model. The amount expensed for stock options was adjusted for changes to estimated forfeitures if subsequent information indicated that actual forfeitures differed significantly from the original estimate. The value of the equity-settled RSU was based on the public market price of the Company's shares at the time of grant.

Upon exercise of the share options or equity-settled RSUs, the amount expensed to contributed surplus throughout the vesting period was moved to share capital, along with the consideration received for the options.

Leases

Definition of a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date.

The lease liability is initially measured at the present value of the lease payments that have not been paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination if the Company is reasonably certain to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Right-of-use assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. Refer to the Impairment of long-lived assets policy.

When a lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short term leases, leases of low-value assets and variable lease payments exemption

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes these lease payments and variable payments associated with these leases as an expense in selling, general and administrative expenses in the consolidated statements of earnings on the most systematic basis over the lease term.

As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying assets. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head-lease is a short-term lease to which the Company applies the exemption previously described, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

Accounting standards implemented in 2023

There were no new accounting standards implemented for the 53 weeks ended December 31, 2023.

4 Future accounting standards

Classification of Liabilities as Current or Non-current and Enhanced Disclosure of Long-Term Debt with Covenants (Amendments to IAS 1)

On January 23, 2020, the IASB issued amendments to IAS 1 *Presentation of Financial Statements*, to clarify the classification of liabilities as current or non-current. The amendments removed the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must have substance and exist at the end of the reporting period. The amendments also clarify how a company classifies a liability that includes a counterparty conversion option. The amendments state that: (i) settlement of a liability includes transferring a company's own equity instruments to the counterparty, and (ii) when classifying liabilities as current or non-current a company can ignore only those conversion options that are recognized as equity. The amendments apply retrospectively for annual periods beginning on or after January 1, 2024 and will not have a material impact on the consolidated financial statements.

On October 31, 2022, the IASB issued *Non-current Liabilities with Covenants (Amendments to IAS 1)* requiring enhanced disclosures on liabilities that are presented as long-term and are subject to compliance with covenants, and the risk that debt could become repayable within 12 months of the reporting date if covenants are not met. The amendments are effective for annual periods beginning on or after January 1, 2024 and will not have a material impact on the consolidated financial statements.

Definition of Accounting Estimates (Amendments to IAS 8)

On February 12, 2021, the IASB issued *Definition of Accounting Estimates (Amendments to IAS 8)*. The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for annual periods beginning on or after January 1, 2023, and will apply prospectively; these amendments will not have a material impact on the consolidated financial statements.

Disclosure initiative - Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

On February 12, 2021, the IASB issued *Disclosure Initiative - Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements).* The amendments help companies provide useful accounting policy disclosures. The key amendments include: (1) requiring companies to disclose their material accounting policies rather than their significant accounting policies; (2) clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and (3) clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements. The amendments are effective for annual periods beginning on or after January 1, 2023 and will not have a material impact on the consolidated financial statements.

Amendments related to Income tax (Amendments to IAS 12)

On May 7, 2021, the IASB issued *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).* The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offset temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. The amendments are effective for annual periods beginning on or after January 1, 2023 and will not have a material impact on the consolidated financial statements.

On May 23 2023, the IASB issued *International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)* on the mandatory exemption to recognizing deferred taxes related to global minimum tax. The amendments provide a temporary exception to the requirement to recognize deferred taxes arising from a tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("OECD") and to disclose information about them, including the tax regulations that implement qualified domestic minimum top-up taxes described in such rules. The amendments also provide targeted note disclosure requirements for the concerned entities to enable the users of the financial statements to understand to what extent the entity will be affected by the minimum tax, in particular before the regulation becomes effective. The amendments to IAS 12 are effective for annual reporting periods beginning on or after January 1, 2023 and will not have a material impact on the consolidated financial statements.

Lease liability in a sale and leaseback (Amendments to IFRS 16)

On September 22, 2022, the IASB issued *Lease Liability in a Sales and Leaseback (Amendments to IFRS 16).* The amendments introduces a new accounting model which impacts how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction and needs to be applied retrospectively. The amendments are effective for annual periods beginning on or after January 1, 2024. Under IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into on or after the date of initial application of IFRS 16. These amendments will not have a material impact on the consolidated financial statements.

5 Divestiture

Divestiture of Prime Pubs

In June 2022, the Company completed the sale of substantially all of the assets comprising its Prime Pubs brand and restaurants ("Pubs") and its Milestones Whistler location. The net assets sold were $7.7 million,

including $11.1 million related to the Pubs brand intangible asset for cash proceeds of $13.0 million and a note receivable of $0.6 million.

The Company remains as a guarantor on the lease arrangements for certain divested Pubs and Milestones locations and consequently has not derecognized those lease obligations and sublease receivables. The lease obligation balance, which represents the Company's full exposure in those lease arrangements, as well as the related lease receivable, will remain on the Company's balance sheet until landlord approvals to release the Company as guarantor are obtained. The acquirer of the Pubs and Milestones brand assets has provided a letter of credit as partial security, as well as an unconditional guarantee from its parent company for any payments made by the Company to a landlord as a result of remaining on covenant for these leases.

6 Sales

Sales are made up of the direct sales of prepared food and beverage to customers at corporately-owned restaurants and from its catering division, sales of St-Hubert and The Keg branded products and other private label products produced and shipped from the Company's manufacturing plant and distribution centers to retail grocery customers and to its network of St-Hubert restaurants, and revenue from processing off-premise phone, web and mobile orders for franchised locations.

(in thousands of Canadian dollars)	For the 53 weeks ended December 31, 2023	For the 52 weeks ended December 25, 2022
Sales at corporate restaurants	$ 799,676	$ 705,919
Food processing and distribution sales	400,765	386,299
Catering sales	24,949	20,799
Call centre service charge revenues	7,304	8,433
	$ 1,232,694	**$ 1,121,450**

7 Franchise revenues

The Company grants license agreements to franchisees. As part of the license agreements, the franchisees pay franchise fees, marketing fund contributions, conversion fees for established locations, and other payments, which may include payments for royalties, equipment and property rents.

(in thousands of Canadian dollars)	For the 53 weeks ended December 31, 2023	For the 52 weeks ended December 25, 2022
Royalty revenue	$ 119,646	$ 108,051
Marketing fund contributions	70,108	65,245
Other rental income	8,009	7,858
Franchise fees on new and renewal licenses	1,477	1,128
Income on equipment finance leases	277	628
Amortization of unearned conversion fees income	104	253
	$ 199,621	**$ 183,163**

8 Selling, general and administrative expenses

Included in operating income are the following selling, general and administrative expenses:

(in thousands of Canadian dollars)	For the 53 weeks ended December 31, 2023	For the 52 weeks ended December 25, 2022
Corporate restaurant expenses	$ 473,051	$ 424,750
Advertising fund transfers	70,108	65,245
The Keg royalty expense (note 28)	29,668	27,056
Franchise assistance and bad debt	2,801	2,196
Depreciation of property, plant and equipment (note 14)	90,345	85,296
Amortization of other assets (note 15)	3,317	3,130
Net loss on disposal of property, plant and equipment and other assets	329	(1,352)
Net (gain) loss on settlement of lease liabilities (note 19)	(2,792)	354
Other	70,666	65,521
	$ 737,493	**$ 672,196**

For the year ended December 31, 2023, $4.4 million (December 25, 2022 - $4.1 million) of depreciation related to property, plant and equipment has been included in cost of inventories sold as part of food processing and distribution.

Government Grant

The Company recognizes government grants when there is reasonable assurance that it will comply with the conditions required to qualify for the grant, and that the grant will be received. The Company recognizes government grants as a reduction to the related selling, general and administrative expenses that the grant is intended to offset. Effective October 24, 2021 to May 7, 2022, the Tourism and Hospitality Recovery Program ("THRP") for wage and rent support was available to eligible organizations whose revenue primarily comes from tourism and hospitality activities and that have experienced a qualifying revenue decline due to the COVID-19 pandemic.

- THRP was made available to the Company and its franchise partners. THRP wage subsidy replaced the closed Canada Emergency Wage Subsidy. During the 53 weeks ended December 31, 2023, the Company realized $nil (52 weeks ended December 25, 2022 - $14.8 million) of wage subsidies for salaries paid to employees in corporate restaurants, food manufacturing and head office locations.

- THRP also provided direct rent relief to eligible applicants. THRP rent subsidy replaced the Canada Emergency Rent Subsidy program. During the 53 weeks ended December 31, 2023, the Company realized $nil (52 weeks ended December 25, 2022 - $2.5 million) of government rent subsidies.

The Property Tax and Energy Cost Rebate programs introduced by the governments of Ontario, Alberta and British Columbia, provides direct property tax and utility cost rebates to business locations that were mandated to close or significantly restrict its services due to provincial public health measures. During the 53 weeks ended December 31, 2023, the Company realized $nil of provincial government property tax and energy cost rebates (52 weeks ended December 25, 2022 - $2.2 million).

Employee costs

Included in selling, general and administrative expenses are the following employee costs:

(in thousands of Canadian dollars)	For the 53 weeks ended December 31, 2023	For the 52 weeks ended December 25, 2022
Salaries and short-term employee benefits	$ 423,523	$ 378,382
Post-employment benefits (note 21)	1,026	1,076
Long-term incentive plans (note 20 and 22)	12,754	5,282
	$ 437,303	**$ 384,740**

9 Restructuring and other

Restructuring costs are based on plans to consolidate and eliminate certain home office and brand operations positions related to Recipe's acquisitions, and are comprised primarily of severance and lease settlement costs. Restructuring costs also consist of closure costs related to repositioning certain brands.

Home office and brand reorganization

In conjunction with certain acquisitions, the Company approved the restructuring of certain home office and brand operations positions to consolidate with Recipe's existing infrastructure. For the 53 weeks ended December 31, 2023 the Company recorded a restructuring expense of $4.2 million (for the 52 weeks ended December 25, 2022 - $5.9 million) comprised primarily of severance and other benefits.

For the 53 weeks ended December 31, 2023 the Company recorded a restructuring expense of $1.6 million (for the 52 weeks ended December 25, 2022 - $0.5 million) related to expected cost to settle and exit certain leases.

The following table provides a summary of the costs recognized and cash payments made, as well as the corresponding net liability as at December 31, 2023 and December 25, 2022:

(in thousands of Canadian dollars)	For the 53 weeks ended December 31, 2023	For the 52 weeks ended December 25, 2022
Net liability, beginning of period	**$ 12,076**	**$ 10,630**
Cost recognized		
Employee termination benefits	4,233	5,931
Site closing costs and other	1,642	477
	$ 5,875	**$ 6,408**
Cash payments		
Employee termination benefits	2,759	2,492
Site closing costs and other	651	1,574
	$ 3,410	**$ 4,066**
Other adjustments	**249**	**896**
Net liability, end of period	**$ 14,292**	**$ 12,076**

Recorded in the consolidated balance sheets as follows:

(in thousands of Canadian dollars)	December 31, 2023	December 25, 2022
Employee termination benefits:		
Accounts payable and accrued liabilities	$ 5,547	$ 4,321
Site closing costs and other are recorded as an adjustment to:		
Provisions (current)	759	703
Provisions (long-term)	932	494
Property, plant and equipment	7,054	6,558
	$ 14,292	**$ 12,076**

10 Interest expense (income) and other financing charges (other income)

(in thousands of Canadian dollars)	For the 53 weeks ended December 31, 2023	For the 52 weeks ended December 25, 2022
Interest expense and other financing charges		
Interest expense on long-term debt	$ 35,917	$ 20,460
Interest expense on note payable to The Keg Royalties Income Fund	4,275	4,275
Interest on lease obligations (note 19)	24,475	23,333
Financing costs	876	781
Interest expense - other	1,394	997
Interest expense and other financing charges	**66,937**	**49,846**
Interest income on Partnership units and KRIF units	(13,741)	(13,144)
Interest income	(2,726)	(1,384)
Interest income on lease receivable (note 13)	(12,875)	(12,754)
Interest and other income	**$ (29,342)**	**$ (27,282)**
	$ 37,595	**$ 22,564**

11 Income taxes

The Company's income tax expense is comprised of the following:

(in thousands of Canadian dollars)	For the 53 weeks ended December 31, 2023	For the 52 weeks ended December 25, 2022
Current income tax expense		
Current period	$ 16,307	$ 9,428
Adjustments for prior years	710	288
	$ 17,017	**$ 9,716**
Deferred income tax expense		
Benefit from previously unrecognized tax asset	$ (534)	$ (1,391)
Origination and reversal of temporary differences	578	15,195
Adjustments for prior years	(1,301)	(3,008)
	$ (1,257)	**$ 10,796**
Net income tax expense[(1)]	**$ 15,760**	**$ 20,512**

[(1)] Net income tax expense for the 53 weeks ended December 31, 2023 and the 52 weeks ended December 25, 2022 relate to income taxes from operations.

Net income tax expense is reconciled from net earnings as follows:

(in thousands of Canadian dollars)	For the 53 weeks ended December 31, 2023	For the 52 weeks ended December 25, 2022
Net earnings	$ 33,197	$ 68,502
Income taxes	15,760	20,512
Income before income taxes	48,957	89,014
Statutory income tax rate	26.25 %	26.38 %
Expected income tax expense based on above rates	12,851	23,483
Increase (decrease) resulting from:		
Benefit from previously unrecognized tax asset (including unrecognized income tax benefit utilized in the current year)	(534)	(1,391)
Adjustments for prior years	(591)	(2,720)
Income taxes on non-deductible amounts	5,457	1,372
Other	(1,423)	(232)
Expense for income taxes	**$ 15,760**	**$ 20,512**

Recognized deferred tax assets and liabilities

(in thousands of Canadian dollars)	December 31, 2023	December 25, 2022
Opening balance	$ (67,622)	$ (58,039)
Deferred income tax expense	1,257	(10,796)
Income taxes recognized in other comprehensive loss	(164)	(649)
Other	2	1,862
Deferred tax liabilities	**$ (66,527)**	**$ (67,622)**

Deferred tax assets and liabilities are attributable to the following:

(in thousands of Canadian dollars)	December 31, 2023	December 25, 2022
Deferred tax assets:		
Other long-term liabilities	$ 19,154	$ 16,062
Income tax losses [(1)]	10,499	14,735
Accounts payable and accrued liabilities	7,605	8,678
Other assets	1,085	1,146
	$ 38,343	**$ 40,621**
Deferred tax liabilities:		
Brand and other intangibles	$ (93,451)	$ (96,400)
Property, plant and equipment	(11,390)	(11,700)
Long-term receivables	—	(100)
Accounts receivable	(29)	(43)
	$ (104,870)	**$ (108,243)**
Classified in the Consolidated Financial Statements as:		
Deferred tax asset	38,847	36,382
Deferred tax liability	(105,374)	(104,004)
	$ (66,527)	**$ (67,622)**

[(1)] The gross amount of tax non-capital losses carried forward will start to expire in 2034.

Unrecognized deferred tax liabilities

Deferred tax is not recognized on the unremitted earnings of subsidiaries and other investments as the Company is in a position to control the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. Reversing these temporary differences would not result in any significant tax implications.

Unrecognized deferred tax assets

Deferred tax assets have not been recognized on the consolidated balance sheets in respect of the following items:

(in thousands of Canadian dollars)	December 31, 2023	December 25, 2022
Income tax losses	$ 23,148	$ 18,768
Deductible temporary differences	25,366	28,173
	$ 48,514	**$ 46,941**

The unrecognized carry forward US income tax losses of $23.1 million (December 25, 2022 - $18.7 million) will start to expire in 2024. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable income will be available to the Company to utilize the benefits.

12 Inventories

(in thousands of Canadian dollars)	December 31, 2023	December 25, 2022
Raw materials	$ 18,401	$ 29,105
Work in progress	1,395	1,201
Finished goods	30,428	39,883
Food and beverage supplies	12,729	12,556
	$ 62,953	**$ 82,745**

As at December 31, 2023, the Company had a provision of $0.1 million to reflect inventories at the lower of cost and net realizable value (December 25, 2022 - less than $0.1 million).

13 Long-term receivables

(in thousands of Canadian dollars)	December 31, 2023	December 25, 2022
Lease receivables	$ 267,493	$ 293,001
Franchise receivables	732	2,840
Due from related parties	1,203	1,047
Promissory notes	32	59
	$ 269,460	**$ 296,947**

Recorded in the consolidated balance sheets as follows:

(in thousands of Canadian dollars)	December 31, 2023	December 25, 2022
Current portion of long-term receivables	$ 59,924	$ 62,922
Long-term receivables	209,536	234,025
	$ 269,460	**$ 296,947**

Lease receivables

Lease receivables are related to the lease liabilities where the Company is on the real estate head lease of its franchised locations and a corresponding sublease contract is entered into between the Company and its franchisees. These subleases are all related to non-consolidated franchisees and are related to the long-term obligation of the franchisee sub-tenants to pay the Company over the term of the lease agreements excluding any unexercised renewal options, as they have not been determined to be certain to be exercised.

The lease receivable balance also includes the receivables relating to certain divested Milestones and Pubs locations where the Company remains as guarantor or is named on the head lease in those lease arrangements. The lease obligation balance, which represents the Company's full exposure in those lease arrangements, as well as the related lease receivable, will remain on the Company's balance sheet until landlord approvals to release the Company as guarantor are obtained. Consequently, the Company has not derecognized those lease obligations or the related sublease receivables assets. The acquirer of the Milestones and Pubs brand assets has provided a letter of credit as partial security, as well as an unconditional guarantee from its parent company for any payments made by the Company to a landlord as a result of remaining on covenant for these leases.

Lease receivables are reviewed for impairment based on expected losses at each balance sheet date in accordance with IFRS 9. An impairment (loss) reversal is recorded when the credit risk is assessed to have changed for the lease receivables. For the 53 weeks ended December 31, 2023, the Company recorded an

impairment loss reversal of $1.2 million (52 weeks ended December 25, 2022 - $7.6 million impairment loss reversal) on long-term lease receivables using the expected credit loss model.

Lease receivables have maturity dates ranging from 2024 to 2036 and bear an average effective interest rate of 3.7% to 6.7%.

Lease receivables (in thousands of Canadian dollars)	**For the 53 weeks ended December 31, 2023**	**For the 52 weeks ended December 25, 2022**
Balance, beginning of period	$ 293,001	$ 314,791
Additions	1,236	3,298
Lease renewals and modifications	36,799	37,552
Lease terminations and assignments	(2,850)	(8,126)
Payments and amounts payable	(76,610)	(80,734)
Interest income	12,875	12,754
Net impairment reversal	1,243	7,561
Gain on lease assignment from disposition of restaurant assets	—	2,753
Other adjustments	1,799	3,152
	$ 267,493	**$ 293,001**

Franchise receivable

In prior years, the Company converted certain corporate restaurants to franchise and sold the restaurants to franchisees. As part of these conversion agreements, certain franchisees entered into rental agreements to rent certain restaurant assets from the Company. Franchise receivables of $0.7 million (December 25, 2022 - $2.8 million) relate primarily to the long-term obligation of the franchisees to pay the Company over the term of the rental agreement which is equal to the term of the license agreement or the term to the expected buyout date assuming that the franchisee is more likely than not to acquire the rented assets from the Company.

Long-term franchise receivables are reviewed for impairment based on expected losses at each balance sheet date. An impairment loss (reversal) is recorded when the credit risk is assessed to have changed for the franchise receivables. For the 53 weeks ended December 31, 2023, the Company recorded $nil (52 weeks ended December 25, 2022 - $nil) impairment losses on long-term franchise receivables.

Franchise receivables have maturity dates ranging from 2024 to 2034 and bear an average effective interest rate of 8% - 10%.

Franchise receivables (in thousands of Canadian dollars)	**For the 53 weeks ended December 31, 2023**	**For the 52 weeks ended December 25, 2022**
Balance, beginning of period	$ 2,840	$ 5,356
Payments	(1,124)	(1,572)
Buyouts, take-backs, and other adjustments	(984)	(944)
	$ 732	**$ 2,840**

Provision for impairment

The Company has recorded a provision for impairment against long-term receivables:

(in thousands of Canadian dollars)	**For the 53 weeks ended December 31, 2023**	**For the 52 weeks ended December 25, 2022**
Balance, beginning of period	$ 43,027	$ 50,573
Impairment loss related to lease receivable	7,568	2,754
Impairment reversal related to lease receivable	(8,811)	(10,315)
Impairment loss related to amounts receivable from equity investees (note 29)	—	15
Provision for impairment	**$ 41,784**	**$ 43,027**

14 Property, plant and equipment

	As at and for the 53 weeks ended December 31, 2023						
(in thousands of Canadian dollars)	Land	Buildings	Equipment	Leasehold improvements	Right-of-Use Assets	Construction-in-progress	Total
Cost							
Balance, beginning of year	$ 35,320	$ 114,496	$ 262,464	$ 228,565	$ 407,537	$ 12,833	$ 1,061,215
Additions	153	13	8,088	3,987	9,843	37,323	59,407
Acquisitions	—	—	403	1,131	—	—	1,534
Lease renewals and modifications	—	—	—	—	40,328	—	40,328
Foreign exchange translation	—	—	(309)	(706)	(551)	(12)	(1,578)
Divestitures, disposals and adjustments	—	(1,849)	(8,854)	(10,855)	(1,546)	—	(23,104)
Transfer to/(from) construction-in-progress	—	83	17,382	20,736	—	(38,201)	—
Balance, end of year	$ 35,473	$ 112,743	$ 279,174	$ 242,858	$ 455,611	$ 11,943	$ 1,137,802
Accumulated depreciation and impairment losses							
Balance, beginning of year	$ —	$ 25,168	$ 195,574	$ 159,112	$ 191,896	$ —	$ 571,750
Depreciation expense	—	3,586	25,698	22,891	42,552	—	94,727
Impairment losses	—	—	747	4,223	4,001	—	8,971
Reversal of impairment losses	—	—	(28)	(3,346)	(2,040)	—	(5,414)
Foreign exchange translation	—	—	(273)	(651)	(296)	—	(1,220)
Divestitures, disposals and adjustments	—	(524)	(8,636)	(10,402)	220	—	(19,342)
Balance, end of year	$ —	$ 28,230	$ 213,082	$ 171,827	$ 236,333	$ —	$ 649,472
Carrying amount as at December 31, 2023	$ 35,473	$ 84,513	$ 66,092	$ 71,031	$ 219,278	$ 11,943	$ 488,330

	As at and for the 52 weeks ended December 25, 2022						
(in thousands of Canadian dollars)	Land	Buildings	Equipment	Leasehold improvements	Right-of-Use Assets	Construction-in-progress	Total
Cost							
Balance, beginning of year	$ 35,523	$ 114,943	$ 250,534	$ 231,219	$ 373,154	$ 7,938	$ 1,013,311
Additions	—	143	7,194	2,403	7,660	29,175	46,575
Acquisitions	—	—	844	—	—	—	844
Lease renewals and modifications	—	—	—	—	30,069	—	30,069
Foreign exchange translation	—	—	673	1,589	1,072	21	3,355
Divestitures, disposals and adjustments	(203)	(606)	(11,964)	(15,748)	(4,418)	—	(32,939)
Transfer to/(from) construction-in-progress	—	16	15,183	9,102	—	(24,301)	—
Balance, end of year	$ 35,320	$ 114,496	$ 262,464	$ 228,565	$ 407,537	$ 12,833	$ 1,061,215
Accumulated depreciation and impairment losses							
Balance, beginning of year	$ —	$ 21,896	$ 181,677	$ 148,936	$ 158,596	$ —	$ 511,105
Depreciation expense	—	3,600	24,280	21,932	39,583	—	89,395
Impairment losses	—	—	1,037	8,671	2,528	—	12,236
Reversal of impairment losses	—	—	(572)	(6,916)	(5,577)	—	(13,065)
Foreign exchange translation	—	—	602	1,462	524	—	2,588
Divestitures, disposals and adjustments	—	(328)	(11,450)	(14,973)	(3,758)	—	(30,509)
Balance, end of year	$ —	$ 25,168	$ 195,574	$ 159,112	$ 191,896	$ —	$ 571,750
Carrying amount as at December 25, 2022	$ 35,320	$ 89,328	$ 66,890	$ 69,453	$ 215,641	$ 12,833	$ 489,465

Impairment losses and reversals

For the 53 weeks ended December 31, 2023, the Company recorded $9.0 million (52 weeks ended December 25, 2022 - $12.2 million) of impairment losses on property, plant and equipment in respect of 26 CGUs (52 weeks ended December 25, 2022 - 28 CGUs). An impairment loss is recorded when the carrying amount of the restaurant location exceeds its recoverable amount. The recoverable amount is based on the greater of the CGU's fair value less costs to sell ("FVLCS") and its value in use ("VIU"). Approximately 34% (December 25, 2022 - 45%) of impaired CGUs had carrying values greater than their FVLCS. The remaining 66% (December 25, 2022 - 55%) of impaired CGUs had carrying values greater than their VIU**.**

For the 53 weeks ended December 31, 2023, the Company recorded $5.4 million of impairment reversals (52 weeks ended December 25, 2022 - $13.1 million) in respect of 18 CGUs (52 weeks ended December 25, 2022 - 32 CGUs).

When determining the recoverable amount of a restaurant location, the Company employs a discounted cash flow model for each CGU. The duration of the cash flow projections for individual CGUs varies based on the remaining useful life of the significant asset within the CGU or the remaining lease term of the location. Sales forecasts for cash flows are based on actual operating results, operating budgets and long-term growth rates that were consistent with strategic plans presented to the Company's Board and ranged between 3% and 10% (December 25, 2022 - between 2% and 20%). The Company used an after-tax discount rate of 3.7% to 13.7% at December 31, 2023 (December 25, 2022 - 3.7% to 15.0%).

15 Brands and other assets

(in thousands of Canadian dollars)	Brands	Customer Relationships	Investment in joint ventures (note 29)	Total
	As at and for the 53 weeks ended December 31, 2023			
Cost				
Balance, beginning of year	$ 526,969	$ 83,591	$ 1,240	$ 611,800
Share of loss	—	—	(41)	(41)
Balance as at December 31, 2023	**$ 526,969**	**$ 83,591**	**$ 1,199**	**$ 611,759**
Accumulated amortization and impairment losses				
Balance, beginning of year	$ 8,319	$ 31,395	$ —	$ 39,714
Amortization	—	3,317	—	3,317
Impairment	5,099	—	—	5,099
Other	—	102	—	102
Balance as at December 31, 2023	**$ 13,418**	**$ 34,814**	**$ —**	**$ 48,232**
Carrying amount as at December 31, 2023	**$ 513,551**	**$ 48,777**	**$ 1,199**	**$ 563,527**

(in thousands of Canadian dollars)	Brands	Customer Relationships	Investment in joint ventures (note 29)	Total
	As at and for the 52 weeks ended December 25, 2022			
Cost				
Balance, beginning of year	$ 538,043	$ 83,591	$ 1,311	$ 622,945
Disposal (note 5)	(11,074)	—	—	(11,074)
Share of loss	—	—	(71)	(71)
Balance as at December 25, 2022	**$ 526,969**	**$ 83,591**	**$ 1,240**	**$ 611,800**
Accumulated amortization and impairment losses				
Balance, beginning of year	$ 8,212	$ 28,028	$ —	$ 36,240
Amortization	—	3,130	—	3,130
Other	107	237	—	344
Balance as at December 25, 2022	**$ 8,319**	**$ 31,395**	**$ —**	**$ 39,714**
Carrying amount as at December 25, 2022	**$ 518,650**	**$ 52,196**	**$ 1,240**	**$ 572,086**

Impairment testing of brands and other assets

For the purpose of impairment testing, brands are allocated to the group of CGUs which represent the lowest level within the group at which the brands are monitored for internal management purposes.

For the 53 weeks ended December 31, 2023 the Company recorded $5.1 million of impairment loss on indefinite life intangible assets in respect of Pickle Barrel and Bier Markt brands intangible assets (December 25, 2022 - $nil).

The Company determines FVLCS of its brands using the "Relief from Royalty Method", a discounted cash flow model. The process of determining the FVLCS requires management to make assumptions around projected future sales, terminal growth rates, royalty rates and discount rates. Projected future sales are consistent with the most recent strategic plans presented to the Company's Board. For the purposes of the impairment test, the Company has reflected a terminal value growth of 3% (December 25, 2022 - 3%) after the fifth year in its present value calculations.

The Company has used an after-tax discount rate in the range of 10.7% to 13.7% (December 25, 2022 - 11.0% to 15.0%), which is based on the Company's weighted average cost of capital with appropriate adjustments for the risks associated with the group of CGUs to which brands with an indefinite life are allocated. Cash flow projections are discounted over a five-year period plus a terminal value.

Definite life intangible assets tested for impairment are reviewed at their lowest level for which identifiable cash inflows are largely independent of cash inflows of other assets or groups of assets. For the 53 weeks ended December 31, 2023, the Company recorded $nil (for the 52 weeks ended December 25, 2022 - $nil) impairment losses on definite life intangible assets.

An impairment loss and any subsequent reversals, if any, are recognized in the consolidated statements of earnings.

16 Goodwill

(in thousands of Canadian dollars)	For the 53 weeks ended December 31, 2023	For the 52 weeks ended December 25, 2022
Balance, beginning of period	$ 224,966	$ 236,540
Additions from business acquisitions	—	340
Disposals	—	(1,075)
Impairment	(10,339)	(10,839)
Balance, end of period	**$ 214,627**	**$ 224,966**

Impairment testing of goodwill

For the purpose of impairment testing, goodwill is allocated to the group of CGUs, being brands that are considered to represent the lowest level within the group at which the goodwill is monitored for internal management purposes.

During the years ended December 31, 2023 and December 25, 2022, the Company performed annual impairment testing of goodwill, in accordance with the Company's accounting policy.

To determine the recoverable amount of the group of CGUs to which goodwill is allocated, the higher of VIU or FVLCS method is used. The values assigned to the key assumptions represent management's assessment of future trends and are based on both external sources and internal sources (historical data). Significant assumptions include projected future sales and earnings, terminal growth rate and discount rates. The Company has projected cash flows based on the most recent strategic plans presented to the Company's Board. For the purposes of the impairment test, the Company has reflected a terminal value growth of 3.0% to 5.0% (December 25, 2022 - 3.0% to 5.0%) after the fifth or final forecast year in its present value calculations.

The Company has used an after-tax discount rate in the range of 10.7% to 13.7% (December 25, 2022 - 11.0% to 15.0%), which is based on the Company's weighted average cost of capital with appropriate adjustments for the risks associated with the group of CGUs to which goodwill is allocated. Cash flow projections are discounted over the forecast period plus a terminal value.

For the 53 weeks ended December 31, 2023, the Company recorded an impairment loss on goodwill of $10.3 million (for the 52 weeks ended December 25, 2022 - $10.8 million), including $6.9 million related to the Fresh brand (for the 52 weeks ended December 25, 2022 - $10.3 million) and $3.2 million related to the Burger's Priest brand (for the 52 weeks ended December 25, 2022 - $0.5 million).

17 Provisions

	For the 53 weeks ended December 31, 2023		
(in thousands of Canadian dollars)	Asset retirement obligations	Other	Total
Balance, beginning of period	$ 3,811	$ 2,103	$ 5,914
Additions	1,164	400	1,564
Accretion	180	—	180
Payments	(131)	(1,136)	(1,267)
Adjustments	(107)	374	267
Balance as at December 31, 2023	**$ 4,917**	**$ 1,741**	**$ 6,658**

	For the 52 weeks ended December 25, 2022		
(in thousands of Canadian dollars)	Asset retirement obligations	Other	Total
Balance, beginning of period	$ 4,768	$ 2,812	$ 7,580
Additions	478	677	1,155
Accretion	175	—	175
Payments	(23)	(134)	(157)
Adjustments	(1,587)	(1,252)	(2,839)
Balance as at December 25, 2022	**$ 3,811**	**$ 2,103**	**$ 5,914**

Recorded in the consolidated balance sheets as follows:

(in thousands of Canadian dollars)	December 31, 2023	December 25, 2022
Provisions-current	$ 1,913	$ 3,152
Provisions-long-term	4,745	2,762
	$ 6,658	**$ 5,914**

18 Long-term debt

(in thousands of Canadian dollars)	December 31, 2023	December 25, 2022
Private debt	250,000	$ 250,000
Term credit facility - revolving	188,203	288,203
The Keg credit facilities	32,491	33,384
	470,694	571,587
Less: financing costs	2,623	3,240
	$ 468,071	**$ 568,347**

Recorded in the consolidated balance sheets as follows:

(in thousands of Canadian dollars)	December 31, 2023	December 25, 2022
Current portion of long-term debt	893	893
Long-term portion of long-term debt	467,178	567,454
	$ 468,071	**$ 568,347**

Private debt

On May 1, 2019, the Company issued $250.0 million First Lien 10 year Senior Secured Notes by way of a private placement (the "Notes"). The Notes bear interest from their date of issue at a rate of 4.72% per annum, payable semi-annually and maturing on May 1, 2029. As at December 31, 2023, $250.0 million (December 25, 2022 - $250.0 million) was outstanding under the Notes.

Term credit facility

On April 14, 2022, the Company amended and extended the terms of its existing syndicated bank credit facility. The sixth amended and restated credit agreement, is comprised of a revolving credit facility in the amount of $550.0 million with an accordion feature of up to $250.0 million. The $550.0 million revolving facility includes a $400.0 million tranche that is scheduled to mature on May 3, 2027 and a $150.0 million tranche that is scheduled to mature on May 1, 2025. The $250.0 million accordion feature is applicable to either tranche. Financing costs of $1.3 million were paid for this amendment. In addition, the financial covenants that had previously been adjusted for the impact of COVID-19 pandemic and related operating restrictions, have since returned to pre-COVID-19 pandemic terms.

The terms of the Company's syndicated bank credit facility and private debt require that it comply with certain financial covenants including a maximum leverage ratio which is determined by dividing total funded net debt by annualized EBITDA ("Leverage Ratio"), both as defined in the bank credit facility agreement. On October 27, 2022, the Company amended the terms of its existing syndicated bank credit facility and private notes to allow for a temporary increase in the Leverage Ratio to 4.0 times EBITDA through the end of the fourth quarter of 2023 (thereafter will return to the pre-amendment level of 3.5 times annualized EBITDA).

As at December 31, 2023, $188.2 million (December 25, 2022 - $288.2 million) was drawn under the amended and extended credit facilities. For the 53 weeks ended December 31, 2023, the effective interest rate was 7.75% representing bankers acceptance rate of 5.17% plus 2.00% borrowing spread, standby fees and the amortization of deferred financing fees of 0.58% (52 weeks ended December 25, 2022 - 5.60% representing bankers acceptance rate of 2.07% plus 2.00% borrowing spread, standby fees and the amortization of deferred financing fees of 1.53%). As at December 31, 2023, the effective interest rate was 7.78%, representing bankers acceptance rate of 5.25% plus 2.00% borrowing spread, standby fees and the amortization of deferred financing fees of 0.53% (December 25, 2022 - effective interest rate of 7.76%, representing bankers acceptance rate of 4.51% plus 2.00% borrowing spread, standby fees and the amortization of deferred financing fees of 1.26%).

The Company is also required to pay a standby fee of between 0.20% and 0.46% per annum on the undrawn portion of the $550.0 million revolving facility. The standby fee, like the interest rate, is based on the Company's total funded net debt to EBITDA ratio. As of December 31, 2023, the standby fee rate was 0.40% (December 25, 2022 - 0.4%).

The Keg credit facilities

On September 22, 2023, Keg Restaurants Ltd. ("KRL") entered into a $60.0 million amended and restated multi-option credit facility agreement with a Canadian chartered bank. The facility is comprised of a $55.0 million revolving facility available for working capital purposes and to partially finance the construction of new corporate restaurants and major renovations, and a $5.0 million revolving demand operating facility available for general corporate purposes including working capital, overdrafts and letters of credit. By entering into this multi-option facility, KRL effectively extended the maturity date of the previous multi-option facility from June 30, 2024 to September 28, 2026 as no other significant terms of the facilities have changed. The new multi-option facility has a maturity date of September 28, 2026, and bears interest at a variable rate between bank prime and bank prime plus 0.75%, based on certain financial criteria. As at December 31, 2023, $22.0 million of the revolving facility has been drawn (December 25, 2022 - $22.0 million), while $33.0 million remains available. The effective interest rate for the 53 weeks ended December 31, 2023 was 6.9% (52 weeks ended December 25, 2022 - 4.6%). As at December 31, 2023, KRL meets the criteria for interest at bank prime, and facility therefore bears interest at the bank prime rate of 7.2% (December 25, 2022 - 6.45%).

On September 29, 2020, KRL borrowed $12.5 million under BDC Co-Lending Program ("BCAP Loan") from its existing banking syndicate and the BDC jointly. This amount was borrowed to help fund the cash flow needs which were negatively impacted by the unexpected impact of COVID-19. The BCAP Loan is a non-revolving term facility with a five-year term, requires interest only payments for the first year, and bears interest at the prime rate plus 1.5%. Commencing on October 1, 2021, KRL is required to make monthly principal repayment of $74,000 for the remainder of BCAP Loan term. KRL has the option to repay any principal amount of this loan at any time, without bonus, premium, or penalty. As at December 31, 2023, $10.5 million remains outstanding on the BCAP Loan (December 25, 2022 - $11.4 million). The effective interest rate on the BCAP loan for the 53 weeks ended December 31, 2023 was 8.4% (52 weeks ended December 25, 2022 - 5.6%). As at December 31, 2023, the BCAP Loan bears interest at 8.7%, representing bank prime rate plus 1.5%.

As at December 31, 2023, $2.0 million of the revolving demand operating facility has been used to issue letters of credit, and $3.0 million remains available. During the 53 weeks ended December 31, 2023, KRL paid no interest on this facility, as the letters of credit have not been drawn on. As at December 31, 2023, KRL meets the criteria for interest at bank prime rate of 7.2% (December 25, 2022 - 6.45%).

In accordance with IFRS 9, *Financial Instruments*, the renegotiation of the long-term debt facility was not considered a substantial modification of the financial liability.

As at December 31, 2023, the Company was in compliance with financial covenants on all credit facilities.

The movement in long-term debt from December 25, 2022 to December 31, 2023 is as follows:

(in thousands of Canadian dollars)	Private Debt	Term Credit Facility	Keg Credit Facilities	Total
Principal balance at December 25, 2022	$ 250,000	$ 288,203	$ 33,384	$ 571,587
Less unamortized deferred Financing costs	(1,301)	(1,739)	(201)	(3,241)
Balance as at December 25, 2022	248,699	286,464	33,183	568,346
Changes from financing cash flows				
Repayment of borrowings	—	(110,000)	(893)	(110,893)
Borrowings	—	10,000	—	10,000
Addition to deferred financing costs	—	—	(189)	(189)
Balance due to changes from financing cash flows as at December 31, 2023	**$ 248,699**	**$ 186,464**	**$ 32,101**	**$ 467,264**
Non-cash movements				
Amortization of deferred financing costs	206	481	120	807
Balance as at December 31, 2023	**$ 248,905**	**$ 186,945**	**$ 32,221**	**$ 468,071**

The movement in long-term debt from December 26, 2021 to December 25, 2022 is as follows:

(in thousands of Canadian dollars)	Private Debt	Term Credit Facility	Keg Credit Facilities	Total
Principal Balance at December 26, 2021	$ 250,000	$ 112,323	$ 34,277	$ 396,600
Less unamortized deferred Financing costs	(1,506)	(908)	(323)	(2,737)
Balance as at December 26, 2021	248,494	111,415	33,954	393,863
Changes from financing cash flows				
Repayment of borrowings	—	(35,000)	(893)	(35,893)
Borrowings	—	210,880	—	210,880
Additions to deferred financing costs	—	(1,281)	(4)	(1,285)
Balance due to changes from financing cash flows as at December 25, 2022	**$ 248,494**	**$ 286,014**	**$ 33,057**	**$ 567,565**
Non-cash movements				
Amortization of deferred financing costs	206	450	126	782
Balance as at December 25, 2022	**$ 248,700**	**$ 286,464**	**$ 33,183**	**$ 568,347**

Upon Amalgamation, the Company drew $135.9 million on the credit facility to settle financing that 1000297337 Ontario Inc. used to help fund the Arrangement. The Company also drew $60.0 million to fund the redemption of the Class C shares on December 28, 2022 (see note 23).

Debt repayments

The five-year schedule of repayment of long-term debt is as follows:

(in thousands of Canadian dollars)	2024	2025	2026	2027	2028	Thereafter
Private Debt	—	—	—	—	—	$ 250,000
Revolving Credit Facility	—	—	—	188,203	—	—
Keg Credit Facilities	$ 893	$ 9,598	$ 22,000	—	—	—
Total [(1)]	**$ 893**	**$ 9,598**	**$ 22,000**	**$ 188,203**	**$ —**	**$ 250,000**

[(1)] The total does not reflect any interest payments.

19 Leases

At the initial commencement date, the Company's lease liabilities are measured at the present value of the future lease payments using the Company's incremental borrowing rate. After initial recognition, the lease liabilities are measured at amortized cost using the effective interest method.

As a Lessee

Real estate leases

The Company's lease contracts consist of real estate leases for use in the operation of its corporate restaurants, call centre, retail and catering business, and corporate head offices. The leases typically run for a period of 10 years.

Most of the Company's property leases contain extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. These options are typically five years after the end of the current contract terms. The Company recognizes the exercised options in its lease liabilities.

Lease liabilities

(in thousands of Canadian dollars)	For the 53 weeks ended December 31, 2023	For the 52 weeks ended December 25, 2022
Balance, beginning of period	$ 560,818	$ 603,924
Additions	11,152	10,855
Lease renewals and modifications	77,167	66,534
Lease terminations	(914)	(9,360)
Net (gain) loss on settlement of lease liability	(2,792)	354
Change in lease liability due to rent concessions	—	(277)
Other adjustments	(117)	(218)
Interest expense	24,475	23,333
Foreign translation adjustment	(302)	616
Payments	(130,995)	(134,943)
Balance, end of period	**$ 538,492**	**$ 560,818**

Recorded in the consolidated balance sheets as follows:

(in thousands of Canadian dollars)	December 31, 2023	December 25, 2022
Current portion of lease liabilities	$ 104,148	$ 105,574
Lease liabilities	434,344	455,244
	$ 538,492	**$ 560,818**

Amounts recognized in net earnings

(in thousands of Canadian dollars)	For the 53 weeks ended December 31, 2023	For the 52 weeks ended December 25, 2022
Interest on lease liabilities	$ 24,475	$ 23,333
Variable lease payments not included in the measurement of lease liabilities	23,101	21,246
Expense relating to leases of low-value assets	1,769	1,691
Expense relating to leases of short-term leases	1,463	1,335

Maturity analysis - contractual undiscounted cash flows

(in thousands of Canadian dollars)

2024	$ 126,937
2025	114,852
2026	102,862
2027	84,920
2028	61,869
Thereafter	127,945
Total undiscounted lease liabilities, end of year	**$ 619,385**

Other leases

The Company leases vehicles and equipment used in St-Hubert's food processing and distribution division, with lease terms of up to five years. The Company recognizes and monitors the use of these vehicles and equipment, and reassesses the estimated amount payable at each reporting date to remeasure lease liabilities and right-of-use assets. The Company also leases IT equipment and vehicles with contract terms of one to three years, these leases are short-term and/or leases of low-value items, therefore, the Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

As a Lessor

The Company is on the head lease of many of its franchised locations whereby a corresponding sublease contract is entered into between the Company and its franchisees (see note 13). The Company continuously monitors the financial health of its franchisees and retains the right to modify, buy-back or terminate contracts if certain conditions are not met.

The Company has classified all subleases as finance leases, as substantially all risks and rewards of the lease arrangement is transferred to its lessee. Such assets are reported as receivables at an amount equal to the net investment in the lease. Income from finance leases is recognized as revenue at amounts that represent the fair value, which approximates the present value of the minimum lease payments under the lease agreements with the third party owned properties.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

(in thousands of Canadian dollars)

2024	$	72,598
2025		64,973
2026		57,452
2027		45,862
2028		31,101
Thereafter		56,705
Total undiscounted lease payments receivable, end of year	**$**	**328,691**
Unearned finance income		(60,466)
Net investment in lease receivables	**$**	**268,225**

20 Other long-term liabilities

(in thousands of Canadian dollars)	December 31, 2023	December 25, 2022
Accrued pension and other benefit plans (note 21)	$ 13,702	$ 15,374
Non-controlling interest liability	26,492	22,891
Deferred income	6,353	6,921
Deferred rental income	121	882
Other long-term liabilities	59	161
Cash-settled stock-based compensation liability	14,076	—
Other deferred compensation liability	3,462	6,728
	$ 64,265	**$ 52,957**

Recorded in the consolidated balance sheets as follows:

(in thousands of Canadian dollars)	December 31, 2023	December 25, 2022
Accounts payable and accrued liabilities	$ 1,591	$ 2,056
Current portion of other long-term liabilities	15,824	1,850
Other long-term liabilities	46,850	49,051
	$ 64,265	**$ 52,957**

Non-controlling interest liability

In connection with the Original Joe's transaction, a non-controlling interest liability relates to the expected earn-out liability, on a discounted basis, to purchase the remaining 10.8% ownership of Original Joe's Franchise Group Inc. based on meeting certain targets over a period of time.

Deferred income

Unearned franchise and conversion fee income

At December 31, 2023, the Company had deferred $2.7 million (December 25, 2022 - $3.2 million) of initial franchise fees and conversion fees received from franchisees that will be recognized over the remaining term of the respective franchise agreements.

Sale-leaseback transactions

At December 31, 2023, the Company had deferred $0.1 million (December 25, 2022 - $0.5 million) related to gains realized on sale-leaseback transactions.

Covenancy fees

The Company collects covenancy fees from franchisees on subtenant leases. At December 31, 2023, the Company had unearned covenancy fees of $2.9 million (December 25, 2022 - $3.1 million).

Unearned Revenue

The Company earns sales incentives which includes rebates and promotional programs based on achievement of specified volume or growth in volume levels and other agreed promotional activities. At December 31, 2023, the Company had unearned revenue of $0.7 million (December 25, 2022 - $0.1 million) related to these sales incentives.

Cash-settled stock-based compensation liability

This liability is comprised of cash-settled share options (see note 22) with the liability for Class D options of $10.2 million and Class A options of $3.9 million.

Other deferred compensation liability

This liability is comprised of a liability for cash-settled restricted share units ("RSU"s) and for enhanced STIP. The RSUs were granted at the beginning of each year and are earned only if the holder remains employed at the time of vesting. These RSUs typically vest after 3 years and are now settled for cash based on a fixed value per RSU. The enhanced STIP were granted at the beginning of 2023 and will be earned only if the holder remains employed at the time of vesting; they will vest after 3 years and are settled for cash based on a fixed value. For the 53 weeks ended December 31, 2023, the Company recognized an expense of $1.2 million (52 weeks ended December 25, 2022 - $4.5 million) for these plans.

21 Employee future benefits

The Company sponsors a number of pension plans, including a registered funded defined benefit pension plan, and other supplemental unfunded unsecured arrangements providing pension benefits in excess of statutory limits. The defined benefit plans are non-contributory and these benefits are, in general, based on career average earnings subject to limits.

Recipe's Pension Committee (the "Committee") oversees the Company's pension plans. The Committee is responsible for assisting the Board in fulfilling its general oversight responsibilities for the plans such as administration of the plans, pension investment and compliance with legal and regulatory requirements.

