

## FRANCHISE DISCLOSURE DOCUMENT



ANGRY CHICKZ FRANCHISING LLC  
CALIFORNIA LIMITED LIABILITY COMPANY  
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The franchise offered is for an Angry Chickz restaurant featuring boneless, breaded chicken, fries, mac & cheese, coleslaw, rice and other authorized food, beverages and novelty items. We offer 2 franchise programs:

1. A single Restaurant. The total investment necessary to begin operation of an Angry Chickz franchise ranges from \$603,000 to \$1,323,000. This includes \$70,000 to \$76,000 that must be paid to the franchisor or its affiliates.
2. Multiple Restaurants within a defined area pursuant to an Area Development Agreement. The total investment necessary to begin operation of an Angry Chickz franchised business under an Area Development Agreement (for 2 to 5 businesses) ranges from \$95,000 to \$205,000. This includes \$75,000 to \$150,000 that must be paid to the franchisor or its affiliates.

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 disclosure in different formats, contact Mike LaRue at 15301 Ventura Boulevard, Building B Suite 250, Sherman Oaks, California 91403, (818) 578-4361.

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 an attorney or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at [www.ftc.gov](http://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.

Issuance date: May 9, 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
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F.
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit G includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Angry Chickz restaurant in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be an Angry Chickz franchisee?</b>	Item 20 or Exhibit F lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## **What You Need To Know About Franchising *Generally***

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

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

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

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

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

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

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

### **Some States Require Registration**

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

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, arbitration and/or litigation only in California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California than in your own state.
2. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.
3. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
4. **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.
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.

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EXHIBITS:

- A. Franchise Agreement
- B. Area Development Agreement
- C. General Release
- D. Continuing Guaranty
- E. Confidentiality Agreement
- F. Lists - Franchised Locations, Signed but Not Open, Former Franchisees
- G. Financial Statements
- H. State Administrators and Agents for Service of Process
- I. Manual Table of Contents
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## **ITEM 1**

### **THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES**

To simplify the language in this disclosure document, “we”, “us” or “ACF” means Angry Chickz Franchising LLC, the franchisor. “You” means the individual, corporation, partnership, limited liability company, or other entity who buys the franchise. If the franchisee will operate through a corporation, partnership, limited liability company or other entity, “you” also includes the franchisee’s owners or partners.

#### **Franchisor**

We are a California limited liability company, organized on June 9, 2023. We conduct business under the name of our limited liability company. We have not previously engaged in any line of business or offered franchises for Restaurants (as defined below). We have not previously offered franchises in any other line of business, nor do we intend to operate Restaurants. We began offering Angry Chickz franchises in October 2023. As of December 31, 2024, there was 1 franchised Angry Chickz Restaurants in the United States. Other than offering, selling and supporting Angry Chickz franchises, we do not engage in any other business activities, including operating the type of business being franchised. Our agents for service of process are attached as Exhibit H. Our principal business address is 15301 Ventura Boulevard, Building B Suite 250, Sherman Oaks, California 91403.

#### **Franchisor’s Parent, Predecessors and Affiliates**

Our parent is Angry Chickz Inc. (“**Parent**”). Our Parent has operated Restaurants since 2018. As of December 31, 2024, there were 27 company operated Angry Chickz Restaurants in the United States. The principal business address of our Parent is 15301 Ventura Boulevard, Building B Suite 250 Sherman Oaks, California 91403. Our Parent conducts no other business and has never offered any franchises for sale.

Our affiliate Angry Chickz Distribution LLC manufactures certain proprietary sauces that are sold to franchisees through broadline distributors. The principal business address of Angry Chickz Distribution LLC is 15301 Ventura Boulevard, Building B Suite 250 Sherman Oaks, California 91403. Angry Chickz Distribution LLC conducts no other business and has never offered any franchises for sale.

Except as stated, we do not have any parents or affiliates that offer franchises in any line of business or provide products or services to our franchisees.

We have no predecessors.

#### **Angry Chickz Restaurants**

We will franchise businesses that feature boneless, breaded chicken tenders, fries, mac & cheese, coleslaw, rice and other authorized food, beverage and novelty items currently under the name “Angry Chickz” (a “**Restaurant**” or an “**Angry Chickz Restaurant**”). Restaurants feature boneless, breaded chicken tenders, fries, mac & cheese, coleslaw, rice and other authorized food, beverage and novelty items.

#### **Franchise Programs**

We offer two separate franchise programs by this disclosure document, though we may not necessarily allow you the opportunity to purchase under both of these programs:

You will sign a Franchise Agreement (Exhibit A), to operate a single Angry Chickz Restaurant at a location which you choose and which we approve. You may, for each future unit franchise, be required to sign a form of franchise agreement that is different from the current franchise agreement included within this disclosure document.

If you participate in our Area Development Program, we assign a defined area within which you must develop and operate a specified number of Angry Chickz Restaurants within a specified period of time. The development area may be one city, one or more counties, one or more states, or some other defined geographic area. You will sign an Area Development Agreement (Exhibit B) which will describe your development area and your development schedule and other obligations. For each Angry Chickz Restaurant you open pursuant to the Area Development Agreement, promptly after our approval of the site for the Angry Chickz Restaurant, you will sign a separate Franchise Agreement on the then current form used by ACF at the time, except to the extent otherwise provided in your Area Development Agreement.

### **Competition**

We believe that the market for fast-casual restaurant services is mature and consists of the general public. You will compete with other fast-casual restaurants, cafes, nationwide chains and other food vendors. As with all retail food service businesses, your choice of location is critical to your success, no matter how good the concept. The typical Angry Chickz Restaurant will be approximately 2,500 to 3,000 square feet in size. The Restaurants will most likely be located in Class A and B suburban strip centers, lifestyle centers, urban and tourist areas. The Restaurants will have both carryout and eat-in customers and will offer catering services. Where possible, a Restaurant will include a drive-through, however it is not a requirement. With the exception of downtown locations, the Restaurants will