Information on the Company's defined benefit pension plans, in aggregate, is summarized as follows:

(in thousands of Canadian dollars)	December 31, 2023	December 25, 2022
Present value of obligations	$ (43,659)	$ (44,434)
Fair value of plan assets	29,957	29,060
Deficit in the plans	**$ (13,702)**	**$ (15,374)**

(in thousands of Canadian dollars)	For the 53 weeks ended December 31, 2023	For the 52 weeks ended December 25, 2022
Experience gains (losses) on plan assets	$ 877	$ (5,157)
Experience gains (losses) on plan obligations	392	(199)
Actuarial (losses) gains on obligation	(565)	7,695
Income tax expense (note 11)	(187)	(614)
Net defined benefit plan actuarial gain, net of income taxes	**$ 517**	**$ 1,725**

The following are the continuities of the fair value of plan assets and the present value of the defined benefit plan obligation:

(in thousands of Canadian dollars)	Defined benefit pension plans		Supplemental Executive Retirement Plans (Unfunded)		Total	
	Dec 31, 2023	Dec 25, 2022	Dec 31, 2023	Dec 25, 2022	Dec 31, 2023	Dec 25, 2022
Changes in the fair value of plan assets						
Fair value, beginning of period	**$ 29,060**	$ 34,662	**$ —**	$ —	**$ 29,060**	$ 34,662
Interest income	**1,356**	1,063	**—**	—	**1,356**	1,063
Return (loss) on plan assets (excluding interest income)	**877**	(5,157)	**—**	—	**877**	(5,157)
Employer contributions	**546**	527	**1,446**	1,493	**1,992**	2,020
Employee contributions	**74**	68	**—**	—	**74**	68
Administrative expenses	**(78)**	(128)	**—**	—	**(78)**	(128)
Benefits paid	**(1,878)**	(1,975)	**(1,446)**	(1,493)	**(3,324)**	(3,468)
Fair value, end of period	**$ 29,957**	$ 29,060	**$ —**	$ —	**$ 29,957**	$ 29,060
Changes in the present value of obligations						
Balance, beginning of period	**$ (30,664)**	$ (36,578)	**$ (13,770)**	$ (16,741)	**$ (44,434)**	$ (53,319)
Current service cost	**(286)**	(441)	**—**	—	**(286)**	(441)
Employee contributions	**(74)**	(68)	**—**	—	**(74)**	(68)
Interest cost	**(1,437)**	(1,130)	**(581)**	(440)	**(2,018)**	(1,570)
Benefits paid	**1,878**	1,975	**1,446**	1,493	**3,324**	3,468
Impact of experience adjustments	**(25)**	(199)	**417**	—	**392**	(199)
Actuarial (losses) gains in financial assumptions	**(565)**	5,777	**—**	1,918	**(565)**	7,695
Balance, end of period	**$ (31,173)**	$ (30,664)	**$ (12,488)**	$ (13,770)	**$ (43,661)**	$ (44,434)

The net expense recognized in selling, general and administrative expense, interest expense, and interest income on the consolidated statements of earnings for the Company's defined benefit pension plans was as

follows:

(in thousands of Canadian dollars)	Defined benefit pension plans		Supplemental Executive Retirement Plans (Unfunded)		Total	
	Dec 31, 2023	**Dec 25, 2022**	**Dec 31, 2023**	**Dec 25, 2022**	**Dec 31, 2023**	**Dec 25, 2022**
Current service cost	**$ 286**	$ 441	**$ —**	$ —	**$ 286**	$ 441
Interest on obligations	**1,437**	1,130	**581**	440	**2,018**	1,570
Interest income on plan assets	**(1,356)**	(1,063)	**—**	—	**(1,356)**	(1,063)
Administrative expenses	**78**	128	**—**	—	**78**	128
Net benefit plan expense	**$ 445**	$ 636	**$ 581**	$ 440	**$ 1,026**	$ 1,076

The cumulative actuarial losses before tax recognized in accumulated comprehensive income for the Company's defined benefit pension plans are as follows:

(in thousands of Canadian dollars)	Defined benefit pension plans		Supplemental Executive Retirement Plans (Unfunded)		Total	
	Dec 31, 2023	**Dec 25, 2022**	**Dec 31, 2023**	**Dec 25, 2022**	**Dec 31, 2023**	**Dec 25, 2022**
Cumulative amount, beginning of period	**$ 4,801**	$ 4,380	**$ (7,985)**	$ (9,903)	**$ (3,184)**	$ (5,523)
Return (loss) on plan assets (excluding interest income)	**877**	(5,157)	**—**	—	**877**	(5,157)
Impact of experience adjustments	**(25)**	(199)	**417**	—	**392**	(199)
Actuarial (losses) gains in financial assumptions	**(565)**	5,777	**—**	1,918	**(565)**	7,695
Total net actuarial gains recognized in other comprehensive income before income taxes	**287**	421	**417**	1,918	**704**	2,339
Cumulative amount, end of period	**$ 5,088**	$ 4,801	**$ (7,568)**	$ (7,985)	**$ (2,480)**	$ (3,184)

The actual total loss on plan assets was $2.2 million for the period ended December 31, 2023 (December 25, 2022 - total return on plan assets was $4.1 million).

As at December 31, 2023, the accrued benefit plan obligations and the fair value of the benefit plan assets were determined using a December 31 measurement date for accounting purposes (December 25, 2022 - December 25).

The Company’s pension funding policy is to contribute amounts sufficient, at minimum, to meet local statutory funding requirements. The Company does not expect to be required to contribute to its registered funded defined benefit plan, defined contribution plans and multi-employer plans in 2024. This expectation is based on actuarial valuations being completed, investment performance, volatility in discount rates, regulatory requirements and other factors.

The benefit plan assets are held in trust and at December 31, 2023 were invested in either a balanced fund, or a mix of equity and bond index funds.

The Company’s defined benefit pension plans are exposed to actuarial risks, such as longevity risk, investment rate risk and market risk.

The principal actuarial assumptions used in calculating the Company's defined benefit plan obligations and net defined benefit plan expense, as at the measurement date, were as follows:

	Defined benefit pension plan		Unfunded defined benefit pension plans	
	December 31, 2023	**December 25, 2022**	**December 31, 2023**	**December 25, 2022**
Defined benefit plan obligations				
Discount rate	**4.60-4.65**	4.60-4.85	**4.6**	4.6
Rate of compensation increase	**2.0-3.0**	2.0-3.0	**2.0**	2.0
Mortality table	CPM2014BPubl - SAF 0.8	CPM2014BPubl - SAF 0.8	CPM2014BPubl - SAF 0.8	CPM2014BPubl - SAF 0.8
Net defined benefit plan expense				
Discount rate	**4.60-4.85**	2.80-3.30	**4.6**	2.8
Rate of compensation increase	**2.0-3.0**	2.0-3.0	**2.0**	2.0
Mortality table	CPM2014BPubl - SAF 0.8	CPM2014BPubl - SAF 0.8	CPM2014BPubl - SAF 0.8	CPM2014BPubl - SAF 0.8

The following table outlines the key actuarial assumption for the year ended December 31, 2023 and the sensitivity of a 1% change in each of these assumptions on the defined benefit plan obligations and net defined benefit plan expense. The sensitivity analysis provided in the table is hypothetical and should be used with caution. The sensitivities of each key assumption have been calculated independently of any changes in other key assumptions. Actual experience may result in changes in a number of key assumptions simultaneously. Changes in one factor may result in changes in another, which could amplify or reduce the impact of such assumptions.

	Defined benefit pension plan		Unfunded defined benefit pension plans	
(in thousands of Canadian dollars)	**Defined Benefit Plan Obligations**	**Net Defined Benefit Plan Expense**	**Defined Benefit Plan Obligations**	**Net Defined Benefit Plan Expense**
Discount rate	4.60%-4.65%	4.60%-4.85%	4.6 %	4.6 %
Impact of: 1% increase	(3,052)	(212)	(708)	82
1% decrease	3,683	220	803	(94)

22 Stock based compensation

On December 15, 2023, the Company issued two grants of stock options: one grant of 24.2 million Class D options and one grant of approximately 1.2 million Class A options. Stock options granted have a term of 10 years from the initial grant date. 10.2 million Class D options and 0.5 million Class A options vested upon

grant and are exercisable at December 31, 2023. The remaining Class D and Class A options will vest based on a service condition and non-market performance conditions. The Class D options have a cash settlement value based on their redemption price of $1.00 per share less the option exercise price of $0.00001, and the Class A options have a cash settlement value of the difference in the fair market value of a Class A share (as determined by the Board) and the exercise price of $20.73. As the cash settlement feature is at the discretion of the option holder, these options are considered cash-settled stock-based compensation plans and a corresponding liability is recorded in Other long-term liabilities (see note 20).

The following table summarizes the options granted:

	For the 53 weeks ended December 31, 2023					
	Class A options			Class D options		
	Options (number of shares)	Weighted average exercise price/share	Weighted average remaining contractual life	Options (number of shares)	Weighted average exercise price/share	Weighted average remaining contractual life
Granted	1,167,390	$ 20.73		24,200,000	$ 0.00001	
Outstanding options, end of period	**1,167,390**	**$ 20.73**	**10.0 years**	**24,200,000**	**$ 0.00001**	**10.0 years**
Options exercisable, end of period	**492,028**	**$ 20.73**		**10,200,000**	**$ 0.00001**	

The Company has valued the Class D options based on their cash settlement value and an expense of $10.2 million has been recorded in 2023. The Company has valued the Class A options using the grant date fair value in accordance with IFRS 2. The fair value of options granted was determined by applying the Black-Scholes option pricing model using the following assumptions:

Option Grant Date	Number of Options	Exercise Price	Share Price[(1)]	Expected Time to Expiry from Grant Date	Stock Price Volatility	Risk-Free Interest Rate	Grant Date Fair Value of Option
December 15, 2023	1,167,390	$20.73	$23.67	5 years	23.40%	3.17%	$7.88

(1) Share price has been estimated by management only for this Black-Scholes model.

The expected annual volatility is based on an industry index that includes a pool of comparable industry stocks, using average 5-year volatility trends as of the grant date. The risk-free interest rate is based on Government of Canada bond yields with maturities that coincide with the expected time to expiry and terms of the grant.

The Company has recorded an expense of $3.9 million for the Class A options in 2023. The intrinsic value of the vested Class A options is $1.6 million as at December 31, 2023.

Prior plans

As part of the Arrangement, all outstanding stock-based compensation plans at that time were cancelled.

For the Employee stock option plan, all outstanding options were surrendered and cancelled on the closing of the Arrangement. A cash payout was made for any option that had an exercise price below the Transaction price of $20.73, in the amount equal to the difference between the respective exercise price and $20.73. In aggregate, $0.7 million was paid to these option holders.

For the equity-settled RSU plan, all units were surrendered on the closing of the Arrangement and cancelled. A cash payout was made equal to the Transaction price of $20.73 for each unit held. In aggregate, $3.9 million was paid to these RSU holders.

Prior to the Arrangement under the various stock option plans outstanding at the time, the Company could grant options to buy up to 15% of its total Shares outstanding, a total of 8.8 million shares, a guideline the Company had set on the number of stock option grants.

Stock options previously outstanding as at December 26, 2021 had a term of up to eight years from the initial grant date. Each stock option was exercisable into one Subordinate Voting Share at the price specified in the terms of the option agreement.

The following tables summarize the movement in the options:

	For the 52 weeks ended December 25, 2022	
	Employee stock option plan	
	Options (number of shares)	Weighted average exercise price/share
Outstanding options, beginning of period	1,218,015	$ 24.58
Exercised	(18,143)	$ 8.51
Cancelled	(1,158,581)	$ 24.72
Forfeited	(41,291)	$ 27.04
Outstanding options, end of period	—	$ —

Employee stock option plan

Under the Employee Stock Option Plan ("Employee Plan"), the Company granted options in accordance with certain terms of the CEO and CFO employment agreement to purchase Subordinate Voting Shares of the Company.

Under the Employee Plan, the Company also granted options to various members of the Company's management team to purchase Subordinate Voting Shares of the Company. The options vested after 3 years and expired after eight years.

During the year ended December 25, 2022, no stock options were granted to either the CEO or the CFO under the Employee Plan.

As described above as a result of the Arrangement, the outstanding stock options of 1,158,581 were surrendered and cancelled on October 28, 2022. A cash payout of $0.7 million was made for options that had an exercise price below the Transaction price of $20.73.

For the year ended December 25, 2022, the Company recognized a stock-based compensation expense of $0.5 million related to the Employee Plan with a corresponding increase to contributed surplus.

Restricted share units ("RSU")

Equity-settled RSUs were granted at the beginning of each year and were earned only if certain performance conditions were met. RSUs earned and outstanding represented RSUs that were earned as a result of achieving certain performance targets. RSUs vested after 3 or 4 years were settled for subordinate voting shares. On the

Arrangement date, all outstanding RSUs were surrendered and cancelled with a cash payment of $3.9 million.

RSUs earned and outstanding	For the 52 weeks ended December 25, 2022
RSUs outstanding, beginning of period	188,460
RSUs surrendered and cancelled	(188,231)
RSUs forfeited	(229)
RSUs outstanding, end of period	—

For the year ended December 25, 2022, the Company recognized stock-based compensation expense of $0.2 million related to RSUs with a corresponding increase to contributed surplus

Deferred share units ("DSUs")

Previous to the Arrangement, the non-employee board members received DSUs as partial compensation for their participation on the board. These DSUs are settled for cash when members cease to be on the pre-Amalgamation board of directors and are remeasured at fair value through profit or loss at each balance sheet date. As a result of the Arrangement, all DSUs were settled in cash based on the Transaction price and cancelled. A cash payout of $3.4 million was made. For the 52 weeks ended December 25, 2022, the Company recognized an expense of $1.8 million.

23 Share capital

As at December 31, 2023, the Company's authorized share capital consists of an unlimited number of A Common Shares, an unlimited number of Class B Common Shares, an unlimited number of Preferred Shares, and 25,000,000 Class D Preferred Shares. Class A shares have been issued and are held by Fairfax, and Class B shares have been issued and are held by CHL. No Preferred Shares or Class D shares have been issued. The Company previously had an additional class of shares, Class C, however all shares issued were redeemed during the first quarter of 2023 and the class was deleted (see below). Prior to the Arrangement, the Company's previous share capital, which consisted of Subordinate Voting Shares and Multiple Voting Shares were eliminated as part of the Arrangement and the share capital and contributed surplus related to these shares of $638.2 million and $11.3 million, respectively were reclassified to Amalgamation Reserve.

Each Class A and B share is entitled to one vote, while Class D shares have no voting rights. Class C shares were redeemable at the discretion of the Company in part or in whole, at a price of $20.00 per share plus any unpaid and accrued dividends. Class D shares are redeemable at the discretion of the Company in part or in whole, at a price of $1.00 per share plus any unpaid and accrued dividends. Class D shareholders have the right to put shares, in part or in whole, at a price of $1.00 per share plus any unpaid and accrued dividends.

Holders of Class A shares shall be entitled to receive dividends at such time and in such amount as the Board may determine. If at any time, the Company has paid dividends on each Class A share ("Equalization Dividends") in a cumulative amount (the "Class A Equalization Amount") equivalent to the Initial Dividend (see below) and all Regular Dividends (see below) paid on each Class B share to that time, all additional dividends which the Board may declare at such time on the Class A shares and Class B shares shall be declared and paid, pari passu, in equal amounts per share on all Class A shares and Class B shares at the time outstanding ("Matching Dividends"). The Company may only pay dividends on the Class A shares that are Equalization Dividends or Matching Dividends.

The Class B holders shall be entitled to receive (when declared by the Board) cumulative cash dividends ("Regular Dividends") equal to $0.468085 per Class B share per annum (the "Dividend Rate"), payable in equal quarterly amounts. On October 28, 2025 (the "Dividend Rate Increase Date"), and each subsequent anniversary of the Dividend Rate Increase Date, the Dividend Rate shall increase by 5% per annum, and the amount of Regular Dividends will be paid at the new Dividend Rate.

In addition to Regular Dividends, on January 31, 2023, Class B holders shall be entitled to receive, as and when declared by the Board, a fixed dividend in the amount per Class B share equal to $0.234042 (the "Initial Dividend"). Further to the Initial Dividend and the Regular Dividends, Class B shares shall be entitled to receive Matching Dividends if and as when declared by the Board.

Finally, if any dividend payable on any dividend payment date is not paid in full on all of the Class B shares then outstanding, such dividend or the unpaid part thereof shall accumulate and accrue as of such payment date, and shall be paid on a subsequent date or dates to be determined by the Board.

Subject to the prior payment of the accrued but unpaid Initial Dividend and Regular Dividends and any declared but unpaid Matching Dividends in respect to the Class B shares, the Class C holders were entitled to receive (as and when declared by the Board), cumulative cash dividends equal to 5% of the issuance price of the Class C shares (i.e. $20.00) per annum. Such dividends were payable quarterly. If any dividend payable on any dividend payment date was not paid in full on all of the Class C shares then outstanding, such dividend or the unpaid part thereof would have accumulated and accrue as of such payment date, and shall be paid on a subsequent date or dates as determined by the Board.

Subject to the prior payment of the accrued but unpaid Regular Dividends and any declared but unpaid Matching Dividends in respect to the Class B shares, the Class D holders are entitled to receive (as and when declared by the Board), non-cumulative cash dividends in such amount and in such form as the Board may from time to time determine.

During the 52 weeks ended December 25, 2022, the Initial Dividend on the Class B shares of $2.2 million and a dividend on the Class C shares of $0.8 million for the period from their issuance to their redemption on December 28, 2022 (see below) were declared, and paid on January 31, 2023. During the 53 weeks ended December 31, 2023, Regular Dividends on the Class B shares of $4.1 million were declared and paid. .

The following table provides a summary of changes to the Company's current share capital:

	Number of Shares (in thousands)				Share Capital (in thousands of dollars)			
	Class A common shares	**Class B common shares**	**Class C special shares**	**Total Shares**	**Class A common shares**	**Class B common shares**	**Class C special shares**	**Total Share Capital**
Impact of Amalgamation on October 28, 2022	38,067	7,236	5,000	50,303	$ 789,133	$ 194,836	$ 100,000	$1,083,969
Balance at December 25, 2022	38,067	7,236	5,000	50,303	789,133	194,836	100,000	1,083,969
Share redemption	—	—	(5,000)	(5,000)	—	—	(100,000)	(100,000)
Share split	11,379	2,163	—	13,542	—	—	—	—
Balance at December 31, 2023	**49,446**	**9,399**	**—**	**58,845**	**$ 789,133**	**$ 194,836**	**$ —**	**$ 983,969**

On December 28, 2022, the Company redeemed in whole the Class C shares for $100.0 million. On March 17, 2023, the Company's Articles were amended and the Class C shares were deleted. In addition, the Class A and Class B shares were split on the basis that every Class A common share and every Class B common share shall become 1.29890992799315 Class A common share and 1.29890992799315 Class B common share, respectively.

Prior to the Arrangement, the Company's authorized share capital consisted of an unlimited number of two classes of issued and outstanding shares: Subordinate Voting Shares and Multiple Voting Shares (the ''Shares''). The Multiple Voting Shares were held by the Principal Shareholders, either directly or indirectly. Multiple Voting Shares could only be issued to the Principal Shareholders. The Subordinate Voting Shares and the Multiple Voting Shares were substantially identical with the exception of the voting, pre-emptive and

conversion rights attached to the Multiple Voting Shares. Each Subordinate Voting Share was entitled to one vote and each Multiple Voting Share was entitled to 25 votes on all matters. The Multiple Voting Shares were convertible into Subordinate Voting Shares on a one-for-one basis at any time at the option of the holders thereof and automatically in certain other circumstances. The holders of Subordinate Voting Shares benefited from ‘‘coattail’’ provisions that gave them certain rights in the event of a take-over bid for the Multiple Voting Shares.

Holders of Multiple Voting Shares and Subordinate Voting Shares were entitled to receive dividends out of the assets of the Company legally available for the payment of dividends at such times and in such amount and form as the Board determined. The Company could pay dividends thereon on a pari passu basis, if, as and when declared by the Board.

The following table provides a summary of changes to the Company’s previous share capital:

	Number of Common Shares (in thousands)			Share Capital (in thousands of dollars)		
	Multiple voting common shares	Subordinate voting common shares	Total Common Shares	Multiple voting common shares	Subordinate voting common shares	Total Share Capital
Balance at December 26, 2021	**34,055**	**24,772**	**58,827**	**$ 183,297**	**$ 454,700**	**$ 637,997**
Shares issued under stock option plan (note 22)	—	18	18	—	154	154
Shares cancelled as part of the Amalgamation	(34,055)	(24,790)	(58,845)	(183,297)	(454,854)	(638,151)
Balance at December 25, 2022	**—**	**—**	**—**	**$ —**	**$ —**	**$ —**

24 Capital management

Capital is defined by the Company as total long-term debt and shareholders’ equity. The objectives of the Company when managing capital are to safeguard the Company’s ability to continue as a going concern while maintaining adequate financial flexibility to invest in new business opportunities that will provide attractive returns to shareholders. The primary activities engaged by the Company to generate attractive returns include the construction and related leasehold improvements of new and existing restaurants, the development of new business concepts, the acquisition of restaurant concepts complementary to the Company’s existing portfolio of restaurant brands, the investment in information technology to increase scale and support the expansion of the Company’s multi-branded restaurant network, the investment in maintenance of capital equipment used in the Company’s food processing and distribution business and investment in technologies and research and development to improve food manufacturing.

The Company’s main sources of capital are cash flows generated from operations, a revolving line of credit, and long-term debt. These sources are used to fund the Company’s debt service requirements, capital expenditures, working capital needs, share redemptions, and dividend distributions to shareholders.

The Company monitors its anticipated capital expenditures to ensure that acceptable returns will be generated from the invested funds and will increase or decrease the program accordingly. Capital expenditures may also be adjusted in light of changes in economic conditions, the objectives of its shareholders, the cash requirements of the business and the condition of capital markets.

The following table provides a summary of certain information with respect to the Company’s capital structure and financial position:

(in thousands of Canadian dollars)	December 31, 2023	December 25, 2022
Current portion of long-term debt (note 18)	$ 893	893
Current portion of lease liabilities (note 19)	104,148	105,574
Long-term debt (note 18)	467,178	567,454
Lease liabilities (note 19)	434,344	455,244
Letters of credit (note 26)	2,291	2,667
Total	1,008,854	1,131,832
Shareholders' equity	209,983	282,095
Total capital under management	**$ 1,218,837**	**$ 1,413,927**

25 Cash flows

The changes in non-cash working capital components, net of the effects of acquisitions and discontinued operations, are as follows:

(in thousands of Canadian dollars)	For the 53 weeks ended December 31, 2023	For the 52 weeks ended December 25, 2022
Accounts receivable	$ 27,791	$ (21,620)
Inventories	20,072	(18,123)
Income taxes payable	(14,897)	(8,372)
Prepaid expenses and other assets	(1,028)	(2,483)
Accounts payable and accrued liabilities	10,246	18,764
Gift card liability	(2,053)	538
Income taxes paid	15,097	8,184
Change in interest payable	(522)	1,490
Net change in non-cash operating working capital	**$ 54,706**	**$ (21,622)**

26 Commitments, contingencies and guarantees

The Company is involved in and potentially subject to various claims by third parties arising out of the normal course and conduct of its business including, but not limited to, labour and employment, regulatory, franchisee related and environmental claims. For certain locations that were part of the divestiture of the Milestones and Pubs brands, the Company continues to be a guarantor in the lease arrangements (see note 5). In addition, the Company is involved in and potentially subject to regular audits from federal and provincial tax authorities relating to income, commodity and capital taxes and as a result of these audits may receive assessments and reassessments.

Although such matters cannot be predicted with certainty, management currently considers the Company’s exposure to such claims and litigation, to the extent not covered by the Company’s insurance policies or otherwise provided for, not to be material to these consolidated financial statements.

The Company has outstanding letters of credit amounting to $2.3 million (December 25, 2022 - $2.7 million), primarily related to KRL as part of its normal course of business and are covered by its operating credit facility described in note 18.

Contingent liabilities

Contingent liabilities included contingent consideration in connection with the acquisition of Fresh, representing amounts payable to the former shareholders contingent on certain targets and conditions being met.

For the 52 weeks ended December 25, 2022, as a result of certain targets and conditions for the payout projected to not be met, the Company recorded a reversal of $8.2 million as change in fair value of contingent liability.

Indemnification provisions

In addition to the above guarantees, the Company provides and receives customary indemnifications in the normal course of business and in connection with business dispositions and acquisitions. These indemnifications include items relating to taxation, litigation or claims that may be suffered by a counterparty as a consequence of the transaction. Until such times as events take place and/or claims are made under these provisions, it is not possible to reasonably determine the amount of liability under these arrangements. Historically, the Company has not made significant payments relating to these types of indemnifications.

27 Financial instruments and risk management

Market risk

Market risk is the loss that may arise from changes in factors such as interest rate, commodity prices and the impact these factors may have on other counterparties.

Interest rate risk

The Company is exposed to interest rate risk from the issuance of variable rate long-term debt. To manage the exposure, the Company closely monitors market conditions for potential changes in interest rates and may enter into interest rate derivatives from time to time.

Commodity price risk

The Company is exposed to increases in the prices of commodities in operating its corporate restaurants and food manufacturing and distribution division. To manage this exposure, the Company uses purchase arrangements for a portion of its needs for certain consumer products that may be commodities based.

Liquidity and capital availability risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price.

Should the Company's financial performance and condition deteriorate, the Company's ability to obtain funding from external sources may be restricted. In addition, credit and capital markets are subject to inherent global risks that may negatively affect the Company's access and ability to fund its long-term debt as it matures. The Company mitigates these risks by maintaining appropriate availability under the credit facilities and varying maturity dates of long-term obligations and by actively monitoring market conditions.

Continued compliance with the covenants under the amended credit facilities is dependent on the Company achieving its financial forecasts. Market conditions are difficult to predict and there is no assurance that the Company will achieve its forecasts. The Company mitigates this risk by amending its lending covenants with its bank syndicate and Private Noteholders. The financial covenants that had previously been adjusted for the impact of COVID-19 pandemic and related operating restrictions, have since returned to pre-COVID-19 pandemic terms. The Company will continue to carefully monitor its compliance with the covenants.

The following table summarizes the amount of contractual maturities of both the interest and principal portion of significant financial liabilities on an undiscounted basis as at December 31, 2023:

(in thousands of Canadian dollars)	2024	2025	2026	2027	2028	Thereafter
Accounts payable and accrued liabilities	$ 174,665	$ —	$ —	$ —	$ —	$ —
Long-term debt	893	9,598	22,000	188,203	—	250,000
Note payable to The Keg Royalties Income Fund	—	—	—	—	—	57,000
Lease obligations	126,937	114,852	102,862	84,920	61,869	127,945
Other long-term liabilities	—	2,192	27,912	763	638	15,346
Total	**$ 302,495**	**$ 126,642**	**$ 152,774**	**$ 273,886**	**$ 62,507**	**$ 450,291**

Credit risk

Credit risk refers to the risk of losses due to failure of the Company's customers or other counterparties to meet their payment obligations.

In the normal course of business, the Company is exposed to credit risk from its customers, primarily franchisees, joint ventures, and retail customers of the Company's food manufacturing operations. The Company performs ongoing credit evaluations of new and existing customers', primarily franchisees, financial condition and reviews the collectability of its trade and long-term accounts receivable in order to mitigate any possible credit losses.

The following is an aging of the Company's accounts receivable, net of the allowance for uncollectible accounts, as at December 31, 2023 and December 25, 2022:

(in thousands of Canadian dollars)	Current	> 30 days past due	> 60 days past due	Total
Accounts receivable (net of allowance)				
Balance as at December 31, 2023	**$ 77,601**	**$ 9,026**	**$ 3,431**	**$ 90,058**
Balance as at December 25, 2022	$ 107,250	$ 9,112	$ 2,109	$ 118,471

There are no significant impaired receivables that have not been provided for in the allowance. As at December 31, 2023, the Company has an allowance of $3.9 million (December 25, 2022 - $5.5 million). The Company believes that the allowance sufficiently covers any credit risk related to the receivable balances past due. The remaining amounts past due were not classified as impaired as the past due status was reasonably expected to be remedied.

Fair value of financial instruments

The fair value of derivative financial instruments is the estimated amount that the Company would receive or pay to terminate the instrument at the reporting date. The fair values have been determined by reference to

prices provided by counterparties. The fair values of all derivative financial instruments are recorded in other long-term liabilities on the consolidated balance sheets.

There were no transfers between classes of the fair value hierarchy during the year ended December 31, 2023.

The following describes the fair value determinations of financial instruments:

Long-term debt

Fair value (Level 2) is based on the Company's current incremental borrowing rate for similar types of borrowing arrangements. As at December 31, 2023, the fair value of the debt associated with the Company's current financing of $470.7 million (excluding unamortized financing costs) is approximately $450.4 million.

Note payable to The Keg Royalties Income Fund

On May 31, 2002, KRL issued a note payable to the Fund in exchange for cash of $57.0 million. KRL has the option at any time to transfer its 5,700,000 Class C Partnership units to The Keg Holdings Trust ("KHT"), a subsidiary of the Fund, in consideration for the assumption by KHT of an amount of the note payable equal to $10.00 for each Class C units transferred. If KRL transferred all 5,700,000 Class C Partnership units, the entire $57.0 million note payable to the Fund would be extinguished. The carrying amount of the note payable is equivalent to its fair value as at December 31, 2023.

The principal amount matures on May 31, 2042 and is subject to extension by the mutual agreement of KRL and the Fund. The note is secured by a general security agreement, including accounts receivable and inventories, that is subordinated to primary bank debt obligations and may not be assigned without the prior consent of KRL.

Other financial instruments

Other financial instruments of the Company consist of cash, accounts receivable, franchise receivables, due from related parties, and accounts payable and accrued liabilities. The carrying amount for these financial instruments approximates fair value due to the short term maturity of these instruments and/or the use of at market interest rates.

28 Related parties

Shareholders

As at December 31, 2023, Fairfax holds all of the issued and outstanding Class A common shares, representing 84% voting control and CHL holds all of the issued and outstanding Class B common shares, representing 16% voting control.

Fairfax and the Company are parties to a Shared Services and Purchasing Agreement. Under this agreement, Fairfax is authorized to enter into negotiations on behalf of the Company (and Fairfax associated restaurant companies) to source shared services and purchasing arrangements for any aspect of Recipe's operations, including food and beverages, information technology, payment processing, marketing and advertising or other logistics. There were no transactions under this agreement for 53 weeks ended December 31, 2023 and 52 weeks ended December 25, 2022.

The Company's policy is to conduct all transactions and settle all balances with related parties on market terms and conditions.

Insurance Provider

Certain of Recipe's insurance policies are held by companies that are affiliated with Fairfax. The transactions are on market terms and conditions. As at December 31, 2023, no payments were outstanding (December 25, 2022 - $nil). For the 53 weeks ended December 31, 2022, the Company made payments of $2.5 million (52 weeks ended December 25, 2022 - $2.8 million) for services provided by Fairfax affiliated insurance companies.

Investment in The Keg Partnership (the "Partnership") and The Keg Royalties Income Fund ("KRIF")

The Company's equity investment in the Partnership is represented by the investment in The Keg GP Ltd ("KGP"). The value of the equity investment in the Partnership is nominal as substantially all of the cash flows from the Partnership are attributable to the Class C and Class A, B and D Partnership units ("Exchangeable Partnership units" or "Exchangeable units").

Investment in The Keg Royalties Income Fund

The KRIF units held by the Company are measured at fair value through profit or loss. The closing market price of a Fund unit as at December 31, 2023 was $13.93 (December 25, 2022 - $15.84). Distributions on KRIF units are recorded as interest income on Partnership and Fund units in the consolidated statements of earnings. During the 53 weeks ended December 31, 2023, the Company purchased nil KRIF units (December 25, 2022 - nil).

	December 31, 2023		December 25, 2022	
(in thousands of Canadian dollars)	**# of units**	**Fair Value**	**# of units**	**Fair Value**
Class A Partnership units	905,944	$ 12,620	905,944	$ 14,350
Class B Partnership units	176,700	2,461	176,700	2,799
Class D Partnership units	4,367,667	60,842	4,367,667	69,184
Exchangeable unit investment in the Partnership	5,450,311	$ 75,923	5,450,311	$ 86,333
Class C unit investment in the Partnership	5,700,000	57,000	5,700,000	57,000
Investment in the Partnership	**11,150,311**	**$ 132,923**	**11,150,311**	**$ 143,333**
Investment in KRIF units	250,000	3,483	250,000	3,960
Distributions earned on KRIF units	—	984	—	657
	11,400,311	**$ 137,390**	**11,400,311**	**$ 147,950**

Exchangeable Unit Investment in the Partnership

The Exchangeable unit investment in the Partnership is comprised of the Exchangeable Partnership units held by the Company, and measured at fair value through profit or loss. The closing market price of a Fund unit as at December 31, 2023 was $13.93 (December 25, 2022 - $15.84).

The Class A Partnership units represent The Keg's initial 10% effective ownership of The Keg Royalties Income Fund ("the Fund") at the date of The Keg Initial Public Offering ("The Keg IPO"). The Class B and Class D Partnership units were received by The Keg subsequent to The Keg IPO date in return for adding net sales to the Royalty Pool on an annual basis. The royalty payments from KRL to the Partnership is four percent of system sales for such period reported by The Keg restaurants that are in the Partnership.

Pursuant to the declaration of trust, the holder (other than the Fund or its subsidiaries) of the Exchangeable Partnership units is entitled to vote in all votes of Fund unitholders as if they were holders of the number of Fund units they would receive if the Exchangeable Partnership units were exchanged into Fund units as of the

record date of such votes, and will be treated in all respects as a Fund unitholder for the purpose of any such votes.

(a) The Class A units are entitled to a preferential proportionate distribution equal to the distribution on the Class C units, multiplied by the number of Class A units divided by the number of LP Partnership units ("LP units") issued and outstanding. The Keg Holdings Trust ("KHT") holds all of the 8,153,500 LP units issued and outstanding at December 31, 2023. In addition, the Class A units receive a residual distribution proportionately with the Class B units, Class D units, LP units and GP units relative to the aggregate number of each class issued and outstanding (or in the case of the Class B units and Class D units, the number issued and outstanding multiplied by the Class B and Class D current distribution entitlement, respectively). Class A units are exchangeable for Fund units on the basis of one Class A unit for one Fund unit and represent The Keg's initial 10% effective ownership of the Fund prior to the entitlement of Class B and Class D units.

(b) The Class B units were issued to The Keg in return for adding net sales from new Keg restaurants to the Royalty Pool and are entitled to a preferential proportionate distribution and a residual distribution based on the incremental royalty paid to the Partnership. The distribution entitlements of the Class B units were adjusted annually on January 1 until the January 1, 2008 roll-in when the Class B Termination Date was reached and the last of the Class B units became entitled. Class B units held by the Company are exchangeable for Fund units on the basis of one Class B unit for one Fund unit. Class B units held by the Company receive a distribution entitlement.

(c) The Class D units were issued to the Company in return for adding net sales from new Keg restaurants to the Royalty Pool on an annual basis and are entitled to a preferential proportionate distribution and a residual distribution based on the incremental royalty paid to the Partnership. The distribution entitlements of the Class D units are adjusted annually on January 1. Class D units held by the Company are exchangeable for Fund units on the basis of one Class D unit for one Fund unit and the same distribution entitlement as the Class B units. Class D units are issued subsequent to the Class B Termination Date and are identical to Class B units except that, on the first business day following an Additional Entitlement, the Trustees of KHT can require the Company to surrender any or all of the issued Class D units for a price that is equal to the roll-in price used in the formula to calculate the number of Class D units issued.

Included in the total 4,020,766 Class D units, are 139,097 notional Class D units that KRL recognized during the 2020 and 2021 fiscal years in exchange for adding net sales to the Royalty Pool on January 1, 2020 and January 1, 2021. Interest income on these notional Class D units have been accrued in the consolidated statement of earnings, no cash distributions will be paid to KRL on these Class D units, as they shall be considered unentitled until such time as the final sales determination is made, and the actual Class D units are issued to KRL on December 25, 2022, to be effective January 1, 2020 and January 1, 2021, respectively.

Distributions on Exchangeable Partnership units are recorded as interest income on Partnership and Fund units in the consolidated statement of earnings.

Class C Unit Investment in the Partnership

The Class C unit investment in the Partnership is comprised of 5,700,000 Class C Partnership units held by the Company. The Class C Partnership units were issued to The Keg as one of a series of transactions that occurred in conjunction with The Keg IPO of the Fund on May 31, 2002.

The Company has the option at any time to transfer its 5,700,000 Class C Partnership units to KHT, a subsidiary of Fund, in consideration for the assumption by KHT of an amount of the note payable equal to $10.00 for each Class C unit transferred. If the Company transferred all 5,700,000 Class C Partnership units,

the entire $57.0 million note payable to the Fund would be extinguished. The Class C units are entitled to preferential monthly distributions equal to $0.0625 per Class C unit issued and outstanding and these distributions are recorded as interest income on Partnership and Fund units in the consolidated statements of earnings.

The Royalty Pool

Annually, on January 1, the Royalty Pool is adjusted to include the gross sales from new Keg restaurants that have opened on or before October 2 of the prior year, less gross sales from any Keg restaurants that have permanently closed during the prior year. In return for adding these net sales to the Royalty Pool, KRL receives the right to indirectly acquire additional Fund units (the "Additional Entitlement"). The Additional Entitlement is determined based on 92.5% of the net royalty revenue added to the Royalty Pool, divided by the yield of the Fund units, divided by the weighted average unit price of the Fund units. KRL receives 80% of the estimated Additional Entitlement initially, with the balance received on December 25 of each year when the actual full year performance of the new restaurants is known with certainty.

On December 21, 2020, KRL and the Fund agreed to defer the Final Adjustment Date for the January 1, 2020 roll-in of new restaurant sales, and the related issuance of any additional Exchangeable Partnership units to KRL, from December 25, 2020 until December 25, 2022. The actual sales of the new restaurants added to the Royalty Pool on January 1, 2020, were materially below long term estimates due to the Covid-19 pandemic, and the government mandated closure of restaurants in March 2020. The five new restaurants added to the Royalty Pool on January 1, 2020, were closed for a total of 73 weeks (or 28% of the sales determination period) with estimated lost sales of approximately $13.4 million. Therefore, the Final Adjustment Date was deferred until such time as the sales of these new restaurants have normalized, and better represent the long-term prospects. KRL and the Fund have further agreed that since the impact of the Covid-19 crisis continued to negatively affect restaurant sales in 2021, that the Final Adjustment Date for the January 1, 2021 roll-in of new restaurant sales shall also be deferred until December 25, 2022, to be effective January 1, 2021.

Management of KRL and the Trustees of The Keg Royalties Income Fund ("the Fund") agreed that the sales determination period to be used for the January 1, 2020 roll-in and the January 1, 2021 roll-in shall be the 52-week period ending September 25, 2022. For financial reporting purposes IFRS 2, Share-based Payment ("IFRS 2") obligates KRL to estimate the number of Exchangeable Partnership units it would have received on December 25, 2020 and December 25, 2021 (but effective January 1, 2020, and January 1, 2021, respectively) based on an estimate of new store sales added to the Royalty Pool on January 1, 2020, and January 1, 2021, and report in the financial statements as if these notional Exchangeable Partnership units had been issued. IFRS 2 requires KRL to report the fair value of these notional Exchangeable Partnership units in the statements of financial position, and the investment income attributable to these units, and any non-cash gain or loss on the fair value adjustment of these units, at each period end date, in the statements of comprehensive income or loss. Readers should note that no cash distributions were paid to KRL on these notional Exchangeable Partnership units, as they were considered unentitled until the final sales determination was made and the Exchangeable Partnership units issued on December 25, 2022. All distributions on the Exchangeable Partnership units issued on December 25, 2022 related to the January 1, 2020, and January 1, 2021 Additional Entitlements were paid in January 2023, to be effective January 1, 2021, and January 1, 2022, respectively.

The total number of Keg restaurants included in the Royalty Pool increased from the 80 Keg restaurants in existence on March 31, 2002, to 107 as of December 31, 2022. Seventy-nine new Keg restaurants that opened during the period from April 1, 2002 through October 2, 2021, with annual gross sales of $420.0 million, were added to the Royalty Pool. Fifty-two permanently closed Keg restaurants with annual sales of $163.6 million were removed from the Royalty Pool. This resulted in a net increase in Royalty Pool Sales of $256.3 million annually and KRL receiving a cumulative Additional Entitlement equivalent to 7,744,637 Fund units as of December 31, 2022.

No new restaurants were opened during the period from October 3, 2022 through October 2, 2023 resulting in no additions to the Royalty Pool on January 1, 2024. As at December 31, 2023, KRL will have the right to exchange its units in the capital of the Partnership 5,450,311 Fund units, representing 32.43% of the Fund units on a fully diluted basis.

Deferred Gain on Sale of The Keg Rights

The deferred gain on sale of The Keg Rights relates to the sale by The Keg of its trademarks and other related intellectual property (collectively, the "Keg Rights") to the Partnership in connection with The Keg IPO. The deferred gain is adjusted to reflect changes in KRL's ownership interest in the Keg Rights resulting from the entitlement of Exchangeable Partnership units received as consideration for the addition of net new sales to the Royalty Pool on an annual basis.

The gain on the sale of The Keg Rights is deferred and amortized on a straight-line basis over the 99-year term of the Licence and Royalty Agreement ending on May 30, 2101.

Other

As at December 31, 2023, the Company has a $4.1 million royalty fee payable, including GST, to the Fund (December 25, 2022 - $3.1 million) and a $0.5 million interest payable amount due to the Fund on the Keg Loan (December 25, 2022 - $0.4 million) included in accounts payable and accrued liabilities.

As at December 31, 2023, the Company has $1.6 million in distributions receivable from the Partnership (December 25, 2022 - $1.9 million) related to its ownership of the Class C and Exchangeable Partnership units. These amounts were received from the Partnership when due, subsequent to the above periods. The total balance of $1.6 million (December 25, 2022 – $1.9 million) were received from the Partnership when due, subsequent to the above periods. All distributions on the Exchangeable Partnership units issued on December 25, 2022 related to the January 1, 2020, and January 1, 2021 Additional Entitlements were paid in January 2023, to be effective January 1, 2021, and January 1, 2022, respectively.

The Company performs system services for a company owned by a director of KRL. For the 53 weeks ended December 31, 2023, KRL earned $0.1 million for these services (December 25, 2022 – $0.1 million), which has been recognized by the Company as other income, net of the costs to provide these services.

The Company incurs royalty expense with respect to the license and royalty agreement between the Company and the Partnership. As a result of the common directors on the board of KRL and The Keg GP, the general partner of the Partnership, the royalty expense is treated as a related party transaction. The Company incurred royalty expense of $29.7 million for the 53 weeks ended December 31, 2023 (December 25, 2022 – $27.1 million).

The Company also records investment income on its investment in Exchangeable units of the Partnership, Class C units of the Partnership, and investment in The Keg Royalties Income Fund units which is presented as interest income on Partnership and Fund units in the consolidated statements of earnings and comprehensive income. During the 53 weeks ended December 31, 2023, the Company recorded investment income of $13.7 million related to these units (December 25, 2022 – $13.1 million).

The Company also sponsors a number of post-employment plans, which are considered related parties. Contributions made by the Company to these plans are disclosed in note 21.

Transactions with key management personnel

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company and/or its subsidiary, directly or indirectly, including any external director of the Company and/or its subsidiary. Key management personnel may also participate in the Company's stock-based compensation plans and the Company's defined contribution savings plan.

Remuneration of key management personnel of the Company is comprised of the following expenses:

(in thousands of Canadian dollars)	For the 53 weeks ended December 31, 2023	For the 52 weeks ended December 25, 2022
Short-term employee benefits	$ 5,881	$ 4,673
Long-term incentive plans	12,388	3,790
Total compensation	**$ 18,269**	**$ 8,463**

There were no additional related party transactions between the Company and its key management personnel, or their related parties, including other entities over which they have control.

29 Segmented information

Recipe divides its operations into the following four business segments: corporate restaurants, franchise restaurants, retail and catering, and central operations.

The Corporate restaurant segment includes the operations of the company-owned restaurants, the proportionate results from the Company's joint venture restaurants from the Original Joe's investment, which generate revenues from the direct sale of prepared food and beverages to consumers.

Franchised restaurants represent the operations of its franchised restaurant network operating under the Company's several brand names from which the Company earns royalties calculated at an agreed upon percentage of franchise and joint venture restaurant sales. Recipe provides financial assistance to certain franchisees and the franchise royalty income reported is net of any assistance being provided.

Retail and catering represent sales of St-Hubert, Swiss Chalet, Montana's and The Keg branded products; and other private label products produced and shipped from the Company's manufacturing plant and distribution centers to retail grocery customers and to its network of St-Hubert restaurants. Catering represents sales and operating expenses related to the Company's catering divisions which operate under the names of The Pickle Barrel and Marigolds & Onions.

Central operations include sales from call centre services which earn fees from off-premise phone, mobile and web orders processed for corporate and franchised restaurants; income generated from the lease of buildings and certain equipment to franchisees; and the collection of new franchise and franchise renewal fees. Central operations also include corporate (non-restaurant) expenses which include head office people and non-people overhead expenses, finance and IT support, occupancy costs, and general and administrative support services offset by vendor purchase allowances and government subsidies. The Company has determined that the allocation of corporate (non-restaurant) revenues and expenses which include finance and IT support, occupancy costs, and general and administrative support services would not reflect how the Company manages the business and has not allocated these revenues and expenses to a specific segment.

The CEO and the CFO are the chief operating decision makers and they regularly review the operations and performance by segment. The CEO and CFO review operating income as a key measure of performance for

each segment and to make decisions about the allocation of resources. The accounting policies of the reportable operating segments are the same as those described in the Company's summary of significant accounting policies. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(in thousands of Canadian dollars)	For the 53 weeks ended December 31, 2023	For the 52 weeks ended December 25, 2022
Gross revenue		
Sales	$ 802,306	$ 707,835
Proportionate share of equity accounted joint venture sales	(2,630)	(1,916)
Sales at corporate restaurants	**$ 799,676**	**$ 705,919**
Franchise revenues	119,639	108,051
Proportionate share of equity accounted joint venture royalty revenue	7	—
Royalty revenue	**$ 119,646**	**$ 108,051**
Retail & Catering	425,714	407,098
Central	17,067	18,047
Non-allocated	70,212	65,498
Total gross revenue	**$ 1,432,315**	**$ 1,304,613**
Operating income (loss)		
Corporate restaurants	$ 49,674	$ 37,750
Franchise restaurants	116,838	105,856
Retail & Catering	23,134	17,511
Central	(104,420)	(92,758)
Proportionate share equity accounted joint venture results included in corporate and franchise segment	69	25
Non-allocated	15,787	27,924
	$ 101,082	**$ 96,308**
Depreciation and amortization		
Corporate restaurants	$ 32,931	$ 30,145
Retail & Catering	5,586	5,758
Central	59,527	56,622
	$ 98,044	**$ 92,525**
Capital expenditures		
Corporate restaurants	$ 42,563	$ 26,777
Retail & Catering	4,059	4,824
Central	4,476	7,314
	$ 51,098	**$ 38,915**

30 Subsequent Events

Keg Restaurants Ltd. ("KRL") Additional Entitlement

On January 1, 2024, the Royalty Pool was adjusted to remove two Keg restaurants that were permanently closed due to lease expirations between January 1, 2023 and December 31, 2023. No new restaurants were opened during the 52 weeks ending October 2, 2023 (the cut-off date for restaurant openings for roll-in purposes in any year), resulting in the total number of Keg restaurants in the Royalty Pool decreasing from 107 to 105. The actual Royalty Pool sales received from the two closed restaurants during the first 52-week period immediately following their addition to the Royalty Pool was $4,624,000.

As a result of this Royalty Pool sales deficiency for the 2023 fiscal year, KRL did not receive any Additional Entitlements on January 1, 2024. However, KRL did not lose any of the Additional Entitlements it received in respect of previous years. Instead, KRL will be required to replace the 2023 Royalty Pool sales deficiency by adding $4,624,000 net sales into the Royalty Pool on a future Additional Entitlement before receiving any further Additional Entitlements.

KRL continues to have the right to exchange its Exchangeable Partnership units in the capital of the Partnership for 5,450,311 Fund units, representing 32.43% of the Fund units on a fully diluted basis.

EXHIBIT A-2

RECIPE UNLIMITED CORPORATION'S GUARANTY

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GUARANTY OF PERFORMANCE

For value received, Recipe Unlimited Corporation, located at 199 Four Valley Drive, Vaughan, Ontario L4K 0B8, Canada (the "Guarantor"), absolutely and unconditionally guarantees to assume the duties of Recipe Unlimited US, LLC, located at 199 Four Valley Drive, Vaughan, Ontario L4K 0B8, Canada (the "Franchisor") under its franchise registration in each state where its franchise is registered or exempt from registration, as applicable, and under its Franchise Agreement as identified in its 2025 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended, from time to time. This guaranty continues until all such obligations of the Franchisor under the franchise registration or franchise exemption (as applicable) and Franchise Agreement are satisfied or until liability of the Franchisor under the Franchise Agreement has been completely discharged, whichever first occurs. Guarantor is not discharged from liability if a claim by the franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and on its successors and assigns.

The Guarantor signs this guarantee on the 6 day of March, 2025.

Guarantor:

RECIPE UNLIMITED CORPORATION

ken Grondin

By: Kenneth Grondin

Title: Chief Financial Officer

EXHIBIT B-1

DEVELOPMENT AGREEMENT

RECIPE UNLIMITED US, LLC

DEVELOPMENT AGREEMENT
(UNITED STATES)

SYSTEM LICENSED BY THIS AGREEMENT: _____

DEVELOPER: ●

Agreement Date: *

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DEVELOPMENT AGREEMENT

This Development Agreement (this "**Agreement**") is made this ● day of ●, 202● (the "**Agreement Date**"),

A M O N G:

Recipe Unlimited US, LLC, a limited liability company existing under the laws of the State of Delaware, United States of America;

(the "**Franchisor**"),

- and –

[●], a/an [●], existing under the [●];

(the "**Developer**").

WHEREAS the Franchisor and its Affiliates own distinctive marketing plans and systems for the development, opening and operation of distinctive restaurants, each of which may be competitive with one another;

AND WHEREAS the Franchisor's Affiliate, Recipe Unlimited Corporation, a corporation formed and existing under the laws of the Province of Ontario ("**Licensed Brand Owner**"), owns the restaurant brand identified in Schedule "A" that currently offers certain food products and is identified by certain trade names, trademarks, logos, emblems and indicia of origin which are used in association therewith, including the Licensed Brand trademark and the trademarks listed in Schedule "B", and from time to time may create, use, and license new trademarks, service marks, and commercial symbols (collectively, the "**Marks**");

AND WHEREAS the Licensed Brand Owner has licensed to the Franchisor the right to use the Marks and to offer and grant franchises to operate restaurants under the Licensed Brand (each, a "**System Restaurant**") in the United States that operate using the distinctive features of the Licensed Brand's system, including, but not limited to, business format, specifications, standards, operating procedures, food selection, menus, and presentation, recipes, methods and procedures, specially designed premises with distinctive décor, equipment, equipment layouts, interior and exterior accessories, color schemes, products, services, methods of operation, management programs, standards, specifications, Marks and information (collectively, the "**System**");

AND WHEREAS the Developer desires to establish and continuously operate multiple System Restaurants (the "**Franchised Business**"), each pursuant to Franchisor's then-current standard franchise agreement applicable to such Franchised Business (each a "**Franchise Agreement**", the current form of which is attached as Exhibit "B"); and

AND WHEREAS the Franchisor desires to grant to the Developer the right to establish and thereafter open and continuously operate a specified number of System Restaurants, within the development area designated in Schedule "A" of this Agreement (the "**Development Area**"), in accordance with the specific development schedule (the "**Development Schedule**") provided for in this Agreement.

NOW THEREFORE this Agreement witnesseth that in consideration of the mutual covenants and agreements herein contained the parties hereto do hereby covenant and agree with each other as follows:

1. DEFINITIONS

1.1 Definitions

Where used herein or in any schedules or amendments hereto, the following terms shall have the following meanings:

a. "**Affiliate**" means any person or entity which, directly or indirectly, owns or controls, is owned or controlled by, or is under common control with the referenced party;

b. "**Agreement Date**" means the date of this Agreement as set out at the top of page 1 of the Agreement;

c. "**Balance Payment**" has the meaning provided in Section 2.2 below;

d. "**Competitive Business**" has the meaning provided in Schedule "A" attached herein;

e. "**Designated Developer**" means the person designated in Schedule "A" of this Agreement;

f. "**Development Area**" means the area designated in Schedule "A" of this Agreement;

g. "**Development Fee**" has the meaning provided in Section 2.2 below;

h. "**Development Schedule**" has the meaning provided in the recitals of this Agreement;

i. "**Fee Deadline**" has the meaning provided in Section 2.2 below and Schedule "A" attached herein;

j. "**Franchise Agreement**" has the meaning provided in the recitals of this Agreement and is attached as Exhibit "B";

k. "**Franchise Fee**" has the meaning provided in Section 2.2 below and Schedule "A" attached herein;

l. "**Franchised Business**" has the meaning provided in the recitals of this Agreement;

m. "**Guarantor**" means the Developer's owners that are required by the Franchisor to sign the Guaranty in Exhibit "A";

n. "**Licensed Brand**" has the meaning set forth in Schedule "A";

o. "**Marks**" means the trademarks, trade names and other commercial symbols and related logos listed in Schedule "B" hereto; together with such other trade names, trademarks, symbols, logos, distinctive names, service marks, certification marks, logo designs, insignia or otherwise which may be designated by the Franchisor or Licensed Brand Owner for use in the System from time to time;

p. "**Opening Deadline**" has the meaning provided in Section 2.2 below;

q. "**Other Brands**" has the meaning provided in Section 2.9(d) below;

r. "**Retail Items**" has the meaning provided in Section 2.9(b) below;

s. "**System**" has the meaning provided in the recitals of this Agreement;

t. "**System Restaurant**" has the meaning provided in the recitals of this Agreement; and

u. "**Transfer**" has the meaning provided in Section 6.1.

1.2 Developer and Guarantor Defined, Use of Pronoun

The words "Developer" and "Guarantor" whenever used in this Agreement shall be deemed and taken to mean each and every person or party mentioned as a Developer or Guarantor herein, be the same one or more; and if there shall be more than one Developer or Guarantor, any notice, consent, approval, statement, authorization, document or other communication required or permitted to be given by the terms or conditions of this Agreement may be given by or to any one thereof, and shall have the same force and effect as if given by or to all thereof. The use of the neuter or male or female pronoun to refer to the Developer and/or the Guarantor may be an individual (male or female), a partnership, a corporation or another entity or a group of two or more individuals, partnerships, corporations or other entities. The necessary grammatical changes required to make the provisions of this Agreement apply in the plural sense, where there is more than one Developer or Guarantor and to either individuals (male or female), partnerships, corporations or other entities, shall in all instances be assumed in each case. The words "hereof", "herein", "hereunder" and similar expressions used in any section of this Agreement relate to the whole of this Agreement (including any Schedules attached hereto) and not to that section only, unless otherwise expressly provided for or the context clearly indicates to the contrary.

2. GRANT

2.1 Grant

Subject to the terms, conditions and provisions of this Agreement, the Franchisor hereby grants to the Developer the right to, and the Developer accepts the obligation to, establish and thereafter open and continuously operate the number of System Restaurants specified in the Development Schedule within the Development Area. This Agreement does not grant the Developer any right to use the Marks or the System, as such rights are granted only pursuant to Franchise Agreements. Any rights to use the Marks and the System are granted only by and pursuant to a Franchise Agreement. For greater certainty, the Developer shall only have the right to establish and continuously operate Franchised Businesses (each pursuant to a Franchise Agreement) associated with those specific Marks and the System designated in Schedule "B" hereto.

2.2 Development Fee and Franchise Fees

Upon execution of this Agreement, the Developer must pay the Franchisor a development fee in the amount specified on Schedule "A" (the "**Development Fee**") which is equal to the product of: (a) the total number of Franchised Businesses required to be developed pursuant to the Schedule; *multiplied by*, (b) 50% of the initial franchise fee that is payable for each such Franchised Business (the "**Franchise Fee**" which is also specified on Schedule "A"). The Development Fee is fully earned by the Franchisor when the Developer signs this Agreement and is non-refundable for any reason, even if the Developer does not comply with this Agreement or the Development Schedule. For purposes of clarification, each time that Developer signs a new Franchise Agreement to be developed within the Development Area pursuant to this Agreement, Franchisor will apply the portion specified in this subsection 2.2(b) above related to that Franchised Business (which is part of the Development Fee) toward the initial franchise fee for that Franchised Business (leaving the other 50% of the Franchise Fee for that Franchised Business (the "**Balance Payment**") due at the time of signing the Franchise Agreement for that Franchised Business, together with any other initial fees payable to Franchisor under the Franchise Agreement).

By each "**Fee Deadline**" specified in the Development Schedule, the Developer must have delivered to the Franchisor the Balance Payment and a signed copy of the Franchisor's then-

current standard form of Franchise Agreement for the applicable Franchised Business specified on the Development Schedule. By each "**Opening Deadline**" specified in the Development Schedule, the Developer must have the specified number of Franchised Businesses open and operating. The Developer must locate the Franchised Businesses only at sites that the Franchisor has accepted in accordance with the terms of the applicable Franchise Agreement.

Any and all amounts expressed as being payable pursuant to this Agreement are exclusive of any applicable taxes. Accordingly, if applicable, all payments by the Developer shall, in addition, include an amount equal to any and all goods and services taxes, harmonized, federal, state, or other sales taxes, value added taxes, or other direct taxes, assessments or amounts of a like nature imposed on any payments to be made pursuant to this Agreement.

2.3 Transfer of Funds

The Developer covenants and agrees to cooperate fully and comply with any system implemented by the Franchisor for the transfer of funds in respect of any monies owing by the Developer to the Franchisor or its Affiliates under this Agreement or any other agreement between the parties directly from the bank account of the Developer to the bank account of the Franchisor or any of its Affiliates as the Franchisor may direct, including the execution of any pre-authorized payment forms required by the Developer's bankers to permit such payments, and without any hold whatsoever.

2.4 Development Schedule

The Developer (or a wholly-owned Affiliate of the Developer approved in advance by the Franchisor) must enter into the Franchise Agreements, and establish and thereafter open and continuously operate, Franchised Businesses, in accordance with the Development Schedule. The Developer acknowledges that time is of the essence with respect to establishing and thereafter opening and continuously operating the Franchised Businesses. The Developer hereby covenants and agrees to use best efforts to fulfill its obligations under this Agreement, including to establish and thereafter open and continuously operate, Franchised Businesses, in accordance with the deadlines set forth in the Development Schedule.

2.5 Development Procedure

The following procedure with respect to the development of each Franchised Business shall apply:

a) each time that the Developer locates a site within the Development Area which it determines is suitable for development of a Franchised Business, the Developer shall submit to the Franchisor such written information regarding the proposed site as the Franchisor requires from time to time, including but not limited to, preliminary site location plans, dimensions, building types, proposed layout plans, and any other information or documentation (including, the lease or purchase agreement relating to the site, and containing such provisions as Franchisor may require) that the Franchisor deems necessary;

b) upon receipt of all information or documentation required to be given under Section 2.5(a) hereof, the Franchisor will notify the Developer of its approval or rejection of the proposed site and, if approved, any conditions relating to the site;

c) after approval of the site, Franchisor shall execute the Franchise Agreement only if: (i) Developer is in compliance with all, and is not in default of any, requirements and obligations of this Agreement and all other agreements between Franchisor and

Developer, and (ii) Developer is in compliance with all and is not in default of any of its respective obligations under any Franchise Agreement;

d) for clarity, subject to the terms herein, the procedure by which the right to occupy the site for the Franchised Business to be developed shall be governed by the Franchise Agreement; and

e) the Developer shall construct and equip the Franchised Business in accordance with the time table or schedule specified by, and in conformity with the System standard layout plans, specifications and drawings provided by the Franchisor, all in accordance with the Franchise Agreement.

2.6 No Warranty

The Developer acknowledges that any assistance (including site selection, lease negotiation and project oversight) provided or required by the Franchisor or its Affiliate or nominee in relation to the site selection or development of any Franchised Business is only for the purpose of determining compliance with System standards and does not constitute a representation, warranty, or guarantee, express, implied or collateral, regarding the choice and location of the Franchised Business, that the development of the Franchised Business is free of error, nor that the Franchised Business is likely to achieve any level of volume, profit or success. The Franchisor does not represent that it has any special expertise in selecting sites or negotiating lease arrangements. The Developer hereby agrees that the Franchisor's assistance in regard to selection, negotiation or approval or disapproval of a proposed site or lease arrangement does not impose any liability on the Franchisor.

2.7 No Liability For Franchisor

The Franchisor is not responsible for architecture or engineering, or for code, zoning, use or other requirements of applicable law, including, without limitation, any restricting conduct of any Franchised Business in accordance with the System, requirement relating to accessibility by disabled persons or others. The Franchisor is not responsible for any delays, errors, omissions, or discrepancies of any nature in the development of a Franchised Business. The Franchisor will have no liability to the Developer or any other party with respect to the plans, specifications and development of a Franchised Business.

2.8 Compliance with Law

The Developer shall strictly comply in all respects and at all times with the requirements of all applicable laws.

2.9 Development Area

So long as the Developer is in full compliance with the terms and conditions of this Agreement, including the Development Schedule, and all other agreements between Developer (and any Affiliate thereof) and the Franchisor (and any Affiliate thereof), including the Franchise Agreements, the Franchisor shall refrain from developing, or granting to anyone the right to develop, any System Restaurants from premises physically located in the Development Area, during the term of this Agreement.

The Franchisor expressly reserves all rights not granted by this Agreement. Accordingly, and notwithstanding the foregoing, the Franchisor, its Affiliates, and their respective affiliates, licensees or others shall be free to do any of the following, without liability or compensation to the Developer:

a) develop and/or operate, or grant to any other person a franchise or license to develop and/or operate, System Restaurants outside the Development Area (whether immediately adjacent, or otherwise);

b) distribute, offer and/or sell, or grant to any other person the right to distribute, offer, or sell Retail Items, using the System and Marks or other systems and/or trademarks, inside or outside of the Development Area, of a temporary or permanent nature, by or through (i) telephone orders, mail order, television, vending machines, electronic media (i.e. including the internet or mobile applications) or catalogue sales; (ii) through catering, catering trucks, carts, kiosks, mobile vehicles, food preparation and fulfillment kitchens (e.g., ghost kitchens and virtual kitchens) for the Licensed Brand or Other Brands, and/or delivery services (i.e. including aggregators), including any delivery system provided for by the Franchise Agreement; (iii) supermarkets, grocery, retail, convenience, or similar stores, or as a concession, kiosk, department or as part of or in combination with any restaurant, supermarket, grocery, retail or similar establishments. "**Retail Items**" means products and/or services offered at retail that may be different, the same or similar to the products sold pursuant to a Franchise Agreement, including but not limited to items such as proprietary sauces, gravies, and seasonings as well as french fries, chicken, ribs and hamburger patties, desserts and/or other items that may include core menu items as the Franchisor or Licensed Brand Owner determines;

c) distribute, offer, or grant to any other person the right to distribute or offer, different, the same or similar products and/or services as the products sold pursuant to a Franchise Agreement, using the same System and Marks, inside or outside of the Development Area, of a temporary or permanent nature, by means of Non-Traditional Opportunities. "**Non-Traditional Opportunities**" means outlets or other or alternate channels of distribution such as, without limitation, by or through; (i) restaurants other than the Franchisor's "traditional" form of restaurants (as, for example, express, take out and/or delivery only restaurants in relation to the dine in traditional form of that brand's restaurant); (ii) catering, catering trucks, carts, kiosks, mobile vehicles, food preparation and fulfillment kitchens (e.g., ghost kitchens and virtual kitchens), and/or delivery services (i.e. including aggregators) permitted by the Franchise Agreement; (iii) telephone orders, mail order, television, vending machines, electronic media (i.e. including the internet or mobile applications) or catalogue sales; and (iv) outlets, concessions, kiosks or departments located in or otherwise part of or in combination with a retail establishment or public or quasi-public institution, such as without limitation, hospitals, universities, colleges, correctional facilities, airports, train and/or bus stations, gas and service stations, highway rest stops, plazas, supermarkets, grocery, retail or similar establishments, food courts, arenas, stadiums, concert halls, theatres, fairs and/or exhibitions, office complexes and enclosed shopping malls;

d) develop and/or operate or grant to any other person a franchise or license to develop and/or operate, in or outside the Development Area, a business using one or more brands and/or franchise systems and/or trademarks (other than the System and the Marks) now or hereafter acquired or owned or licensed by any one or more of the Franchisor or its Affiliates, or anyone else, or any other party which acquires any of the Franchisor or any of its Affiliates, regardless of whether they are competitive or not with the System or its products, and whether they are located in close or immediate proximity to the Development Area and/or any Franchised Business developed pursuant to this Agreement (the "**Other Brands**"), or distribute, offer, or grant to someone else the right to distribute or offer, different, the same or similar products and/or services as the products sold pursuant to a Franchise Agreement, using the Other Brands, inside or outside of the

Development Area, of a temporary or permanent nature, by means of other or alternate channels of distribution (such as is described in Section 2.9(b) and (c) above);

e) offer or take part in any delivery system, or offer or take part in catering services, in accordance with the Franchise Agreement, inside or outside the Development Area; and

f) advertise, sponsor, endorse or otherwise promote or advance the System, the Marks or Other Brands inside or outside of the Development Area, in any manner whatsoever.

2.10 Initial Services and Ongoing Obligations

The Developer acknowledges and agrees that the initial and sole service or assistance provided by the Franchisor to the Developer under this Agreement is to identify the Development Area. Subject to the provisions hereof, the Franchisor has no other ongoing obligations to the Developer pursuant to this Agreement. Except in respect of the Franchise Agreement for the first (1st) Franchised Business opened by the Developer pursuant to this Agreement, the Franchisor shall not be required to provide to the Developer or any Affiliate with any of the initial or start-up training, assistance and support provided for in any other Franchise Agreement, and each such Franchise Agreement is hereby amended accordingly.

2.11 Designated Developer

Developer shall devote their full time, best efforts and attention to the development of System Restaurants, provided however, that where the Developer is an entity, the Developer shall appoint an individual who shall be a Guarantor that holds, at all times during the term of this Agreement, a minimum of twenty percent (20%) of the equity of the Developer (the "**Designated Developer**") to devote his/her full time, best efforts and attention to the development of System Restaurants. In the event of the death or permanent disability of the Designated Developer, the Developer shall, within less than thirty (30) days, notify the Franchisor in writing of such circumstance and submit to the Franchisor information relating to a potential replacement individual for written approval by the Franchisor, who may be proposed as being the new Designated Developer. The Designated Developer as of the Agreement Date is listed in Schedule "A."

3. TERM

The term of this Agreement shall commence on the Agreement Date and expires at midnight on the earlier of: (a) the last Opening Deadline date listed on the Development Schedule; and, (b) the opening of the last Franchised Business developed pursuant to the Development Schedule, unless this Agreement is terminated sooner as provided in other sections of this Agreement. There shall be no right or option of renewal or extension at the expiry of the term of this Agreement.

4. CONFIDENTIALITY

The Developer acknowledges that it has had no part in the creation or development of, nor does it have any property or other rights or claims of any kind in or to, any element of the System, the Marks and that all disclosures made to the Developer relating to the System, including, without limitation, the specifications, standards, procedures, sales information relating to other locations within the System, are communicated to the Developer solely on a confidential basis and as trade secrets, in which the Franchisor has a substantial investment and a legitimate right to protect against unlawful disclosure. Accordingly, the Developer agrees to maintain the confidentiality of all such information beginning on the Agreement Date and at any time thereafter and shall not disclose any information whatsoever with respect to the Developer's or the Franchisor's business affairs or the System other than as may be required to enable the Developer to conduct its

business pursuant to this Agreement, and the Developer further agrees not to use any such information in any other business or in any manner not specifically approved in writing by the Franchisor. This section shall survive a Transfer, expiration or termination of this Agreement for any reason whatsoever.

The Developer shall have its shareholders, directors, officers, partners, employees and agents execute such agreements as requested by Franchisor to ensure that such persons are under similar duties as the Developer under this Agreement with respect to confidentiality and competition. It is expressly acknowledged by the parties thereto that this Section 4 shall survive a Transfer and the expiration, termination or non-renewal of this Agreement for any reason whatsoever.

5. RESTRICTIVE COVENANTS AND TRADE SECRETS

5.1 Competition During Term of Agreement

The Developer (in consideration of the Franchisor entering into this Agreement) covenants and agrees that, during the term of this Agreement, each of the Developer, any shareholder of the Developer if the Developer is a corporation, any partner of the Developer if the Developer is a partnership, and the spouse of any such party, shall not, either individually or in partnership or jointly or in conjunction with any person, firm, association, syndicate or corporation, as principal, agent, shareholder or in any manner whatsoever (other than ownership by any such party, excluding the Developer, of less than five percent (5%) of the shares of a company whose shares are listed on a recognized stock exchange), carry on or be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of, or permit their names or any part thereof to be used or employed in any business operating or franchising a Competitive Business.

5.2 Competition After Transfer, Expiration or Termination

In the event of the expiration or termination of this Agreement for any reason whatsoever (including any Transfer by the Developer of its entire interest in this Agreement that is expressly approved by Franchisor notwithstanding the restrictions in Section 6), the Developer (in consideration of the Franchisor entering into this Agreement) covenants and agrees that each of the Developer, any shareholder of the Developer if the Developer is a corporation, any partner of the Developer if the Developer is a partnership, and the spouse of any such party, shall not, at any time during the period of two (2) years from the date of such Transfer, expiration or termination, either individually or in partnership or jointly or in conjunction with any person or persons, firm, association, syndicate, company or syndication as principal, agent, shareholder or in any other manner whatsoever (other than ownership by any such party, excluding the Developer, of less than five percent (5%) of the shares of a company whose shares are listed on a recognized stock exchange), carry on, be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of, or permit its name or any part thereof to be used or employed in any business operating or franchising a Competitive Business.

5.3 Acknowledgement of Corporate Developer

The Developer shall have no other active or passive business interests, other than the business licensed by this Agreement, and the Developer covenants and agrees to deliver to the Franchisor at any time the Franchisor may request, the written acknowledgement of such directors, officers, shareholders or employees of the Developer, as the Franchisor shall in its discretion determine, acknowledging that they have reviewed the provisions of this Section 5 and that they agree to abide by and be bound by all such provisions.

6. TRANSFER

6.1 Transfer by the Developer

The Developer acknowledges that the Franchisor, in granting the rights and interests under this Agreement, has relied upon, among other things, the character, background, qualifications and financial ability of the Developer and, where applicable, its partners, officers, directors, shareholders, managers and the Guarantor(s). Accordingly, this Agreement, and the Developer's rights and interests hereunder, shall not under any circumstances be sold, assigned, transferred, shared or encumbered in whole or in part, directly or indirectly, in any manner whatsoever including pursuant to an order of a court under applicable family law legislation (any or all of which are defined in this Agreement as a "**Transfer**"), and no Transfer shall be marketed or offered by the Developer. This means Franchisor will not under any circumstances allow the development rights to be transferred. A Transfer of the development rights would be deemed to occur (and is expressly prohibited) if there is an Transfer of this Agreement, a Transfer of controlling ownership interest in Developer, an unauthorized change of the Designated Developer or the equity interests of the Designated Developer, or any other event attempting to Transfer or assign the development rights. A "controlling ownership interest" in Developer means, whether directly or indirectly, (a) the record or beneficial ownership of, or right to control, fifty percent (50%) or more of the ownership interest in Developer, or (b) the effective control of the power to direct or cause the direction of Developer's management and policies. Any actual or purported Transfer occurring by operation of law or otherwise shall be a material default of this Agreement and shall be null and void.

6.2 Financing by Developer

The Developer must provide to the Franchisor, for its prior written approval, any document intended to be issued by or used by the Developer for purposes of raising or attracting funds for the Developer, whether by way of debt, share issuance or issuance of new partnership interests or other securities or interests of any nature whatsoever (or the transfer of existing shares or partnership interests or other securities or interests) and whether such document be in the form of a security agreement, prospectus, offering memorandum or circular, or any other form of document, and the Developer shall not issue such document, nor take any steps to raise such additional funds, until such time as the Franchisor's prior written approval has been obtained,. It is understood and agreed that the provisions of this Section 6.2 shall apply whether or not the effect of such financing is to change the effective voting or other control of the Developer.

6.3 Assignment by Franchisor

Franchisor will have the right to transfer or assign this Agreement and all or any part of its rights or obligations under this Agreement to any person or legal entity without Developer's consent, and upon such transfer or assignment, the transferee or assignee shall be solely responsible for all of Franchisor's obligations arising subsequent to the transfer or assignment. Without limitation of the foregoing, Franchisor may sell its assets to a third party; may offer its securities privately or publicly; may merge with or, acquire other corporations, or may be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and may grant security over any of its assets, including the Marks and any other intellectual property, on terms required by any secured party from time to time (in which case the Developer further acknowledges that any such secured party or secured party's agent shall not have any obligations to the Developer by reasons only of such security interest).

7. TERMINATION

7.1 Events of Termination

The Franchisor shall have the right to terminate this Agreement and the rights granted hereunder (provided however that Sections 4 and 5, shall continue in full force and effect for the periods therein specified), without prejudice to the enforcement of any other legal right or remedy, immediately upon giving written notice of such termination upon the happening of any of the following events:

(a) if the Developer fails to establish and thereafter open and continuously operate the minimum number of Franchised Businesses specified in the Development Schedule by any Opening Deadline specified in the Development Schedule;

(b) if Developer fails to pay any amount due and payable under this Agreement to Franchisor, or to any Affiliate of the Franchisor, or any of the Developer's suppliers or creditors, when and as same shall become due and payable, and such default shall continue for a period of seven (7) days after written notice thereof has been given to the Developer;

(c) if the Developer or any Affiliate of the Developer is in default of any applicable law, or if the Developer or any Affiliate of the Developer, fails to obtain in the first instance, or loses at any time, any license, permit or other authorization required by applicable law;

(d) if the Developer shall breach any other of the terms or conditions of this Agreement or any other agreement or undertaking entered into between the Franchisor or its Affiliates and the Developer and such breach shall continue for a period of ten (10) days after written notice thereof has been given to the Developer;

(e) if the Developer shall breach any of the other terms or conditions of this Agreement, three (3) times in any twenty-four (24) consecutive month period, even if such defaults shall have been cured;

(f) if the Developer ceases or threatens to cease to carry on business, or takes or threatens to take any action to liquidate its assets, or stops making payments in the usual course of business;

(g) if either the Developer or the Guarantor makes or purports to make a general assignment for the benefit of creditors;

(h) if either the Developer or the Guarantor makes or purports to make a bulk sale of their assets;

(i) if either the Developer or the Guarantor shall institute any proceeding, including a proposal, under any statute or otherwise relating to its bankruptcy, insolvency or restructuring, or should any such proceeding be instituted against the Developer or the Guarantor (which is not immediately, bona fide and diligently contested by the Developer or Guarantor as applicable);

(j) if a custodian, receiver, manager, liquidator or any other person, corporation or entity with like powers shall be appointed with the power to take possession, care, charge or control of all or any part of the Developer's or Guarantor's undertaking,

business, property or assets (which is not immediately, bona fide and diligently contested by the Developer or Guarantor as applicable);

(k) if any lessor or encumbrancer or any other person, corporation or entity lawfully entitled, shall take possession of any of the undertaking, business, property or assets of either the Developer or the Guarantor;

(l) if either the Developer or the Guarantor shall commit or suffer any default under any contract of conditional sale, mortgage or other security instrument;

(m) if an order shall be made or a resolution passed for the winding up or liquidation of either the Developer or the Guarantor;

(n) if either the Developer or the Guarantor passes or purports to pass, or takes or purports to take any corporate proceedings to enable it to take proceedings for its dissolution, liquidation or amalgamation;

(o) if either the Developer or the Guarantor shall lose its corporate status by expiration, forfeiture or otherwise;

(p) if a distress or execution against any of the undertaking, business, property or assets of either the Developer or the Guarantor shall not be discharged, varied or stayed within twenty (20) days after the entry thereof or within such time period as action must be taken in order to discharge, vary or stay the distress or execution, whichever shall be the earlier;

(q) if final judgment for the payment of money in any amount in excess of $2,500 shall be rendered by any court of competent jurisdiction against either the Developer or the Guarantor and such judgment shall not be discharged, varied or execution thereof stayed within twenty (20) days after entry thereof or within such time period as action must be taken in order to discharge, vary or stay execution of the judgment, whichever shall be the earlier;

(r) if the Developer distorts any material information related to the business conducted pursuant to this Agreement, unless the Developer proves to the satisfaction of the Franchisor that it had no knowledge of such distortion;

(s) if the Developer or any of its owners fail to comply with section 10.26 of this Agreement, or the Developer's or any of its owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities;

(t) if the Guarantor shall die or otherwise become permanently disabled, and the executor, administrator or other personal representative of the Guarantor, as applicable, has not appointed a replacement guarantor approved by Franchisor within thirty (30) days after the date of death or permanent disability; or

(u) in the event of the termination of any Franchise Agreement entered into pursuant to this Agreement.

In the event of a default under this Section 7.1, and in lieu of terminating this Agreement, Franchisor, in its discretion, may do any one or more of the following: (i) reduce the number of Franchised Businesses, without any reduction of the Development Fee, which are subject to options granted to Developer pursuant to this Agreement; (ii) terminate or reduce, in any manner, in Franchisor's discretion, the territorial exclusivity granted to Developer in Section 2.9 of this

Agreement, in which case the restrictions on the Franchisor and its Affiliates will not apply in any geographic area removed from the Development Area; or (iii) exercise any other rights and remedies which Franchisor may have. No default under this Agreement shall constitute a default under any Franchise Agreement between the parties hereto, except to the extent that any default under this Agreement constitutes a default under any Franchise Agreement in accordance with the terms of the Franchise Agreement.

7.2 Effect of Termination

Upon the expiration, termination or non-renewal of this Agreement for any reason whatsoever, the following shall apply:

(a) the Developer shall immediately discontinue the operation of the business conducted pursuant to this Agreement and no longer take any steps in furtherance of establishing or operating Franchised Businesses;

(b) to the extent not fully satisfied by the Franchisor upon withdrawing amounts directly from the designated account of the Developer immediately upon the date of termination, expiration or non-renewal, the Developer shall pay to the Franchisor, within seven (7) days after the effective date of termination, expiration or non-renewal, all fees and other charges then due and unpaid by the Developer;

(c) the Developer shall promptly execute such documents or take such actions as may be necessary to abandon the Developer's use of any fictitious business name containing any of the Marks adopted by the Developer and to remove (in respect of the next publication), at the Franchisor's request, the Developer's listing from any hard copy, online or other trade or business directories, and to assign to the Franchisor or any other party designated by the Franchisor all of the Developer's telephone numbers, domain names, email addresses;

(d) within three (3) days after the effective date of expiration, termination or non-renewal, the Developer shall return to the Franchisor all confidential and other material provided to the Developer by the Franchisor; and

(e) notwithstanding the expiration, termination or non-renewal of this Agreement, the Developer and any Guarantor shall not be released from any of their continuing obligations hereunder, including without any limitation, any amounts due and payable to the Franchisor, its Affiliates, or any suppliers, nor any confidentiality and non-competition covenants, or any other obligations or covenants in any of the foregoing, which by their nature, continue to apply after expiration, termination or non-renewal.

7.3 Survival of Covenants

Notwithstanding the expiration, termination or non-renewal of this Agreement for any reason whatsoever, all covenants and agreements to be performed and/or observed by the Developer and/or any Guarantor under this Agreement or which by their nature survive the expiration, termination or non-renewal of this Agreement, including without limitation, those set out in Sections 4, 5.2, 7.2 and 8 hereof shall survive any such expiration, termination or non-renewal.

7.4 Failure to Act Not to Affect Rights

The failure of the Franchisor to exercise any rights or remedies to which it is entitled upon the happening of any of the events referred to in Section 7.1 hereof, shall not be deemed to be a

waiver of or otherwise affect, impair or prevent the Franchisor from exercising any rights or remedies to which it may be entitled, arising either from the happening of any such event, or as a result of the subsequent happening of the same or any other event or events provided for in Section 7.1 above. The acceptance by the Franchisor of any amount payable by or for the account of the Developer under this Agreement after the happening of any event provided for in Section 7.1 above, shall not be deemed to be a waiver by the Franchisor of any rights and remedies to which it may be entitled, regardless of the Franchisor's knowledge of the happening of such preceding event at the time of acceptance of such payment. No waiver of the happening of any event under Section 7.1 above, shall be deemed to be waived by the Franchisor unless such waiver shall be in writing.

8. GUARANTOR'S COVENANTS

In consideration of the Franchisor entering into this Agreement with the Developer, each Guarantor will enter into a Guaranty and Assumption of Obligations Agreement with Franchisor substantially in the form set forth on Exhibit "A".

9. ACKNOWLEDGEMENTS AND REPRESENTATIONS

9.1 Independent Investigation

THE DEVELOPER ACKNOWLEDGES THAT IT HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE FRANCHISED BUSINESSES AND THE DEVELOPMENT THEREOF AND RECOGNIZES THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES SUBSTANTIAL BUSINESS RISKS AND THAT ITS SUCCESS WILL BE LARGELY DEPENDENT UPON THE ABILITY OF THE DEVELOPER'S BUSINESS ACUMEN. THE FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF AND THE DEVELOPER ACKNOWLEDGES THAT IT HAS NOT RECEIVED ANY WARRANTY OR GUARANTEE, EXPRESSED OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF ANY FRANCHISED BUSINESS OR THE DEVELOPMENT THEREOF.

The Developer acknowledges that it has received, has had ample time to read and has read this Agreement and fully understands its provisions. The Developer further acknowledges that it has had an adequate opportunity to be advised by legal counsel and accounting professionals of its own choosing regarding all pertinent aspects of the rights and business contemplated by this Agreement.

The Franchisor hereby expressly disclaims the making of, and the Developer acknowledges that it has not received nor relied upon, any warranty or guarantee, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement or of the suitability of the proposed location for any Franchised Business. The Developer acknowledges that it has not received or relied on any representations by the Franchisor, its Affiliates, or their officers, directors, employees or agents, that are contrary to the terms herein, and further represents and warrants to the Franchisor that they have made no misrepresentations in obtaining the license herein granted, including with respect to the information contained in its franchise application, if furnished to the Franchisor.

The Developer acknowledges and agrees that the Franchisor may from time to time hereafter add to, subtract from, modify or otherwise change the System, including, without limitation, the adoption and use of new or modified certification marks, trademarks or trade names, new fixtures, equipment and signs, new products or services and new techniques in connection therewith, and the Developer agrees, at its own cost, to promptly accept, implement, use and display all such alterations, modifications and changes.

9.2 Entire Agreement

This Agreement and the documents incorporated by reference constitute the entire agreement between the parties and supersedes all previous agreements and understandings between the parties in any way relating to the subject matter hereof. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.

10. GENERAL PROVISIONS

10.1 Indemnification

Developer agrees to indemnify, defend and hold harmless Franchisor, its Affiliates, and its and their respective shareholders, directors, officers, employees, agents, successors and assignees (the "**Indemnified Parties**") against, and to reimburse any one or more of the Indemnified Parties for, any and all claims, and liabilities directly or indirectly arising out of Developer's employment relationship with its employees, the development or operation of the Franchised Businesses, or Developer's breach of this Agreement, without limitation and without regard to the cause or causes thereof or the negligence (whether such negligence be sole, joint or concurrent, or active or passive) or strict liability of Franchisor or any other party or parties in connection therewith. Notwithstanding the foregoing, this indemnity shall not apply to any liability arising from Franchisor's gross negligence or willful misconduct, except to the extent that joint liability is involved, in which event the indemnification provided herein shall extend to any finding of comparative or contributory negligence attributable to Developer, its owners, officers, directors, employees, independent contractors or Affiliates. For purposes of this indemnification, "claims" includes all obligations, damages (actual, consequential, exemplary or other) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. Franchisor has the right to defend any such claim against Franchisor. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Under no circumstances will Franchisor or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate Franchisor's or such third-party's losses and expenses, in order to maintain and recover fully a claim against Developer. Developer agrees that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts Franchisor or another Indemnified Party may recover from Developer. The terms of this Section 10.1 shall survive the termination, expiration or transfer of this Agreement or any interest herein.

10.2 Right to Information

The Developer consents to the Franchisor obtaining, using and disclosing to third parties (including, without limitation, prospective franchisees, financial institutions, legal and financial advisors), for any purpose or as may be required by applicable law, any financial or other information contained in or resulting from information, data, materials, statements and reports received by the Franchisor or disclosed to the Franchisor in accordance with this Agreement.

10.3 Legal Fees

In the event the Franchisor shall be made a party to any litigation commenced by or against the Developer or any Guarantor, then the Developer and the Guarantor shall indemnify and save the Franchisor harmless against any losses, damages or claims whatsoever arising therefrom and shall pay all costs and expenses including legal fees (on a full indemnity basis), accountants and

expert witness fees, costs of investigation and travel and living expenses incurred or paid by the Franchisor in connection with such litigation. Further, if it is established that the Developer has breached any of the terms and conditions of this Agreement, the Developer hereby agrees to pay all costs and expenses including legal fees that may be incurred or paid by the Franchisor in enforcing the Franchisor's rights and remedies under this Agreement.

10.4 No Liability

The Franchisor shall not be responsible or otherwise liable for any injury, loss, or damage resulting from, occasioned to or suffered by any person or persons or to any property because of any products sold or services provided by it to the Developer.

10.5 Legal Relationship

The parties hereto hereby acknowledge and agree, that, except as expressly provided in this Agreement, each is an independent contractor, that no party shall be considered to be the agent, representative, master or servant of any other party hereto for any purpose whatsoever, and that no party has any authority to enter into any contract, assume any obligations or to give any warranties or representations on behalf of any other party hereto. Furthermore, and without limitation to the foregoing, the Franchisor is not (and shall have no responsibility or liability as) an employer, co-employer or otherwise of or to any of the Developer's employees, contractors or others. Nothing in this Agreement shall be construed to create a relationship of partners, joint venturers, fiduciaries, or any other similar relationship among the parties.

10.6 Joint and Severable

If two or more individuals, corporations, partnerships or other entities (or any combination of two or more thereof) shall sign or be subject to the terms and conditions of this Agreement as the Developer or as a Guarantor, the liability of each of them under this Agreement shall be deemed to be joint and several.

10.7 Severability

If for any reason whatsoever, any term or condition of this Agreement or the application thereof to any party or circumstance shall, to any extent be invalid or unenforceable, all other terms and conditions of this Agreement and/or the application of such terms and conditions to parties or circumstances, other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term and condition of this Agreement shall be separately valid and enforceable to the fullest extent permitted by applicable law.

10.8 Notice

All notices, requests or demands required or permitted to be given hereunder shall be in writing, and shall be delivered personally, by courier, or mailed by registered or certified mail, postage prepaid, to the said parties at their respective addresses set forth hereunder, namely:

To the Franchisor at:

-

Email: [EMAIL ADDRESS]
Attention: [TITLE OF OFFICER TO RECEIVE NOTICES]

To the Developer at:

●

Email: [EMAIL ADDRESS]
Attention: [TITLE OF OFFICER TO RECEIVE NOTICES]

or at any such other address or addresses as may be given by any of them to the other in writing from time to time. Such notices, if mailed, shall be deemed to have been given on the second business day (except Saturdays and Sundays) following such mailing, or, if delivered personally or by courier, shall be deemed to have been given on the day of delivery, provided that if such notice shall have been mailed and if regular mail service shall be interrupted by strike or other irregularity before the deemed receipt of such Notice as aforesaid, then such notice shall not be effective unless delivered. The Franchisor may also deliver any notice to the Developer via email, to any of the email addresses provided to the Franchisor. Notices permitted to be sent by the Franchisor via email will be effective as of the date and time stamp recorded on the sent email.

10.9 Headings, Section Numbers

The headings, Section numbers and table of contents appearing in this Agreement or any schedule hereto are inserted for convenience of reference only and shall not in any way affect the construction or interpretation of this Agreement.

10.10 Governing Law

This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware (except for Delaware's conflict of law rules).

10.11 Mandatory Mediation

Except for actions which the Franchisor may bring in any court of competent jurisdiction (i) for monies owed, (ii) for injunctive or other extraordinary relief, or (iii) involving the possession or disposition of, or other relief relating to, real property, the Marks or the confidential information, the parties agree to submit any claim, controversy or dispute between them or any of their Affiliates (and their respective shareholders, officers, directors, agents, representatives and/or employees) and the Developer (and its agents, representatives and/or employees, as applicable) arising out of or related to (a) this Agreement or any other agreement between the Franchisor and the Developer or their respective Affiliates, (b) the Franchisor's relationship with the Developer, (c) the validity of this Agreement or any other agreement between the parties or their respective Affiliates, or (d) any System guidelines or standard, to mediation prior to bringing such claim, controversy or dispute in a court or before any other tribunal. The mediation will be conducted by an individual mediator as agreed upon by the parties and, failing such agreement within a reasonable period of time (not to exceed fifteen (15) days) after either party has notified the other of its desire to seek mediation, a single mediator shall be chosen by the American Arbitration Association in accordance with its rules governing mediation. Mediation will be held at the City of Toronto, Canada. The costs and expenses of mediation, including the compensation and expenses of the single mediator (but excluding attorneys' fees and costs incurred by either party), will be borne by the parties equally. If the parties are unable to resolve the claim, controversy or dispute within ninety (90) days after the mediator has been chosen, then, unless such time period is extended by written agreement of the parties, either party may bring a legal proceeding under section 10.14.

10.12 Jurisdiction and Venue

FOR ANY CLAIMS, CONTROVERSIES OR DISPUTES WHICH ARE NOT FINALLY RESOLVED THROUGH MEDIATION AS PROVIDED ABOVE, THE DEVELOPER AND ITS AFFILIATES HEREBY IRREVOCABLY SUBMIT THEMSELVES TO THE JURISDICTION OF THE STATE AND THE FEDERAL DISTRICT COURTS LOCATED IN THE STATE WHERE FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS (CURRENTLY, THE STATE OF DELAWARE) IS LOCATED. THE DEVELOPER AND ITS AFFILIATES HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION FOR THE PURPOSE OF CARRYING OUT THIS PROVISION AND AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON ANY OF THEM IN ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED HEREBY BY ANY MEANS ALLOWED BY DELAWARE OR FEDERAL LAW. THE DEVELOPER (ON ITS OWN BEHALF AND ON THAT OF ITS AFFILIATES) FURTHER AGREES THAT VENUE FOR ANY SUCH PROCEEDING WILL BE THE COUNTY OR JUDICIAL DISTRICT WHERE THE FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED; PROVIDED, THAT THE FRANCHISOR MAY BRING ANY ACTION (i) FOR MONIES OWED, (ii) FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF OR (iii) INVOLVING POSSESSION OR DISPOSITION OF, OR OTHER RELIEF RELATING TO, REAL PROPERTY, THE MARKS, OR THE CONFIDENTIAL INFORMATION, IN ANY STATE OR FEDERAL DISTRICT COURT WHICH HAS JURISDICTION. THE PARTIES ACKNOWLEDGE THAT THEIR AGREEMENT REGARDING APPLICABLE STATE LAW AND FORUM SET FORTH ABOVE PROVIDE EACH OF THEM WITH THE MUTUAL BENEFIT OF UNIFORM INTERPRETATION OF THIS AGREEMENT AND ANY DISPUTE ARISING OUT OF THIS AGREEMENT OR THE PARTIES' RELATIONSHIP CREATED BY THIS AGREEMENT. EACH PARTY FURTHER ACKNOWLEDGES THE RECEIPT AND SUFFICIENCY OF MUTUAL CONSIDERATION FOR SUCH BENEFIT.

10.13 Jury Waiver

THE DEVELOPER HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY RIGHT TO A JURY TRIAL IN ANY ACTION ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, THE RELATIONSHIP CREATED BY THIS AGREEMENT, OR ANY OTHER AGREEMENTS BETWEEN THE PARTIES OR THEIR RESPECTIVE AFFILIATES. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS WRITTEN CONSENT TO A TRIAL BY THE COURT.

10.14 Time of the Essence

Time shall be of the essence of this Agreement and of each and every part hereof.

10.15 Default Cumulative

In the event that the Developer, either directly or through another entity owned in whole or in part, directly or indirectly, by the Developer, has entered into an agreement with the Franchisor or an Affiliate of the Franchisor, any default by the Developer, or other entity owned in whole or in part, directly or indirectly, by the Developer, in the performance or observance of any of the terms and conditions under any one such agreement shall be deemed to be an event of default under all other agreements.

10.16 Set-Off by the Franchisor

Notwithstanding anything contained in this Agreement, upon the failure of the Developer to pay to the Franchisor as and when due, any amounts of money provided for herein, the Franchisor

shall have the right at its election, to deduct any and all such amounts remaining unpaid from any monies or credits held by the Franchisor for the account of the Developer.

10.17 Further Assurances

Each of the parties hereto hereby covenants and agrees to execute and deliver such further and other agreements, assurances, undertakings, acknowledgements or documents, cause such meetings to be held, resolutions passed and by-laws enacted, exercise their vote and influence and do and perform and cause to be done and performed any further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement and every part hereof.

10.18 Binding Agreement

Subject to the restrictions on assignment herein contained, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

10.19 When Agreement Binding on the Franchisor

This Agreement is not effective until signed by a corporate officer of the Franchisor. No field representative or salesman is authorized to execute this Agreement on behalf of the Franchisor.

10.20 Rights of the Franchisor are Cumulative

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

10.21 Receipt of Disclosure

The Developer acknowledges that it has received a complete copy of this Agreement and all related attachments and agreements at least seven (7) business days prior to the date on which this Agreement was executed, have had ample time to read and have read this Agreement and fully understand its provisions. The Developer acknowledges that it has had an adequate opportunity to be advised by legal counsel, accounting professionals, and other advisors of their own choosing regarding all pertinent aspects of this franchise, the development of the Franchised Businesses, the franchise relationship and all agreements relating thereto. The Developer further acknowledges that it has received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled “Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures” at least fourteen (14) business days prior to the date on which this Agreement was executed.

10.22 Waiver of Obligations

The Franchisor may by written instrument unilaterally waive any obligation of or restriction upon the Developer under this Agreement. No acceptance by the Franchisor of any payment by the Developer and no failure, refusal or neglect of the Franchisor to exercise any right under this Agreement or to insist upon full compliance by the Developer with his obligations hereunder, including without limitation, any mandatory specification, standard or operating procedure, shall constitute a waiver of any provision of this Agreement. Any modification or amendment to this Agreement, must be in writing signed by both the Franchisor and the Developer.

10.23 Limited Liability for Franchisor Related Parties

THE DEVELOPER AGREES THAT NO PAST, PRESENT OR FUTURE DIRECTOR, OFFICER, MANAGER, EMPLOYEE, INCORPORATOR, MEMBER, PARTNER, SHAREHOLDER, SUBSIDIARY, AFFILIATE, OWNER, ENTITY UNDER COMMON CONTROL, OWNERSHIP OR MANAGEMENT, VENDOR, SERVICE PROVIDER, AGENT, ATTORNEY OR REPRESENTATIVE OF THE FRANCHISOR WILL HAVE ANY LIABILITY FOR (I) ANY OF THE FRANCHISOR'S OBLIGATIONS OR LIABILITIES RELATING TO OR ARISING FROM THIS AGREEMENT; (II) ANY CLAIM AGAINST THE FRANCHISOR BASED ON, IN RESPECT OF, OR BY REASON OF, THE RELATIONSHIP BETWEEN THE DEVELOPER AND THE FRANCHISOR, OR (III) ANY CLAIM AGAINST THE FRANCHISOR BASED ON ANY ALLEGED UNLAWFUL ACT OR OMISSION OF THE FRANCHISOR.

10.24 Covenant of Good Faith

IF APPLICABLE LAW IMPLIES A COVENANT OF GOOD FAITH AND FAIR DEALING IN THIS AGREEMENT, THE PARTIES HERETO AGREE THAT THE COVENANT WILL NOT IMPLY ANY RIGHTS OR OBLIGATIONS THAT ARE INCONSISTENT WITH A FAIR CONSTRUCTION OF THE TERMS OF THIS AGREEMENT. ADDITIONALLY, IF APPLICABLE LAW WILL IMPLY THE COVENANT, THE DEVELOPER AGREES THAT: (I) THIS AGREEMENT (AND THE RELATIONSHIP OF THE PARTIES HERETO THAT IS INHERENT IN THIS AGREEMENT) GRANTS THE FRANCHISOR THE JUDGMENT TO MAKE DECISIONS, TAKE ACTIONS AND/OR REFRAIN FROM TAKING ACTIONS NOT INCONSISTENT WITH THE FRANCHISOR'S EXPLICIT RIGHTS AND OBLIGATIONS UNDER THIS AGREEMENT THAT MAY FAVORABLY OR ADVERSELY AFFECT THE DEVELOPER'S INTERESTS; (II) ANY JUDGMENT THE FRANCHISOR EXERCISES WILL BE BASED ON THE FRANCHISOR'S ASSESSMENT OF ITS OWN INTERESTS AND BALANCING THOSE INTERESTS AGAINST THE INTERESTS OF ITS FRANCHISEES AND DEVELOPERS GENERALLY, AND SPECIFICALLY WITHOUT CONSIDERING THE DEVELOPER'S INDIVIDUAL INTERESTS OR THE INDIVIDUAL INTERESTS OF ANY OTHER PARTICULAR FRANCHISEE OR DEVELOPER; (III) THE FRANCHISOR WILL HAVE NO LIABILITY TO THE DEVELOPER FOR THE EXERCISE OF THE FRANCHISOR'S JUDGMENT IN THIS MANNER, SO LONG AS THE JUDGMENT IS NOT EXERCISED IN BAD FAITH; AND (IV) IN THE ABSENCE OF BAD FAITH, NO TRIER OF FACT IN ANY ARBITRATION OR LITIGATION WILL SUBSTITUTE ITS JUDGMENT FOR THE FRANCHISOR'S JUDGMENT SO EXERCISED.

10.25 Multiple Forms of Agreement

THE DEVELOPER ACKNOWLEDGES AND AGREES THAT THERE MAY BE MORE THAN ONE FORM OF DEVELOPMENT AGREEMENT IN EFFECT BETWEEN THE FRANCHISOR AND ITS VARIOUS DEVELOPERS; THOSE OTHER AGREEMENTS MAY CONTAIN PROVISIONS THAT MAY BE MATERIALLY DIFFERENT FROM THE PROVISIONS CONTAINED IN THIS AGREEMENT; AND THE DEVELOPER IS NOT ENTITLED TO RELY ON ANY PROVISION OF ANY OTHER AGREEMENT WITH OTHER DEVELOPERS WHETHER TO ESTABLISH COURSE OF DEALING, WAIVER, OR ESTOPPEL, OR FOR ANY OTHER PURPOSE.

10.26 Compliance with Anti-Terrorism and Other Laws

The Developer and its owners agree to comply, and to assist the Franchisor to the fullest extent possible in the Franchisor's efforts to comply, with all applicable legislation, laws, regulations, rules, ordinances, administrative orders, decrees and policies of any court, arbiter, government, governmental agency, department, or similar organization that are in effect from time to time

pertaining to: (a) the various anti-terrorism, economic sanctions, and anti-money laundering and narco-trafficking laws, regulations, orders, decrees and guidelines of the U.S. Department of the Treasury's Office of Foreign Assets Control, (b) the USA PATRIOT Act (Title III of Pub. L. 107-56, signed into law October 26, 2001), as amended, (c) the provisions of United States Executive Order 13224, (d) the U.S. Prevention of Corruption Act 1988, (e) the U.S. Foreign Corrupt Practices Act, 15 U.S.C. Section 78dd-2, (e) relevant multilateral measures such as the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and the UN Convention Against Corruption, (f) bribery and anti-corruption laws, (g) the laws against money laundering, and (h) the laws against facilitating or supporting persons who conspire to commit these and other crimes against any person or government. The Developer immediately shall notify the Franchisor in writing if a potential violation of any of the foregoing legislation, laws, regulations, rules, ordinances, administrative orders, decrees and/or policies has occurred or is suspected to have occurred. The Developer immediately shall provide the Franchisor with copies of any communication to or from any such agency, government, or commission that relates to or affects this Agreement, the Franchised Business, or the Marks. Any failure to comply with this section by the Developer or its owners, or any blocking of the Developer's or its owners' assets under any of such laws, legislation, regulations, orders, decrees and/or policies shall constitute good cause for immediate termination of this Agreement, as provided in section 7.1(s) above.

10.27 Electronic Signatures

The counterparts of this Agreement and all ancillary documents executed or delivered in connection with this Agreement may be executed and signed by electronic signature by any of the parties to this Agreement, and delivered by electronic or digital communications to any other party to this Agreement, and the receiving party may rely on the receipt of such document so executed and delivered by electronic or digital communications signed by electronic signature as if the original has been received. For the purposes of this Agreement, electronic signature means, without limitation, an electronic act or acknowledgement (e.g., clicking an "I Accept" or similar button), sound, symbol (digitized signature block), or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.

[Signatures appear on following page]

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

RECIPE UNLIMITED US, LLC

By: _____
Name:

Title:

Date:

[**NAME OF DEVELOPER**]
By: _____
Name:

Title:

Date:

SCHEDULE "A"
DATA SHEET

[To be inserted]

SCHEDULE "A"
DATA SHEET

Development Area (Recitals):

The Development Area is the area depicted in the map below:

[Insert Map of the Development Area]

Definition of Competitive Business (Section 1.1(d))

"**Competitive Business**" means any restaurants or other businesses engaged in the sale of products and services, now or in the future, that are similar in material respects to those offered by System Restaurants (including, any restaurant or other business that serves french fries, hot dogs, poutine, with or without toppings or sauces). Competitive Business includes and person or entity that grants licenses, franchises or other interests to others to operate any Competitive Business.

Definition of Licensed Brand (Section 1.1(n))

"Licensed Brand" means the "NEW YORK FRIES" or "NYF" brand.

Development Fee (Section 2.2):

[ ] U.S. Dollars, which shall be equal to (a) the total number of Franchised Businesses required to be developed pursuant to the Development Schedule; *multiplied by*, (b) 50% of the Franchise Fee payable for each such Franchised Business.

Franchise Fee (Section 2.2):

[ ] U.S. Dollars per Franchised Business

Balance Payment (Section 2.2):

[ ] U.S. Dollars, which is equal to 50% of the Franchise Fee payable for each Franchised Business.

Designated Developer (Section 2.11):

[ ]

Development Schedule (Recitals):

Subject to the terms and conditions of this Agreement, the Developer agrees to establish and thereafter open and continuously operate a total of ____ (__) Franchised Businesses, according to the following Development Schedule:

MINIMUM # OF FRANCHISED BUSINESSES TO BE OPENED BY OPENING DEADLINE (Minimum # of Franchised Businesses to be Opened for Operating by Opening Deadline)	FEE DEADLINE (Deadline for Paying Franchise Fee and Executing Franchise Agreement)	OPENING DEADLINE (Deadline for Opening for Operation the Minimum # of Franchised Businesses Open)	CUMULATIVE # OF FRANCHISED BUSINESSES OPEN AND OPERATING BY OPENING DEADLINE (Minimum Cumulative # of Franchised Businesses in Territory Open and Operating by Opening Deadline)
[# OF UNITS BY DATE IN OPENING DEADLINE]	[DATE]	[DATE]	[# OF CUMULATIVE UNITS IN OPERATION BY OPENING DEADLINE]
[# OF UNITS BY DATE IN OPENING DEADLINE]	[DATE]	[DATE]	[# OF CUMULATIVE UNITS IN OPERATION BY OPENING DEADLINE]
[# OF UNITS BY DATE IN OPENING DEADLINE]	[DATE]	[DATE]	[# OF CUMULATIVE UNITS IN OPERATION BY OPENING DEADLINE]
[# OF UNITS BY DATE IN OPENING DEADLINE]	[DATE]	[DATE]	[# OF CUMULATIVE UNITS IN OPERATION BY OPENING DEADLINE]
[# OF UNITS BY DATE IN OPENING DEADLINE]	[DATE]	[DATE]	[# OF CUMULATIVE UNITS IN OPERATION BY OPENING DEADLINE]

SCHEDULE "B"
SYSTEM AND MARKS

[To be inserted]

SCHEDULE "B"
SYSTEM AND MARKS

SYSTEM
New York Fries

MARKS	
MARK	**REGISTRATION NUMBER**
NYF	6874849
newyorkfries	6897236
NYF newyorkfries	6741900

SCHEDULE "C"
OWNERSHIP INFORMATION

1. Form of Entity of Developer.

(A) Corporation. The Developer was incorporated on _____, _____, under the laws of _____. It has not conducted business under any name other than its corporate name. The following is a list of all of Developer's directors and officers as of the date of this Agreement:

Name of Each Director/Officer	Position(s) Held
_____	_____
_____	_____

(B) Partnership. Developer is a [general] [limited] partnership formed on _____, _____ under the laws of the _____. It has not conducted business under any name other than its partnership name. The following is a list of all of Developer's general partners as of the date of this Agreement:

Name of Name of General Partner
_____
_____

2. Owners.

The Developer represents and warrants that the following is a complete and accurate list of all legal and beneficial direct and indirect individual and corporate shareholders, partners and other holders of any equity interest of the Developer, including the full name and mailing address of each person, and fully describes the nature and extent of each owner's interest in the Developer. The Developer represents and warrants that each is the sole and exclusive legal and beneficial owner of his ownership interest in the Developer, free and clear of all mortgages, charges, liens, restrictions, security interests, agreements and encumbrances of any kind or nature, other than those required or permitted by this Agreement.

Owner's Name, Address	Description of Interest
Owner Name, Address	% of all outstanding shares and type (e.g. common)
Owner Name, Address	% of all outstanding shares and type (e.g. common)

EXHIBIT "A"
GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS (this "**Guaranty**") is given this _____ day of _____, 20 ___, by _____
_____
_____
_____.

In consideration of, and as an inducement to, the execution of that certain Area Development Agreement (the "**Agreement**") on this date by Recipe Unlimited US, LLC ("**Franchisor**"), each of the undersigned (each, a "**Guarantor**") personally and unconditionally (a) guarantees to the Franchisor and its successors and assigns, for the term of the Agreement (including, without limitation, any extensions of its term) and afterward as provided in the Agreement, that _____ (the "**Developer**") will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement (including, without limitation, Sections 4, 5, 6, and 8, and any amendments or modifications of the Agreement) and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (including, without limitation, any amendments or modifications of the Agreement), including (i) monetary obligations, (ii) obligations to take or refrain from taking specific actions and to engage or refrain from engaging in specific activities, including, but not limited to, the non-competition, confidentiality, and transfer requirements, and (iii) the enforcement and other general provisions in Section 10, including the dispute resolution provision. In the event of a Guarantor transfers their entire interest in the Developer, the non-competition restrictions listed in the Agreement shall apply to such Guarantor for a period of two (2) years from the date of such transfer.

Depending on the creditworthiness of each Guarantor and the community property laws of the states in which they reside, Franchisor may require that the spouses of one or more Guarantors execute this Guaranty as well. Each Guarantor represents and warrant that, if no signature appears below for such Guarantor's spouse, such Guarantor is either not married or, if married, is a resident of a state that does not require the consent of both spouses to encumber the assets of a marital estate or Franchisor has waived in writing any requirement that such spouse execute this Guaranty.

Each Guarantor consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with the Developer and among other guarantors; (2) he or she will render any payment or performance required under the Agreement upon demand if the Developer fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon Franchisor's pursuit of any remedies against the Developer or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which the Franchisor may from time to time grant to the Developer or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims (including, without limitation, the release of other guarantors), none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement (including, without limitation, any extensions of its term) and afterward for so long as any performance is or might be owed under the Agreement by the Developer or its owners, and for so long as the Franchisor has any cause of action against the Developer or its owners; and (5) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or the Developer, and each of the undersigned waives

notice of any and all renewals, extensions, modifications, amendments, or transfers; and (6) any Developer indebtedness to the undersigned, for whatever reason, whether currently existing or hereinafter arising, will at all times be inferior and subordinate to any indebtedness owed by Developer to Franchisor or its Affiliates.

Each Guarantor waives: (i) all rights to payments and claims for reimbursement or subrogation which the undersigned may have against the Developer arising as a result of the undersigned's execution of and performance under this Guaranty, for the express purpose that none of the undersigned will be deemed a "creditor" of Developer under any applicable bankruptcy law with respect to Developer's obligations to Franchisor; (ii) acceptance and notice of acceptance by the Franchisor of his or her undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled; and (iii) all rights to assert or plead any statute of limitations or other limitations period as to or relating to this Guaranty. The undersigned expressly acknowledges that the obligations under this Guaranty survive expiration or termination of the Agreement.

Without limiting the foregoing or any other rights and remedies to which the Franchisor may be entitled, each Guarantor hereby covenants and agrees to indemnify and save the Franchisor, its Affiliates, and their directors, officers, agents and employees harmless against any and all liabilities, losses, suits, claims, demands, costs, fines and actions of any kind or nature whatsoever to which the indemnified person shall or may become liable for, or suffer, by reason of any breach, violation or non-performance by the Developer (or those for whom the Developer shall in law be responsible) of any term or condition of this Agreement or any other agreement made between the Developer and the Franchisor.

If the Franchisor seeks to enforce this Guaranty in a judicial, arbitration, or other proceeding, and prevails in such proceeding, Franchisor is entitled to recover its reasonable costs and expenses (including, but not limited to, accountants', attorneys', attorneys' assistants', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation or arbitration expenses, and travel and living expenses), whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If the Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned must reimburse the Franchisor for any of the above-listed costs and expenses it incurs, even if Franchisor does not commence a judicial or arbitration proceeding.

Subject to the mediation obligations and the provisions below, each of the undersigned agrees that all actions arising under this Guaranty or the Agreement, or otherwise as a result of the relationship between the Franchisor and the undersigned, must be commenced in the state and federal district courts located in the state, and in (or closest to) the city, where the Franchisor's principal place of business is located, and each of the undersigned irrevocably submits to the jurisdiction of the state and federal district courts located in the state where the Franchisor's principal place of business is located and waives any objection he or she might have to either the jurisdiction of or venue in those courts. Nonetheless, each of the undersigned agrees that the Franchisor may enforce this Guaranty and any orders and awards in the courts of the state or states in which he or she is domiciled. FRANCHISOR AND THE GUARANTORS IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY ANY OF THEM. EACH ACKNOWLEDGES THAT THEY MAKE THIS WAIVER KNOWINGLY, VOLUNTARILY WITHOUT DURESS, AND ONLY AFTER CONSIDERATION OF THIS WAIVER'S RAMIFICATIONS.

Any settlement made between the Franchisor and/or the Developer and/or any other persons as the Franchisor may see fit to deal with, or any determination made pursuant to this Agreement which is expressed to be binding upon the Developer, shall be binding upon each Guarantor.

[Signatures appear on following page]

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

GUARANTOR(S)	**PERCENTAGE OF OWNERSHIP IN THE DEVELOPER**
_____	_____%
_____	_____%
_____	_____%
_____	_____%
_____	_____%

EXHIBIT "B" TO DEVELOPMENT AGREEMENT

FORM OF FRANCHISE AGREEMENT

EXHIBIT B-2

FRANCHISE AGREEMENT

RECIPE UNLIMITED US, LLC

FRANCHISE AGREEMENT
(UNITED STATES)

SYSTEM LICENSED BY THIS AGREEMENT: _____

FRANCHISEE: ●

LOCATION NO.: ●

ADDRESS: ●

Agreement Date: *
Lease Commencement Date: *(Estimated)
Expiry Date: * (Estimated)

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SCHEDULES AND EXHIBITS

EXHIBIT “A” – OWNERSHIP INFORMATION

EXHIBIT “B”– GUARANTY AND ASSUMPTION OF OBLIGATIONS

EXHIBIT “C” – FRANCHISE ADDENDUM TO LEASE AGREEMENT

SCHEDULE “1” – SYSTEM AND LOCATION SPECIFIC TERMS AND OTHER PROVISIONS

THIS FRANCHISE AGREEMENT (this "**Agreement**") is made this ___ day of _____, 20___ (the "**Agreement Date**"),

A M O N G:

Recipe Unlimited US, LLC, a limited liability company existing under the laws of the State of Delaware, United States of America;

(hereinafter referred to as the "**Franchisor**"),

- and –

[●], a/an [●], existing under the [●];

(hereinafter referred to as the "**Franchisee**"),

WHEREAS the Franchisor and its Affiliates own distinctive marketing plans and systems for the development, opening and operation of distinctive restaurants, each of which may be competitive with one another;

AND WHEREAS the Franchisor's Affiliate, Recipe Unlimited Corporation, a corporation formed and existing under the laws of the Province of Ontario ("**Licensed Brand Owner**"), owns the restaurant brand identified in Schedule "1" that currently offers certain Products and is identified by certain trade names, trademarks, logos, emblems and indicia of origin which are used in association therewith, including the Licensed Brand trademark identified in Schedule "1", and from time to time may create, use, and license new trademarks, service marks, and commercial symbols (collectively, the "**Marks**");

AND WHEREAS the Licensed Brand Owner has licensed to the Franchisor the right to use the Marks and to offer and grant franchises to operate restaurants under the Licensed Brand (the "**System Restaurants**") in the United States that operate using the distinctive features of the Licensed Brand's system, including, but not limited to, business format, specifications, standards, operating procedures, food selection, menus, and presentation, recipes, methods and procedures, specially designed premises with distinctive décor, equipment, equipment layouts, interior and exterior accessories, color schemes, products, services, methods of operation, management programs, standards, specifications, Marks and information (collectively, the "**System**");

AND WHEREAS the Franchisor or its Affiliates licenses others to open and operate System Restaurants in the Territory using the System and the Marks;

AND WHEREAS the Franchisee wishes to acquire from the Franchisor the right and license to operate a System Restaurant upon the terms and conditions hereinafter set forth;

NOW THEREFORE this Agreement witnesseth that in consideration of the mutual covenants and agreements herein contained the parties hereto do hereby covenant and agree with each other as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Where used herein or in any schedules or amendments hereto, the following terms shall have the following meanings:

(a) "**Address**" has the meaning provided in section 8.6 herein;

(b) "**Affiliate**" means any person or entity which, directly or indirectly, owns or controls, is owned or controlled by, or is under common control with the referenced party;

(c) "**Agreement**" means this franchise agreement entered into among the Franchisor and the Franchisee relating to the operation of the Franchised Business;

(d) "**Agreement Date**" means the date of this Agreement as set out at the top of page 1 of the Agreement;

(e) "**Approved Manager**" has the meaning provided in section 8.1(l);

(f) "**Competitive Business**" has the meaning set forth in Schedule "1";

(g) "**Computer Upgrades**" has the meaning provided in section 10.5(d);

(h) "**Crisis**" has the meaning provided in section 20.26;

(i) "**Delivery Area**" has the meaning provided in section 8.6;

(j) "**Delivery Gross Sales**" means the entire amount of the actual sales price to customers of all sales of Products, and all other receipts or receivables whatsoever received by the Franchisee, from any and all business conducted through any Delivery System.

(k) "**Delivery System**" has the meaning provided in section 8.6;

(l) "**Designated Shareholder**" has the meaning provided in section 8.1(l);

(m) "**Digital System**" has the meaning provided in section 10.5(a);

(n) "**Discounts**" has the meaning provided in section 8.3;

(o) "**Franchised Business**" means the System Restaurant to be operated at the Premises by the Franchisee using the System and Marks licensed by this Agreement, pursuant to the provisions of this Agreement;

(p) "**Fund**" has the meaning provided in section 10.1 herein;

(q) "**Goods and Services**" means all items and services which the Franchisee must purchase or otherwise acquire from suppliers, sources or manufacturers in order to carry on the Franchised Business including without limitation, all raw and prepared food products, ingredients, materials, supplies, non-food products, beverages including alcoholic beverages, inventory, restaurant accessories, promotional materials, uniforms, furniture, fixtures and equipment, smallwares (including, without

limitation utensils, cookware, containers, dishes, glassware and, cutlery), linen, paper and plastic items, the Digital System, the POS Systems, and any other information technology equipment and software, as well as services necessary to the operation of the Franchised Business in accordance with this Agreement, including without limitation repairs, preventative and ongoing maintenance, cleaning, pest control, music, information technology support and security services;

(r) "**Grand Opening Obligations**" has the meaning provided in section 10.3 herein;

(s) "**Gross Sales**" means the entire amount of the actual sales price to customers of all sales of Products, and all other receipts or receivables whatsoever received by the Franchisee, from any and all business conducted upon or originating from the Premises or by way of any Delivery System, including Delivery Gross Sales, telephone order, catering, internet and other electronic based sales where permitted by the Franchisor, and revenues from sale of gift cards/certificates or from devices and machines permitted by section 8.1(o), whether such sales or other receipts be by check, for cash, credit, charge accounts, exchange or otherwise and whether such sales be made by means of mechanical or other vending devices in the Premises. There shall be no deductions allowed for uncollected or uncollectible credit accounts and no allowances shall be made for bad debts. Gross Sales shall not include:

(i) the amount of any tax imposed by any federal, state, or municipal governmental authority directly on sales and collected from customers if such tax is added to the selling price and actually paid by the Franchisee to such governmental authority;

(ii) the amount of the refund or credit given in respect of any Products returned, exchanged by a customer, or given in respect of a customer complaint, for which a refund of the whole or a part of the purchase price is made or for which a credit is given, provided that the selling price of such Products was originally included in Gross Sales and provided that the number of such refunds or credits is within acceptable levels as determined by the Franchisor having regard to levels in other System Restaurants;

(iii) bona fide gratuities received by employees of the Franchised Business;

(iv) the non-cash amount redeemed by a customer with the Franchised Business under any coupon redemption or similar promotion program or the amount of any other form of discount so long as such program or discount is pre-approved by the Franchisor;

(v) the sale price of meals sold to and consumed by employees of the Franchised Business on the Premises during their shifts, provided an accurate list of such meals is reported on the weekly sales report;

(vi) dispositions of damaged, obsolete, unusable or unnecessary

capital assets of the Franchisee used to conduct the Franchised Business; and

(vii) bona fide, Franchisor-pre-approved transfers of Products and other items related to the Franchised Business between the Franchisee and the Franchisor or another franchisee of the Franchisor that is surplus to the needs of the Franchised Business.

(t) Each charge or sale upon installment or credit shall be treated as a sale for the full price on the date which such charge or sale shall be made, irrespective of the time when the Franchisee shall receive payment (whether full or partial) therefor;

(u) "**Guarantor**" means Franchisee's owners that are required by Franchisor to sign the Guaranty in Exhibit "B";

(v) "**Guaranty**" has the meaning provided in section 18.1;

(w) "**Guidelines**" means, collectively, all standards, operations manuals, books, pamphlets, bulletins, memoranda, letters, notices, video or audio tapes, computer media (including computer software, CD-ROM) or other publications, documents, guidelines or electronic communications (including by internet), prepared by or on behalf of the Franchisor and its Affiliates for use by franchisees generally or for the Franchisee in particular, setting forth information, advice, standards, requirements, operating procedures, instructions and/or policies relating to the operation of the Franchised Business, as same may be amended from time to time, and including but not limited to items specified in this Agreement;

(x) "**Improvements**" has the meaning provided in section 9.3;

(y) "**Indemnified Parties**" has the meaning provided in section 20.2(a);

(z) "**Initial Fee**" has the meaning provided in section 3.1 herein;

(aa) "**Initial Term**" has the meaning provided in section 4.1 herein;

(bb) "**Interest Rate**" means the lesser of: one and one-half (1½%) percent per month (eighteen (18%) percent per annum), or the maximum rate of interest that may be legally charged;

(cc) "**Lease**" means one or more lease, offer to lease or other instrument pursuant to which the right to occupy the Premises is derived;

(dd) **"Lease Commencement Date"** means the first day of the Lease for the Premises of the Franchised Business, subject to being confirmed, set or changed by the Franchisor upon delivery of Notice to the Franchisee;

(ee) "**LC Trigger Event**" has the meaning provided in section 8.8(c);

(ff) "**Letter of Credit**" has the meaning provided in section 8.8(a);

(gg) "**Licensed Brand**" has the meaning set forth in Schedule "1";

(hh) "**Losses**" has the meaning provided in section 20.2(a);

(ii) "**Marks**" means only the trademarks, service marks, trade dress, trade names, certification marks and other commercial symbols and related logos relating to the System licensed by this Agreement, including the trademarks listed in Schedule "1" hereto, together with such other trade names, trademarks, symbols, logos, distinctive names, service marks, certification marks, logo designs, insignia or otherwise which may be designated by the Franchisor or Licensed Brand Owner for use in the System from time to time;

(jj) "**Non-Traditional Opportunities**" has the meaning provided in section 2.2(c);

(kk) "**Notices**" and "**Notice**" each has the meaning provided in section 20.8 herein;

(ll) "**Offer**" has the meaning provided in section 15.3 herein;

(mm) "**Official Senders**" has the meaning provided in section 10.14;

(nn) "**Online Site**" has the meaning provided in section 10.8;

(oo) "**Other Brands**" has the meaning provided in section 2.2(d);

(pp) "**Other Provisions**" means additional terms relating to this Agreement as set out in Schedule "1";

(qq) "**Permitted E-mail Addresses**" has the meaning provided in section 10.14;

(rr) "**POS Systems**" has the meaning provided in section 10.9;

(ss) "**Premises**" means the land (where applicable pursuant to the Lease) and structure(s) (or portion thereof where the Franchised Business forms only part of a structure), from which the Franchised Business is to be operated, at the address set out in Schedule "1" hereto or as otherwise determined pursuant to section 6;

(tt) "**Privacy Laws**" has the meaning provided in section 10.7(a);

(uu) "**Proceedings**" has the meaning provided in section 20.2(b);

(vv) "**Products**" has the meaning set forth in Schedule "1";

(ww) "**Renewal Notice**" has the meaning provided in section 4.2(a);

(xx) "**Replacement Manager**" has the meaning provided in section 8.1(l);

(yy) "**Required Software**" has the meaning provided in section 10.5(b);

(zz) "**Restaurant Technology Program**" has the meaning provided in section 12.1;

(aaa) "**Retail Items**" has the meaning provided in section 2.2(b);

(bbb) "**System**" has the meaning ascribed to it in the recitals to this Agreement;

(ccc) "**System Restaurant**" has the meaning ascribed to it in the recitals to this Agreement;

(ddd) "**Territory**" means the territory described in Schedule "1" hereto; and

(eee) "**Transfer**" has the meaning provided in section 15.1 herein.

1.2 Franchisee and Guarantor Defined, Use of Pronoun

The words "Franchisee" and "Guarantor" whenever used in this Agreement shall be deemed and taken to mean each and every person or party mentioned as a Franchisee or Guarantor herein, be the same one or more; and if there shall be more than one Franchisee or Guarantor, any notice, consent, approval, statement, authorization, document or other communication required or permitted to be given by the terms or conditions of this Agreement may be given by or to any one thereof, and shall have the same force and effect as if given by or to all thereof. The use of the neuter or male or female pronoun to refer to the Franchisee and/or the Guarantor may be an individual (male or female), a partnership, a corporation or another entity or a group of two or more individuals, partnerships, corporations or other entities. The necessary grammatical changes required to make the provisions of this Agreement apply in the plural sense, where there is more than one Franchisee or Guarantor and to either individuals (male or female), partnerships, corporations or other entities, shall in all instances be assumed in each case. The words "hereof", "herein", "hereunder" and similar expressions used in any section of this Agreement relate to the whole of this Agreement (including any Schedules attached hereto) and not to that section only, unless otherwise expressly provided for or the context clearly indicates to the contrary.

2. GRANT

2.1 Grant

Subject to the provisions of this Agreement and for the Initial Term hereinafter specified, the Franchisor hereby grants to the Franchisee a non-exclusive right to operate a Franchised Business only at the Premises and a non-exclusive license to use the System and Marks solely and exclusively in the operation thereof. Termination or expiration of this Agreement shall constitute a termination or expiration of the rights and license granted herein to the Franchisee. For greater certainty, the only System hereby licensed is that designated in Schedule "1" hereto as being licensed by this Agreement. The Franchisor expressly reserves all rights not granted by this Agreement.

2.2 Restricted Territory

So long as the Franchisee is in full compliance with the material terms and conditions of this Agreement and any other agreement with the Franchisor or its Affiliates in relation to the Franchised Business, the Franchisor shall refrain from operating or granting to anyone else a franchise to operate a System Restaurant from premises physically located within the Territory. Notwithstanding the foregoing, the Franchisor and its Affiliates, and their respective affiliates, licensees or others, shall be entitled at all times to:

(a) operate or grant to any other person a franchise or license to operate, outside the Territory (whether immediately adjacent, or otherwise), a business of any kind using the System and Marks;

(b) distribute, offer and/or sell, or grant to any other person the right to distribute, offer, or sell Retail Items, using the same System and Marks or

not, inside or outside of the Territory, of a temporary or permanent nature, by or through (i) telephone orders, mail order, television, vending machines, electronic media (i.e. including the internet or mobile applications) or catalogue sales; (ii) through catering, catering trucks, carts, kiosks, mobile vehicles, food preparation and fulfillment kitchens (e.g., ghost kitchens and virtual kitchens) for the Licensed Brand or Other Brands, and/or delivery services (i.e. including aggregators), including the Delivery System; (iii) supermarkets, grocery, retail, convenience, or similar stores, or as a concession, kiosk, department or as part of or in combination with any restaurant, supermarket, grocery, retail or similar establishments. "**Retail Items**" means products and/or services offered at retail that may be different, the same or similar to the Products, including but not limited to items such as proprietary sauces, gravies, and seasonings as well as french fries, chicken, ribs and hamburger patties, desserts and/or other items that may include core menu items, as the Franchisor or Licensed Brand Owner determines;

(c) distribute, offer, or grant to any other person the right to distribute or offer, different, the same or similar products and/or services as the Products, using the same System and Marks, inside or outside of the Territory, of a temporary or permanent nature, by means of Non-Traditional Opportunities. "**Non-Traditional Opportunities**" means outlets or other or alternate channels of distribution such as, without limitation, by or through; (i) restaurants other than the Franchisor's "traditional" form of restaurants (as, for example, express, take out and/or delivery only restaurants in relation to the dine in traditional form of that brand's restaurant); (ii) catering, catering trucks, carts, kiosks, mobile vehicles, food preparation and fulfillment kitchens (e.g., ghost kitchens and virtual kitchens), and/or delivery services permitted by Section 8.6, including the Delivery System; (iii) telephone orders, mail order, television, vending machines, electronic media (i.e. including the internet or mobile applications) or catalogue sales; and (iv) outlets, concessions, kiosks or departments located in or otherwise part of or in combination with a retail establishment or public or quasi-public institution, such as without limitation, hospitals, universities, colleges, correctional facilities, airports, train and/or bus stations, gas and service stations, highway rest stops, plazas, supermarkets, grocery, retail or similar establishments, food courts, arenas, stadiums, concert halls, theatres, fairs and/or exhibitions, office complexes and enclosed shopping malls;

(d) operate or grant to any other person a franchise or license to operate, in or outside the Territory, a business using one or more brands and/or franchise systems and/or trademarks (other than the System and the Marks) now or hereafter acquired or owned or licensed by any one or more of the Franchisor or its Affiliates, or anyone else, or any other party which acquires any of the Franchisor or any of its Affiliates, regardless of whether they are competitive or not with the System or its Products, and whether they are located in close or immediate proximity to the Franchised Business (the "**Other Brands**"), or distribute, offer, or grant to someone else the right to distribute or offer, different, the same or similar products and/or services as the Products, using the Other Brands, inside or outside of the Territory, of a temporary or permanent nature, by means of other or alternate

channels of distribution (such as is described in section 2.2(b) and (c) above);

(e) offer or take part in any Delivery System, in accordance with section 8.6, or offer or take part in catering services in accordance with section 8.7; and

(f) advertise, sponsor, endorse or otherwise promote or advance the System, the Marks or Other Brands inside or outside of the Territory, in any manner whatsoever.

3. INITIAL FEE & ROYALTY

3.1 Initial Fees

In consideration of the Franchisee receiving the opportunity to establish the Franchised Business, and conduct it at the Premises, the Franchisee shall pay to the Franchisor or its Affiliates as the Franchisor may direct an initial franchise fee (the "**Initial Fee**") in the amount specified in Schedule "1" hereto. In the event the Franchisee has previously paid the Franchisor or its Affiliates a deposit on account of some or all of the Initial Fee (including any portion of the Initial Fee paid pursuant to a Development Agreement or other agreement), such deposit shall be credited towards the Initial Fee upon execution of this Agreement.

The Initial Fee is non-recurring, and shall be due and deemed to be fully earned by the Franchisor upon the execution of this Agreement and in consideration of the grant by it to the Franchisee of the opportunity to establish the Franchised Business as herein provided. Once this Agreement has been signed, the Franchisee shall not be entitled to a refund of any part thereof, regardless of the date of expiration or termination of this Agreement, except as specifically provided herein. Where a refund is specifically provided for herein, same shall be provided by the Franchisor upon receipt of general releases executed by the Franchisee, in form and substance satisfactory to the Franchisor and to the maximum extent permissible by law, of any and all claims that the Franchisee may have against the Franchisor, Licensed Brand Owner and their Affiliates, and their respective shareholders, officers, directors, employees and agents.

3.2 Continuing Royalty

In return for the ongoing rights and privileges granted to the Franchisee hereunder, the Franchisee shall pay to the Franchisor or its Affiliates as the Franchisor may direct, throughout the term of this Agreement, a royalty based on the percentage amount of Gross Sales specified in Schedule "1" to this Agreement, calculated on a weekly basis or for such other period of time as is prescribed from time to time by the Franchisor in the Guidelines. The royalties are to be payable in arrears on the Wednesday of each calendar week (i.e., a week that begins on Monday and ends on Sunday) or such other day specified from time to time by the Franchisor in the Guidelines, for the Gross Sales generated by the Franchisee during the immediately preceding designated period. In the case of any interruption of business, Gross Sales shall include the amount of all sales assumed to have been lost by the interruption of business at the Premises, to be determined on the basis upon which proceeds of the Gross Sales compensatory portion of any business interruption insurance are paid or are payable to the Franchisee or other occupiers of the Premises, or which proceeds would have been payable to the Franchisee or other occupiers of the Premises in the case where the Franchisee did not have in full force and effect any insurance required by this Agreement.

3.3 Taxes

Franchisee shall be responsible for all sales, use, service, occupation, excise, gross receipts, income, property, employment, or other taxes, whether levied upon Franchisee or the Franchised Business, due to the business conducted (except for Franchisor's income taxes). Any and all amounts expressed as being payable pursuant to this Agreement are exclusive of any applicable taxes. Accordingly, all payments by the Franchisee shall be made free and clear and without any deduction for taxes, assessments or amounts of a like nature imposed on any payments to be made pursuant to this Agreement.

3.4 Transfer of Funds

The Franchisee covenants and agrees to cooperate fully and comply with any system implemented by the Franchisor for the transfer of funds in respect of any monies owing by the Franchisee to the Franchisor or its Affiliates under this Agreement or any other agreement between the parties relating to the Franchised Business (including without limitation, royalties and advertising contributions) directly from the bank account of the Franchisee to the bank account of the Franchisor or any of its Affiliates as the Franchisor may direct, including the execution of any pre-authorized payment forms required by the Franchisee's bankers to permit such payments, and without any hold whatsoever. Franchisor may require Franchisee to obtain, at Franchisee's expense, overdraft protection for the bank account in an amount specified by Franchisor. Franchisee must reimburse any "insufficient funds" charges and related expenses that Franchisor incurs due to failure to maintain sufficient funds in the bank account. The Franchisor reserves the right, at its sole option upon notice to Franchisee, to change from time to time the timing and terms for payments due to Franchisor under this Agreement.

3.5 Application of Payments and Right of Set-off

The Franchisor may apply any of the Franchisee's payments to any of the Franchisee's past due indebtedness to the Franchisor or its Affiliates relating to this Agreement or the Franchised Business. The Franchisor may also set-off any amounts the Franchisee owes the Franchisor or its Affiliates against any amounts the Franchisor or its Affiliates owes the Franchisee, whether relating to this Agreement or otherwise. The Franchisee will have no right to set-off or withhold any amount due to the Franchisor against any obligation that the Franchisor may owe to the Franchisee.

4. TERM

4.1 Initial Term

The term of this Agreement (the "**Initial Term**") shall commence on the Agreement Date, and shall expire on the tenth (10th) anniversary of the Lease Commencement Date, or on the expiration, termination or non-renewal of the Franchisee's right to occupy the Premises pursuant to the Lease, whichever date shall be the earlier, unless terminated sooner in accordance with the provisions of this Agreement.

4.2 Renewal

The Franchisee shall, subject to the Franchisee having or being able to secure rights to the Premises for the renewal term on the Lease (including financial terms acceptable to the Franchisor), and subject to the Franchisee meeting or complying with the conditions set out herein, have the option to renew the right and license to operate the Franchised Business granted under this Agreement for one (1) renewal term.

Such renewal term shall commence on the expiry of the Initial Term and, unless terminated sooner in accordance with the terms and conditions of the renewal franchise agreement, shall expire on the earlier of (a) the tenth (10th) anniversary of the last day of the Initial Term; or, (b) expiry or termination of the Lease (subject to the relocation rights set out in section 6.3). Such renewal shall require payment by the Franchisee of the Franchisor's then current renewal fee, which renewal fee shall be twenty-five percent (25%) of the Franchisor's then existing Initial Fee charged to new franchisees at the time of renewal.

Such renewal shall be subject to the following terms and conditions being complied with in full prior to and as at the expiration of the Initial Term:

(a) The Franchisee shall give the Franchisor written notice of its desire to exercise the renewal option (the "**Renewal Notice**") between eighteen (18) months and twenty-four (24) months prior to the expiration of the Initial Term;

(b) The Franchisee shall not, at the time when the Renewal Notice is given or at any time thereafter up to expiration of the Initial Term, be in default of any material terms of this Agreement, the Lease, nor any other agreement with the Franchisor, any of its Affiliates, or any suppliers of the Franchised Business, shall not have received five (5) or more notices of default and shall not have received three (3) notices of default in any twelve (12) consecutive month period, even if such defaults have been cured, under this Agreement or any other agreement(s) related to the operation of the Franchised Business prior to the Renewal Notice being given, and shall have substantially and consistently complied with all material terms, conditions and all monetary obligations contained in this Agreement, and any other agreement(s) related to the operation of the Franchised Business during the term(s) thereof;

(c) The Franchisee is not in default of any provision of the Lease, and if the Franchisee is or is to become the tenant under the Lease, the Franchisee shall provide evidence satisfactory to the Franchisor of the Franchisee's right to remain in possession of the Premises, for the renewal term. Furthermore, in the event that the Franchisee had not previously provided the Lease for the Franchisor's approval pursuant to Section 6.3 or otherwise, the Franchisee shall provide the Lease (including any agreement relating to renewal) to the Franchisor for approval for the renewal term and such Lease shall be in form and upon terms acceptable to the Franchisor;

(d) The Franchisee shall do or cause to be done all such things as and when the Franchisor may require to ensure that the Premises and the Franchised Business satisfy the then current image, standards and specifications established by the Franchisor for System Restaurants whether or not such image, standards or specifications reflect a material change in the System in effect during the Initial Term, or require a significant investment or expenditure of funds by the Franchisee. Without limiting the generality of the foregoing, the Franchisee shall complete such renovations and make such capital expenditures either prior to or after the commencement of the renewal term, as the Franchisor shall determine as being required in connection with the foregoing for the renovation, modernization and

refurbishing of the Premises and all Digital Systems, Required Software, fixtures, furnishings, equipment and signs therein or thereon;

(e) The Franchisee is not in default of any material provision of any liquor (if applicable) and other leases or licenses for the Franchised Business carried on at the Premises and is able to renew such leases or licenses as necessary;

(f) The Franchisee, and its direct and indirect owners, shall have executed a full and final release of the Franchisor, its Affiliates, and its and their directors and officers, to the extent permitted by applicable law (but excepting any claims under an applicable franchise law statute (if any) that cannot be released), from all obligations under this Agreement of any such persons arising out of, or relating to, the Franchised Business, in a form satisfactory to the Franchisor;

(g) The Franchisee shall execute a new franchise agreement for the renewal term in the form then being used by the Franchisor for the purposes of renewal, which may contain the then current System royalty rates and advertising contributions (which may be different than those contained in this Agreement), and an altered, geographically reduced or eliminated Territory, provided however, that such form shall not contain any further right of renewal. The Franchisee shall also execute and cause each owner and guarantor to execute such other documents and agreements as are then customarily used by the Franchisor in the granting of franchises and licenses;

(h) Where applicable, the Franchisee shall reimburse the Franchisor for all reasonable legal fees and other costs and expenses incurred by it incident to the exercise of the renewal option herein provided and the Franchisee shall have paid all amounts owing by it to the Franchisor or its Affiliates; and

(i) The Franchisee and its designated employees shall successfully complete any new or refresher training mandated by the Franchisor.

If the Franchisee continues to operate the Franchised Business from the Premises after the termination or expiration of the Initial Term (or the renewal thereof), without any further agreement in writing signed by the Franchisor, then such continued operation and the pre-existing and continuing grant of rights under this Agreement shall be deemed to be at will only and may be terminated by the Franchisor, without any cause or reason, effective immediately upon notice to Franchisee, but shall otherwise be subject to all the other terms and conditions of this Agreement. For clarity, the Franchisor is not granting to the Franchisee any additional rights to operate the Franchised Business beyond those already set out in this Agreement and these provisions shall only apply in limited situations as set out herein and will not affect the expiration or termination hereof.

5. TRAINING AND OPERATING ASSISTANCE

5.1 Initial Training

Prior to the opening of the Franchised Business, the Franchisor shall provide an initial training program at no additional charge for the benefit of the Franchisee of such duration

and at such locations as the Franchisor may deem appropriate (including, virtually through video conference or other electronic means), covering necessary aspects of the System. The Franchisee shall ensure that its Designated Shareholder (whose name shall be set out in Schedule "1") and proposed Approved Manager, if applicable (as such terms are defined in section 8.1(l) below) as well as a team of managers and personnel (the minimum number of which shall be determined by the Franchisor and set out in Schedule "1"), attend and successfully complete the Franchisor's training program. In the event that the Franchisee wishes to have additional employees attend the initial training program provided by the Franchisor, the Franchisee will be responsible for all additional costs, at the then current daily or weekly rate per trainee as established by the Franchisor. The Franchisee shall be responsible for all travel and living expenses and all wages, benefits and other amounts payable to any trainees and no wages, benefits and other amounts shall be payable by the Franchisor to any such trainee for any service rendered at any System Restaurant during the course of such training. Following the successful completion of the initial training program as set forth in this Section, but prior to the opening of the Franchised Business, the Franchisee shall train all other employees and personnel of the Franchised Business at its sole cost and expense, using such training programs, manuals and other tools designated by the Franchisor from time to time, if any, and otherwise in accordance with the Guidelines.

In the event that any designated trainee's participation in the initial training program discloses that such trainee will not, in the opinion of the Franchisor, be able to adequately manage and operate the Franchised Business, the Franchisor shall provide the Franchisee with written notice thereof and an opportunity to submit an alternate trainee. The Franchisee will be responsible for the costs of training for any alternate trainee, at the then current daily or weekly rate per trainee established by the Franchisor. In the event that an alternate Designated Shareholder or Approved Manager, as the case may be, is required, such person must be approved by the Franchisor in writing prior to commencing training. In the event that the alternate Designated Shareholder or Approved Manager, as the case may be, has not yet successfully completed the initial training program by the time the Franchised Business is otherwise ready to open for business, the Franchisor may, within a commercially reasonable time, elect to terminate this Agreement by giving thirty (30) days' notice of termination to the Franchisee.

In the event of termination of the Agreement as a result of the Franchisee's failure to comply with the provisions of this section 5.1, the Franchisor shall not be responsible for any losses, costs or expenses whatsoever incurred by the Franchisee.

5.2 Start Up Assistance

The Franchisor further agrees to furnish such number of new restaurant support personnel to assist the Franchisee, at the Franchisee's sole cost and expense, at the Premises for such period immediately preceding or following the opening of the Franchised Business as the Franchisor determines, in its sole discretion.

5.3 Operating Assistance

During the term of this Agreement, the Franchisor shall continue to provide advice and guidance to the Franchisee as the Franchisor deems reasonable with respect to the planning, opening and operation of the Franchised Business, including without limitation in relation to:

(a) selection, purchasing, stocking, preparation, recipes, display and service of Products;

(b) formulation and implementation of promotional programs;

(c) establishment and maintenance of administrative, bookkeeping, accounting, inventory control and general operating procedures; and

(d) improvements to the System (if any), including new product and service development.

In addition, upon reasonable written request by the Franchisee, and subject to availability of Franchisor's personnel, the Franchisor will use commercially reasonable efforts to furnish additional assistance to the Franchisee in order to aid in the operation of the Franchised Business. If any additional assistance is provided by the Franchisor, it shall be at a cost to the Franchisee based on the Franchisor's then current daily or weekly fee (if any) for the Franchisor's personnel performing such training or assistance, plus other reasonable expenses including all travel, meal and accommodation expenses.

5.4 Additional Training and Conventions

Additional training, retraining, refresher courses, seminars or management/franchisee meetings may be provided by the Franchisor, at the Franchisor's then current fee, provided that the Franchisee shall be responsible for all travel and living expenses and all wages, benefits and other amounts payable to any trainees or attendees and no wages, benefits and other amounts shall be payable by the Franchisor to any such trainee or attendee for any service rendered during the course of such events or training. The Franchisee shall ensure that its designated employees attend such events and successfully complete such training as required by the Franchisor from time to time.

Further to the additional training described above, the Franchisor may also require participation in System-wide or regional conferences/conventions organized by the Franchisor or its Affiliates from time to time. The Franchisee must ensure that the Designated Shareholder and any Approved Manager of the Franchised Business, together with such other management level associates as the Franchisor may reasonably require, attend such conferences/conventions and the Franchisee shall be responsible for all travel and living expenses and all wages, benefits and other amounts payable to attendees.

6. PREMISES

6.1 Use of Premises

The right and license granted to the Franchisee pursuant to section 2 hereof has been granted to the Franchisee solely for use by it at the Premises. The Franchisee shall use the Premises for the operation of the Franchised Business only and for no other purpose. The Franchisee agrees to pay any applicable fees, costs or charges payable in respect of brokering services engaged for the purposes of locating the Premises or entering into a lease for the Premises.

6.2 Restaurant Site

If the Franchisee intends to buy the Premises, then not later than thirty (30) business days prior to the proposed date of execution of the purchase agreement, the Franchisee must submit a copy of the proposed purchase agreement to the Franchisor for its written consent. The Franchisee will furnish a copy of the executed purchase agreement to the Franchisor within ten (10) business days of execution.

In the event that the Franchisee chooses to enter into a Lease for the Premises, then the Lease shall be in form and upon terms acceptable to the Franchisor and have a term at

least as long as the Initial Term. Not later than thirty (30) business days prior to the proposed date of execution of the Lease, the Franchisee will submit a copy of the Lease to the Franchisor for its written consent. The Lease must also include a rider containing terms substantially in the form of those provided in the "Lease Terms Addendum" attached as Exhibit "C" to this Agreement. If the Franchisor does not communicate its approval or disapproval of a Lease to the Franchisee within thirty (30) business days following its receipt of the Lease, and if such Lease is accompanied by a rider or addendum containing the provisions of Exhibit "C", then the proposed Lease will be considered approved by the Franchisor. The Franchisee will furnish a copy of the executed Lease agreement to the Franchisor within ten (10) days after execution. Without limitation the Franchisor may insist that the Lease be assigned to the Franchisor, or its nominee, at the Franchisor's option, upon a Transfer, or the termination or expiry of this Agreement or the Lease for whatever reason. The Franchisee agrees not to terminate or in any way alter or amend such Lease during the Initial Term, including any renewal thereof, without the Franchisor's prior written approval. Any attempt to terminate, alter or amend such Lease shall be null and void and have no effect as to the Franchisor's, or its nominee's, interests thereunder, and the clause to such effect shall be included in such Lease. Unless the Franchisor agrees in writing, no contract of sale or Lease for the Premises will contain any term that is contrary to or inconsistent with any provision of this Agreement.

6.3 Search for Premises and Option to Terminate

If on the Agreement Date, a location for the Premises has not been obtained, the Franchisee will use its reasonable best efforts to find a suitable location for the Premises acceptable to the Franchisor, within the Territory, or such other area designated by the Franchisor. Once determined, the complete address of the Premises will be listed in Schedule "1" hereto. If at the Agreement Date or Lease Commencement Date, a Territory has not been assigned to the Franchisee by the Franchisor, then Franchisor shall be permitted to assign the Territory, either prior or subsequent to the determination of the location of the Premises, in accordance with the terms of this Agreement, and shall be permitted to complete the designation of the Territory in Schedule "1" hereto.

If within a period of eighteen (18) months following the Agreement Date, a suitable location has not been found and a Lease for the Premises has not been signed by the Franchisee in accordance with this section 6 then, until such time as the Franchisee has entered into the Lease in accordance with this section 6, the Franchisor shall have the continuing option to terminate this Agreement by giving thirty (30) days' notice of termination to the Franchisee. If such notice of termination is given in accordance with this paragraph, then unless a suitable location has been found and the Franchisee has entered into the Lease before the expiry of the notice period, this Agreement shall terminate in accordance with its terms.

Upon any termination of this Agreement in accordance with this section 6.3, the Franchisee shall deliver to the Franchisor, Licensed Brand Owner, their directors, officers and shareholders, such full and final releases, to the extent permitted by applicable law (but excepting any claims under an applicable franchise law statute (if any) that are not permitted to be waived or released under that statute), and any other documents as may be required by the Franchisor. Upon compliance with the foregoing, the Franchisor agrees to refund to the Franchisee one-half (1/2) of the Initial Fee paid by Franchisee, where the Franchisor in fact presented a location or Lease for the Premises for consideration by the Franchisee or three-quarters (3/4) of the Initial Fee where the Franchisor did not present any locations or Leases for consideration by the Franchisee, which shall be the only amount(s) to be refunded or paid by the Franchisor to the Franchisee.

6.4 No Warranty

The Franchisee acknowledges that any assistance (including site selection, lease negotiation and project oversight) provided or required by the Franchisor or its nominee in relation to the selection or development of the Premises is only for the purpose of determining compliance with System standards and does not constitute a representation, warranty, or guarantee, express, implied or collateral, regarding the choice and location of the Premises, that the development of the Premises is free of error, nor that the Franchised Business is likely to achieve any level of volume, profit or success. The Franchisor does not represent that it has any special expertise in selecting sites or negotiating lease arrangements. The Franchisee hereby agrees that the Franchisor's assistance in regard to selection, negotiation or approval or disapproval of a proposed site or lease arrangement does not impose any liability on the Franchisor.

6.5 Relocation

If prior to the termination or expiration of this Agreement, the Lease terminates without fault of the Franchisee or if the Premises are destroyed, condemned or otherwise rendered unusable, unless the Lease imposes an obligation on the tenant thereunder to rebuild, the Franchisee shall have a period of six (6) months from the date of termination of the Lease, within which to relocate and again commence business from another location, using the right and license granted it pursuant to this Agreement. Such right shall only be available to the Franchisee if it is not, at the time of such termination of the Lease, in breach of any of the material provisions of this Agreement or any other agreement relating to the Franchised Business or, if in breach, the time, if any, to cure has not yet passed and the Franchisee cures such breach as required pursuant to the terms of this Agreement. It is understood and agreed that any relocation shall be to premises within the Territory that are acceptable to the Franchisor, at its sole discretion, considering Franchisor's then applicable site selection criteria and shall be at the sole cost and expense of the Franchisee. Franchisor shall have the right to charge the Franchisee a reasonable fee for services the Franchisor renders to the Franchisee in connection with evaluating such relocation request. If the Franchisee is unable or unwilling to relocate and commence such business within the aforesaid period, this Agreement shall, notwithstanding anything to the contrary, terminate in accordance with its terms, and the Franchisor shall not be responsible for any losses, costs or expenses whatsoever incurred by the Franchisee as a result of such early termination.

If prior to the termination or expiration of this Agreement, the Franchisee wishes to relocate the Franchised Business to an alternate site for business reasons, the Franchisee may approach the Franchisor with a view to relocating within the Territory. The Franchisee must present the Franchisor with all information required by the Franchisor, including a proposal by the Franchisee regarding the balance of the term of the Lease, to allow the Franchisor to properly consider such request. The terms applicable to any relocation shall be the same as those set out in the paragraph above however this Agreement shall not terminate if a relocation does not proceed.

7. DESIGN AND CONSTRUCTION

7.1 Development of Premises by the Franchisee

The Franchisee shall arrange and contract for the construction of the Premises, and the purchase and installation of the fixtures, furnishings and equipment required for the operation of the Franchised Business in the Premises (collectively, the "construction and development") in accordance with the timetable or schedule specified by, and in conformity with the System standard plans, specifications and prototype drawings provided by the Franchisor, and/or at the

Franchisor's option, design drawings provided by the Franchisor at the expense of the Franchisee. Following receipt of the System standard plans, specifications and prototype drawings and/or any design drawings from the Franchisor, the responsibility and cost of customizing specific plans, specifications and prototype drawings, and/or integrating any design drawings and creating full working drawings for the Premises (upon the prior approval of the Franchisor with respect to design intent) and all costs and expenses pertaining to the construction, fixturing and equipping of the Premises shall be borne exclusively by the Franchisee. The Franchisee shall do or cause to be done the following at its sole cost and expense:

(a) engage an architect, an engineer and any other required professional designated or approved by the Franchisor to customize the System standard plans, specifications, prototype drawings and/ or to integrate any design drawings into its own professional drawings and to create full working drawings for the Premises, subject to approval by the Franchisor with respect to design intent;

(b) at the Franchisor's option, use the Franchisor's project management services, or engage and use the services of a designated or approved project manager, to assist in the construction and development of the Premises, the cost of which shall be at the Franchisor's or the designated or approved project manager's then-current fee;

(c) ensure that all applicable by-laws, building codes, permit requirements and lease requirements and restrictions are complied with in connection with such construction and development;

(d) obtain all required building, utility, sign, sanitation, liquor (if applicable) and business permits and licenses and any other required permits and licenses;

(e) construct all required improvements to the Premises and decorate the Premises in compliance with plans and specifications approved by the Franchisor;

(f) subject to the provisions of this Agreement, purchase or otherwise acquire and install all furniture, fixtures, equipment and signs for the Premises as required by the Guidelines;

(g) engage only those architects, engineers, contractors, subcontractors and other professionals which are designated or approved by the Franchisor, contract directly with and compensate such architects, engineers, contractors, subcontractors and other professionals required, and ensure that the Franchisor's requirements regarding insurance coverage are complied with, in connection with the construction and development of the Premises; and

(h) promptly provide to the Franchisor upon request from time to time, copies of all permits, licenses, contracts, insurance certificates and other documentation related to the construction and development of the Premises.

In the event that the Franchisee fails to construct, fixture, furnish and equip the Premises substantially in accordance with the timetable or schedule specified by, and in conformity with the System standard plans, specifications and drawings and/or any design

drawings provided by the Franchisor (in full compliance with the requirements outlined in this Section), or is otherwise in breach of the provisions hereof relating to the construction and development of the Premises, such failure shall be deemed to be an event of default under this Agreement. In the event of such default, the Franchisor may, in addition to any other remedies it may have under this Agreement or otherwise, (i) upon written notice to the Franchisee, refuse to permit the Premises to open for business until such default is cured: and (ii) if the default remains uncured for ten (10) days following written notice to the Franchisee thereof, or such greater time as the Franchisor may allow, terminate this Agreement, in which case, the Franchisor shall not be responsible for any losses, costs or expenses whatsoever incurred by the Franchisee as a result.

7.2 Franchisor's Right to Monitor / No Liability For Franchisor

The Franchisor shall have the right, but not the obligation, at no cost to the Franchisee, to monitor the construction and development of the Premises at all reasonable times, and the Franchisee shall cooperate fully in granting access to the Franchisor and/or its third party representatives for this purpose. The Franchisee acknowledges that any monitoring or assistance (including site selection) provided by the Franchisor in relation to the construction and development of the Premises is only for the purpose of determining compliance with System standards and does not constitute a representation, warranty, or guarantee, express, implied or collateral, regarding the choice and location of the Premises, that the construction and development of the Premises is or will be free of error, nor that the Franchised Business is likely to achieve any level of volume, profit or success. The Franchisor is not responsible for architecture or engineering, or for code, zoning, use or other requirements of the laws, ordinances, regulations or bylaws of any federal, state, or municipal governmental authority body, including, without limitation, any requirement relating to accessibility by disabled persons or others, nor is the Franchisor responsible for any errors, omissions, or discrepancies of any nature in the development of the Premises. The Franchisor will have no liability to the Franchisee or any other party with respect to the plans, specifications, design drawings, project management and development of the Premises.

7.3 Commencement of Operations following Construction and Development

Upon the completion of the construction and development of the Premises, and subject to other requirements set forth herein (e.g., completion of training, satisfaction of all state and federal permitting, licensing, and other legal requirements for the Franchised Businesses' lawful operation), the Franchisee shall have fifteen (15) days within which to commence operation of the Franchised Business on the Premises, or such earlier date as may be prescribed by the Lease. If the Franchisee fails to pay amounts owing to the Franchisor or fails to commence operation of the Franchised Business as required, it shall be a default under this Agreement.

Prior to the opening of the Franchised Business, the Franchisee shall be required to pay all outstanding amounts then currently owing to any third parties involved in the construction and development of the Premises, including but not limited to architects, engineers, contractors, subcontractors and other professionals, and provide written evidence of such payment to the Franchisor upon request. For outstanding amounts that are known to the Franchisee at that time but which are not then currently owing but will become due and payable following the Franchisee being permitted by the Franchisor to open for business, the Franchisee shall present evidence to the Franchisor that the Franchisee has the funds available to fully satisfy its financial obligations. If the Franchisee fails to satisfy any condition in this paragraph as required, it shall be a default under this Agreement and the Franchisor shall not be required to

turn over the Premises, nor shall the Franchisee be permitted to open for business until such conditions are met.

7.4 Required Services, Fixtures, Equipment, and Signs

The Franchisee agrees to use in the operation of the Franchised Business only those service providers, manufacturers, brands and types of fixtures and equipment (including without limitation, computer hardware and software, cash register and point of sale systems), and signs (both internal and external) that comply with the Guidelines. The Franchisee shall purchase or otherwise acquire (which may include a lease on reasonable commercial terms from the Franchisor or its Affiliates or a third party if required by the Franchisor) approved brands or types of computer hardware and software, fixtures, equipment and signs only from suppliers approved by the Franchisor in accordance with the Guidelines. The Franchisee further agrees to place or display at the Premises (interior and exterior) such and only such signs, emblems, lettering, logos and display materials that are from time to time approved in writing by the Franchisor. With respect to signs, the Franchisee must comply with Section 7.1(d) above and with the Guidelines, including but not limited to obtaining all necessary permits.

7.5 Renovations

The provisions of section 7 shall apply with respect to any renovations conducted by the Franchisee whether pursuant to section 4.2(d) or otherwise, however the requirement in section 7.1 that the Franchisor provide standard plans and prototype drawings shall not apply to a renovation situation and subject to confirmation by the Franchisor, the requirement to obtain full working drawings may or may not be necessary based on the scope of work. At the Franchisor's option, the Franchisee may be required to use the Franchisor's project management services, or engage and use the services of a designated or approved project manager, to assist in all such renovations. The Franchisee shall be responsible for the cost of such services, which shall be at the Franchisor's or the designated or approved project manager's then-current fee.

8. OPERATION OF FRANCHISED BUSINESS

8.1 Duties and Obligations

The Franchisee acknowledges that the Franchisor is investing time and capital in the advertising and promotion of System franchises and other outlets as a chain of restaurants conducting business in a uniform manner meeting System standards. The Franchisee understands and acknowledges that such advertising and promotion has created and is creating goodwill and customer association in the Marks, which benefit the Franchisor, the Franchisee and all other System franchisees. The Franchisee acknowledges that to foster and preserve such goodwill, it is necessary for the Franchisee to operate the Franchised Business in a manner and to a quality consistent with the System and the restaurant businesses operated under the Marks. The Franchisee acknowledges that, in order to maintain such uniformity and quality consistency, it is necessary for the Franchisor to exercise a degree of oversight and direction over the operation of each and every business using the System and Marks (except for labor relationships and employment practices of the Franchised Business), while also acknowledging that the ultimate responsibility for the operation of the Franchised Business, and the direction of the Franchisee's employees in that regard, rests solely with the Franchisee. Therefore, the Franchisee agrees to operate the Franchised Business strictly in accordance with the System, as contained in the Guidelines. Without limiting the generality of the foregoing, the Franchisee agrees as follows:

(a) to operate the Franchised Business continuously and actively throughout the Initial Term and any renewal or extension thereof and with due diligence

and efficiency in an up-to-date, quality and reputable manner during such days, nights and hours as may be designated by the Franchisor from time to time, having consideration for any requirements legitimately imposed by the landlord of the Premises;

(b) to hire and train, at its own expense, sufficient and proper management, supervisory and other personnel for the operation of the Franchised Business and remain exclusively responsible for the terms of their employment and compensation. In particular, but without limitation, all managers and other personnel as may be stipulated by the Franchisor shall be required to successfully complete necessary training as set out in the Guidelines both prior to working in such capacity in the Franchised Business, and from time to time thereafter as required by the Guidelines. Without limiting the foregoing, and subject to the requirements of Sections 5.1, 5.4, and 8.1(l), throughout the entire Initial Term (and any renewal term) of this Agreement, (i) any individual replacing a trainee who has successfully completed the initial training program in accordance with the Franchisor's minimum requirements pursuant to Section 5.1 must also complete the Franchisor's then current initial training program (or such other program as determined by the Franchisor) within the timeframe determined by the Franchisor, and for which the Franchisor may charge a fee, and (ii) the Franchisee must train all other new employees (or employees in new positions) of the Franchised Business using such training programs, manuals and other tools designated by the Franchisor from time to time, if any, and otherwise in accordance with the Guidelines.

(c) to ensure that the number of employees working at any given time in the Franchised Business, and the respective duties of such employees, is sufficient so that at all times, prompt, courteous and efficient service is accorded to its customers. None of the employees shall in any way be deemed employees of the Franchisor and all shall be under the exclusive order, direction, care and control of the Franchisee;

(d) to adhere to the highest standards of honesty, integrity, fair dealings and ethical conduct in all dealings with its employees, the Franchisor's employees, customers, suppliers and the public;

(e) upon reasonable prior notice by the Franchisor, to allow use of the Franchised Business by the Franchisor for the purposes of conducting initial and ongoing training at the Premises for prospective or existing franchisees or employees of the System;

(f) to sell such Products, including menu items, and only such Products as meet the Franchisor's uniform standards of quality and quantity, as have been expressly approved for sale in writing by the Franchisor and as have been prepared in accordance with the System's recipes, methods and techniques for product preparation. The Franchisee shall sell all approved items pursuant to a menu approved by the Franchisor and the Franchisee shall not offer for sale any other Products from the Premises. The Franchisee shall discontinue the sale of any food or drink items or any other merchandise of any kind whatsoever that have not been so approved by the Franchisor;

(g) to maintain the condition and appearance of the Premises and the Franchised Business and the leasehold improvements, furniture, fixtures, signage and equipment used therein, as an attractive, clean, convenient and efficiently operated restaurant business offering System standard products and services, and meeting or exceeding all applicable standards for health, safety and hygiene, as set forth in the Guidelines, the Lease or applicable law. The Franchisee shall effect such ongoing and preventative maintenance of, and repairs to, the Premises, the leasehold improvements, the furniture, fixtures, signage and equipment installed in the Premises, and the condition and appearance thereof, as is required on a regular and/or frequent basis. Ongoing and preventative maintenance includes without limitation adherence to the requirements of the Franchisor as set forth in the Guidelines or as set out in the Lease relating to pest control programs, and the cleaning and maintenance of heating, ventilation and air condition (HVAC), exhaust hood and grease trap systems. The Franchisee may be required to replace furniture, fixtures, signage and equipment from time to time in order to satisfy the requirements of this section;

(h) to pay all sums due to the Franchisor, its Affiliates, suppliers, or any other party to which payment is due in respect of the operation of the Franchised Business in a timely and complete manner, provided that if the Franchisee fails to make payment in this regard to any of its Affiliates, suppliers, or any other party, the Franchisor may, at its option, make such payment on behalf of the Franchisee, and the amount of any such payment by the Franchisor shall become immediately payable by the Franchisee to the Franchisor and subject to interest accrued at the Interest Rate;

(i) to not make or cause to be made any alterations to the interior or exterior of the Premises so as to modify the appearance thereof, or any alterations or replacements of any of the leasehold improvements, without first having obtained the written approval of the Franchisor;

(j) to participate fully in all advertising and marketing promotions, gift certificate, gift card, loyalty and coupon programs initiated by the Franchisor, whether national, regional or local, which the Franchisor designates as applying to the Franchised Business, with the costs associated with such participation to be borne by the Franchisee. The Franchisee also acknowledges that additional requirements may be set out in the Lease. For further clarity, the Franchisee acknowledges and agrees that unless otherwise specifically approved in writing by the Franchisor, only the Franchisor may produce gift certificates, gift cards and coupons, which the Franchisee is obligated to sell and redeem in accordance with procedures outlined by the Franchisor from time to time;

(k) to comply with all federal, state, or municipal governmental authority laws and regulations, and without limitation, those relating to human rights, privacy, health, sanitation and the service of food and alcoholic beverages (where applicable), and obtain and at all times maintain and keep in good standing, any and all permits, certificates and licenses, including a liquor license (where mandated by the Franchisor), and comply with all credit card usage requirements, necessary for the proper conduct of the Franchised Business pursuant to the terms of this Agreement. The Franchisee shall

promptly notify the Franchisor following inspection of the Franchised Business or the Premises by any regulatory authority and provide the Franchisor with details of the inspection and a copy of any inspection report or direction issued by such authority. Where necessary, the Franchisee shall conduct an investigation appropriate in the circumstances into an incident or complaint of harassment or discrimination which investigation shall be conducted by an impartial person that may be a qualified third party at the Franchisee's sole cost and expense;

(l) to devote full time, best efforts and attention to the establishment, development and operation of the Franchised Business, provided however, that where the Franchisee is a corporation, the Franchisee shall appoint a Designated Shareholder who shall be an owner of Franchisee that holds a minimum of ten percent (10%) of the equity of the Franchisee (the "**Designated Shareholder**") to devote his/her full time, best efforts and attention to the establishment, development and operation of the Franchised Business. In the event that the Designated Shareholder is unable to devote full time and attention to the establishment, development and operation of the Franchised Business at any time by reason of his/her involvement as a Designated Shareholder with another franchised business in the System or with one of the Other Brands, then the Franchisee shall appoint an approved manager to devote his/her full time, best efforts and attention to daily operation of the Franchised Business (the "**Approved Manager**") and provide the name of such Approved Manager to the Franchisor in writing. In the event that the Designated Shareholder or the Approved Manager, as the case may be, leaves the Franchised Business for any reason including, but not limited to the termination of his or her employment with the Franchisee, the Franchisee shall promptly notify the Franchisor in writing and submit to the Franchisor information relating to a potential replacement manager for written approval by the Franchisor, who may be proposed as being either the new Designated Shareholder or new Approved Manager (the "**Replacement Manager**"). The Franchisor, in collaboration with the Franchisee, but ultimately in the Franchisor's determination, shall decide the training required by the Replacement Manager and the time frame for such training. The Franchisee shall be responsible for ensuring that the Replacement Manager successfully completes the required training at the Franchisee's cost. Pending successful completion of training and/or in the event that the Franchisor does not approve of the Replacement Manager, or if at any time the Franchised Business is not being managed by the Designated Shareholder or Approved Manager in accordance with the terms of this Agreement, the Franchisor, in addition to any other rights it may have, may choose to operate the Franchised Business at the Franchisee's sole cost and expense, for the account of the Franchisee;

(m) that all food and drink items will be served using smallwares that comply with the Guidelines. Where delivery or takeout is required or permitted by the System, all food and drink items will be served in containers that comply with the Guidelines. All napkins, straws, bags, cups, menus and other paper goods, promotional, packaging and point of sale materials, and like articles used in connection with the Franchised Business shall be of a

quality and style and bear such reproductions of the Marks that comply with the Guidelines and all art work and reproductions used in connection therewith shall conform to the Guidelines. Such imprinted items shall be purchased by the Franchisee only from suppliers, sources, or manufacturers designated or approved in writing by the Franchisor in accordance with the Guidelines, which may include the Franchisor, or its Affiliates;

(n) to promptly advise the Franchisor with regard to any suggestions for operational developments or improvements to the System, including without limitation, new recipes and promotional ideas. In order that such developments or improvements shall be made available to the Franchisor and other franchisees for the benefit of the System, the Franchisee hereby assigns and transfers all copyrights, trademarks or other rights in connection therewith to the Franchisor, and in each such case, the Franchisee hereby waives or agrees to secure a waiver of all moral rights from the relevant employee(s) or other party related to any such development or improvement, without any compensation to the Franchisee, its employee(s) or other party; and

(o) to not install at the Premises any video games, video lottery terminals, electronic games, pinball machines, juke boxes, gum machines, bank or automated teller machines or any other vending machines, skill or amusement games, or coin operated machines, provided that the Franchisee shall, upon the request of the Franchisor, enter into such agreements as the Franchisor prescribes with any designated supplier of such games, terminals or machines that the Franchisor decides are mandatory for the Franchised Business.

8.2 Products / Goods and Services

(a) The Franchisee acknowledges that the reputation and goodwill of the System is based upon, and can be maintained and enhanced only by the sale of high quality products and services and the satisfaction of customers who rely upon the uniformly high quality of products and services that are sold under the System and such continued uniformity is essential to the goodwill, success and continued public acceptance of the System. Accordingly, the Franchisee agrees to sell, use, offer or otherwise deal with Products in accordance with section 8.1(f) above.

(b) Recognizing that the Products and all aspects of the System offered by the Franchisee must conform to the Franchisor's standards and specifications, the Franchisee hereby agrees to purchase or otherwise acquire all Goods and Services only from suppliers, sources, or manufacturers designated or approved in writing by the Franchisor, which may include the Franchisor, or its Affiliates. The Franchisor shall set out in the Guidelines, its policies from time to time, for the designation and/or approval of suppliers, sources and manufacturers.

(c) If the Franchisee desires to purchase, lease or use any products or other items from a supplier or distributor that Franchisor has not approved, the Franchisee must submit to the Franchisor a written request for such

approval, or must request the supplier itself to do so. The Franchisee must not purchase or lease from any supplier until and unless such supplier has been approved in writing by the Franchisor to its reasonable satisfaction. The Franchisor will have the right to require that the Franchisor's representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, either to the Franchisor or to Franchisor's designee. A charge, not to exceed the cost of the inspection (including administrative costs), must be paid by the Franchisee or the supplier. The Franchisor reserves the right, at its option and sole discretion, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria. Approval of such alternate supplier will be at the Franchisor's sole discretion and nothing in the foregoing will be construed to require the Franchisor to approve any particular supplier. The Franchisee's failure to comply with the provisions of this section 8.2(c) will be deemed a material breach under this Agreement.

(d) To the extent permitted by applicable law, the Franchisor reserves the right to specify in writing a retail price and/or to establish in writing minimum and/or maximum prices for the Products the Franchisee sells. The Franchisee acknowledges and agrees that the specified retail price and maximum and minimum prices for Products the Franchisee and other franchisees sell may vary from region to region to the extent necessary in order to reflect differences in costs and other factors applicable to such regions.

(e) The Franchisee acknowledges that pursuant to the reservation of rights in section 2.2 of this Agreement, the Franchisor, Licensed Brand Owner, their Affiliates, and/or their licensees, may (notwithstanding any other provision of this Agreement) sell Products and/or Retail Items through the internet on a retail basis or on a business to business basis to customers. Policies and procedures concerning the Franchisee's involvement in the exchange, refund or return of Products and/or Retail Items sold over the internet shall be set forth in the Guidelines.

(f) The Franchisee acknowledges that certain Products designated from time to time by the Franchisor are critical to the operation of the Franchised Business. Consequently, the Franchisee agrees to maintain a minimum inventory of certain designated Products, as specified by the Franchisor from time to time. The Franchisee acknowledges that the Franchisor shall have the right, in its sole discretion, at any time and upon notice, to discontinue or add new or additional types of items to the list of Products, without incurring any liability to the Franchisee.

(g) The Franchisee shall comply with procedures outlined by the Franchisor from time to time (including, within the Guidelines), relating to the purchase, ordering and order fulfillment of Goods and Services (or other products or goods) when the Franchisor or its Affiliate is the supplier of the Goods and Services (or other products or goods).

8.3 Discounts, Rebates, Bonuses

The Franchisee acknowledges that the Franchisor and its Affiliates may, in the normal course of business, negotiate and receive rebates, volume discounts, concessions, advertising allowances, discount bonuses or other benefits (collectively "**Discounts**"), whether by way of cash, kind or credit, from any supplier, source or manufacturer of Goods and Services designated or approved by the Franchisor, whether or not on account of purchases made (i) by the Franchisor for its own account or for the account of the Franchisee, franchisees generally or Other Brands, or (ii) by the Franchisee directly for its own account, and that the Franchisor shall be entitled to retain the whole of the amount or any part of such Discounts. The Franchisee acknowledges and agrees that the Franchisor and/or its Affiliates have the right to realize a profit on any Goods and Services that the Franchisor and/or its Affiliates supply to the Franchisee.

The Franchisee hereby recognizes and acknowledges that if the Franchisor were not in a position to receive the Discounts, and/or profit on supply of Goods and Services, a greater Initial Fee and/or royalty payments would be required from the Franchisee under this Agreement.

8.4 System Modifications

The Franchisee acknowledges and agrees that the Franchisor may from time to time hereafter add to, subtract from, modify or otherwise change the System, including, without limitation, the adoption and use of new or modified certification marks, trademarks or trade names, new fixtures, equipment and signs, new products or services and new techniques in connection therewith, and the Franchisee agrees, at its own cost (other than as provided in section 11.4), to promptly accept, implement, use and display all such alterations, modifications and changes.

8.5 Liquor License

Where the Franchisor provides that the System standards include a requirement that the Franchised Business obtain and maintain a license to sell alcoholic beverages, the Franchisee represents and warrants to the Franchisor that it is not aware of any matter or fact which would disentitle it to approval for issuance of such a license. Forthwith after the execution of this Agreement the Franchisee shall, at its expense, make proper application to the liquor licensing authorities for approval as a vendor of those alcoholic beverages as may be mandated by the Franchisor (including but not limited to any one or more of wine, beer and spirits). The Franchisor may provide such assistance and guidance in connection with the application as requested by the Franchisee and the Franchisor shall be reimbursed by the Franchisee for its out of pocket expenses in this regard. Should the liquor licensing authority refuse to approve the Franchisee for any reason which cannot be complied with on reasonable expenditure by the Franchisee, the Franchisor shall have the right to terminate this Agreement, in which case the Franchisor shall not be responsible for any losses, costs or expenses whatsoever incurred by the Franchisee.

8.6 Delivery System

Pursuant to Section 2.2 of this Agreement, the Franchisor, Licensed Brand Owner or its or their Affiliates may permit or administer one or more non-exclusive delivery and/or pick-up systems from the System Restaurants in compliance with the Guidelines, including without limitation, a call-ahead, internet-order, mobile application-order, delivery aggregator or other similar programs (each a "**Delivery System**") through, without limitation, a third party service provider, the Franchisor, Licensed Brand Owner, an Affiliate of the Franchisor, one or more telephone numbers, and/or through the internet or other electronic or mobile medium, for use by some or all businesses using the System, the Other Brands, or in conjunction with third parties in

areas determined by the Franchisor from time to time. In the event that the Franchisor, Licensed Brand Owner or its or their Affiliate establishes a Delivery System within an area determined by the Franchisor, using reasonable best efforts to consider guest service standards, which encompasses the Franchised Business (the "**Delivery Area**"), and qualifies the Franchisee as able to participate, the Franchisee shall thereafter not conduct, or offer, any type of delivery or pick-up system or similar service of any kind of its own, nor use any mobile application, or publish any other telephone number(s), domain name, e-mail address or other like identifier or method of communication (each of the foregoing, an "**Address**") for any type of delivery, pick-up or similar service of any kind offered by the Franchisee, except the Address designated by the Franchisor for the Delivery System. Furthermore, the Franchisee acknowledges that the Delivery Area may be one or more specific areas depending on the Delivery System. The Franchisee acknowledges that any Address shall be the sole property of the Franchisor, its Affiliates, or its designated supplier.

The Franchisee shall execute all documents required by the Franchisor relating to the Franchisee's participation in the Delivery System and shall be responsible for all fees and charges levied by the Franchisor, Licensed Brand Owner, their Affiliate or their designated supplier for the Franchisee's participation in the Delivery System, including, without limitation, the amounts specified in "Schedule 1" hereto (if any), and any per order or transaction fees, system fees, charges for all capital costs, operating costs and overhead incurred in the establishment and operation of the Delivery System. The Franchisee shall be obligated to follow all rules and procedures established from time to time by the Franchisor in regard to the Delivery System. Subject to the Franchisee from time to time being qualified by the Franchisor to participate, and to the Franchisee being in compliance with such rules and regulations, all orders for Products received through the Delivery System from customers in the Delivery Area, shall be directed to the Franchisee, who shall promptly fill such orders. The Franchisee acknowledges that the Delivery Area shall be non-exclusive and may not be consistent in any way with the geographic area of the Territory, and that the Delivery Area is subject to change by the Franchisor from time to time. The Franchisor will use reasonable best efforts to provide the Franchisee with written notice of the change in the Delivery Area and the reasons for such change where possible in the circumstances. Without limiting the generality of the foregoing, the Franchisee's failure to abide by the rules and procedures established from time to time by the Franchisor in regard to the Delivery System shall be a default under this Agreement. Without limiting the Franchisor's rights in the event of such a default, the Franchisor shall be permitted to temporarily or permanently suspend the Franchisee from participation in the Delivery System.

8.7 Catering

The Franchisor and the Franchisee hereby acknowledge and agree that, notwithstanding anything to the contrary in this Agreement, upon the conditions prescribed by the Franchisor and the requirements otherwise specified by the Franchisor from time to time, the Franchisee may be permitted by the Franchisor to provide pre-arranged catering services in and only in the Territory. Any and all revenues derived from catering services provided by the Franchisee to anyone shall form part of Gross Sales. The Franchisee shall be permitted by the Franchisor to offer catering services provided that the particular Products or other items and related services sold must comply at all times with the catering and delivery menu of the Franchisor, which menu the Franchisor shall provide to the Franchisee upon request, and which the Franchisor may amend, modify or replace from time to time. If at any time the Franchisor permits the Franchisee to offer catering services to addresses located outside of the Territory, then upon notice from the Franchisor to the Franchisee, all rights of the Franchisee to provide the catering services outside the Territory shall immediately terminate and the Franchisee shall cease to provide catering service outside of the Territory.

In the event that the Franchisee is not at any time approved to provide catering services, or if approved, is ever unable or unwilling to fulfil an order for catering services, the Franchisee shall promptly notify the Franchisor upon receipt of such order and the Franchisor or nominee of the Franchisor (including another franchisee) may fulfil such order.

8.8 Standby Letter of Credit

(a) As security for the performance of the Franchisee's obligations hereunder, the Franchisee shall, at its sole expense, obtain, deliver to the Franchisor and maintain throughout the term of this Agreement one (1) or more standby letters of credit issued in favor of the Franchisor by a bank approved by the Franchisor with an aggregate amount available for drawing thereunder equal to the amount specified in Schedule "1", and otherwise on terms and conditions acceptable to the Franchisor (each a "**Letter of Credit**"). Upon the Franchisor's request in its sole judgment, Franchisee shall, at its sole expense, cause the Letters of Credit to be confirmed by a bank selected or approved by the Franchisor. Any changes to the Letter of Credit terms (including, the amount specified in Schedule "1") will require prior written approval of the Franchisor.

(b) At the time of issuance, each Letter of Credit shall (a) to the extent permitted under applicable law, contain an annual automatic renewal provision (with each renewal being for an additional one (1)-year period), unless expressly canceled no later than one hundred twenty (120) days prior to the expiration date of such Letter of Credit; and (b) not expire (without renewal) prior to the date that is forty-five (45) days following the termination or expiration of this Agreement. Any proposed cancellation (or termination) of any Letter of Credit will require approval by the Franchisor prior to the Franchisee requesting any cancellation (or termination) from the issuing bank of such Letter of Credit.

(c) The Parties agree that in certain cases, the failure by the Franchisee to comply with its respective obligations hereunder may cause immediate and substantial damage to the interests of the Franchisor, Licensed Brand Owner, their Affiliates, in this Agreement. To compensate the Franchisor for such damage, the Parties have agreed that the Franchisor shall be entitled, but not obligated, to draw on the Letters of Credit (or any one of them in whole or in part) as and to the extent provided below in the event of the occurrence of any of the following events (each an "**LC Trigger Event**"):

(i) the failure of the Franchisor to receive any amount required to be paid by the Franchisee under this Agreement within ten (10) days after the date such payment is due, in which event the Franchisor shall be entitled to draw an aggregate amount under the Letters of Credit equal to the amount of such overdue payment, plus interest as provided in Section 20.1;

(ii) the failure by Franchisee to comply with any final judgment or award pursuant to this Agreement in accordance with the terms thereof, in which event the Franchisor shall be entitled to draw an aggregate amount under the Letters of Credit equal to (i) the amount of such

award, if a monetary award; or (ii) the aggregate amount available under all Letters of Credit, if a non-monetary award;

(iii) the failure by Franchisee (x) to cause any Letter of Credit to be reissued in accordance with this Section regardless of any prior draw thereunder no later than sixty (60) days prior to the stated expiration date of such Letter of Credit; or (y) to restore the aggregate amount available under all Letters of Credit to the amount specified in Schedule A within thirty (30) days following any draw under any such Letter of Credit, in which event the Franchisor shall be entitled to draw the aggregate amount available under all Letters of Credit.

(d) The Franchisor certification to the issuing bank or confirming bank that any of the LC Trigger Events has occurred shall be conclusive and binding on the applicable issuing bank or confirming bank as evidence of the Franchisor's entitlement to draw on such Letter of Credit. No draw by the Franchisor under any Letter of Credit shall (a) constitute an admission by the Franchisor of the occurrence or continuance of any material breach of this Agreement, the amount of damage incurred by the Franchisor as a result of the occurrence of any of the foregoing events, or a waiver of any other right or remedy to which the Franchisor may be entitled under this Agreement or applicable law; or (b) impair in any respect whatsoever the Franchisor rights to require Franchisee to comply with its respective obligations under Section 17.2 on any termination of this Agreement (other than any payment obligations satisfied by a draw on any Letter of Credit).

(e) If this Agreement is transferred by the Franchisor pursuant to Section 15.1, Franchisee shall, within fifteen (15) days after the Franchisor's notice, cause the issuing bank and (if applicable) confirming bank approved by the Franchisor to reissue the Letter of Credit with the transferee as the beneficiary in accordance with this Agreement.

9. GUIDELINES AND CONFIDENTIALITY

9.1 Compliance With Guidelines And Other Directives

The Franchisee shall conduct the Franchised Business strictly in accordance with all of the provisions of the Guidelines. The Franchisor reserves the right to add to, revise or rescind portions of the Guidelines periodically, and the Franchisee shall implement such changes when made, at the Franchisee's cost, even if additional investment or expenditures are required. Franchisor shall give Franchisee access to the Guidelines, either in hardcopy or electronically (e.g., through a restricted website to which Franchisee will have password access). The Franchisee shall keep the Franchisee's copies (if any) of the Guidelines current, and shall destroy superseded provisions of the Guidelines. If there is a conflict between the Franchisee's copies of the Guidelines and the master copies of the Guidelines maintained by the Franchisor, then the master copies maintained by the Franchisor shall control.

9.2 Non-Disclosure

The Franchisee acknowledges that it has had no part in the creation or development of nor does it have any property or other rights or claims of any kind in or to any element of the System, the Marks or any matters dealt with in the Guidelines and that all

disclosures made to the Franchisee relating to the System and including, without limitation, the specifications, standards, procedures, site selection criteria, any sales information relating to other locations within the System, and the Other Brands, advertising and marketing plans, computer programs and systems, including electronic data files and passwords, customer data and lists, the entire contents of the Guidelines, and any other information Franchisor designates as confidential are communicated to the Franchisee solely on a confidential basis and as trade secrets, in which the Franchisor and its Affiliates have a substantial investment and a legitimate right to protect against unlawful disclosure. Accordingly, the Franchisee agrees to maintain the confidentiality of all such information, from the date of receipt and for any time thereafter, and shall not disclose any of the contents of the Guidelines or any confidential information whatsoever with respect to the Franchisor's business affairs, or the System, or the financial performance of the Franchised Business, other than as may be required to enable the Franchisee to conduct its business from the Premises or as otherwise permitted by the Franchisor, and the Franchisee further agrees not to use any such confidential information in any other business or in any manner not specifically approved in writing by the Franchisor. The Franchisee further agrees to not make any unauthorized copies of confidential information and to adopt and implement all reasonable procedures that the Franchisor prescribes from time to time to prevent the unauthorized use or disclosure of the confidential information, including, without limitation, restrictions on disclosure of the confidential information to the Franchisee's employees and others. This section 9.2 shall survive a Transfer, and the expiration or termination of this Agreement for any reason whatsoever. Notwithstanding anything to the contrary in this section 9.2, the Franchisee may disclose the information to their professional advisors for the purpose of obtaining advice in relation to the Franchised Business so long as such parties agree to maintain the confidentiality of the information on the same basis as required of the Franchisee hereunder. The Franchisee shall be liable for any breach of these provisions by any parties to whom the Franchisee has disclosed such information.

9.3 Improvements

If the Franchisee, or its employees develop any new concept, process or improvement in the operation or promotion of the Franchised Business ("**Improvements**"), the Franchisee must promptly notify the Franchisor and provide the Franchisor with all necessary related information, without compensation. The Franchisor will be the sole owner of all Improvements and of all patents, patent applications, and other intellectual property rights related thereto. The Franchisee hereby assigns to the Franchisor any rights it may have or acquired therein, including the right to modify such Improvements, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. The Franchisee agrees to assist the Franchisor in obtaining and enforcing the intellectual property rights to any such Improvement in any and all countries and further agree to execute and provide the Franchisor with all necessary documentation for obtaining and enforcing such rights. The Franchisee hereby irrevocably designates and appoints the Franchisee as its 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 right related to any Improvement. In the event that the foregoing provisions of this section 9.3 are found to be invalid or otherwise unenforceable, the Franchisee hereby grants to the Franchisor a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the Improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe upon the Franchisee's rights therein.

9.4 Guidelines are Property of the Franchisor

The Franchisee hereby acknowledges that the Guidelines are on loan to the Franchisee and shall at all times remain the sole and exclusive property of the Franchisor, and

upon a Transfer by the Franchisee of its entire interest in this Agreement and the franchise granted through this Agreement (other than for the purpose of a bona fide re-organization), or upon the expiration or termination of this Agreement for any reason whatsoever, the Franchisee shall forthwith return any documents containing in any way the Guidelines together with all copies of any portion of the Guidelines which the Franchisee may have made to the Franchisor, and destroy or permanently delete all electronic copies of the Guidelines or any electronic portion thereof.

10. ADVERTISING AND INFORMATION TECHNOLOGY

10.1 Advertising Funds

Recognizing the value of uniform advertising and promotion to the goodwill and public image of the System, the Franchisee agrees that the Franchisor shall have the right to maintain, administer, temporarily or permanently discontinue, replace or delegate to others such obligations, a general advertising fund or funds (the "**Fund**") to enhance, promote and protect the Licensed Brand and System Restaurants as the Franchisor may deem necessary or appropriate. The Franchisor shall have the right to direct all such advertising programs with respect to the creative concepts, materials, endorsements and media used therein, and the placement and allocation thereof.

The Franchisee shall contribute to the Fund the amount specified in Schedule "1" hereto. Any amounts payable hereunder to the Fund, shall be paid together in the same manner and at the same time as the royalty fees hereunder and shall be based upon Gross Sales for the preceding week. In respect of Franchisor-operated restaurants, the Franchisor may, but is not obligated to, contribute to the Fund at the latest rate then being charged by the Franchisor to System franchisees in the applicable region. Upon reasonable written notice to the Franchisee, which need not be more than thirty (30) days, the Franchisor may increase the amount that the Franchisee is required to contribute to the Fund, but in no event shall the Fund contribution exceed the limit specified in Schedule "1".

The parties agree that the primary purpose of the Fund is the advertising and promotion of the System and Products and payment of legitimate costs incurred by the Franchisor and its Affiliates to facilitate such advertising and promotion, including but not limited to costs, fees and expenses of System-related brand awareness programs, System-wide or regional conferences/conventions, brand management costs, personnel of the Franchisor or its Affiliates (including salaries and other compensation, or a reasonable portion thereof in respect of employees who may work on multiple brands), media costs and commissions, menu development costs, costs of market research, product and service research, development and testing, creative and production costs, including, without limitation, the costs of creating promotions and artwork, printing costs, and other costs relating to advertising and promotional programs undertaken in respect of the Fund. The Franchisor reserves the right to place and develop such advertisements and promotions and to market same either directly or through an advertising agency retained or formed for such purpose or through cooperative advertising groups composed of System franchisees designated by the Franchisor. The Fund shall be accounted for separately from the other funds collected by the Franchisor and shall not be used to advertise the availability of franchises, except in a purely ancillary manner, or to defray any of the Franchisor's general operating expenses, except for such reasonable salaries and other compensation of any personnel, administrative costs and overhead (calculated on a fully allocated basis), if any, as the Franchisor may incur in activities reasonably related to the administration of the Fund and its advertising programs.

A statement of the operations of the Fund shall be prepared annually, and made available by the Franchisor to the Franchisee, the reasonable cost of such statement to be paid by the Fund.

The Franchisee acknowledges and agrees that the Fund is intended to maximize general public recognition and patronage of the System Restaurants, for the benefit of all franchisees in the System, and that the Franchisor undertakes no obligation in administering the Fund to ensure that any particular franchisee, including the Franchisee, benefits directly or pro-rata from the placement or conduct of such advertising and promotion. Without limiting the generality of the foregoing, the Franchisor is under no obligation to administer or distribute the Fund according to any particular geographic area or territory. The Franchisee further acknowledges and agrees that, if the Franchisor deems appropriate, the Franchisor shall have the right to reasonably allocate all or a portion of the Fund to regional advertising cooperatives administered by one or more groups of System franchisees, without prior notice to the Franchisee, and/or to a fund to be used to advertise and promote the System together with one or more of the Other Brands, such as in respect of any giftcard program or multi-brand advertising that the Franchisor or its Affiliates may undertake.

10.2 Local Restaurant Marketing

The Franchisee recognizes the necessity to itself vigorously promote and advertise the Franchised Business on a local basis, and agrees that all local restaurant marketing shall be conducted in accordance with the following:

(a) the Franchisee shall advertise and promote only in a manner that will reflect favorably on the Franchisor, the Franchisee, the Products, and the good name, goodwill and reputation thereof;

(b) the Franchisee shall, at least ten (10) days prior to any intended use, submit to the Franchisor for its approval, which approval shall not be unreasonably withheld or unduly delayed, all advertising and promotions proposed to be utilized by the Franchisee and until such time as the Franchisor shall give its prior written approval to the use of such advertising and promotions, the Franchisee shall not utilize same in any advertising or promotion. The Franchisee acknowledges that the Franchisor may assess all aspects of the proposed advertising or promotion, including without limitation, the nature of the advertising or promotion, the choice of materials, selection of media, and timing of the advertising or promotion. The Franchisor will review the proposed advertising or promotion with a view to providing direction and guidance to ensure consistency of brand messaging, as well as consistency with then current marketing, advertising and promotional programs. The Franchisee must however, through its own advisors, ensure that its advertising and promotional materials and activities are in full compliance with all laws and regulations;

(c) the Franchisee shall pay for any and all local restaurant advertising and promotions conducted by the Franchisee and approved by the Franchisor directly to the suppliers of such advertising and promotions;

(d) the Franchisee hereby acknowledges that the Franchisor is the sole and exclusive owner of all copyrights and any and all advertising and promotional material incorporating the Marks prepared by or on behalf of the Franchisee and same shall at all times remain the property of the

Franchisor; and

(e) the Franchisee agrees to advertise the Franchised Business (at the Franchisee's expense) in local telephone directories, and on any internet advertising or listings approved by the Franchisor, using only such materials as may be approved by the Franchisor. If other System businesses are served by the same hard copy or electronic directories, the Franchisor shall have the right to require group listings therein, to make direct arrangements with the service provider and to allocate the cost thereof among the applicable System businesses.

The Franchisee agrees to expend, during each four (4) or five (5) week consecutive accounting period corresponding to the periods in the Franchisor's designated fiscal or calendar year, on local restaurant marketing and promotions within the Territory not less than an amount equal to the percentage of Gross Sales specified in Schedule "1" hereto. The Franchisee shall provide the Franchisor with evidence of any expenditure under this section 10.2 within thirty (30) days of any request by the Franchisor and shall include evidence of all expenditures for local restaurant marketing when submitting its financial statements for each fiscal year as required by section 12.2(c). Expenditures incurred for any of the following may not be included in the local expenditure requirement pursuant to this section, unless first approved by the Franchisor in writing: (i) incentive programs for the Franchisee's employees or agents, including the cost of honoring any discounts or coupons, and salaries and expenses of any of such employees, (ii) non-media costs incurred in any promotion; (iii) charitable, political or other contributions or donations; (iv) in-store materials consisting of fixtures or equipment; (v) the cost of local business listings in printed or internet media; and (vi) Fund contributions and other administrative costs.

The Franchisee agrees that in the event that a regional cooperative of System restaurants is created by the Franchisor to conduct regional advertising of a type similar to the local store marketing contemplated in this section 10.2 within a region that includes the Premises, the Franchisor may require that all or a portion of the percentage of Gross Sales specified in Schedule "1" hereto relating to local restaurant marketing and promotions within the Territory, be contributed by the Franchisee towards the cost of that cooperative advertising if it covers an area including the Premises.

10.3 Grand Opening Advertising and Promotion

The Franchisee must spend at least the amount specified in Schedule "1" on grand opening advertising and promotion of the opening of the Franchised Business within the time period specified on Schedule "1" (the "**Grand Opening Obligation**"). The Grand Opening Obligation is in addition to the Fund contribution and local marketing obligations. All materials that the Franchisee uses for the Grand Opening Obligation and the media in which the Franchisee uses them, are subject to the Franchisor's approval. The Franchisor has the right to require the Franchisee to provide documentation that demonstrates compliance with the Grand Opening Obligation. If the Franchisee fails to make advertising expenditures in accordance with this Section, the Franchisor will have the right to either: (i) require the Franchisee to spend the remaining amount on local marketing, in addition to the local marketing obligations; or (ii) spend an amount not to exceed the Grand Opening Obligation on advertising and promoting the opening of the Franchised Business on behalf of the Franchisee, and then the Franchisee must fully reimburse the Franchisor for these expenses.

10.4 Internet Website and Electronic Commerce

The Franchisee acknowledges and agrees that any internet website, email addresses, or other means of electronic communication created and/or operated by or on behalf of the Franchisor related directly or indirectly to advertising or promotion of the System, Products and/or the Franchised Business (other than advertising the availability of franchises except where same is done in a purely ancillary manner), and support services relating to such electronic communication, shall be deemed "advertising" under this Agreement and may be paid for by the Fund.

10.5 Computer Systems and Required Software

With respect to computer systems and required software for the Franchised Business, the Franchisee hereby acknowledges and agrees as follows:

(a) The Franchisor has the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among Franchised Businesses and the Franchisor, and in accordance with the Franchisor's standards, including back office systems, data, audio, video (including managed video security surveillance), telephone, voice messaging, retrieval, extranets, intranets, and transmission systems for use at Franchised Business; POS Systems; physical, electronic, and other security systems and measures; printers and other peripheral devices; archival back-up, data protection and cybersecurity systems; internet access mode (e.g., form of telecommunications connection) and speed; technology used to enhance and evaluate the customer experience; front-of-the-house WiFi and other connectivity service for customers; in-store music systems; age verification technology; and supply-chain management (for example, seed-to-sale) software and hardware programs (collectively, all of the above are referred to as the "**Digital System**");

(b) The Franchisor has the right, but not the obligation, to develop or have developed for the Franchisor, or to designate: computer software programs and accounting, data protection and cybersecurity system software that the Franchisee must use in connection with the Digital System (including applications, technology platforms, and other such solutions) ("**Required Software**"), which the Franchisee must install; updates, supplements, modifications, or enhancements to the Required Software, which the Franchisee must install; the media upon which the Franchisee must record data; and the database file structure of the Digital System. If the Franchisor requires the Franchisee to use any or all of the above items, then the Franchisee must do so;

(c) The Franchisee agrees to install and use the Digital System and Required Software at the Franchisee's expense. The Franchisor may, at its sole discretion, install the Digital System and Required Software for the Restaurant, at the Franchisee's expense. The Franchisee agrees to pay the Franchisor or third party vendors, as the case may be, initial and ongoing fees in order to install, maintain, and continue to use the Required Software, hardware, and other elements of the Digital System;

(d) The Franchisee agrees to implement and periodically make upgrades and

other changes at its expense to the Digital System and Required Software as the Franchisor may reasonably request in writing (collectively, "**Computer Upgrades**");

(e) The Franchisee agrees to comply with all specifications that the Franchisor issues with respect to the Digital System and the Required Software, and with respect to Computer Upgrades, at the Franchisee's expense. The Franchisee agrees to afford the Franchisor unimpeded access to the Digital System and Required Software, including all information and data maintained thereon, in the manner, form, and at the times that the Franchisor may request;

(f) The Franchisee agrees that the Franchisor will have the right to approve or disapprove the use of any other technology solutions (including beacons and other tracking methodologies); and

(g) The Digital System and Required Software shall be deemed to be Franchisor's confidential and proprietary information and Franchisee agrees not to copy, decompile, reverse engineer or modify the Digital System or Required Software in any way whatsoever.

10.6 Data

With respect to all data that the Franchisee collects, creates, provides, acquires, or otherwise develops on Digital System, or otherwise:

(a) The Franchisee agrees that all such data is and will be owned exclusively by the Franchisor, and that the Franchisor will have the right to access, download, and use that data in any manner that the Franchisor deems appropriate without compensation to the Franchisee;

(b) The Franchisee agrees that all other data that the Franchisee creates or collects in connection with the System, and in connection with the operation of the Franchised Business (including customer and transaction data), is and will be owned exclusively by the Franchisor at all times;

(c) In order to operate the Franchised Business under this Agreement, the use of such data is hereby licensed back to the Franchisee, at no additional cost, solely for the term of this agreement and for the Franchisee's use in connection with operating the Franchised Business. The Franchisee acknowledges and agrees that except for the right to use the data under this clause, the Franchisee will not develop or have any ownership rights in or to the data;

(d) The Franchisee consents to the Franchisor obtaining, using and disclosing to third parties (including, without limitation, prospective franchisees, financial institutions, legal and financial advisors), for any purpose or as may be required by law, any financial or other information contained in or resulting from information, data, materials, statements and reports received by the Franchisor or disclosed to the Franchisor in accordance with this Agreement;

(e) The Franchisee shall independently determine what is required in order to comply (and then comply) at all times with the most current version of the

Payment Card Industry Data Security Standards, and all laws governing the use, disclosure, and protection of Data and the Digital System, and validating compliance with those standards and laws as may be periodically required; and

(f) The Franchisee agrees to transfer to the Franchisor all data (in the digital machine-readable format that the Franchisor specifies, and/or printed copies, and/or originals) promptly upon the Franchisor's request whenever made.

10.7 Data Requirements and Usage

The Franchisor may periodically specify in the Guidelines or otherwise in writing the information that the Franchisee must collect and maintain on the Digital System, and the Franchisee agrees to provide to the Franchisor such reports as the Franchisor may reasonably request from the data so collected and maintained. In addition:

(a) Without limitation to anything otherwise in this Agreement, the Franchisee agrees to abide by all applicable laws pertaining to the privacy and mandatory disclosure of consumer, employee, and transactional information in connection with its use of the Digital System and the general operation of the Franchised Business ("**Privacy Laws**");

(b) The Franchisee agrees to comply with the standards and policies that the Franchisor may issue (without any obligation to do so) pertaining to the privacy and disclosure of consumer, employee, and transactional information. If there is a conflict between the Franchisor's standards and policies and Privacy Laws, the Franchisee agrees to: comply with the requirements of Privacy Laws; immediately give the Franchisor written notice of such conflict; and promptly and fully cooperate with the Franchisor and the Franchisor's counsel in determining the most effective way, if any, to meet the Franchisor's standards and policies pertaining to privacy within the bounds of Privacy Laws;

(c) The Franchisee agrees to not publish, disseminate, implement, revise, or rescind a data privacy policy without the Franchisor's prior written consent as to such policy; and,

(d) The Franchisee agrees to implement at all times appropriate physical and electronic security as is necessary to secure the Digital System, including complex passwords that the Franchisee change periodically, and to comply with at least the minimum-level standards and policies that the Franchisor may issue (without obligation to do so) in this regard.

10.8 No Separate Online Sites

Unless the Franchisor has otherwise approved in writing, the Franchisee agrees to neither establish nor permit any other party to establish an Online Site relating in any manner whatsoever to the Franchised Business or referring to the Marks. The Franchisor will have the right, but not the obligation, to provide one or more reference or webpage(s), as the Franchisor may periodically designate, within the Online Site. The term "**Online Site**" means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including the Internet, World Wide Web, webpages, microsites, social media

and/or social networking sites (e.g., Facebook, Twitter, LinkedIn, YouTube, Snapchat, Pinterest, Instagram, etc.), blogs, vlogs, applications to be used on mobile devices (e.g., iOS or Android apps), and other applications, etc. (whether now in existence or developed in the future).

10.9 POS Systems

The Franchisee agrees to record all sales on integrated computer-based point of sale systems that the Franchisor approves or on such other types of cash registers or systems as the Franchisor may designate in the Guidelines or otherwise in writing ("**POS Systems**"), which will be deemed part of the Digital System. The Franchisee agrees to utilize POS Systems that are fully compatible with any program, software program, and/or system which the Franchisor may employ (including mobile or remote device, application and payment systems), and the Franchisee agrees to record all Gross Sales and all sales information on such equipment. The Franchisor may designate one or more third party suppliers or servicers to provide installation, maintenance, and/or support for the POS System, and the Franchisee agrees to enter into and maintain such agreements (including making such payments) as the Franchisor or the third-party suppliers and/or servicers require in connection with the installation, maintenance, and/or support for the POS System. The POS System is part of the Digital System. The Franchisee agrees to at all times maintain a continuous high-speed Ethernet cabled (not wireless) connection to the Internet to send and receive POS data to the Franchisor, as requested.

10.10 Social Media and E-Mail

The Franchisee shall not use any Marks or portions of any Marks online or on social media (including social networking sites, blogs, image sharing sites and any other form of Internet-based communication) or as part of a domain name or any other similar electronic address maintained on the Internet or otherwise. The Franchisee agrees not to use the Marks or any abbreviation or other name associated with the Franchisor and/or the System as part of any e-mail address, domain name, social network or social media name or address, and/or any other identification of the Franchisee's business in any electronic medium. The Franchisee agrees not to transmit or cause any other party to transmit advertisements or solicitations by e-mail, text message, and/or any other electronic method without obtaining the Franchisor's prior written consent as to: the content of such electronic advertisements or solicitations; and the Franchisee's plan for transmitting such advertisements. In addition to this Agreement, the Franchisee agrees to comply with (and will be solely responsible for compliance with) all laws pertaining to sending electronic communication. As used in this Agreement, the term "electronic communication" includes all methods for sending communication electronically, whether currently invented or used or only developed in the future, including e mails, text messages, faxes, internet-based communication, and other direct-messaging techniques.

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10.11 Outsourcing

The Franchisee agrees not to engage any third party or outside vendor to perform any service and/or obligations in connection with the Digital System, Required Software, and/or any other of the Franchisee's obligations, without the Franchisor's prior written approval. The Franchisor's consideration of any proposed outsourcing vendors may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with the Franchisor and the Franchisee in a form that the Franchisor may reasonably provide and the third party or outside vendor's agreement to pay for all initial and ongoing costs related to interfaces with the Franchisor's systems. The provisions of this section 10.11 are in addition to and not instead of any other provision of this agreement. The Franchisee agrees not to install (and/or remove) any software or firmware from the Digital System without the Franchisor's prior written consent.

10.12 Telephone Service

The Franchisee agrees to use the telephone service for the Franchised Business that the Franchisor may require, which may be one or more centralized vendors that the Franchisor designates for that purpose. The Franchisee agrees that the Franchisor may designate, and own, the telephone numbers for the Franchised Business. If required by the Franchisor, the Franchisee agrees to port or transfer over any existing telephone numbers owned or used by the Franchisee for the Franchised Business to the Franchisor's designated or approved vendor at the Franchisee's cost and expense.

10.13 Changes

The Franchisee acknowledges and agrees that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, the Franchisee agrees that the Franchisor will have the right to establish, in writing, new standards for the implementation and acquisition of technology in the System, including updated or replacement Digital Systems, Required Software, POS Systems, and/or other technologies or equipment, and the Franchisee agrees that it shall, at its expense, abide by all such new standards from time to time, as established.

10.14 Electronic Communication

The Franchisee acknowledges and agrees that exchanging information with the Franchisor by electronic communication methods is an important way to enable quick, effective, and efficient communication, and that the Franchisor is entitled to rely upon the Franchisee's use of electronic communications. To facilitate the use of electronic communication to exchange information, the Franchisee authorizes the transmission of those electronic communications by the Franchisor and the Franchisor's employees, vendors, and Affiliates (on matters pertaining to the business contemplated under this agreement) (together, "**Official Senders**") to the Franchisee during the term of this Agreement. In addition, the Franchisee agrees that: Official Senders are authorized to send electronic communications to those of the Franchisee's employees as the Franchisee may occasionally designate for the purpose of communicating with the Franchisor and others; the Franchisee will cause the Franchisee's officers, directors, members, managers, and employees (as a condition of their employment or position with the Franchisee) to give their consent (in an electronic communication or in a pen-and-paper writing, as the Franchisor may reasonably require) to Official Senders' transmission of electronic communication to those persons, and that such persons may not opt-out, or otherwise ask to no longer receive electronic communication, from Official Senders during the time that such person

works for or is affiliated with the Franchisee; and the Franchisee will not opt-out, or otherwise ask to no longer receive electronic communications, from Official Senders during the term of this agreement. The Franchisor may permit or require the Franchisee to use a specific e-mail address (or address using another communications method) (the "**Permitted E-mail Address**") in connection with the operation of the Franchised Business, under the standards that the Franchisor sets for use of that Permitted E-mail Address. The Franchisee further acknowledges that the Franchisor has no liability for any costs relating to or arising from electronic communication between the Franchisor and the Franchisee's officers, directors, members, managers and employees.

10.15 Disclaimer

The Digital Systems and Required Software are without any warranty, representation, condition, undertaking or term of any kind made or given by or on behalf of the Franchisor or any of its Affiliates, whether express or implied, statutory or otherwise, including without limitation, the warranties or conditions of merchantability, non-infringement of intellectual property, or fitness for a particular purpose. The Franchisor has no liability to the Franchisee for any failures of the Digital Systems and Required Software, whether of a permanent or temporary nature, including but not limited to outages, service disruptions, blackouts, malfunctions, defects, impairments and other such failures, as well as, any disruptions to operations or closures of the Franchised Business as a result thereof. In no event shall the Franchisor or any Affiliate be liable for any special, indirect or consequential damages or any damages whatsoever, including loss of profits or data, whether in an action in contract or tort, arising out of the use or performance of the Digital Systems and/or Required Software. The Franchisee acknowledges and understands that computer systems are vulnerable to, among other things, viruses, bugs, power disruptions, Internet access and content failures, and attacks by hackers and other unauthorized intruders. The Franchisor does not guarantee that the information or communication systems supplied by the Franchisor or its suppliers are immune from such problems or attacks. The Franchisee is solely responsible for protecting itself from these problems, and agrees to take reasonable steps to secure its systems through, among other things, firewalls, encryption, access code protection, antivirus systems, cybersecurity insurance, and backup systems. Where applicable, the Franchisor shall be at liberty to install firewalls and other anti-virus systems in the Digital Systems and Required Software and the Franchisor may designate or approve certain firewalls and other anti-virus systems as it deems necessary.

11. MARKS

11.1 No Permanent Interest

Neither this Agreement nor the operation of the Franchised Business shall in any way give or be deemed to give to the Franchisee any interest in the Marks except for the right to use the Marks solely at and on the Premises and in accordance with the terms and conditions of this Agreement. The Franchisee shall not use the Marks in any manner calculated to represent that it is the owner of the Marks. Neither during the term of this Agreement nor at any time after a Transfer, or the expiration or termination hereof, shall the Franchisee, either directly or indirectly, dispute or contest the validity or enforceability of the Marks, attempt any registration thereof, or attempt to dilute the value of any goodwill attaching to the Marks. Any goodwill associated with the Marks shall inure exclusively to the benefit of the Franchisor.

11.2 Franchisee's Obligations With Respect to Marks

Without in any way restricting or limiting section 11.1 hereof, the Franchisee covenants and agrees as follows:

(a) that forthwith upon any request by the Franchisor, the Franchisee will execute such applications or agreements or such other instruments in such form and with such parties, as the Franchisor shall specify, protecting the interests and rights of the Franchisor and Licensed Brand Owner in such Marks, or complying with any applicable trade name, trade-mark or other similar legislation;

(b) that the Franchisee will not use either the Marks or any variations thereof as any part of its corporate, firm or business name or for any other purposes, save and except in accordance with the terms and conditions of this Agreement, as required by applicable law, or as may otherwise be specifically authorized by the Franchisor in writing;

(c) that if the business, partnership or corporate statutes of any jurisdiction require that the Franchisee make application to use the Marks within such jurisdiction, such application of the Franchisee shall specify that the Franchisee's use of such Marks is subject to and limited by the terms and conditions of this Agreement which grants to the Franchisee only the right to use the Marks in the operation of the Franchised Business and no proprietary interests therein; and

(d) that forthwith upon a Transfer that results in a new party as franchisee hereunder, or the expiration or termination for any reason whatsoever of this Agreement, the Franchisee shall cease all use of the Marks (including any colorable imitations thereof) for any purposes whatsoever and the Franchisee shall not hold out to the public, either directly or indirectly, following such Transfer, expiration or termination, that the Franchisee previously conducted business under the Marks.

11.3 Affixing of Notice

The Franchisee hereby covenants and agrees that it will affix in a conspicuous location in or upon the Premises, a sign as set out in Schedule "1" stating that it is operating the Franchised Business under license.

In all written materials that display any of the Marks, including without limitation, on advertising, promotional materials, invoices, order forms, receipts, letterhead, contracts, and business cards, the Franchisee shall include the information as is specified in the notice at the Premises.

11.4 Infringement or Discontinuance of Use of Marks

The Franchisee shall immediately notify the Franchisor of any infringement of or challenge to the Franchisee's use of any of the Marks and the Franchisor shall have the discretion to take such action (including no action) as it deems appropriate and control exclusively any litigation, U.S. Patent and Trademark Office ("PTO") proceeding, or other administrative proceeding arising from any infringement, challenge or claim. In the prosecution or defense of any such proceeding the Franchisee shall cooperate fully with the Franchisor, and execute any documents deemed necessary in the opinion of counsel to the Franchisor. The Franchisor agrees to indemnify the Franchisee against and to reimburse the Franchisee for all damages for which it is held liable in any proceeding arising out of any trademark infringement proceeding disputing Franchisee's use of any of the Marks in compliance with this Agreement and for all costs reasonably incurred by the Franchisee in the defense of any such claim brought against it or in

any such proceeding in which it is named as a party, to a maximum aggregate amount equal to the Initial Fee paid hereunder, provided that Franchisee's use of the Marks has been consistent with this Agreement and the Guidelines communicated to Franchisee, and Franchisee has timely notified Franchisor of, and complied with Franchisor's directions in responding to, the proceeding. Except where the indemnity above applies, if it becomes advisable at any time in the discretion of the Franchisor for the Franchisee to modify or discontinue the use of any of the Marks or use one or more additional or substitute certification marks, trade names or trademarks, the Franchisee, agrees to do so at its sole cost and expense.

12. ACCOUNTING, RECORDS, REPORTS, AUDITS AND INSPECTIONS

12.1 Bookkeeping, Accounting, Record and Information Technology Systems

The Franchisee shall adopt and continuously use such computerized point-of-sale, inventory, ordering, bookkeeping, labor, payroll processing, accounting and record-keeping systems, software, and cost control procedures and other systems and procedures as are prescribed by the Franchisor from time to time, and as set out in the Guidelines. This shall include, without limitation, the use and retention of point of sale system records, invoices, cash receipts, inventory records, purchase orders, payroll records, check stubs, bank deposit receipts, sales tax records and returns, cash disbursement journals and general ledgers together with such further and other equipment, records and documents as may from time to time be required by the Franchisor.

The Franchisee and all personnel employed by the Franchisee shall record, at the time of sale, all receipts from sales or other transactions, whether for cash or credit, on point-of-sale systems, cash registers or other equipment and software programs as approved by the Franchisor. If required by the Franchisor as a result of irregularities with the Franchisee's reporting, the Franchisee agrees to use, at the Franchisee's own expense, a bookkeeper or accountant, with qualifications satisfactory to the Franchisor, for the purposes of maintaining the financial records of the Franchised Business. The Franchisee must retain the financial records of the Franchised Business for such period of time as required by law.

Without limiting the generality of the foregoing, and the provisions of Section 10, the Franchisor has developed a program (the "**Restaurant Technology Program**") to provide franchisees with a technology platform to assist with the financial and administrative management of franchised restaurants. The Franchisee shall participate in and comply with the terms, conditions and requirements of the Restaurant Technology Program, as more fully prescribed in one or more Restaurant Technology Program agreements to be entered into concurrently with this Agreement and from time to time thereafter, which agreements may require, among other things, that the Franchisee purchase, rent or sublicense certain hardware and software, and contract for installation, support and repair services.

In designating or approving suppliers for equipment, software and services required to be purchased or otherwise acquired pursuant to a Restaurant Technology Program agreement, the Franchisor shall require the Franchisee to obtain same from sources in accordance with section 8.2(b) of this Agreement. In the event that the Franchisor requires any change to the Restaurant Technology Program applicable to System franchisees, the Franchisee agrees to purchase or otherwise acquire such Goods and Services in relation thereto as are needed in connection with such change, and to enter into at that time, any amendment to or replacement of or new Restaurant Technology Program agreement as may reasonably be required by the Franchisor.

12.2 Reports and Financial Information

The Franchisee shall furnish to the Franchisor such reports as the Franchisor may require from time to time. Without limiting the generality of the foregoing, the Franchisee shall furnish to the Franchisor in the form from time to time prescribed by the Franchisor and together with such detail and breakdown and copies of supporting records as the Franchisor may from time to time require:

(a) concurrently with the payment of the royalty specified in section 3.2, a weekly report of the Gross Sales for the preceding week period, verified by the Franchisee;

(b) within fifteen (15) days after the end of each four (4) or five (5) week consecutive accounting period corresponding to the periods in the Franchisor's designated fiscal or calendar year, a profit and loss statement for the Franchised Business for such period;

(c) within ninety (90) days after the end of each fiscal year of the Franchised Business, financial statements for the Franchised Business, including a balance sheet, profit and loss statement and a statement of retained earnings for such period, which statements shall be prepared by an accredited accountant on a review engagement basis, at a minimum;

(d) upon request by the Franchisor, evidence that the Franchisee has withheld, collected and remitted when due any applicable taxes or other such amounts as the Franchisee may be required by law to withhold or collect and remit to any governmental authority; and

(e) where the Franchisee is in breach of this Agreement and if requested by the Franchisor, within thirty (30) days of filing, a true copy of all returns, schedules and reports filed by the Franchisee for income or corporate tax purposes.

12.3 Authorization to Third Parties

The Franchisee hereby authorizes the Franchisor to make inquiry of the Franchisee's bankers, suppliers, other trade creditors, governmental authorities (including tax authorities) as to their dealings with the Franchisee in relation to the Franchised Business, to discuss the affairs, finances and accounts of the Franchised Business (and by its execution hereof the Franchisee authorizes and directs such bankers, suppliers, other trade creditors and governmental authorities to discuss with the Franchisor the affairs, finances and accounts of the Franchised Business) and to obtain information and copies of invoices and documents relating to sales or other dealings with all such persons and the Franchisee in any way relating to the Franchised Business. The Franchisee agrees to execute and deliver to the Franchisor, from time to time as requested by the Franchisor, a letter of authorization in a form provided by the Franchisor, and, if requested, such further directions and other documents as the Franchisor may require from time to time in order to permit such bankers, suppliers, other trade creditors and governmental authorities to release or disclose any such information and documents to the Franchisor, and should the Franchisee fail to execute and deliver any such directions and/or documents, the provisions of section 20.19 shall apply.

12.4 Inspection and Audit of Books and Records

The Franchisor shall have the right, during normal business hours and without prior notice to the Franchisee, to inspect or audit, or cause to be inspected or audited the financial books, records, bookkeeping and accounting records, documents or other materials in respect of the Franchised Business, including the right, without limitation, to have a person on the Premises to check, verify and tabulate Gross Sales, and/or to examine and make copies of all accounting and business records and procedures.

In the event that any such audit or inspection shall disclose an understatement of Gross Sales, the Franchisee shall pay to the Franchisor, within two (2) days after receipt by the Franchisee of the inspection or audit report, the royalty and other sums due on account of such understatement. Further, if such audit or inspection is made necessary by the failure of the Franchisee to furnish reports, financial statements or any other documentation as herein required, or if it is determined by any such audit or inspection that the Franchisee's records and procedures were insufficient to permit a proper determination of Gross Sales for any year or part thereof to be made, or that reported Gross Sales for the period in question were understated by three percent (3%) or more of the actual Gross Sales, or that the Franchisee was not complying with the provisions of section 12.1 or section 12.2 hereof, the Franchisee shall immediately take such steps as may be necessary to remedy such default and the Franchisee shall promptly pay to the Franchisor the royalty and other sums due on account of such understatement, plus twenty-five percent (25%) of such sums, which amount shall bear interest at the Interest Rate, calculated and payable weekly, not in advance, as well as all costs incurred in connection with such audit or inspection, including, without limitation, charges of an independent accountant if involved in such an audit, and the travel expenses, room, board and compensation of employees of the Franchisor or Affiliates.

If the Franchisee's records and procedures were insufficient to reasonably permit a proper determination of Gross Sales, the Franchisor shall have the right to deliver to the Franchisee an estimate, made by the Franchisor, of Gross Sales for the period under consideration and the Franchisee shall immediately pay to the Franchisor any amount shown thereby to be owing on account of the royalty fees and other sums due on account of any estimate. Any such estimate shall be final and binding upon the Franchisee.

12.5 Right to Inspect Franchised Business and Premises

The Franchisor shall have the right at all times to inspect the Premises and the furnishings, equipment and fixtures thereon, the Products, to take inventory of such Products, and otherwise to examine the manner in which the Franchisee is conducting the Franchised Business. In the event of any such inspection, the Franchisee and its staff shall cooperate fully. If an inspection reveals any default of this Agreement, the Franchisee shall remedy such default according to the terms of this Agreement, or as otherwise communicated to the Franchisee by written notice from the Franchisor. If the Franchisee fails to remedy any such default, the Franchisor may, at its option, itself remedy such default (and enter the Premises when necessary to do so), and bill the Franchisee for all costs and expenses reasonably incurred in doing so. Without in any way limiting the above, the Franchisor shall have the right to require that the Franchisee cease using and immediately remove from the Premises any Product, or other item, which the Franchisor determines is not in strict accordance with the applicable standards and specifications, or which has not been duly authorized for use or sale by the Franchisor. In the event the Franchisee fails or refuses to remove such Product or other item, then the Franchisor shall be permitted to do so, at the Franchisee's cost.

12.6 Right to Information

The Franchisee consents to the Franchisor obtaining, using and disclosing to third parties (including, without limitation, prospective franchisees, financial institutions, legal and financial advisors), for any commercially reasonable purpose or as may be required by law, any financial or other information contained in or resulting from information, data, materials, statements and reports received by the Franchisor or disclosed to the Franchisor in accordance with this Agreement.

12.7 Financing by the Franchisee

Where requested to do so, the Franchisee must provide to the Franchisor for its prior written approval any document intended to be issued by or used by the Franchisee for purposes of raising or attracting funds for the Franchisee, whether by way of debt, share issuance or issuance of new partnership interests or other securities or interests of any nature whatsoever (or the transfer of existing shares or partnership interests or other securities or interests) and whether such document be in the form of a security agreement, prospectus, offering memorandum or circular, or any other form of document, and the Franchisee shall not issue such document until such time as the Franchisor's prior written approval has been obtained. It is understood and agreed that the provisions of this section 12.7 shall apply whether or not the effect of such financing is to change the effective voting or other control of the Franchisee.

13. INSURANCE

13.1 Types of Insurance

The Franchisee shall, at its sole cost and expense, take out and keep in full force and effect throughout the Initial Term and any renewal thereof, such insurance coverage as may be required pursuant to the Lease and as the Franchisor may from time to time require (including, within the Guidelines) and on such terms and in such amounts as the Franchisor may from time to time require (including, without limitation, the insurance coverages listed below in amounts specified in Schedule "1" attached hereto), fully protecting the Franchisor, its Affiliates and the Franchisee against loss or damage occurring in connection with the Franchised Business. All costs in connection with the placing and maintaining of such insurance shall be borne solely by the Franchisee.

(a) Commercial General Liability Insurance insuring bodily injury, personal injury, and property damage with respect to product liability, premises liability, liquor liability (if applicable), non-owned automobile liability (S.P.F. 6), and employers' liability in the amount specified in Schedule "1" attached hereto. Such policy shall include a cross liability / severability of interests clause and shall name the Franchisor as an additional insured with respect to the actions and operations of the Franchisee. Defense costs under such policy shall apply in addition to the limits of liability. Such insurance shall apply on a primary basis.

(b) All Risks Property Insurance including Flood, Earthquake, Windstorm, and Sewer Back Up, insuring the full replacement value of all property owned or leased or the responsibility of the Franchisee to insure including buildings, leasehold improvements, equipment, plate glass, signs, and stock. The policy shall include Business Interruption Coverage on a Gross Profits Form with no less than a twelve (12) month indemnity period including coverage for rents, and royalties and other payments due to the

Franchisor. Such policy shall contain the agreement of the insurers to waive subrogation against the Franchisor and shall add Landlords and the Franchisor as Additional Insureds and Loss Payees as their respective interests may appear.

(c) Comprehensive Equipment Breakdown / Boiler & Machinery Coverage on a replacement cost basis covering all insurable objects (including boilers, pressure vessels, air conditioning units, and equipment) which are the responsibility of the Franchisee to insure. The policy shall include Business Interruption Coverage on a Gross Profits Form with no less than a twelve (12) month indemnity period including coverage for rents, and royalties and other payments due to the Franchisor. Such policy shall contain the agreement of the insurers to waive subrogation against the Franchisor and shall add Landlords and the Franchisor as Additional Insureds and Loss Payees as their respective interests may appear.

(d) Automobile insurance on any vehicles owned or leased by the Franchisee;

(e) Crime Insurance insuring Robbery, Burglary and Employee Dishonesty;

(f) Workers' Compensation Insurance as required by law; and

(g) Wrap Up Liability Insurance, Builders' Risk/Course of Construction Insurance, and such other insurance coverages and in each case on such terms and in such amounts as the Franchisor may require from time to time during the initial construction and development of the Premises as well as during periods of renovation of the Premises. Additionally, the Franchisor may at its option require that some or all of such insurance coverages be obtained by the Franchisee (i) through the Franchisor's insurance coverage, in which case the Franchisor will charge the Franchisee all applicable insurance premiums and taxes for such coverage, and the Franchisee will immediately pay same, or (ii) through a general contractor's insurance coverage pursuant to a written contract for services.

13.2 Policies of Insurance

All policies of insurance obtained pursuant to this section shall:

(a) be placed only with insurers designated or reasonably acceptable to the Franchisor and having an A.M. Best A minus (A-) or Standard & Poor's financial rating of not less than A or such other rating as the Franchisor may require;

(b) list the Franchisor as an additional insured party under the policy;

(c) be in such form and amounts as is acceptable to the Franchisor; and

(d) contain a clause that the insurer will not cancel, materially change, or refuse to renew the insurance without first giving to the Franchisor thirty (30) days prior written notice.

13.3 Copies

Copies of all policies or certificates of insurance and any renewals thereof, shall be delivered promptly to the Franchisor by the Franchisee.

13.4 Placement of Insurance by the Franchisor

If the Franchisee fails to take out or keep in force any insurance referred to in section 13.1 above, or should any such insurance not be as provided in section 13.2 above, and should the Franchisee not rectify such failure within forty-eight (48) hours after written notice is given to the Franchisee by the Franchisor, the Franchisor has the right, without assuming any obligation in connection therewith, to effect such insurance at the sole cost of the Franchisee and all payments made by the Franchisor shall be immediately paid by the Franchisee to the Franchisor within seven (7) days following such payment by the Franchisor without prejudice to any other rights and remedies of the Franchisor under this Agreement.

14. RESTRICTIVE COVENANTS

14.1 Competition During Term of Agreement

Franchisee acknowledges that Franchisor has granted franchise rights under this Agreement in consideration of and reliance upon Franchisee (and its owners) agreement to deal exclusively with Franchisor with respect to the products and services that System Restaurants offer and sell. The Franchisee (in consideration of the Franchisor entering into this Agreement) covenants and agrees that, during the Initial Term and any renewal period thereof, each of the Franchisee, any shareholder of the Franchisee if the Franchisee is a corporation, any partner of the Franchisee if the Franchisee is a partnership, and the spouse of any such party, shall not either individually or in partnership or jointly or in conjunction with any person, firm, association, syndicate or corporation, as principal, agent, shareholder or in any manner whatsoever (other than ownership by any such party, excluding the Franchisee, of less than five percent (5%) of the shares of a company whose shares are listed on a recognized stock exchange), carry on or be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of, divert or attempt to divert any actual or potential business or customer of the Franchised Business to, or permit their names or any part thereof to be used or employed in any business operating or franchising a Competitive Business.

14.2 Competition After Transfer, Expiration or Termination

In the event of a Transfer by the Franchisee of its entire interest in this Agreement and the franchise granted through this Agreement, or the expiration or termination of this Agreement for any reason whatsoever, the Franchisee (in consideration of the Franchisor entering into this Agreement) covenants and agrees that each of the Franchisee, any shareholder of the Franchisee if the Franchisee is a corporation, any partner of the Franchisee if the Franchisee is a partnership, and the spouse of any such party, shall not at any time during the period of two (2) years from the effective date of such Transfer, expiration or termination, either individually or in partnership or jointly or in conjunction with any person or persons, firm, association, syndicate, company or syndication as principal, agent, shareholder or in any other manner whatsoever (other than ownership by any such party, excluding the Franchisee, of less than five percent (5%) of the shares of a company whose shares are listed on a recognized stock exchange), carry on, be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of, or permit its name or any part thereof to be used or employed in any business operating or franchising a Competitive Business, at the Premises or within a five (5) mile radius around the Premises or any other restaurant then operating under or

using the Marks. In addition to the above, in the event, during the Initial Term or any renewal of this Agreement, of a transfer by any party comprising an owner of the Franchisee of their entire interest in the Franchisee, this Agreement and the franchise granted through this Agreement, the restrictions in this section shall apply to such party for a period of two (2) years from the date of such transfer.

14.3 Acknowledgement of Corporate Franchisee

In the event the Franchisee is a corporation, it, as well as any corporate shareholder of the Franchisee, shall have no other active or passive business interests other than the Franchised Business, or as franchisee or corporate shareholder as the case may be, of another business of the Franchisor or its Affiliates. The Franchisee covenants and agrees to deliver to the Franchisor at any time the Franchisor may request, the written acknowledgement of such directors, officers, shareholders or employees of the Franchisee, as the Franchisor shall in its discretion determine, acknowledging that they have reviewed the provisions of this section 14 and that they agree to abide by and be bound by all such provisions.

15. TRANSFER

15.1 Transfer by the Franchisee

The Franchisee acknowledges that the Franchisor, in granting this franchise and the rights and interests under this Agreement, has relied upon, among other things, the character, background, qualifications and financial ability of the Franchisee and, where applicable, its partners, officers, directors, shareholders, managers and each Guarantor. Accordingly, this Agreement, the Franchisee's rights and interests hereunder, the property and assets owned and used by the Franchisee in connection with the Franchised Business, and any ownership interest in Franchisee of any kind whatsoever, shall not be, voluntarily or involuntarily, directly or indirectly, sold, assigned, transferred, pledged, shared or encumbered in whole or in part in any manner whatsoever including pursuant to an order of a Court under applicable family law legislation (any or all of which are defined in this Agreement as a "**Transfer**") without the prior written consent of the Franchisor, which shall not be unreasonably withheld. Prior to seeking such consent, the Franchisee shall provide the Franchisor with a right of first refusal as set forth in section 15.3 below. Any actual or purported Transfer occurring by operation of law or otherwise without the Franchisor's prior written consent shall be a material default of this Agreement and shall be null and void.

15.2 Conditions of Consent

In considering the request for a Transfer pursuant to section 15.1 above (other than a Transfer that consists solely of an encumbrance arising out of a franchisee's grant of security in respect of bank or existing shareholder financing), the Franchisor may consider, among other things, the information set out in the transfer application furnished by the Franchisee and/or the proposed transferee, as required by the Franchisor, the qualifications, good character, requisite general business experience, apparent ability to operate the Franchised Business and credit standing of the proposed transferee, and its partners, managers, shareholders, directors and officers, as appropriate. In addition, the Franchisor shall be entitled to require as a condition precedent to the granting of its consent that:

(a) the proposed transferee shall meet the then current criteria of the Franchisor applicable to prospective franchisees of the System, including but not limited to, having the financial capacity to complete the proposed Transfer;

(b) the proposed transferee must comply, or cause the proposed guarantor to comply, with the minimum guarantor initial investment requirements set out in section 19.4;

(c) the proposed transferee shall designate a proposed Designated Shareholder acceptable to the Franchisor;

(d) the proposed transferee or an Affiliate of the proposed transferee is not a competitor of the Franchisor or its Affiliates, the System or the Other Brands;

(e) the Franchisor is provided with a copy of the agreement of purchase and sale between the Franchisee and the proposed transferee and all documents referred to therein as relied upon by the parties. If any financial statements are included, the Franchisor shall be entitled but not obligated to question any figures relating to matters in respect of which the Franchisee is required to report to the Franchisor under this Agreement;

(f) as of the date of the Franchisee's request for consent and as of the effective date of Transfer there shall be no default in the performance or observance of any of the Franchisee's material obligations under this Agreement or any other agreement between the Franchisee and the Franchisor or any Affiliate or supplier thereof, and where applicable, obtained a new liquor license or the consent of all necessary parties to the assignment of the liquor license, to the proposed transferee;

(g) the Franchisee shall have settled all outstanding accounts with the Franchisor, its Affiliates and all other trade creditors of the Franchised Business up to the date of closing of the proposed Transfer;

(h) the Franchisee and Guarantor shall have delivered to the Franchisor a complete release, to the maximum extent permissible by law, of all claims they may have against the Franchisor, its Affiliates, and their respective directors, officers and employees, in a form satisfactory to the Franchisor;

(i) the proposed transferee shall, at the option of the Franchisor, have entered into a new franchise agreement for the balance of the then current term, in the form then being used by the Franchisor, which may provide for the then current System royalty and advertising and promotion rates (which may differ from those in this Agreement) or an altered, geographically reduced or eliminated Territory, and such other documents and agreements as are then customarily used by the Franchisor in the granting of franchises (including, a Guaranty and Assumption of Obligations, and, if applicable, Owner's Undertaking of Non-Monetary Obligations);

(j) any required consent required from the landlord has been obtained regarding the grant of a new lease or the assignment of the lease to the proposed transferee;

(k) the proposed transferee providing guarantees from anyone whom the Franchisor may request, guaranteeing the proposed transferee's performance of its obligations, and assuming all obligations of a Guarantor, under the agreements to be entered into;

(l) the proposed transferee completing, to the satisfaction of the Franchisor, such training in the operations of the Franchised Business as the Franchisor may require. While the Franchisor agrees to provide initial training to the proposed transferee, the proposed transferee or Franchisee shall be responsible for all travel and living expenses and all wages or other amounts payable to the trainees;

(m) the proposed transferee providing a business plan indicating that the proposed transferee possesses the required level of business experience and acumen necessary for the operation of a restaurant business using the System;

(n) the purchase price to be paid to the Franchisee by the proposed transferee, or if applicable, the proposed encumbrance and debt associated therewith is reasonable in the circumstances having regard to the debt and interest charges being acquired or already in existence, and having regard for the financial obligations of the Franchisee in relation to the Franchised Business. The proposed transferee shall be required to conduct their own due diligence, and consult with their own legal and accounting advisors, in order to determine the reasonableness of the purchase price in the circumstances;

(o) the proposed transferee agreeing to do or cause to be done all such things as may be necessary to ensure that the Franchised Business satisfies the requirements of this Agreement in relation to the operation of the Franchised Business, and the condition of the Premises as required by section 8.1(g). Without limiting the generality of the foregoing, the proposed transferee shall make such capital expenditures as are required in order to remedy any deficiencies that may exist in connection with the foregoing. In this regard, the Franchisor shall provide the proposed transferee with a list of deficiencies that it is then aware of, however it shall be the transferee's obligation to ensure compliance with all requirements and terms of this Agreement; and

(p) the Franchisee paying to the Franchisor or its Affiliates as the Franchisor may direct a transfer fee equal to fifty percent (50%) of the Franchisor's then existing Initial Fee charged to new franchisees, one-third (1/3) of which shall be payable, and not refundable at any time (except where the Franchisor exercises its right of first refusal pursuant to section 15.3), upon the submission of the transfer application due to the costs and expenses to be incurred by the Franchisor in considering and processing the request for Transfer.

If the Franchisee is a corporation, in the event of a share transfer between existing shareholders with no new Designated Shareholder or Approved Manager being appointed and no training being required, the transfer fee referred to in section 15.2(o) shall be reduced to twenty percent (20%) of the Franchisor's then existing Initial Fee charged to new franchisees and only sections 15.2(d), (e), (f), (g) by the transferring shareholder (if it will no longer be a shareholder of the Franchisee), (h) and (m) will apply. If a share transfer between existing shareholders results in a new Designated Shareholder or Approved Manager being appointed and training being required, the transfer fee shall not be reduced and sections 15.2(c) and (l) will also apply.

The refusal of the Franchisor to consent to the proposed Transfer based upon the non-compliance with any of the foregoing conditions shall be deemed to be a reasonable withholding of such consent. The Franchisor's consent to a Transfer shall not operate to release the Franchisee or the Guarantor from any liability under this Agreement.

The Franchisee hereby acknowledges that, in connection with a proposed Transfer, the Franchisor may furnish to a proposed transferee(s) certain data, figures, details or other information related to the Franchised Business. In the case where such information is furnished by the Franchisor using information supplied to it by the Franchisee or another third party, the Franchisor cannot and does not represent or warrant that any such information is true, accurate or complete, and accordingly, the Franchisor hereby disclaims any liability arising from any purported deficiencies or misrepresentation contained in any such information.

Franchisee acknowledges that Franchisor has legitimate reasons to evaluate the qualifications of potential transferees and to analyze and critique the terms of their purchase contracts with Franchisee, and Franchisor's contact with potential transferees to protect its business interests will not constitute improper or unlawful conduct. Without limiting the foregoing, Franchisee acknowledges that Franchisor's consent to the transfer does not constitute a representation, warranty, or guarantee, express, implied or collateral, regarding the choice and location regarding the appropriateness or reasonableness of the purchase price or successful continued operation of the Franchised Business.

15.3 Right of First Refusal

Without in any way derogating from the Franchisor's right to reject a proposed Transfer pursuant to section 15.1 above, if at any time or times during the term of this Agreement, including any renewal thereof, the Franchisee obtains a bona fide offer (the "**Offer**") to acquire the whole or any part of its interest in the Franchised Business, which the Franchisee wishes to accept, the Franchisee shall promptly give written notice thereof to the Franchisor together with a true copy of the Offer. Upon receipt of such notice and Offer, the Franchisor shall have the option of purchasing the property forming the subject matter thereof upon the same terms and conditions as those set out in the Offer except that:

(a) there shall be deducted from the purchase price one-half (1/2) of the transfer fee that would otherwise have been payable to the Franchisor, and any commissions or fees that would otherwise have been payable to any broker, agent or other intermediary in connection with the Transfer; and

(b) the Franchisor shall have the right to substitute cash for any other form of consideration specified in the Offer and to pay in full the entire purchase price at the time of closing.

The Franchisor may exercise its option at any time within twenty-one (21) days after receipt of the said notice by giving written notice to the Franchisee. If the Franchisor declines to exercise such option and if such Transfer is approved by the Franchisor in accordance with sections 15.1 and 15.2 above, the Franchisee shall be at liberty to complete the Transfer to such third party transferee in accordance with the Offer, subject to obtaining the Franchisor's consent. If the transaction is not completed within one hundred and twenty (120) days of the date on which the Franchisor notifies the Franchisee of its approval of such transaction, the foregoing provisions of this section 15.3 shall apply again in respect of the proposed Transfer or any other Transfer and so on from time to time.

In addition to the Offer to be given by the Franchisee to the Franchisor together with the notice described in section 15.3 above, the Franchisee shall provide the Franchisor with:

(c) information relating to the business reputation and qualifications to carry on the Franchised Business of the proposed transferee; and,

(d) any credit information the Franchisee may have as to the financial ability and stability of the proposed transferee, including, if the proposed transferee is an individual, his personal net worth statement and if the proposed transferee is a corporation, partnership, or other entity, its latest financial statements.

The right of first refusal in favor of the Franchisor set out in this section 15.3 shall not apply to a Transfer that consists solely of an encumbrance arising out of the Franchisee's grant of security in respect of bank or existing shareholder financing, a share transfer amongst existing shareholders of the Franchisee or a re-organization of the Franchisee where control of the Franchisee remains, directly or indirectly, with the existing shareholders.

15.4 Sale of Shares or Other Interest in the Franchisee

In the event the Franchisee is a corporation, partnership, or other legal entity:

(a) then the respective transfer, sale, assignment, pledge, mortgage or hypothecation of any shares of or interest in the Franchisee or any corporate shareholder of the Franchisee, or any change in the composition of partners, whether by operation of law, pursuant to an order of a Court under applicable family law legislation, or otherwise, of the Franchisee, as applicable, shall be deemed to be a Transfer of this Agreement and shall be subject to applicable provisions, terms and conditions precedent specified in this section 15, which shall apply with necessary changes having been made;

(b) the Franchisee hereby represents and warrants that Exhibit "A" to this Agreement contains a complete and accurate list of the Franchisee's current legal and beneficial, direct and indirect, shareholders, directors, officers, members, or partners, as the case may be, and their ownership interests; and

(c) the Franchisee will cause the share certificates representing share ownership in the case of a corporation or the documents of title representing an ownership interest in the case of a partnership or other entity, to have typed or written thereon a legend stating that such shares or documents of title are subject to this Agreement between the Franchisor and the Franchisee, that the said franchise agreement contains restrictions on the sale, assignment, transfer, mortgage, pledge, hypothecation, donation, encumbrancing or other dealings with the said shares or documents of title, and that notice of the said agreement is thereby given.

15.5 Assignment by the Franchisor

The Franchisor shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity without the Franchisee's consent, and upon such transfer or assignment, the transferee or assignee shall be solely responsible for all of the Franchisor's obligations arising hereunder subsequent to the transfer or

assignment. Without limitation of the foregoing, the Franchisor may sell its assets to a third party; may offer its securities privately or publicly; may merge with or, acquire other corporations, or may be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and may grant security over any of its assets, including the Marks and any other intellectual property, on terms required by any secured party from time to time (in which case the Franchisee further acknowledges that any such secured party or secured party's agent shall not have any obligations to the Franchisee by reasons only of such security interest).

16. DEATH OR INCAPACITATION

16.1 Death or Incapacitation

Upon the death or permanent disability of the Franchisee, if an individual, or the Designated Shareholder if the Franchisee is a corporation or partnership, the Franchisee or estate of the Franchisee must complete a Transfer of the Franchisee or the shares of the Designated Shareholder, as applicable, pursuant to section 15 hereof within six (6) months of the date of death or permanent disability, failing which the Franchisor may terminate this Agreement. Pending any such Transfer, if the Franchisor, in its judgment, believes the Franchised Business is not being managed properly, the Franchisor may, but need not, assume the Franchised Business's management (or appoint a third party to assume its management), so long as the Franchisor's assuming the Franchised Business's management is permitted by applicable law. All funds from the Franchised Business's operation while it is under the Franchisor's (or the third party's) management will be kept in a separate account, and all expenses will be charged to this account. The Franchisor may charge the Franchisee (in addition to the royalty, Fund contributions, and other amounts due under this Agreement) Two Hundred Fifty Dollars ($250) per day, plus the Franchisor's (or the third party's) direct out-of-pocket costs and expenses, if the Franchisor (or a third party) assume the Franchised Business's management under this section. The Franchisor (or a third party) has a duty to utilize only reasonable efforts and will not be liable to the Franchisee or its owners for any debts, losses, or obligations the Franchised Business incurs, or to any of the Franchisee's creditors for any products, other assets, or services the Franchised Business purchases, while the Franchisor (or a third party) manage it.

For the purposes of this section 16.1, the Franchisee or Designated Shareholder, as the case may be, shall be deemed to have a "permanent disability" if the usual participation of the Franchisee or Designated Shareholder, as the case may be, in the Franchised Business is for any reason curtailed for a cumulative period of one hundred and eighty (180) days in any twelve (12) month period during the Initial Term of this Agreement, and any renewal.

17. TERMINATION

17.1 Events of Termination

The Franchisor shall have the right to terminate this Agreement and the rights granted hereunder by written notice to the Franchisee, with immediate effect and without prejudice to any enforcement or other right or remedy available to the Franchisor under this Agreement or any other agreement between the Franchisor or its Affiliates and the Franchisee relating to the Franchised Business, at law or in equity, upon the occurrence of any of the following events:

(a) but for any breach resulting from those events listed in the balance of this section 17.1, if the Franchisee shall breach any of the terms or conditions of this Agreement or any other agreement or undertaking entered into between the Franchisor or its Affiliates and the Franchisee with respect to

the Franchised Business and such breach shall continue for a period of ten (10) days after written notice thereof has been given to the Franchisee (or such longer time period as may be permitted under such other agreement or undertaking);

(b) if default shall be made in the due and punctual payment of any amount payable to the Franchisor, its Affiliates, or any of the Franchisee's suppliers or creditors, when and as same shall become due and payable, and such default shall continue for a period of seven (7) days after written notice thereof has been given to the Franchisee;

(c) if the Franchisee shall fail to withhold, collect or to remit when due any applicable taxes or other such amounts as the Franchisee may be required by law to withhold or collect and remit to any governmental authority;

(d) if written consent of any landlord is required and cannot be obtained, the Lease is terminated or no longer of force and effect as a result of non-waiver or non-satisfaction of conditions in accordance with section 6.2, or the Franchisee loses the right to occupy the Premises for any reason;

(e) If the Franchisee fails to locate a suitable location for the Franchised Business and a Lease for the Premises has not been signed within eighteen (18) months of signing this Agreement in accordance with section 6.3;

(f) if the Franchisee fails to develop the Premises in accordance with section 7.1;

(g) if the Franchisee has been unable within ninety (90) days from the date the Franchised Business was ready to open (as determined by the Franchisor in accordance with section 7.3), to put forth a candidate as Designated Shareholder or Approved Manager who has, by the end of such ninety (90) day period, passed the initial training program and is capable of performing the duties of general manager of the Franchised Business;

(h) if the Franchisee is unable to obtain a liquor license in accordance with section 8.5;

(i) if the Franchisee is in default of any governmental laws or regulations or any directives or guidelines from the Franchisor pertaining to health and safety standards in the operation of the Franchised Business and the Franchisee fails to remedy such default within twenty-four (24) hours after written notice thereof has been given to the Franchisee;

(j) if the Franchisee, the Designated Shareholder, or any other owner of Franchisee is charged with an indictable offence, or engages in conduct that is detrimental or harmful to the goodwill or reputation of the Marks, the Franchisor, Licensed Brand Owner or the System;

(k) if there is conduct by the Franchisee, the Designated Shareholder, or any other owner of Franchisee which, in the opinion of the Franchisor, is detrimental or harmful to or reflects adversely or unfavorably upon the Franchisee, the System, the Marks or the Franchisor, or to the goodwill or reputation associated thereof, by exhibiting reckless disregard for the

physical or mental well-being of employees, guests, representatives of the Franchisor, or the public at large, including but not limited to, battery, sexual harassment, conduct in breach of any human rights legislation or any other forms of intimidating or hostile behavior, use or consumption of illegal substances and/or consumption of alcohol or cannabis while engaged in the operation of the Franchised Business;

(l) if the Franchisee abandons or fails to conduct the Franchised Business, or threatens to abandon or cease to conduct the Franchised Business, without the prior written consent of the Franchisor or if the Premises are used by any party other than such as are properly entitled to use same under the terms of this Agreement. For clarity, this section shall not apply with respect to any closure of the Franchised Business for the purposes of renovation or major repair so long as same has been pre-approved by the Franchisor in writing;

(m) if the Franchisee takes or threatens to take any action to liquidate its assets, or stops making payments in the usual course of business;

(n) if the Franchisee or a Guarantor makes or purports to make a general assignment for the benefit of creditors;

(o) if the Franchisee or a Guarantor makes or purports to make a Transfer in breach of Section 15, or makes or purports to make a sale of shares or other interest prohibited by section 15.4;

(p) if the Franchisee or a Guarantor shall institute any proceeding, including a proposal, under any statute or otherwise relating to its bankruptcy, insolvency or restructuring, or should any such proceeding be instituted against the Franchisee or a Guarantor (which is not immediately, bona fide and diligently contested by the Franchisee);

(q) if a custodian, receiver, manager, liquidator or any other person, corporation or entity with like powers shall be appointed with the power to take possession, care, charge or control of all or any part of the Franchisee's or a Guarantor's undertaking, business, property or assets (which is not immediately, bona fide and diligently contested by the Franchisee);

(r) if any creditor, lessor, encumbrancer or any other person, corporation or entity shall give notice of its intention to enforce security or shall take, or give notice of its intention to take, possession of, sell or accept any of the undertaking, business, property or assets of the Franchisee or the interests of the Guarantor in the Franchisee (which is not immediately, bona fide and diligently contested by the Franchisee);

(s) if either the Franchisee or a Guarantor shall commit or suffer any default under any contract of conditional sale, mortgage, security agreement or other security instrument that, if curable, remains uncured pursuant to the terms of the relevant agreement after any applicable time period to cure has passed;

(t) if an order shall be made or a resolution passed for the winding up or liquidation of either the Franchisee or a Guarantor, other than for the purpose of a bona fide re-organization (where used in this Agreement, the term "bona fide re-organization" means a corporate reorganization involving solvent entities that maintains the Franchised Business as a going concern and does not render the Franchisee or any Guarantor insolvent);

(u) if either the Franchisee or a Guarantor passes or purports to pass, or takes or purports to take any corporate proceedings to enable it to take proceedings for its dissolution or amalgamation, other than for the purpose of a bona fide re-organization;

(v) if either the Franchisee or a Guarantor shall lose its corporate or business entity status by discontinuance, expiration, forfeiture or otherwise, other than for the purpose of a bona fide re-organization;

(w) if a distress or execution against any of the undertaking, business, property or assets of either the Franchisee or a Guarantor shall not be discharged, varied or stayed within twenty (20) days after the entry thereof or within such time period as action must be taken in order to discharge, vary or stay the distress or execution, whichever shall be the earlier;

(x) if final judgment for the payment of money in any amount in excess of US$10,000 shall be rendered by any court of competent jurisdiction against either the Franchisee or a Guarantor and such judgment shall not be satisfied, discharged, varied or execution thereof stayed within twenty (20) days after entry thereof or within such time period as action must be taken in order to satisfy, discharge, vary or stay execution of the judgment, whichever shall be the earlier;

(y) if the Franchisee or any agent or representative of the Franchisee:

(i) fails to submit any report required to be furnished to the Franchisor pursuant hereto within seven (7) days of the date such report is due;

(ii) understates Gross Sales by three percent (3%) or more, except in the case of a demonstrable clerical or inadvertent error, the proof of which lies with the Franchisee;

(z) if the Franchisee intentionally or negligently misstates any other material information pertaining to the Franchised Business, or intentionally or negligently fails to disclose any other material information pertaining to the Franchised Business which it is required to disclose pursuant to this Agreement, or fails to maintain its records in a manner which permits an accurate determination of Gross Sales;

(aa) subject to the provisions of section 16 hereof, if the Franchisee shall die or otherwise become permanently disabled;

(bb) if, where a liquor license is one of the Franchisor's requirements for the Franchised Business, upon the earlier of (i) the Franchisee's failure to remedy, within three (3) days' notice from the Franchisor, any breach of any of the terms and conditions of any liquor license, or other instruments under which the Franchisee has acquired the right to sell alcoholic

beverages at the Premises, or (ii) the Franchisee's liquor license being surrendered, suspended, cancelled, or terminated;

(cc) If the Franchisee or any of its owners fail to comply with section 20.31 of this Agreement, or Franchisee's or any of its owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities;

(dd) if the Franchisee shall breach any of the terms or conditions of this Agreement or any other agreement(s) related to the operation of the Franchised Business for which a default notice has been delivered by the Franchisor to the Franchisee five (5) times during the Initial Term or any renewal thereof, or three (3) times in any twelve (12) consecutive month period, even if such defaults shall have been cured; and

(ee) if the Franchisee fails to conduct an investigation which is appropriate under the circumstances into an incident or complaint of harassment or discrimination in the Franchised Business and/or fails to take remedial action from the findings or results of such investigation.

17.2 Effect of Termination

Upon the expiration or termination of this Agreement for any reason whatsoever, the following shall apply:

(a) The Franchisee shall pay to the Franchisor, within two (2) days after the effective date of termination or expiration, all royalties, advertising fees and other amounts then due and unpaid by the Franchisee, including, but not limited to the Franchisor's costs and expenses reasonably incurred and then known in enforcing the Franchisee's obligations under this section 17.2, with any such further costs and expenses to be paid within fifteen (15) days of written demand from the Franchisor;

(b) The Franchisee shall be solely responsible for de-branding the Premises, and shall promptly and at its expense, make such modifications and alterations to the interior and exterior of the Premises, including removal of any and all equipment (including but not limited to specialty ovens, or other unique or proprietary equipment) designed by the Franchisor and/or manufactured to the Franchisor's specifications and removal of all signs and advertising material as necessary to protect the Marks, distinctive building design, layout and related matters as the Franchisor may reasonably require such that any business to be carried on thereafter does not appear to be a franchise of the System. Should the Franchisee fail to comply with the foregoing requirements, the Franchisor may enter on the Premises, and in so doing shall not be guilty of trespass, and itself make or do such of the foregoing not attended to within five (5) days of expiry or termination of this Agreement and shall be entitled to recovery of its costs and expenses of so doing from the Franchisee on demand;

(c) The Franchisee shall immediately discontinue the operation of the Franchised Business, use of the System and the use of the Marks and other proprietary rights licensed under this Agreement, and any confusingly similar names and marks, or any other designations or marks associating

the Franchisee with Licensed Brand Owner, the Franchisor or the System. The Franchisee shall cease using the Guidelines, and cease displaying and using all signs, stationery, letterheads, packaging, forms, containers, manuals, bulletins, instruction sheets, printed matter, advertising and other such physical objects used from time to time in connection with the System and containing or bearing any of the Marks or other confusingly similar names, marks or designations, and shall not thereafter operate or do business under any name or in any manner in violation of section 11.2 above or that might tend to give the general public the impression that it is associated with the Franchisor or the System, and the Franchisee shall not hold out to the public, either directly or indirectly, that the Franchisee previously conducted business under the Marks. Furthermore (and in addition to the terms of sections 11 and 14 of this Agreement), the Franchisee shall not operate a business which in any way infringes upon, dilutes or depreciates the goodwill of the Marks or the System, passes off or trades on the success associated with the Marks or the System, or otherwise attempts to appropriate the Marks or the System and the Franchisor's interests therein;

(d) The Franchisee shall promptly execute such documents or take such actions as may be necessary to abandon the Franchisee's use of any business name containing any of the Marks adopted by the Franchisee and to remove (in respect of the next publication), at the Franchisor's request, the Franchisee's listing from all hard copy and electronic and all other trade or business directories, and to assign to the Franchisor or any other party designated by the Franchisor all of the Franchisee's telephone numbers, domain names, email addresses, and listings in connection with the Franchised Business; and

(e) Within two (2) days after the effective date of expiration or termination, the Franchisee shall return to the Franchisor all copies of the Guidelines, all other confidential material provided to the Franchisee by the Franchisor and all other materials required to be returned in accordance with this Agreement or the Guidelines. Further, Franchisee may not sell, trade, or otherwise profit from any customer data or other data developed on the Digital System, or other confidential information (as described in section 9) at any time after expiration of termination of this Agreement.

17.3 Rights of the Franchisor

Upon the expiration or termination of this Agreement for any reason whatsoever, the Franchisor shall have the right, but not the obligation, such right to be exercised by notice in writing delivered to the Franchisee no later than thirty (30) days following the date of such expiration or termination, to purchase from the Franchisee all or any portion of the tangible Goods and Services owned by the Franchisee, whether located on the Premises or otherwise held by the Franchisee, and all or any part of the fixtures, equipment, furniture or other assets, located on, in or at the Premises or otherwise used in connection with the Franchised Business.

In addition, the Franchisor shall have the right pending the calculation of the purchase price in accordance with section 17.4 and the closing of such purchase, to enter and use those assets that it has identified it intends to purchase, and if the Franchisor so chooses, operate the Franchised Business in accordance with its rights in section 17.6 below without

interference from the Franchisee. The Franchisor shall immediately take an inventory of the consumable operating Goods and Services (which inventory the Franchisee shall be entitled to participate in, without delaying the process in any way) and calculate the purchase price therefor pursuant to section 17.4(a). With respect to the other assets of the Franchised Business owned by the Franchisee identified to be purchased and used by the Franchisor in accordance with this section, there shall be no adjustment to the purchase price for wear and tear of or damage to the assets or failure of any operating equipment arising out of the use of such assets by the Franchisor. The Franchisor shall identify any assets it does not intend to purchase, and provide written notice to the Franchisee identifying such assets together with instructions for the Franchisee to attend at the Premises and take possession of any such assets owned by it, pending which the Franchisor shall refrain from using such assets and take reasonable steps to ensure their care (subject to any timelines that may be set out in the instructions to the Franchisee) provided that the Franchisor shall not be liable in any way for any damage to or loss of such assets provided reasonable care has been taken.

The Franchisee shall not be relieved of any of its obligations under this Agreement as a result of the Franchisor's exercise of its rights hereunder (including the rights provided under section 17.6), the Franchisor shall not be liable for any debts, liabilities, obligations, losses, costs or expenses of the Franchisee existing at the time the Franchisor commences use of any assets it intends to purchase, including without limitation, any debts, liabilities or obligations to any employee or tax authority or to any creditor of the Franchisee for any Goods and Services purchased or supplied prior to the date the Franchisor commences use. The Franchisee acknowledges and agrees that in exercising its rights pursuant to this section 17.3, the Franchisor is not and shall not be deemed to be enforcing a security interest in any of the property of the Franchisee, nor taking possession of, accepting or selling any of the property of the Franchisee as secured creditor or receiver, nor otherwise enforcing any rights as creditor or secured creditor of the Franchisee or of the Guarantor. The Franchisee further acknowledges and agrees that all employees of the Franchisee shall be and remain the employees of the Franchisee at all times provided that the Franchisor shall not be precluded from offering employment to any such individual(s). The Franchisor shall not, by virtue of exercising its rights hereunder, assume or be subject to any liabilities of the Franchisee to its employees, or as a related party or successor of the Franchisee including, without limitation, as employer, successor employer or related employer.

17.4 Purchase Price

The purchase price payable by the Franchisor to the Franchisee for any assets purchased by the Franchisor under section 17.3 shall be determined as follows:

(a) for each of the Goods and Services so purchased (but for those listed in 17.4(b) below), the Franchisor shall pay an amount equal to the cost (less freight or other shipping charges) thereof to the Franchisee;

(b) for each fixture, item of equipment or furniture or smallwares so purchased, the Franchisor shall pay an amount equal to the net depreciated book value of each such fixture, item of equipment or furniture or other asset. In calculating "net depreciated book value", all fixtures, equipment, furniture or other assets shall be deemed to have been depreciated at the maximum amount of depreciation allowed in accordance with applicable law. In no event, shall any amount be payable under this section for "goodwill" or "going concern value", and no amount shall be payable for leasehold improvements; and

(c) The purchase price shall be paid in cash at the closing of the purchase transaction, which shall take place no later than thirty (30) days after receipt by the Franchisee of the Franchisor's notice pursuant to section 17.3 above, at which time the Franchisee shall: (i) deliver all documents and instruments necessary to transfer good and merchantable title to the assets purchased, to the Franchisor or its nominee, free and clear of all liens and encumbrances; and (ii) transfer or assign to the Franchisor, or its nominee, all licenses or permits, utilized by the Franchisee in the conduct of the Franchised Business which may be assigned or transferred. The Franchisee shall, prior to closing, comply with any applicable rules or legislation governing the sale of an enterprise. The Franchisor shall have the right to set off against and reduce the purchase price by any and all amounts owed by the Franchisee to the Franchisor or any of its Affiliates, or for undischarged encumbrances.

In circumstances where this Agreement is terminated due to either the Franchisee's failure to satisfy the initial training requirements in section 5.1, failure to develop the Premises in accordance with section 7.1, or failure to obtain a liquor license in accordance with section 8.5, the purchase price for any assets purchased by the Franchisor from the Franchisee shall be one-hundred (100) percent of the purchase price payable pursuant to section (a) hereof and eighty-five (85) percent of the purchase price otherwise payable pursuant to section (b) hereof.

17.5 Additional Remedies

The Franchisee expressly consents and agrees that, in addition to any other remedies the Franchisor may have, at law or under this Agreement in the event of a default under this Agreement, including the right to sue for damages, the Franchisor may realize upon any security it may hold and/or seek an injunction to prevent the occurrence of any threatened default by the Franchisee of this Agreement or to prevent the continuation of any existing default.

Further, upon the happening of any of the events listed in section 17.1, and prior to and regardless of any actual or purported termination of this Agreement, or delivery of a notice by the Franchisor pursuant to section 17.1, the Franchisor, or its representatives may, at the Franchisor's sole option, take any of the following actions:

(a) enter the Premises and, at the Franchisor's option and the Franchisee's cost, cure any default by the Franchisee;

(b) assume (or appoint a third party to assume), management the Franchised Business in the manner provided in section 17.6;

(c) secure the Franchisee's complete and timely compliance with the other obligations set forth in this Agreement;

(d) temporarily or permanently reduce the size of the Territory, in which case the restrictions on the Franchisor and its Affiliates will not apply in any geographic area removed from the preceding territorial boundaries;

(e) temporarily remove information concerning the Franchised Business from any website or extranet operated for the network of the Franchisor's franchisees, and/or restrict the Franchised Business's participation in other programs or benefits offered on or through any such website or extranet;

(f) require the Franchisee to engage a third-party accounting firm the Franchisor approves to conform to the bookkeeping, accounting, reporting and recordkeeping system requirements and formats the Franchisor prescribes;

(g) require the Franchisee to pay the Franchisor Two Hundred Fifty Dollars ($250) for each day the condition giving rise to the Franchisor's right to terminate continues to exist to help offset the Franchisor's increased administrative expenses associated with the Franchisee's failure to comply with the terms of this Agreement; and/or

(h) suspend the Franchisee's and the Franchised Business's right to participate in any advertising, marketing, promotional, or public relations programs that the Franchisor or the Fund provide, authorize, or administer.

17.6 Assumption of Management

Subject to applicable law, the Franchisor has the right (but not the obligation), under the circumstances described below, to enter the Premises and assume the Franchised Business's management (or to appoint a third party to assume its management) for any period of time the Franchisor deems appropriate. If the Franchisor (or a third party) assume the Franchised Business's management under subparagraphs (1) and (2) below, the Franchisee agrees to pay the Franchisor (in addition to the royalties, Fund contributions, and other amounts due under this Agreement) Two Hundred Fifty Dollars ($250) per day, plus the Franchisor's (or the third party's) direct out-of-pocket costs and expenses, if the Franchisor (or a third party) assume the Franchised Business's management under this section 17.6.

If the Franchisor (or a third party) assumes the Franchised Business's management, the Franchisee acknowledges that the Franchisor (or the third party) will have a duty to utilize only reasonable efforts and will not be liable to the Franchisee or its owners for any debts, losses, or obligations the Franchised Business incurs, or to any of the Franchisee's creditors for any supplies, products, or other assets or services the Franchised Business purchases, while the Franchisor (or the third party) manage it.

The Franchisor (or a third party) may assume the Franchised Business's management under the following circumstances: (1) if the Franchisee abandons or fails actively to operate the Franchised Business; (2) if the Franchisee fails to comply with any provision of this Agreement or any System standard and does not cure the failure within the time period the Franchisor specifies in its notice to Franchisee; or (3) if this Agreement expires or is terminated and the Franchisor is deciding whether to exercise its option to purchase the Franchised Business under sections 17.3 and 17.4 above.

Any exercise of the Franchisor's rights under subparagraphs (1) or (2) above will not affect the Franchisor's right to terminate this Agreement under section 17.1 above.

17.7 Survival of Covenants

Notwithstanding the expiration or termination of this Agreement, the Franchisee shall not be released from any of their obligations hereunder, or under any other agreements relating to the Franchised Business that either expressly or by their nature survive expiry or termination, including without any limitation, any amounts due and payable to the Franchisor, its Affiliates, or any third parties, nor any confidentiality and non-competition covenants, or any other

obligations or covenants in any of the foregoing, which by their nature, continue to apply after expiration or termination, and provided that nothing herein shall prejudice the Franchisor's right to damages arising from any breach by the Franchisee of this Agreement, including the Franchisor's right to claim future royalties, rent and other fees.

17.8 Failure to Act Not to Affect Rights

The failure of the Franchisor to exercise any rights or remedies to which it is entitled upon the happening of any of the events referred to in section 17.1 hereof, shall not be deemed to be a waiver of or otherwise affect, impair or prevent the Franchisor from exercising any rights or remedies to which it may be entitled, arising either from the happening of any such event, or as a result of the subsequent happening of the same or any other event or events provided for in section 17.1 above. The acceptance by the Franchisor of any amount payable by or for the account of the Franchisee under this Agreement after the happening of any event provided for in section 17.1 above, shall not be deemed to be a waiver by the Franchisor of any rights and remedies to which it may be entitled, regardless of the Franchisor's knowledge of the happening of such preceding event at the time of acceptance of such payment. No waiver of the happening of any event under section 17.1 above, shall be deemed to be waived by the Franchisor unless such waiver shall be in writing.

18. GUARANTOR'S COVENANTS

18.1 Guarantee

The Guarantors (including, the Designated Shareholder) must fully guarantee all of Franchisee's financial and other obligations to Franchisor under this Agreement or otherwise arising from the franchise relationship, and agree to personally comply with this Agreement's terms, by executing the form of Guarantee and Assumption Agreement attached as Exhibit "B" ("**Guaranty**"). Each owner's name and his, or her, or its percentage ownership interest (direct or indirect) In Franchisee is set forth in Exhibit "A". Subject to Franchisor's rights and Franchisee's obligations in Section 15, Franchisee must notify Franchisor of any change in the information in Exhibit "A" within ten (10) days after the change occurs.

19. ACKNOWLEDGEMENTS

19.1 Independent Investigation

(a) The Franchisee acknowledges that it has conducted an independent investigation of the Franchised Business and recognize that the business venture contemplated by this Agreement involves business risks that may result in the loss of a significant portion or all of Franchisee's investment and that its success will be largely dependent upon the ability of the Franchisee as an independent businessperson.

(b) The Franchisor expressly disclaims the making of, and the Franchisee acknowledges that it has not received nor relied upon, any warranty or guarantee, express or implied, as to the potential revenues, profits or success of the business venture contemplated by this Agreement or of the suitability of the proposed location for the Premises. The Franchisee acknowledges that it has not received or relied on any representations (other than those contained in the Franchisor's disclosure document) about the Franchised Business by the Franchisor or its Affiliates, or their respective officers, directors, employees or agents, that are contrary to the

terms herein, and further represent and warrant to the Franchisor that they have made no misrepresentations in obtaining the license herein granted, including with respect to the information contained in their franchise application. Franchisee acknowledges that Franchisor's officers, directors, employees, and agents act only in a representative, and not in an individual, capacity and that business dealings between Franchisee and them as a result of this Agreement are deemed to be only between Franchisee and Franchisor.

(c) The Franchisee acknowledges that it has received a complete copy of this Agreement and all related attachments and agreements at least seven (7) business days prior to the date on which this Agreement was executed, have had ample time to read and have read this Agreement and fully understand its provisions. The Franchisee acknowledges that it has had an adequate opportunity to be advised by legal counsel, accounting professionals, and other advisors of their own choosing regarding all pertinent aspects of this franchise, the purchase of the Franchised Business, the franchise relationship and all agreements relating thereto. The Franchisee further acknowledges that it has received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures" at least fourteen (14) business days prior to the date on which this Agreement was executed. The Franchisee understands and accepts that this Agreement's terms and covenants are reasonably necessary for the Franchisor to maintain the high standards of quality and service, as well as the uniformity of those standards at each System Restaurant, and to protect and preserve the goodwill of the Marks.

19.2 Entire Agreement

This Agreement and the documents incorporated by reference constitute the entire agreement between the parties and supersedes all previous agreements and understandings between the parties in any way relating to the subject matter hereof. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.

19.3 Delegation

The Franchisor has the right from time to time to delegate the performance of any portion or all of its obligations under this Agreement to third-party designees whether they are the Franchisor's Affiliates, agents, or independent contractors with which the Franchisor contracts to perform such obligations.

19.4 Minimum Initial Investment

The Franchisee acknowledges that as a condition of the Franchisor granting the franchise contained in this Agreement that one or more Guarantors are required to personally invest and maintain throughout the Initial Term at least a forty percent (40%) ownership interest in the Franchised Business, and that such investment was (i) made from funds that were not, encumbered, pledged or repayable to any third party and (ii) not financed by the cash flow of the Franchised Business. The Franchisee shall provide satisfactory evidence of compliance with these provisions to the Franchisor upon request from time to time.

20. GENERAL PROVISIONS

20.1 Overdue Amounts

All royalty and advertising contributions, all amounts due for Goods and Services purchased by the Franchisee from time to time from the Franchisor or its Affiliates and any other amounts owed to the Franchisor or its Affiliates by the Franchisee pursuant to this Agreement or otherwise shall bear interest after the due date at the Interest Rate, calculated and payable weekly, not in advance, both before and after default, expiration or termination of this Agreement for any reason whatsoever, with interest on overdue interest at the aforesaid rate. The acceptance of any interest payment shall not be construed as a waiver by the Franchisor of its rights in respect of the default giving rise to such payment.

20.2 Indemnification

(a) Franchisee agrees to indemnify and hold harmless Franchisor, its Affiliates, and its and their respective owners, directors, officers, employees, agents, representatives, successors and assignees (the "**Indemnified Parties**") against, and to reimburse any one or more of the Indemnified Parties for, all Losses (defined below) directly or indirectly arising out of or relating to: (i) the Franchised Business' operation; (ii) the Franchised Business that Franchisee conducts under this Agreement; (iii) Franchisee's breach of this Agreement; (iv) Franchisee's noncompliance or alleged noncompliance with any law, ordinance, rule or regulation, including those concerning the Franchised Business' construction, design or operation, and including any allegation that Franchisor or another Indemnified Party is a joint employer or otherwise responsible for Franchisee's acts or omissions relating to its employees; or (v) claims alleging either intentional or negligent conduct, acts or omissions by Franchisee (or Franchisee's contractors or any of Franchisee's or their employees, agents or representatives), or by Franchisor or its Affiliates (or Franchisor's or its contractors or any of Franchisor's or its employees, agents or representatives), subject to Section 20.2(c). "**Losses**" means any and all losses, expenses, obligations, liabilities, damages (actual, consequential, or otherwise), and reasonable defense costs, including accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced.

(b) Franchisee agrees to defend the Indemnified Parties against any and all claims asserted or inquiries made (formally or informally), or legal actions, investigations, or other proceedings brought, by a third party and directly or indirectly arising out of or relating to any matter described in Section 20.2(a)(i) through (v) above (collectively, "**Proceedings**"), including those alleging the Indemnified Party's negligence, gross negligence, willful misconduct and/or willful wrongful omissions. Each Indemnified Party may at Franchisee's expense defend and otherwise respond to and address any claim asserted or inquiry made, or Proceeding brought, that is subject to this section 20.2 (instead of having Franchisee defend it as required above), and agree to settlements or take any other remedial, corrective, or other actions, for all of which defense and response costs and other Losses

Franchisee is solely responsible, subject to section 20.2(c). An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against Franchisee, and Franchisee agrees that a failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from Franchisee under this section 20.2. Franchisee's obligations under this section 20.2 will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

(c) Despite section 20.2(a), Franchisee has no obligation to indemnify or hold harmless an Indemnified Party for, and Franchisor will reimburse Franchisee for, any Losses (including costs of defending any Proceeding under section 20.2(b)) to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party's willful misconduct or gross negligence, so long as the claim to which those Losses relate is not asserted on the basis of theories of vicarious liability (including agency, apparent agency, or joint employer) or Franchisor's failure to compel Franchisee to comply with this Agreement. However, nothing in this section 20.2(c) limits Franchisee's obligation to defend Franchisor and the other Indemnified Parties under section 20.2(b).

20.3 No Liability

The Franchisor shall not be responsible or otherwise liable for any injury, loss, or damage resulting from, occasioned to or suffered by any person or persons or to any property because of any goods sold or services provided by it to the Franchisee (except in the case of liability, claims or damages resulting from the willful misconduct or gross negligence of the Franchisor or its Affiliates).

20.4 Legal Relationship

The parties hereto hereby acknowledge and agree, that, except as expressly provided in this Agreement, each is an independent contractor, that no party shall be considered to be the agent, fiduciary, representative, master or servant of any other party hereto for any purpose whatsoever, and that no party has any authority to enter into any contract, assume any obligations or to give any warranties or representations on behalf of any other party hereto. Nothing in this Agreement shall be construed to create a relationship of partners, joint venturers, fiduciaries, or any other similar relationship among the parties. It is further understood that the employees of the Franchisee are not the employees of the Franchisor or any of its Affiliates. The Franchisee must hold itself out to the public as an independent contractor conducting its Franchised Business pursuant to the rights granted by Franchisor. Additionally, all employees hired by, or working for, the Franchisee will be its or its Affiliates' employees and will not, for any purpose, be deemed the Franchisor's employees or subject to the Franchisor's control. The Franchisor has no authority to hire, fire, promote, or demote any of the Franchisee's employees or take any disciplinary action whatsoever against any of them. The Franchisee must communicate to all employees that the Franchisee, not the Franchisor, is their employer; and the Franchisee must ensure that no payroll checks or other employment-related documents (such as job applications and W-2s) contain or reference the Marks or the Franchisor's name. Each of the parties will file its own tax, regulatory, and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any

nature whatsoever by virtue thereof.

Neither party may make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that their respective relationship is other than that of a franchisor and franchisee. The Franchisor will not be obligated for any damages to any person or property directly or indirectly arising out of the Franchised Business or any activities that the Franchisee conducts under this Agreement.

20.5 Joint and Several

If two or more individuals, corporations, partnerships or other entities (or any combination of two or more thereof) shall sign or be subject to the terms and conditions of this Agreement as the Franchisee or as a Guarantor, the liability of each of them under this Agreement shall be deemed to be joint and several.

20.6 Severability

If for any reason whatsoever, any term or condition of this Agreement or the application thereof to any party or circumstance shall, to any extent be invalid or unenforceable, all other terms and conditions of this Agreement and/or the application of such terms and conditions to parties or circumstances, other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term and condition of this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

20.7 Franchisee May Not Withhold Payments Due the Franchisor

The Franchisee agrees that he will not, on grounds of the alleged non-performance by the Franchisor of its obligations hereunder, withhold payment of any royalty or other amounts due to the Franchisor or its Affiliates, whether on account of goods purchased by the Franchisee or otherwise.

20.8 Notice

All notices, requests or demands (collectively "**Notices**" and each a "**Notice**") required or permitted to be given hereunder shall be in writing, and shall be delivered personally, by courier, or mailed by registered or certified mail, postage prepaid. Notices to the said parties shall be sent to at their respective addresses set forth hereunder, namely:

To the Franchisor at:	Recipe Unlimited US, LLC [•] [•] Email: [•] Attention: [•]
with a copy to:	Recipe Unlimited Corporation 199 Four Valley Drive Vaughan ON L4K 0B8 Email: jshayko@recipeunlimited.com Attention: Senior Legal Counsel

To the Franchisee at: [•]

[•]

[•]

Email: [•]

Attention: [•]

or at any such other address or addresses as may be given by any of them to the other in writing from time to time. Such notices, if mailed, shall be deemed to have been given on the second business day (except Saturdays and Sundays) following such mailing, or, if delivered personally or by courier, shall be deemed to have been given on the day of delivery, provided that if such notice shall have been mailed and if regular mail service shall be interrupted by strike or other irregularity before the deemed receipt of such Notice as aforesaid, then such Notice shall not be effective unless delivered. The Franchisor may also deliver any Notice to the Franchisee via email, to any of the email addresses provided to the Franchisor. Notices permitted to be sent by the Franchisor via email will be effective as of the date and time stamp recorded on the sent email.

20.9 Headings, Section Numbers

The headings, section numbers and table of contents appearing in this Agreement or any schedule hereto are inserted for convenience of reference only and shall not in any way affect the construction or interpretation of this Agreement.

20.10 Governing Law

This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware (except for Delaware's conflict of law rules).

20.11 Mandatory Mediation

Except for actions which the Franchisor may bring in any court of competent jurisdiction (i) for monies owed, (ii) for injunctive or other extraordinary relief, or (iii) involving the possession or disposition of, or other relief relating to, real property, the Marks or the confidential information, the parties agree to submit any claim, controversy or dispute between them or any of their Affiliates (and their respective shareholders, officers, directors, agents, representatives and/or employees) and the Franchisee (and its agents, representatives and/or employees, as applicable) arising out of or related to (a) this Agreement or any other agreement between the Franchisor and the Franchisee or their respective Affiliates, (b) the Franchisor's relationship with the Franchisee, (c) the validity of this Agreement or any other agreement between the parties or their respective Affiliates, or (d) any Guideline, to mediation prior to bringing such claim, controversy or dispute in a court or before any other tribunal. The mediation will be conducted by an individual mediator as agreed upon by the parties and, failing such agreement within a reasonable period of time (not to exceed fifteen (15) days) after either party has notified the other of its desire to seek mediation, a single mediator shall be chosen by the American Arbitration Association in accordance with its rules governing mediation. Mediation will be held at the City of Toronto, Canada. The costs and expenses of mediation, including the compensation and expenses of the single mediator (but excluding attorneys' fees and costs incurred by either party), will be borne by the parties equally. If the parties are unable to resolve the claim, controversy or dispute within ninety (90) days after the mediator has been chosen, then, unless such time period is extended by written agreement of the parties, either party may bring a legal proceeding under section 20.12.

20.12 Jurisdiction and Venue

FOR ANY CLAIMS, CONTROVERSIES OR DISPUTES WHICH ARE NOT FINALLY RESOLVED THROUGH MEDIATION AS PROVIDED ABOVE, THE FRANCHISEE AND ITS OWNERS HEREBY IRREVOCABLY SUBMIT THEMSELVES TO THE JURISDICTION OF THE STATE AND THE FEDERAL DISTRICT COURTS LOCATED IN THE STATE WHERE FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS (CURRENTLY, THE STATE OF DELAWARE) IS LOCATED. THE FRANCHISEE AND ITS OWNERS HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION FOR THE PURPOSE OF CARRYING OUT THIS PROVISION AND AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON ANY OF THEM IN ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED HEREBY BY ANY MEANS ALLOWED BY DELAWARE OR FEDERAL LAW. THE FRANCHISEE AND ITS OWNERS FURTHER AGREE THAT VENUE FOR ANY SUCH PROCEEDING WILL BE THE COUNTY OR JUDICIAL DISTRICT WHERE THE FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED; PROVIDED, THAT THE FRANCHISOR MAY BRING ANY ACTION (i) FOR MONIES OWED, (ii) FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF OR (iii) INVOLVING POSSESSION OR DISPOSITION OF, OR OTHER RELIEF RELATING TO, REAL PROPERTY, THE MARKS, OR THE CONFIDENTIAL INFORMATION, IN ANY STATE OR FEDERAL DISTRICT COURT WHICH HAS JURISDICTION. THE PARTIES ACKNOWLEDGE THAT THEIR AGREEMENT REGARDING APPLICABLE STATE LAW AND FORUM SET FORTH ABOVE PROVIDE EACH OF THEM WITH THE MUTUAL BENEFIT OF UNIFORM INTERPRETATION OF THIS AGREEMENT AND ANY DISPUTE ARISING OUT OF THIS AGREEMENT OR THE PARTIES' RELATIONSHIP CREATED BY THIS AGREEMENT. EACH PARTY FURTHER ACKNOWLEDGES THE RECEIPT AND SUFFICIENCY OF MUTUAL CONSIDERATION FOR SUCH BENEFIT.

20.13 Jury Waiver

THE FRANCHISEE HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY RIGHT TO A JURY TRIAL IN ANY ACTION ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, THE RELATIONSHIP CREATED BY THIS AGREEMENT, OR ANY OTHER AGREEMENTS BETWEEN THE PARTIES OR THEIR RESPECTIVE AFFILIATES. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS WRITTEN CONSENT TO A TRIAL BY THE COURT.

20.14 Class Action Waiver

THE FRANCHISEE AND ITS OWNERS UNDERSTAND AND IRREVOCABLY AGREE THAT THEY MAY ONLY PURSUE ANY CLAIM AGAINST THE FRANCHISOR AS AN INDIVIDUAL LEGAL ACTION OR PROCEEDING AND MAY NOT, UNDER ANY CIRCUMSTANCE, JOIN OR COMBINE SUCH LEGAL ACTION OR PROCEEDING IN ANY MANNER WITH ANY ACTION OR CLAIM OF ANY OTHER FRANCHISEE OR FRANCHISED BUSINESS EMPLOYEE AFFILIATED WITH THE SYSTEM OR ANY OTHER PARTY, NOR MAY THEY MAINTAIN OR JOIN IN ANY ACTION OR PROCEEDING AGAINST THE FRANCHISOR OR ANY OF THE FOREGOING IN A CLASS ACTION, WHETHER AS A REPRESENTATIVE OR AS A MEMBER OF A CLASS OR PURPORTED CLASS. FURTHER, UNDER NO CIRCUMSTANCE WILL THEY SEEK TO CONSOLIDATE, OR CONSENT TO THE CONSOLIDATION, OF ALL OR PART OF ANY ACTION OR PROCEEDING WITH ANY OTHER SUCH PARTY(IES).

20.15 Limitation of Claims

Except for claims arising from the Franchisee's non-payment or underpayment of amounts owed to Franchisor, any and all claims arising out of or relating to this Agreement or the franchise relationship will be barred unless a mediation or litigation proceeding is commenced within twenty-four (24) months from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claims.

20.16 Damages Waiver

The Franchisee and its owners hereby waive, to the fullest extent permitted by law, any right to or claim or any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against the Franchisor, its Affiliates, and its officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, 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, franchisee and its owners will be limited to the recovery of any actual damages sustained by them. If any other term of this agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) will continue in full force and effect.

20.17 Business Judgment

The Franchisee and its owners acknowledge that various provisions of this Agreement specify certain matters that are within the Franchisor's discretion or judgment of or are otherwise to be determined unilaterally by the Franchisor. If the exercise of the Franchisor's discretion or judgment as to any such matter is subsequently challenged, the parties to this agreement expressly direct the trier of fact that the Franchisor's reliance on a business reason in the exercise of its discretion or judgment is to be viewed as a reasonable and proper exercise of such discretion or judgment, without regard to whether other reasons for its decision may exist and without regard to whether the trier of fact would independently accord the same weight to the business reason.

20.18 Time of the Essence

Time shall be of the essence of this Agreement and of each and every part hereof.

20.19 Lawful Attorney

Notwithstanding anything herein contained, if the Franchisee or any Guarantor does not execute and deliver to the Franchisor any documents or other instruments which it is so required to execute and deliver pursuant to this Agreement or any other agreement between the Franchisor or its Affiliates and the Franchisee relating to the Franchised Business within the time period or periods specified, the Franchisee and the Guarantor does hereby irrevocably appoint the Franchisor (or, to the extent required, shall execute any such documents to irrevocably appoint the Franchisor) as the Franchisee's lawful attorney with full power and authority to execute and deliver in the name of the Franchisee and the Guarantor any such document or instruments, and the Franchisee and the Guarantor hereby agrees to ratify and confirm all such acts of the Franchisor as its lawful attorney and to indemnify and save the Franchisor harmless from all claims, losses, or damages in so doing. The Franchisee and the Guarantor hereby declares that the powers of attorney hereby granted may be exercised during any subsequent legal incapacity on their part(s).

20.20 Default Cumulative

Any default by the Franchisee under this Agreement may be regarded as a default under any other agreement in relation to the Franchised Business between the Franchisor, or any of its Affiliates, and the Franchisee. Any default by the Franchisee under any other agreement in relation to the Franchised Business between the Franchisor or any of its Affiliates and the Franchisee, may be regarded as a default under this Agreement. In either case, the Franchisor or its Affiliates, as the case may be, shall be entitled to all remedies allowed at law (subject to the longest of the cure periods provided in those agreements for the particular default which is being advanced), including termination of the Franchisee's rights (and the Franchisor's and or its Affiliates' obligations) under any such agreement. No right or remedy which the Franchisor may have, including any termination rights, is exclusive of any other right or remedy provided under law or equity, or under this Agreement and the Franchisor may pursue any rights and/or remedies available.

20.21 Cross Default

Subject to the requirements of applicable law, if the Franchisee or a Related Person of the Franchisee, (i) is itself the Franchisee, (ii) has an Equity Interest in another franchisee or (iii) is a Related Person of another franchisee (each of (i), (ii) or (iii) being hereinafter referred to as the "**Second Franchisee**") pursuant to another franchise agreement with the Franchisor or an Affiliate of the Franchisor (the "**Second Franchise Agreement**") then:

(a) a default by the Franchisee under this Agreement shall constitute a default by the Second Franchisee under the Second Franchise Agreement and a default by the Second Franchisee under the Second Franchise Agreement shall constitute a default by the Franchisee under this Agreement.

(b) if this Agreement ceases to be valid, binding and in full force and effect for any reason (other than its expiry or an event of force majeure) then the Second Franchise Agreement may be terminated by the Franchisor and the franchise granted thereunder shall then be deemed to be surrendered by the Second Franchisee; and

(c) if the Second Franchise Agreement ceases to be valid, binding and in full force and effect for any reason (other than its expiry or an event of force majeure) then this Agreement may be terminated by the Franchisor and the Franchisee shall then be deemed to have surrendered the franchise granted hereunder.

(d) For purposes of this Section: (a) "Person" means an individual human being, a corporation, a company, a partnership, a limited partnership, or a joint venture wheresoever resident, incorporated or established; (b) "Related Person" means a Person: (i) who has a direct or indirect, legal, beneficial or legal and beneficial Equity Interest equal to 10% or more of the total Equity Interests in such Franchisee; or (ii) in which such Franchisee has a direct or indirect legal, beneficial, or legal and beneficial Equity Interest equal to 10% or more of the total Equity Interests in such Person; and (c) "Equity Interest" means a share or other security in a corporation or a company or an equivalent participating interest in a partnership, limited partnership or joint venture wherein the holder thereof is entitled to one or more of the following rights: (i) to vote as a shareholder, partner, limited partner or joint venture participant; (ii) to receive dividends

or profits from the corporation, company, partnership, limited partnership or joint venture; and (iii) to receive the remaining property on dissolution of the corporation, partnership, limited partnership or joint venture.

20.22 Further Assurances

Each of the parties hereto hereby covenants and agrees to execute and deliver such further and other agreements, assurances, undertakings, acknowledgements or documents, cause such meetings to be held, resolutions passed and by-laws enacted, exercise their vote and influence and do and perform and cause to be done and performed any further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement and every part hereof.

20.23 Binding Agreement

Subject to the restrictions on assignment herein contained, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

20.24 When Agreement Binding on the Franchisor

This Agreement is not effective until signed by a corporate officer of the Franchisor. No field representative or salesman is authorized to execute this Agreement on behalf of the Franchisor.

20.25 Rights of the Franchisor are Cumulative

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

20.26 Force Majeure and Crisis Management

In the event that any party hereto is delayed or hindered in the performance of any act required herein by reason of strike, lock-outs, labor troubles, epidemics, pandemics, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war, act of terrorism (meaning an ideologically-motivated unlawful act or threat by any person or group for the purpose of influencing any government or instilling fear into the public) or other reasons of a like nature beyond the control of such party, then performance of such act shall be excused for the period of the delay and the period for performance of any such act shall be extended for a period equivalent to the period of such delay, up to a maximum of six (6) months. The provisions of this section 20.26 shall not operate to excuse the Franchisee from the prompt payment of any royalty, fee or other payment due the Franchisor pursuant to the provisions of this Agreement.

In the interests of protecting the Marks, the System and the restaurant businesses operating under the Marks, as well as, the reputation and goodwill associated therewith, the Franchisor has the sole and absolute right to determine a response, including what actions will be taken and what communications will be made in instances of a Crisis. The Franchisee agrees to comply with and implement all such measures as the Franchisor may deem necessary in response to a Crisis.

For purposes of this Agreement, "**Crisis**" means an event or development that the Franchisor determines may cause substantial harm or injury to the Marks, the System, and the restaurant businesses operating under the Marks, as well as, the reputation and goodwill associated therewith.

20.27 Waiver of Obligations

The Franchisor may by written instrument unilaterally waive any obligation of or restriction upon the Franchisee under this Agreement. No acceptance by the Franchisor of any payment by the Franchisee and no failure, refusal or neglect of the Franchisor to exercise any right under this Agreement or to insist upon full compliance by the Franchisee with his obligations hereunder, including without limitation, any mandatory specification, standard or operating procedure, shall constitute a waiver of any provision of this Agreement. Any modification or amendment to this Agreement, must be in writing signed by both the Franchisor and the Franchisee.

20.28 Limited Liability for Franchisor Related Parties

THE FRANCHISEE AGREES THAT NO PAST, PRESENT OR FUTURE DIRECTOR, OFFICER, MANAGER, EMPLOYEE, INCORPORATOR, MEMBER, PARTNER, SHAREHOLDER, SUBSIDIARY, AFFILIATE, OWNER, ENTITY UNDER COMMON CONTROL, OWNERSHIP OR MANAGEMENT, VENDOR, SERVICE PROVIDER, AGENT, ATTORNEY OR REPRESENTATIVE OF THE FRANCHISOR'S WILL HAVE ANY LIABILITY FOR (I) ANY OF THE FRANCHISOR'S OBLIGATIONS OR LIABILITIES RELATING TO OR ARISING FROM THIS AGREEMENT; (II) ANY CLAIM AGAINST THE FRANCHISOR BASED ON, IN RESPECT OF, OR BY REASON OF, THE RELATIONSHIP BETWEEN THE FRANCHISEE AND THE FRANCHISOR, OR (III) ANY CLAIM AGAINST THE FRANCHISOR BASED ON ANY ALLEGED UNLAWFUL ACT OR OMISSION OF THE FRANCHISOR.

20.29 Covenant of Good Faith

IF APPLICABLE LAW IMPLIES A COVENANT OF GOOD FAITH AND FAIR DEALING IN THIS AGREEMENT, THE PARTIES HERETO AGREE THAT THE COVENANT WILL NOT IMPLY ANY RIGHTS OR OBLIGATIONS THAT ARE INCONSISTENT WITH A FAIR CONSTRUCTION OF THE TERMS OF THIS AGREEMENT. ADDITIONALLY, IF APPLICABLE LAW WILL IMPLY THE COVENANT, THE FRANCHISEE AGREES THAT: (I) THIS AGREEMENT (AND THE RELATIONSHIP OF THE PARTIES HERETO THAT IS INHERENT IN THIS AGREEMENT) GRANTS THE FRANCHISOR THE JUDGMENT TO MAKE DECISIONS, TAKE ACTIONS AND/OR REFRAIN FROM TAKING ACTIONS NOT INCONSISTENT WITH THE FRANCHISOR'S EXPLICIT RIGHTS AND OBLIGATIONS UNDER THIS AGREEMENT THAT MAY FAVORABLY OR ADVERSELY AFFECT THE FRANCHISEE'S INTERESTS; (II) ANY JUDGMENT THE FRANCHISOR EXERCISES WILL BE BASED ON THE FRANCHISOR'S ASSESSMENT OF ITS OWN INTERESTS AND BALANCING THOSE INTERESTS AGAINST THE INTERESTS OF ITS FRANCHISEES GENERALLY, AND SPECIFICALLY WITHOUT CONSIDERING THE FRANCHISEE'S INDIVIDUAL INTERESTS OR THE INDIVIDUAL INTERESTS OF ANY OTHER PARTICULAR FRANCHISEE; (III) THE FRANCHISOR WILL HAVE NO LIABILITY TO THE FRANCHISEE FOR THE EXERCISE OF THE FRANCHISOR'S JUDGMENT IN THIS MANNER, SO LONG AS THE JUDGMENT IS NOT EXERCISED IN BAD FAITH; AND (IV) IN THE ABSENCE OF BAD FAITH, NO TRIER OF FACT IN ANY ARBITRATION OR LITIGATION WILL SUBSTITUTE ITS JUDGMENT FOR THE FRANCHISOR'S JUDGMENT SO EXERCISED.

20.30 Multiple Forms of Agreement

THE FRANCHISEE ACKNOWLEDGES AND AGREES THAT THERE MAY BE MORE THAN ONE FORM OF FRANCHISE AGREEMENT IN EFFECT BETWEEN THE FRANCHISOR AND ITS VARIOUS FRANCHISEES; THOSE OTHER AGREEMENTS MAY CONTAIN PROVISIONS THAT MAY BE MATERIALLY DIFFERENT FROM THE PROVISIONS CONTAINED IN THIS AGREEMENT; AND THE FRANCHISEE IS NOT ENTITLED TO RELY ON ANY PROVISION OF ANY OTHER AGREEMENT WITH OTHER FRANCHISEES WHETHER TO ESTABLISH COURSE OF DEALING, WAIVER, OR ESTOPPEL, OR FOR ANY OTHER PURPOSE.

20.31 Compliance with Anti-Terrorism and Other Laws

The Franchisee and its owners agree to comply, and to assist the Franchisor to the fullest extent possible in the Franchisor's efforts to comply, with all applicable legislation, laws, regulations, rules, ordinances, administrative orders, decrees and policies of any court, arbiter, government, governmental agency, department, or similar organization that are in effect from time to time pertaining to: (a) the various anti-terrorism, economic sanctions, and anti-money laundering and narco-trafficking laws, regulations, orders, decrees and guidelines of the U.S. Department of the Treasury's Office of Foreign Assets Control, (b) the USA PATRIOT Act (Title III of Pub. L. 107-56, signed into law October 26, 2001), as amended, (c) the provisions of United States Executive Order 13224, (d) the U.S. Prevention of Corruption Act 1988, (e) the U.S. Foreign Corrupt Practices Act, 15 U.S.C. Section 78dd-2, (e) relevant multilateral measures such as the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and the UN Convention Against Corruption, (f) bribery and anti-corruption laws, (g) the laws against money laundering, and (h) the laws against facilitating or supporting persons who conspire to commit these and other crimes against any person or government. The Franchisee immediately shall notify the Franchisor in writing if a potential violation of any of the foregoing legislation, laws, regulations, rules, ordinances, administrative orders, decrees and/or policies has occurred or is suspected to have occurred. The Franchisee immediately shall provide the Franchisor with copies of any communication to or from any such agency, government, or commission that relates to or affects this Agreement, the **Franchised Business**, or the Marks. Any failure to comply with this section by the Franchisee or its owners, or any blocking of the Franchisee's or its owners' assets under any of such laws, legislation, regulations, orders, decrees and/or policies shall constitute good cause for immediate termination of this Agreement, as provided in section 17.1(bb) above.

20.32 Electronic Signatures

The counterparts of this Agreement and all ancillary documents executed or delivered in connection with this Agreement may be executed and signed by electronic signature by any of the parties to this Agreement, and delivered by electronic or digital communications to any other party to this Agreement, and the receiving party may rely on the receipt of such document so executed and delivered by electronic or digital communications signed by electronic signature as if the original has been received. For the purposes of this Agreement, electronic signature means, without limitation, an electronic act or acknowledgement (e.g., clicking an "I Accept" or similar button), sound, symbol (digitized signature block), or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the Agreement Date.

RECIPE UNLIMITED US, LLC

By: _____
Name:

Title:

Date:

[NAME OF FRANCHISEE]

By: _____
Name:

Title:

Date:

EXHIBIT "A" – OWNERSHIP INFORMATION

1. Form of Entity of Franchisee.

(A) Corporation. The Franchisee was incorporated on _____, _____, under the laws of _____. It has not conducted business under any name other than its corporate name. The following is a list of all of Franchisee's directors and officers as of the date of this agreement:

Name of Each Director/Officer	Position(s) Held
_____	_____
_____	_____

(B) Partnership. Franchisee is a [general] [limited] partnership formed on _____, _____ under the laws of _____. It has not conducted business under any name other than its partnership name. The following is a list of all of Franchisee's general partners as of the date of this agreement:

Name of General Partner
_____
_____

2. Owners.

The Franchisee represents and warrants that the following is a complete and accurate list of all legal and beneficial direct and indirect individual and corporate shareholders, partners and other holders of any equity interest of the Franchisee, including the full name and mailing address of each person, and fully describes the nature and extent of each owner's interest in the Franchisee. The Franchisee, and each Guarantor as to his ownership interest, represents and warrants that each is the sole and exclusive legal and beneficial owner of his ownership interest in the Franchisee, free and clear of all mortgages, charges, liens, restrictions, security interests, agreements and encumbrances of any kind or nature, other than those required or permitted by this agreement.

Owner's Name, Address	Description of Interest
Guarantor Name, Address	% of all outstanding shares and type (e.g. common)
Guarantor Name, Address	% of all outstanding shares and type (e.g. common)

EXHIBIT "B" - GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS (this "**Guaranty**") is given this _____ day of _____, 20 ____, by _____
_____
_____
_____.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (the "**Agreement**") on this date by Recipe Unlimited US, LLC ("**Franchisor**"), each of the undersigned personally and unconditionally (a) guarantees to the Franchisor and its successors and assigns, for the term of the Agreement (including, without limitation, any extensions of its term) and afterward as provided in the Agreement, that _____ (the "**Franchisee**") will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement (including, without limitation, any amendments or modifications of the Agreement) and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (including, without limitation, any amendments or modifications of the Agreement), including (i) monetary obligations, (ii) obligations to take or refrain from taking specific actions and to engage or refrain from engaging in specific activities, including, but not limited to, the non-competition, confidentiality, transfer, and minimum investment requirements, and (iii) the enforcement and other provisions in Section 20, including the dispute resolution provision.

Depending on the creditworthiness of each guarantor and the community property laws of the states in which they reside, Franchisor may require that the spouses of one or more guarantors execute this Guaranty as well. Each guarantor represents and warrants that, if no signature appears below for such guarantor's spouse, such guarantor is either not married or, if married, is a resident of a state that does not require the consent of both spouses to encumber the assets of a marital estate or Franchisor has waived in writing any requirement that such spouse execute this Guaranty.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with the Franchisee and among other guarantors; (2) he or she will render any payment or performance required under the Agreement upon demand if the Franchisee fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon Franchisor's pursuit of any remedies against the Franchisee or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which the Franchisor may from time to time grant to the Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims (including, without limitation, the release of other guarantors), none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement (including, without limitation, any extensions of its term) and afterward for so long as any performance is or might be owed under the Agreement by the Franchisee or its owners, and for so long as the Franchisor has any cause of action against the Franchisee or its owners; and (5) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or the Franchisee, and each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers; and (6) any Franchisee indebtedness to the undersigned, for whatever reason, whether currently

existing or hereinafter arising, will at all times be inferior and subordinate to any indebtedness owed by Franchisee to Franchisor or its affiliates.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation which the undersigned may have against the Franchisee arising as a result of the undersigned's execution of and performance under this Guaranty, for the express purpose that none of the undersigned will be deemed a "creditor" of Franchisee under any applicable bankruptcy law with respect to Franchisee's obligations to Franchisor; (ii) acceptance and notice of acceptance by the Franchisor of his or her undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled; and (iii) all rights to assert or plead any statute of limitations or other limitations period as to or relating to this Guaranty. The undersigned expressly acknowledges that the obligations under this Guaranty survive expiration or termination of the Agreement.

If the Franchisor seeks to enforce this Guaranty in a judicial, arbitration, or other proceeding, and prevails in such proceeding, Franchisor is entitled to recover its reasonable costs and expenses (including, but not limited to, accountants', attorneys', attorneys' assistants', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation or arbitration expenses, and travel and living expenses), whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If the Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned must reimburse the Franchisor for any of the above-listed costs and expenses it incurs, even if Franchisor does not commence a judicial or arbitration proceeding.

Subject to the mediation obligations and the provisions below, each of the undersigned agrees that all actions arising under this Guaranty or the Agreement, or otherwise as a result of the relationship between the Franchisor and the undersigned, must be commenced in the state and federal district courts located in the state, and in (or closest to) the city, where the Franchisor's principal place of business is located, and each of the undersigned irrevocably submits to the jurisdiction of the state and federal district courts located in the state where the Franchisor's principal place of business is located and waives any objection he or she might have to either the jurisdiction of or venue in those courts. Nonetheless, each of the undersigned agrees that the Franchisor may enforce this Guaranty and any orders and awards in the courts of the state or states in which he or she is domiciled. FRANCHISOR AND THE UNDERSIGNED IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY ANY OF THEM. EACH ACKNOWLEDGES THAT THEY MAKE THIS WAIVER KNOWINGLY, VOLUNTARILY WITHOUT DURESS, AND ONLY AFTER CONSIDERATION OF THIS WAIVER'S RAMIFICATIONS.

[Signatures appear on following page]

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

GUARANTOR(S)	**PERCENTAGE OF OWNERSHIP IN THE FRANCHISEE**
_____	_____%
_____	_____%
_____	_____%
_____	_____%

EXHIBIT "C" - FRANCHISE ADDENDUM TO LEASE AGREEMENT

THIS FRANCHISE ADDENDUM TO LEASE AGREEMENT (this "***Addendum***") is entered into this _____ day of _____, 20__, by and between _____, a(n)_____ ("**Landlord**") and _____, a(n)_____ ("**Tenant**") for the benefit of **RECIPE UNLIMITED US, LLC**, a Delaware limited liability company ("**Franchisor**").

WHEREAS, Tenant and Franchisor have executed a Franchise Agreement (the "**Franchise Agreement**"), pursuant to which Franchisor has granted Tenant the right to establish and operate a franchised business at the following location:_____ (the "**Premises**");

WHEREAS, Tenant and Landlord are entering into a lease agreement (the "**Lease**"), pursuant to which Tenant will lease the Premises from Landlord; and

WHEREAS, Franchisor has required Tenant to include certain terms in the Lease in order to protect Franchisor's rights, and Landlord has agreed to such terms.

NOW, THEREFORE, for good and valuable consideration, the receipt of which the parties hereby acknowledge, Landlord and Tenant agree as follows:

1. Landlord agrees to: (a) furnish to Franchisor a copy of any default notice served on Tenant and/or another lessee under the Lease simultaneously with the service of the notice to Tenant and/or such other lessee; (b) provide Franchisor with notice of any proposed renewals, extensions, modifications and amendments to the Lease; (c) give Franchisor the opportunity, but Franchisor shall not be required, to cure any default by Tenant or other lessee under the Lease within **fifteen (15)** days following the expiration of any applicable cure period if Tenant and/or such other lessee fail to cure such default; and (d) to furnish to Franchisor, at Franchisor's request, a copy of any sales or operating information for the Premises provided by Tenant. All notices to Franchisor shall be sent to the following address: **RECIPE UNLIMITED US, LLC**, 199 Four Valley Drive, Vaughan, Ontario (Canada) L4K 0B8, Attention: Senior Counsel; email: jshayko@recipeunlimited.com, unless Landlord is notified otherwise in writing by Franchisor. No notice to Tenant shall be effective unless and until a copy thereof is served upon Franchisor.

2. Landlord agrees that if Franchisor exercises its right to cure a default by Tenant and/or another lessee under the Lease, then Franchisor may, at its option, succeed to Tenant's and/or such other lessee's interests under the Lease and shall be recognized by Landlord as the lessee or sublessee thereunder for the remaining term of the Lease.

3. Landlord agrees that the expiration of the Franchise Agreement (unless Tenant enters into a renewal Franchise Agreement with Franchisor) or a termination of the Franchise Agreement prior to expiration shall constitute a default under the Lease, giving Franchisor the right, but not the obligation, to cure such default by succeeding to Tenant's and/or any other lessee's interests as the new lessee or sublessee under the Lease.

4. Landlord agrees that upon the termination or expiration of the Lease, Franchisor shall have the first right of refusal to lease the Premises as the new lessee or sublessee.

5. Landlord agrees that Franchisor shall have the right to enter the Premises to make any modifications or alterations necessary in Franchisor's sole judgment to protect its franchise

system, trademarks, trade names, trade dress and other intellectual property without being guilty of trespass or any other tort or crime.

6. Landlord agrees that upon the expiration or termination of the Franchise Agreement, Franchisor shall have the right to enter the Premises and remove any trade fixtures, interior or exterior signs or other items bearing its trademarks. Landlord agrees upon the expiration or termination of the Franchise Agreement to relinquish to Franchisor any and all liens or other ownership interests, whether by operation of law or otherwise, in and to any tangible property bearing Franchisor's trademarks, service marks or trade dress.

7. Landlord agrees that, if Franchisor succeeds to Tenant's and/or any other lessee's interests under the Lease for any reason, Franchisor shall have the right to further assign the lease or to sublease the Premises to either an entity owned or controlled by Franchisor, or to another franchise owner of Franchisor upon obtaining Landlord's written consent, which consent may not be unreasonably withheld, conditioned or delayed by Landlord. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.

8. Upon Franchisor's delivery to Landlord and Tenant of its election to exercise its rights under this Addendum, Franchisor shall be entitled to all of Tenant's rights and interests in the Lease, as if Franchisor were the tenant under the Lease, including, by way of example and not limitation, the right to exercise any and all renewal options thereunder, without the need for any further action or instrument.

9. Landlord and Tenant expressly agree that Franchisor is an intended third-party beneficiary of the terms of this Addendum. Landlord and Tenant further agree that Franchisor has no liability or obligation under the Lease unless and until Franchisor exercises it right to assume the Lease under this Addendum.

10. In the event of any inconsistency between the terms of this Addendum and the terms of the Lease, the terms of this Addendum control. All of the terms of this Addendum, whether so expressed or not, are binding upon, inure to the benefit of, and are enforceable by the parties and their respective personal and legal representatives, heirs, successors and permitted assigns. The provisions of this Addendum may be amended, supplemented, waived or changed only by a written document signed by all the parties to this Addendum that makes specific reference to this Addendum and which must be approved in writing by Franchisor. This Addendum may be executed in one or more counterparts, each of which is an original, but all of which together constitute one and the same instrument.

[Signatures appear on following page]

LANDLORD:	**TENANT**:
[_____], a [_____]	[_____], a [_____]
By:_____	By:_____
Name: _____	Name: _____
Title: _____	Title: _____

SCHEDULE "1" – SYSTEM AND LOCATION SPECIFIC TERMS AND OTHER PROVISIONS

[INSERT]

SCHEDULE "1" – SYSTEM AND LOCATION SPECIFIC TERMS AND OTHER PROVISIONS

1. SYSTEM(S) LICENSED BY THIS AGREEMENT (Recitals):

New York Fries

2. COMPETITIVE BUSINESS DEFINITION (Section 1.1(f)):

"Competitive Business" means any restaurants or other businesses engaged in the sale of products and services, now or in the future, that are similar in material respects to those offered by System Restaurants (including, any restaurant or other business that serves french fries, hot dogs, poutine, with or without toppings or sauces). Competitive Business includes and person or entity that grants licenses, franchises or other interests to others to operate any Competitive Business.

3. MARKS LICENSED BY THIS AGREEMENT (Section 1.1(aa)):

MARK	REGISTRATION NUMBER
NYF	6874849
newyorkfries	6897236
NYF newyorkfries	6741900

4. LICENSED BRAND (Section 1.1(bb)):

"Licensed Brand" means the "NEW YORK FRIES" or "NYF" brand.

5. PREMISES (Section 1.1(kk)):

[Insert restaurant address]

6. PRODUCTS (Section 1.1(tt)):

"Products" means all foods, beverages, wares, merchandise, supplies, accessories, items and services offered or sold by the Franchisee, at or from the Premises or otherwise in connection with the Franchised Business, including French fries, hot dogs, poutine and other products designated by the Franchisor from time to time.

7. TERRITORY (Section 1.1(ww))

The Territory shall be _____, as it exists as of the Agreement Date.

8. INITIAL FEE (Section 3.1):

Thirty Thousand U.S. Dollars (US$30,000)

9. ROYALTY (Section 3.2):

Six percent (6%) of Gross Sales

10. LEASE COMMENCEMENT DATE (Section 4.1)

[Insert date]

11. NAME OF DESIGNATED SHAREHOLDER (Section 5.1):

[Insert name and ownership %]

12. MINIMUM NUMBER OF MANAGERS AND PERSONNEL FOR INITIAL TRAINING (Section 5.1):

The Designated Shareholder and the Approved Manager, [as well as a team of [___] managers and personnel], shall attend and successfully complete the initial training program.

13. STANDBY LETTER OF CREDIT (Section 8.8):

[●] U.S. Dollars (US$[●]) *[Please insert amount.]*

14. ADVERTISING FUND CONTRIBUTIONS (Section 10.1):

Two and one-half percent (2.5%) of Gross Sales. Upon reasonable written notice to the Franchisee, which need not be more than thirty (30) days, the Franchisor may increase the amount that the Franchisee is required to contribute to the Fund, but in no event shall that Fund contribution exceed three percent (3%) of Gross Sales of the Franchised Business.

15. LOCAL RESTAURANT MARKETING REQUIREMENTS (Section 10.2):

One percent (1%) of Gross Sales

16. GRAND OPENING ADVERTISING (Section 10.3):

The Franchisee must spend at least five thousand U.S. Dollars (US$5,000) in grand opening advertising and promotion of the opening of the Franchised Business within the period beginning [___] days before the opening date of the Franchised Business and ending [___] days from the opening date of the Franchised Business. The Franchisor will have the right to determine the appropriate minimum amount (which may exceed five thousand U.S. Dollars (US$5,000) but not eight thousand U.S. Dollars (US$8,000)) based upon the type of unit in question, location, size, territory demographics, and related factors.

17. AFFIXING OF NOTICE (Section 11.3):

The sign shall state:

"This business is owned and operated independently by **[Name of Franchisee]** who is an authorized licensed user of the trademark "New York Fries", which trademark is owned by Recipe Unlimited Corporation."

18. INSURANCE (Section 13.1):

As of the date of this Agreement, the Franchisor requires that the Franchisee carry insurance with the following minimum amounts (which may change from time to time as contemplated in the Agreement):

- Commercial General Liability Insurance coverage of five-million U.S. Dollars (US$5,000,000) per occurrence;
- Automobile Insurance coverage of one-million U.S. Dollars (US$1,000,000) per occurrence; and
- Crime Insurance coverage of ten thousand U.S. Dollars (US$10,000) per occurrence.

19. OTHER PROVISIONS:

1. The provisions of Section 8.5 (Liquor License) of this Agreement shall not apply unless the Franchisee is advised by the Franchisor in writing on ninety (90) days' notice.

2. The provisions of Section 8.7 (Catering) of this Agreement shall not apply unless the Franchisee is advised by the Franchisor in writing on ninety (90) days' notice.

3. The Franchisor has not implemented a restaurant technology program as defined in Section 12.1 as of the date of this Agreement. The Franchisee acknowledges that if the Franchisor develops and/or implements a formal restaurant technology program, the Franchisee shall participate in such program and may be required to sign an agreement in relation thereto, which may require among other things, that the Franchisee purchase, rent or sublicense certain hardware and software, and contract for installation, support and repair services. The Franchisee shall pay all fees associated with any such restaurant technology program.

[Signatures appear on following page]

RECIPE UNLIMITED US, LLC

By: _____
Name:

Title:

Date:

[NAME OF FRANCHISEE]

By: _____
Name:

Title:

Date:

EXHIBIT C

LIST OF FRANCHISED BUSINESSES
AS OF DECEMBER 29, 2024

As of the issuance date, we do not have any franchisees in the United States.

EXHIBIT D

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM AS OF DECEMBER 29, 2024

As of the issuance date, we do not have any franchisees in the United States. If you buy this franchise, your contact information may be disclosed to other buyers if you leave the franchise system.

EXHIBIT E

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EXHIBIT F

FORM OF GENERAL RELEASE

RECIPE UNLIMITED US, LLC
GENERAL RELEASE AGREEMENT
("Agreement")

1. **Release of Claims**. Franchisee and its Principals and their respective assigns, heirs, representatives, agents, family members, and all other persons acting on their behalf or claiming under them (collectively, "**Franchisee Related Parties**") irrevocably and unconditionally release and forever discharge Franchisor, its predecessors, subsidiaries, affiliates and their respective owners, officers, directors, agents, independent contractors, servants, employees, representatives, attorneys, successors and assigns and all persons acting by, through, under or in concert with any of them (collectively, "**Releasees**"), from all actions, causes of action, suits, debts, liens, contracts, agreements, obligations, promises, liabilities, claims, rights, demands, damages, controversies, losses, costs, and expenses (including attorneys' fees and costs actually incurred) of any nature whatsoever, known or unknown, suspected or unsuspected, fixed or contingent ("**Claim**" or "**Claims**"), which they now have or claim to have or at any time heretofore have had or claimed to have against each or any of the Releasees, including, without limitation, any and all such Claims arising from, based upon, or related to the Franchise Agreement.

[For California franchisees, add: Each of the Franchisee Related Parties expressly waives and relinquishes all rights and benefits which either may now have or in the future have under and by virtue of California Civil Code Section 1542. The Franchisee Related Parties do so understanding the significance and consequence of such specific waiver. Section 1542 provides that "[a] general release does not extend to claims which the creditor does not know or suspect exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor." For the purpose of implementing a general release and discharge as described in Section 1. above, the Franchisee Related Parties expressly acknowledge that this Agreement is intended to include in its effect, without limitation, all claims described in Section 1. above, which the Franchisee Related Parties do not know or suspect to exist in their favor at the time of execution hereof, and that this Agreement contemplates the extinguishment of any such claims.]

2. **Unknown Claims**.

(a) Franchisee acknowledges for itself and the Franchisee Related Parties that there is a risk that subsequent to the execution of this Agreement, it will discover, incur or suffer Claims which are unknown or unanticipated at the time this Agreement is executed, including, without limitation, unknown or unanticipated Claims which arose from, are based upon or are related to the Franchise Agreement or some part or aspect thereof, which if known by Franchisee on the date this Agreement is being executed may have materially affected its decision to execute this Agreement.

(b) Franchisee acknowledges and agrees for itself and the Franchisee Related Parties that by reason of the release contained in Section 1. above, it is assuming the risk of such unknown and unanticipated Claims and agrees that its release of the Releasees contained in this Agreement applies thereto.

3. **Covenant Not to Sue**. Franchisee covenants and agrees for itself and for the Franchisee Related Parties not to bring or allow to be brought on behalf of itself or any Franchisee Related Party, any action, cause of action, suit, or other proceeding of any kind, which has accrued or which may ever accrue, whether based in the Constitution, common law or statute, contract, tort, or in equity, for actual or punitive damages or other relief, against Franchisor and the Releasees arising out of, resulting from, or in any manner related to the matters referenced in Section 1.

4. **No Assignment of Claims**. Franchisee represents and warrants for itself and the Franchisee Related Parties that it has not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claims released under Section 1. of this Agreement and agrees to indemnify, defend and hold the Releasees harmless from and against any and all Claims, based on or arising out of any such assignment or transfer, or purported assignment or transfer, of any Claims, or any portion thereof or interest therein. Franchisee represents and warrants that since the date of the Franchise Agreement, there has been no assignment or transfer, and no purported assignment or transfer, to any person or entity of the Franchise, the Franchise Agreement, or any rights or interests therein or in the Franchisee.

5. **Full and Independent Knowledge**. Franchisee represents that it has been represented by an attorney in connection with the preparation and review of this Agreement, that it has specifically discussed with its attorney the meaning and effect of this Agreement, and that it has carefully read and understands the scope and effect of each provision contained herein. Franchisee further represents that it does not rely and has not relied upon any representation or statement made by the Franchisor, any of the Releasees, or any of their representatives with regard to the subject matter, basis, or effect of this Agreement.

6. **Compromise**. Franchisee agrees for itself and the Franchisee Related Parties that the releases contained herein are the result of a compromise and will never at any time for any purpose be considered as an admission of liability or responsibility on the part of Franchisor or the Releases regarding any matter.

7. **General Provisions**.

(a) Entire Agreement. This Agreement, when fully executed, supersedes all previous negotiations, representations, and discussions by the parties hereto concerning the subject matter hereof and integrates the whole of all of their agreements and understandings concerning the subject matter hereof. No oral representations or undertakings concerning the subject matter hereof will operate to amend, supersede, or replace any of the terms or conditions set forth herein.

(b) Authority. By their signatures below, the parties hereto represent and warrant to each other that they have all necessary authority to enter into this Agreement. Each party hereto represents and warrants that the party is entering into this Agreement solely for the purposes and consideration set forth herein.

(c) Counterpart Execution. This Agreement may be executed in multiple counterparts, each of which will be fully effective as an original.

(d) Survival. All covenants, representations, warranties, and agreements of the parties will survive execution and delivery of this Agreement and will continue until such time as all the obligations of the parties hereto have lapsed in accordance with their respective terms or have been discharged in full.

(e) Further Assurance. The parties hereto covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out the intent of this Agreement.

(f) Complete Defense. Franchisee acknowledges that this Agreement will be a complete defense to any claim released under the terms of Section 1. of this Agreement and hereby consents to the entry of a temporary or permanent injunction to end the assertion of any such claim.

(g) Attorneys' Fees. In the event that Franchisor institutes legal proceedings of any kind to enforce this Agreement, Franchisee will pay all costs and expenses associated therewith, including, but not limited to, all attorneys' fees.

* This release does not apply to claims arising under the Washington Franchise Investment Protection Act, chapter 19.100 RCW, or the rules adopted thereunder.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date indicated below.

FRANCHISEE:
By: _____
Name: _____
Title: _____
Date: _____

PRINCIPALS:

_____
Date: _____

_____
Date: _____

_____
Date: _____

(This General Release will be modified as necessary for consistency with any state law regulating franchising.)

ATTACHMENT A

LIST OF STATE ADMINISTRATORS

We intend to register this Disclosure Document as a "franchise" in some or all of the following states, in accordance with the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

CALIFORNIA

Commissioner of the Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344

CONNECTICUT

Cynthia Antanaitis
Assistant Director
Securities and Business Investment Division
Connecticut Department of Banking
260 Constitution Plaza
Hartford, Connecticut 06103-1800
(860) 240-8230

FLORIDA

Florida Department of Agriculture & Consumer Services
Attn: Division of Consumer Services
400 South Monroe Street
Tallahassee, Florida 32399-0800

HAWAII

Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS

Chief, Franchise Bureau
Attorney General's Office
500 South Second Street
Springfield, Illinois 62706

INDIANA

Securities Commissioner
Indiana Securities Division
302 West Washington Street
Room E-111
Indianapolis, Indiana 46204

KENTUCKY

Office of Attorney General
Consumer Protection Division
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601-8204

MARYLAND

Office of the Attorney General
Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Michigan Attorney General's Office
Consumer Protection Division
Attn.: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933

MINNESOTA

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101

NEBRASKA

Nebraska Department of
Banking and Finance
Commerce Court
1526 K Street, Suite 300
P.O. Box 95006
Lincoln, Nebraska 68509

NEW YORK

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8285

NORTH DAKOTA

Franchise Examiner
North Dakota Securities Department
600 East Boulevard Avenue, 14th Floor
Bismarck, North Dakota 58505

OREGON

Department of Consumer and
Business Services
Division of Financial Regulation
350 Winter St. NE, Rm. 410
Salem, Oregon 97301

RHODE ISLAND

Securities Division
Department of Business Regulations
1511 Pontiac Avenue
John O. Pastore Complex-Building 69-1
Cranston, Rhode Island 02920

SOUTH DAKOTA

Franchise Administrator
Department of Labor and Regulation
Division of Insurance
Securities Regulation
124 S. Euclid, 2nd Floor
Pierre, South Dakota 57501

TEXAS

Secretary of State
Registrations Unit
1019 Brazos Street
Austin, Texas 78701

UTAH

Director
Department of Commerce
Division of Consumer Protection
160 East Three Hundred South
Salt Lake City, Utah 84111

VIRGINIA

State Corporation Commission
Division of Securities and Retail Franchising
Tyler Building, 9th Floor
1300 East Main Street
Richmond, Virginia 23219

WASHINGTON

Administrator
Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501

WISCONSIN

Franchise Administrator
Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705

ATTACHMENT B

AGENTS FOR SERVICE OF PROCESS

We intend to register this Disclosure Document as a "franchise" in some or all of the following states, in accordance with the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

CALIFORNIA

Commissioner of the Department of
Financial Protection and Innovation
Department of Financial Protection
and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344

CONNECTICUT

Banking Commissioner of
State of Connecticut
Securities and Business Investment Division
Connecticut Department of Banking
260 Constitution Plaza
Hartford, Connecticut 06103-1800
(860) 240-8230

HAWAII

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

INDIANA

Secretary of State
201 State House
200 West Washington
Indianapolis, Indiana 46204

MARYLAND

Maryland Securities Commissioner
Maryland Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Michigan Department of Commerce
Corporations and Securities Bureau
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933

MINNESOTA

Commissioner of Commerce
85 7th Place East, Suite 280
Saint Paul, Minnesota 55101

NEW YORK

Secretary of State of
the State of New York
99 Washington Avenue, 6th Floor
Albany, New York 12231

NORTH DAKOTA

Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, 14th Floor
Bismarck, North Dakota 58505-0510

OREGON

Director
Department of Consumer and
Business Services
350 Winter St. NE, Rm. 410
Salem, Oregon 97301

RHODE ISLAND

Director
Department of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex - Building 69-1
Cranston, Rhode Island 02920

SOUTH DAKOTA

Director
Department of Labor and Regulation
Divisions of Insurance
Securities Regulation
124 S. Euclid, 2nd Floor
Pierre, South Dakota 57501

VIRGINIA

Clerk of the State
Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

WASHINGTON

Director of Financial Institutions
Securities Division
150 Israel Rd. S.W.
Tumwater, Washington 98501

WISCONSIN

Franchise Administrator
Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705

ATTACHMENT C

STATE SPECIFIC ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT

The following are additional disclosures for the Franchise Disclosure Document of Recipe Unlimited US, LLC as required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise registration and disclosure law applies to you.

No Waiver of Disclaimer of Reliance in Certain States. The following provision applies only to franchisees and franchises that are subject to the state franchise disclosure laws in Illinois, Indiana, Maryland, Michigan, Minnesota, New York, Virginia, Washington or Wisconsin:

No statement, questionnaire or acknowledgment signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO RECIPE UNLIMITED US, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS

1. Illinois law governs the Franchise Agreement and Development Agreement.

2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement (or development agreement) that designates jurisdiction or venue outside the State of Illinois is void. However, arbitration may take place outside of Illinois.

3. Your rights upon termination and non-renewal of a franchise agreement (or development agreement) are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

5. Item 5 of the Franchise Disclosure Document is amended to reflect as follows:

> "The Franchisor has elected to defer collection of all initial franchise fees and/or initial development fees until the Franchisor has satisfied its pre-opening obligations to franchisee and the franchisee has commenced business operations. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition."

6. No statement, questionnaire or acknowledgment signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this addendum is effective only to the extent that the jurisdictional requirements of the laws described above, with respect to each provision of the law, are met independent of this addendum. This addendum will have no force or effect if such jurisdictional requirements are not met.

ADDENDUM TO RECIPE UNLIMITED US, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND

1. Item 5 of the disclosure document is amended by the following:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

2. Item 17.v. of the disclosure document, the Summary columns for "Choice of Forum," are amended as follows:

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Item 17.c. of the disclosure document, "Requirements for you to renew or extend" (Franchise Agreement chart) and Item 17.m. "Conditions for our approval of transfer" (Franchise Agreement chart), are amended by the addition of the following:

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. Item 17 of the disclosure document is amended by adding the following note at the end of the Item:

Any claims that Franchisee may have under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

5. Item 17 of the disclosure document is amended by adding the following as the last paragraph:

A provision in the Franchise Agreement (or development agreement) which terminates the agreement upon your bankruptcy may not be enforceable under Title 11, United States Code Section 101.

ADDENDUM TO RECIPE UNLIMITED US, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA

1. Item 13 of the disclosure document is supplemented by the following language:

   We will protect your right to use the trademarks, service marks, trade names, logos, or other commercial symbols or will indemnify you from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the marks to the extent required by Minnesota law.

2. Item 17 of the disclosure document is supplemented by the following language: Under Minnesota law, and except in certain specified cases, we must give you 90 days notice of termination with 60 days to cure. We also must give you at least 180 days' notice of our intention not to renew a franchise and sufficient opportunity to recover the fair market value of the franchise as a going concern. To the extent that the Franchise Agreement or Development Agreement is inconsistent with Minnesota law, Minnesota law will control.

   To the extent that any condition, stipulation, or provision contained in the Franchise Agreement or Development Agreement (including any choice of law provision) purports to bind any person who, at the time of acquiring a franchise is a resident of Minnesota, or, in the case of a partnership or corporation, organized or incorporated under the laws of Minnesota, or purporting to bind a person acquiring any franchise to be operated in Minnesota to waive compliance with Minnesota franchise law, such condition, stipulation, or provision may be void and unenforceable under the non-waiver provision of Minnesota franchise law.

3. To the extent you are required to execute a general release in our favor, such release will exclude liabilities arising under the Minnesota Franchises Act or a rule or any order promulgated thereunder.

4. Sec. 80C.17, Sudb. 5 of the Minnesota Franchises Act provides that no action may be commenced thereunder more than 3 years after the cause of action accrues.

5. Sec. 80C.21 of the Minnesota Franchises Act and Minn. Rules 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, including your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

6. All sections of the disclosure document referencing Franchisor's <u>right to obtain</u> injunctive relief are hereby amended to refer to Franchisor's right to <u>seek to obtain</u>.

7. Each provision of this addendum is effective only to the extent that the jurisdictional requirements of the laws described above, with respect to each provision of the law, are met independent of this addendum. This addendum will have no force or effect if such jurisdictional requirements are not met.

ADDENDUM TO RECIPE UNLIMITED US, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN ATTACHMENT 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 we, nor any affiliate or predecessor or current officer or general partner have during the 10 year period immediately before the date of this Disclosure Document (a) filed as a 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 such officer or general partner of Recipe Unlimited US, LLC, held this position with 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"**:

To the extent allowed by the New York General Business Law, you may terminate the Agreement on any grounds available by law.

7. 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 you by the General Business Law of the State of New York, Article 33.

8. There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed made in New York if you are domiciled in and the license will be operated in New York. We are required to furnish a New York prospectus to every prospective member who is protected under the New York General Business Law, Article 33.

Each provision of this addendum is effective only to the extent that the jurisdictional requirements of the laws described above, with respect to each provision of the law, are met independent of this addendum. This addendum will have no force or effect if such jurisdictional requirements are not met.

ADDENDUM TO RECIPE UNLIMITED US, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF VIRGINIA

The "Summary" section of Item 17(h) of the Franchise Disclosure Document is amended by adding the following:

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 ground 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.

ADDENDUM TO RECIPE UNLIMITED US, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF WASHINGTON

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

2. RCW 19.100.180 may supersede the Franchise Agreement and Development Agreement in your relationship with us including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement and Development Agreement in your relationship with us including the areas of termination and renewal of your franchise.

3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement and Development Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

5. Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer.

6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of an area representative, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement, Development Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement, Development Agreement, or elsewhere are void and unenforceable in Washington.

ATTACHMENT D

STATE SPECIFIC ADDENDA TO FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT

STATE SPECIFIC AMENDMENTS TO RECIPE UNLIMITED US, LLC FRANCHISE AGREEMENT

AMENDMENT TO RECIPE UNLIMITED US, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF ILLINOIS

The Recipe Unlimited US, LLC Franchise Agreement between _____ ("Franchisee" or "you") and Recipe Unlimited US, LLC (the "Franchisor" or "us") dated _____, 20__ ("Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement ("Amendment"):

ILLINOIS LAW MODIFICATIONS

1. The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, 815 ILCS 705/1 *et seq.* To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. Illinois law governs the Franchise Agreement.

b. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, arbitration may take place outside of Illinois.

c. Franchisees' rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

d. In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

2. Payment of Initial and Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

4. No statement, questionnaire or acknowledgment signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

[Signatures on following page]

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

FRANCHISOR:

Recipe Unlimited US, LLC
a Delaware limited liability company

By: _____

Name: _____

Title: _____

FRANCHISEE:

_____

By: _____

Name: _____

Title: _____

AMENDMENT TO RECIPE UNLIMITED US, LLC
FRANCHISE AGREEMENT FOR USE IN INDIANA,
MICHIGAN, VIRGINIA AND WISCONSIN

The Recipe Unlimited US, LLC Franchise Agreement between _____ ("Franchisee" or "you") and Recipe Unlimited US, LLC ("Franchisor" or "us"); dated _____, 20__ ("Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement ("Amendment"):

1. **Background**. Franchisor and Franchisee are parties to that certain Franchise Agreement that has been signed at the same time as the signing of this Amendment (the "Franchise Agreement"). This Amendment is part of the Franchise Agreement.

2. **No Waiver of Disclaimer of Reliance in Certain States.** The following provision applies only to franchisees and franchises that are subject to the state franchise disclosure laws in Indiana, Michigan, Virginia or Wisconsin:

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

FRANCHISOR:

Recipe Unlimited US, LLC
a Delaware limited liability company

By: _____
Name: _____
Title: _____

FRANCHISEE:

_____

By: _____
Name: _____
Title: _____

AMENDMENT TO RECIPE UNLIMITED US, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF MARYLAND

The Recipe Unlimited US, LLC Franchise Agreement between _____ ("Franchisee" or "you") and Recipe Unlimited US, LLC ("Franchisor" or "us") dated _____, 20__ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

MARYLAND LAW MODIFICATIONS

1. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law, MD. BUS. REG. CODE ANN. §§ 14-201 *et seq.* (2015 Repl. Vol.) (the "Law"). To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Law.

b. Any acknowledgments or representations of the Franchisee made in the agreement which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Law.

c. A Franchisee may bring a lawsuit in Maryland for claims arising under the Law.

d. The limitation on the period of time mediation and/or litigation claims must be brought shall not act to reduce the 3 year statute of limitations afforded a Franchisee for bringing a claim arising under the Law. Any claims arising under the Law must be brought within 3 years after the grant of the franchise.

2. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

3. Section 19.1 of the Agreement is hereby deleted in its entirety.

4. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

5. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

[Signatures on following page]

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

FRANCHISOR:

Recipe Unlimited US, LLC
a Delaware limited liability company

By: _____

Name: _____

Title: _____

FRANCHISEE:

_____

By: _____

Name: _____

Title: _____

AMENDMENT TO RECIPE UNLIMITED US, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF MINNESOTA

The Recipe Unlimited US, LLC Franchise Agreement between _____ ("Franchisee" or "you") and Recipe Unlimited US, LLC ("Franchisor" or "us") dated _____, 20__ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

MINNESOTA LAW MODIFICATIONS

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80C.01 et seq., and the Rules and Regulations promulgated under the Act (collectively the "Franchise Act"). To the extent that the Agreement/and or Franchise Disclosure Document contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Minnesota Department of Commerce requires that franchisors indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's proprietary marks infringes trademark rights of the third party.

b. Minn. Stat. Sec. 80C.14, Subds. 3, 4., and 5 requires, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement. If the Agreement contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Act's requirements and shall have no force or effect.

c. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Franchise Act, such release shall exclude claims arising under the Franchise Act, and such acknowledgments shall be void with respect to claims under the Franchise Act.

d. If the Agreement requires that it be governed by the law of a State other than the State of Minnesota or arbitration or mediation, those provisions shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.

e. Any provision that requires the Franchisee to consent to a claims period that differs from the applicable statute of limitations period under Minn. Stat § 80C.17, Subd. 5. may not be enforceable under Minnesota.

2. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the franchise disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, including your rights to any procedure, forum, or remedies provided for in that law.

3. To the extent required by Minnesota law, the Agreement/and or disclosure document is amended to delete all references to a waiver of jury trial.

4. All sections of the Agreement/and or Franchise Disclosure Document referencing Franchisor's right to obtain injunctive relief are hereby amended to refer to Franchisor's right to seek to obtain.

5. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

6. Each provision of this Agreement shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment on _____, 20__.

FRANCHISOR:

Recipe Unlimited US, LLC
a Delaware limited liability company

By: _____

Name: _____

Title: _____

FRANCHISEE:

_____

By: _____

Name: _____

Title: _____

AMENDMENT TO RECIPE UNLIMITED US, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK

The Recipe Unlimited US, LLC Franchise Agreement between _____ ("Franchisee" or "you") and Recipe Unlimited US, LLC ("Franchisor" or "us") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

NEW YORK LAW MODIFICATIONS

1. The New York Department of Law requires that certain provisions contained in franchise documents be amended to be consistent with New York law, including the General Business Law, Article 33, Sections 680 through 695. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the General Business Law, regulation, rule or order under the Law, such release shall exclude claims arising under the New York General Business Law, Article 33, Section 680 through 695 and the regulations promulgated thereunder, and such acknowledgments shall be void. It is the intent of this provision that non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied.

b. If the Agreement requires that it be governed by the law of a state, other than the State of New York, the choice of law provision shall not be considered to waive any rights conferred upon the Franchisee under the New York General Business Law, Article 33, Sections 680 through 695.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the New York General Business Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

[Signatures on following page]

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

FRANCHISOR:

Recipe Unlimited US, LLC
a Delaware limited liability company

By: _____

Name: _____

Title: _____

FRANCHISEE:

_____

By: _____

Name: _____

Title: _____

AMENDMENT TO RECIPE UNLIMITED US, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF WASHINGTON

The Recipe Unlimited US, LLC Franchise Agreement between _____ ("Franchisee" or "you") and Recipe Unlimited US, LLC ("Franchisor" or "us") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

WASHINGTON LAW MODIFICATIONS

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

2. RCW 19.100.180 may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of your franchise.

3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

5. Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer.

6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of an area representative, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

8. Sections 19.1(a) and 19.1(b) of the Agreement are hereby deleted in their entirety.

9. Section 19.1(c) of the Agreement is hereby amended to delete all but the last sentence.

10. Section 20.28 of the Agreement is subject to the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

11. Section 20.29 of the Agreement does not apply.

12. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

FRANCHISOR:

Recipe Unlimited US, LLC
a Delaware limited liability company

By: _____

Name: _____

Title: _____

FRANCHISEE:

_____

By: _____

Name: _____

Title: _____

STATE SPECIFIC AMENDMENTS TO RECIPE UNLIMITED US, LLC DEVELOPMENT AGREEMENT

AMENDMENT TO RECIPE UNLIMITED US, LLC
DEVELOPMENT AGREEMENT
FOR THE STATE OF ILLINOIS

The Recipe Unlimited US, LLC Development Agreement between _____ ("Developer" or "you") and Recipe Unlimited US, LLC ("Franchisor" or "us") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

ILLINOIS LAW MODIFICATIONS

1. The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, 815 ILCS 705/1 *et seq*. To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provide rights to you concerning nonrenewal and termination of this Agreement. If this Agreement contains a provision that is inconsistent with the Act, the Act will control.

b. Any release of claims or acknowledgments of fact contained in the Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act shall be void and are hereby deleted with respect to claims under the Act.

c. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

d. If this Agreement requires that it be governed by a state's law, other than the State of Illinois, to the extent that such law conflicts with the Illinois Franchise Disclosure Act, Illinois law governing claims arising under the Act will control.

e. Section 41 of the Illinois Franchise Disclosure Act provides 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.

2. Payment of Initial and Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

4. No statement, questionnaire or acknowledgment signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the Developer on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

FRANCHISOR:

Recipe Unlimited US, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

DEVELOPER:

_____

By: _____
Name: _____
Title: _____

AMENDMENT TO RECIPE UNLIMITED US, LLC
DEVELOPMENT AGREEMENT FOR USE IN INDIANA,
MICHIGAN, VIRGINIA AND WISCONSIN

The Recipe Unlimited US, LLC Development Agreement between _____ ("Developer" or "you") and Recipe Unlimited US, LLC ("Franchisor" or "us"); dated _____, 20__ ("Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement ("Amendment"):

1. **Background**. Franchisor and Developer are parties to that certain Development Agreement that has been signed at the same time as the signing of this Amendment (the "Development Agreement"). This Amendment is part of the Development Agreement.

2. **No Waiver of Disclaimer of Reliance in Certain States.** The following provision applies only to developers and franchises that are subject to the state franchise disclosure laws in Indiana, Michigan, Virginia or Wisconsin:

No statement, questionnaire or acknowledgment signed or agreed to by a developer in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the Developer on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

FRANCHISOR:

Recipe Unlimited US, LLC
a Delaware limited liability company

By: _____
Name: _____
Title: _____

DEVELOPER:

_____

By: _____
Name: _____
Title: _____

AMENDMENT TO RECIPE UNLIMITED US, LLC
DEVELOPMENT AGREEMENT
FOR THE STATE OF MARYLAND

The Recipe Unlimited US, LLC Development Agreement between _____ ("Developer" or "you") and Recipe Unlimited US, LLC ("Franchisor" or "us") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

MARYLAND LAW MODIFICATIONS

1. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law, MD. BUS. REG. CODE ANN. §§ 14-201 *et seq.* (2015 Repl. Vol.) (the "Law"). To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Law.

b. Any acknowledgments or representations of the Developer made in the agreement which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Law.

c. A Developer may bring a lawsuit in Maryland for claims arising under the Law.

d. The limitation on the period of time mediation and/or litigation claims must be brought shall not act to reduce the 3 year statute of limitations afforded a Developer for bringing a claim arising under the Law. Any claims arising under the Law be brought within 3 years after the grant of the franchise.

2. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

3. The first three (3) paragraphs of Section 9.1 of the Agreement are hereby deleted in their entirety.

4. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

5. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Developer on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____ to the Agreement on _____, 20___.

FRANCHISOR:

Recipe Unlimited US, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

DEVELOPER:

_____

By: _____
Name: _____
Title: _____

AMENDMENT TO RECIPE UNLIMITED US, LLC
DEVELOPMENT AGREEMENT
FOR THE STATE OF MINNESOTA

The Recipe Unlimited US, LLC Development Agreement between _____ ("Developer" or "you") and Recipe Unlimited US, LLC ("Franchisor" or "us") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

MINNESOTA LAW MODIFICATIONS

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80C.01 et seq., and the Rules and Regulations promulgated under the Act (collectively the "Franchise Act"). To the extent that the Agreement/and or Franchise Disclosure Document contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Minnesota Department of Commerce requires that franchisors indemnify Minnesota developers against liability to third parties resulting from claims by third parties that the developer's use of the franchisor's proprietary marks infringes trademark rights of the third party.

b. Minn. Stat. Sec. 80C.14, Subds. 3, 4., and 5 requires, except in certain specified cases, that a developer be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the development agreement. If the Agreement contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Act's requirements and shall have no *force or effect.*

c. If the Developer is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Franchise Act, such release shall exclude claims arising under the Franchise Act, and such acknowledgments shall be void with respect to claims under the Franchise Act.

d. If the Agreement requires that it be governed by the law of a State other than the State of Minnesota or arbitration or mediation, those provisions shall not in any way abrogate or reduce any rights of the Developer as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.

e. Any provision that requires the Developer to consent to a claims period that differs from the applicable statute of limitations period under Minn. Stat § 80C.17, Subd. 5. may not be enforceable under Minnesota.

2. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the franchise disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, including your rights to any procedure, forum, or remedies provided for in that law.

3. The Agreement/and or Franchise Disclosure Document is hereby amended to delete all references to Liquidated Damages (as defined) in violation of Minnesota law; provided, that no such deletion shall excuse the developer from liability for actual or other damages and the formula for Liquidated Damages in the Agreement/and or Franchise Disclosure Document shall be admissible as evidence of actual damages.

4. To the extent required by Minnesota Law, the Agreement/and or Franchise Disclosure Document is amended to delete all references to a waiver of jury trial.

5. All sections of the Agreement/and or Franchise Disclosure Document referencing Franchisor's right to obtain injunctive relief are hereby amended to refer to Franchisor's right to seek to obtain.

6. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Each provision of this Agreement shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Developer on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment on _____, 20__.

FRANCHISOR:

Recipe Unlimited US, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

DEVELOPER:

_____

By: _____
Name: _____
Title: _____

AMENDMENT TO RECIPE UNLIMITED US, LLC
DEVELOPMENT AGREEMENT
FOR THE STATE OF NEW YORK

The Recipe Unlimited US, LLC Development Agreement between _____ ("Developer" or "you") and Recipe Unlimited US, LLC ("Franchisor" or "us") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

NEW YORK LAW MODIFICATIONS

1. The New York Department of Law requires that certain provisions contained in franchise documents be amended to be consistent with New York law, including the General Business Law, Article 33, Sections 680 through 695. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If the Developer is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the General Business Law, regulation, rule or order under the Law, such release shall exclude claims arising under the New York General Business Law, Article 33, Section 680 through 695 and the regulations promulgated thereunder, and such acknowledgments shall be void. It is the intent of this provision that non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied.

b. If the Agreement requires that it be governed by the law of a state, other than the State of New York, the choice of law provision shall not be considered to waive any rights conferred upon the Developer under the New York General Business Law, Article 33, Sections 680 through 695.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the New York General Business Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

[Signature in following page]

IN WITNESS WHEREOF, the Developer on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

FRANCHISOR:

Recipe Unlimited US, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

DEVELOPER:

_____

By: _____
Name: _____
Title: _____

AMENDMENT TO RECIPE UNLIMITED US, LLC
DEVELOPMENT AGREEMENT
FOR THE STATE OF WASHINGTON

The Recipe Unlimited US, LLC Development Agreement between _____ ("Developer" or "you") and Recipe Unlimited US, LLC ("Franchisor" or "us") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

WASHINGTON LAW MODIFICATIONS

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

2. RCW 19.100.180 may supersede the Development Agreement in your relationship with us including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Development Agreement in your relationship with us including the areas of termination and renewal of your franchise.

3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Development Agreement, a developer may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. A release or waiver of rights executed by a developer may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

5. Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer.

6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of an area representative, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a developer under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Development Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Development Agreement or elsewhere are void and unenforceable in Washington.

8. The first, second, and third paragraphs of Section 9.1 of the Agreement are hereby deleted in their entirety.

9. Section 10.23 of the Agreement is subject to the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

10. Section 10.24 of the Agreement does not apply.

11. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the Developer on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

FRANCHISOR:

Recipe Unlimited US, LLC
a Delaware limited liability company

By: _____

Name: _____

Title: _____

DEVELOPER:

_____

By: _____

Name: _____

Title: _____

NEW YORK REPRESENTATIONS PAGE

THE LICENSOR REPRESENTS THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

ATTACHMENT E

STATE EFFECTIVE DATES

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State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated.

State	Effective Date
California	Not Effective
Hawaii	Not Effective
Illinois	Not Effective
Indiana	March 27, 2025
Maryland	
Michigan	March 28, 2025
Minnesota	
New York	
North Dakota	Not Effective
Rhode Island	Not Effective
South Dakota	Not Effective
Virginia	
Washington	Pending
Wisconsin	March 27, 2025

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

ITEM 23
RECEIPT

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 Recipe Unlimited US, LLC offers you a franchise, it must provide this disclosure document to you 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, or sooner if required by applicable state law. New York and Iowa 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 agreement or the payment of any consideration that relates to 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 Recipe Unlimited US, 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 any applicable state agency (as listed in ***Attachment A*** to this disclosure document).

The name, principal business address, and telephone number of each franchise seller offering the franchise follow:

Name	Principal Business Address	Telephone Number

Issuance Date: March 27, 2025

I received a disclosure document dated March 27, 2025. The disclosure document included the following Exhibits and Attachments:

Exhibit A-1	Financial Statements
Exhibit A-2	Recipe Unlimited Corporation's Guaranty
Exhibit B-1	Development Agreement
Exhibit B-2	Franchise Agreement
Exhibit C	List of Franchisees
Exhibit D	Franchisees Who Have Left the System
Exhibit E	Operations Guidelines Table of Contents
Exhibit F	Form of General Release
Attachment A	List of State Administrators
Attachment B	Agents for Service of Process
Attachment C	State Specific Addenda to Franchise Disclosure Document
Attachment D	State Specific Addenda to Franchise Agreement and Development Agreement
Attachment E	State Effective Dates

Dated: _____

_____
Individually and as an Officer of the company designated below or a company to be formed and designated below on formation

_____
Printed Name

of _____

(a _____ Corporation)

(a _____ Partnership)

(a _____ Limited Liability Company)

[Keep this page for your records]

ITEM 23
RECEIPT

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 Recipe Unlimited US, LLC offers you a franchise, it must provide this disclosure document to you 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, or sooner if required by applicable state law. New York and Iowa 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 agreement or the payment of any consideration that relates to 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 Recipe Unlimited US, 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 any applicable state agency (as listed in ***Attachment A*** to this disclosure document).

The name, principal business address, and telephone number of each franchise seller offering the franchise follow:

Name	Principal Business Address	Telephone Number

Issuance Date: March 27, 2025

I received a disclosure document dated March 27, 2025. The disclosure document included the following Exhibits and Attachments:

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Exhibit A-2	Recipe Unlimited Corporation's Guaranty
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Exhibit B-2	Franchise Agreement
Exhibit C	List of Franchisees
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Exhibit E	Operations Guidelines Table of Contents
Exhibit F	Form of General Release
Attachment A	List of State Administrators
Attachment B	Agents for Service of Process
Attachment C	State Specific Addenda to Franchise Disclosure Document
Attachment D	State Specific Addenda to Franchise Agreement and Development Agreement
Attachment E	State Effective Dates

Dated: _____

_____
Individually and as an Officer of the company designated below or a company to be formed and designated below on formation

_____
Printed Name

of _____
(a _____ Corporation)
(a _____ Partnership)
(a _____ Limited Liability Company)

[Return to us for our records]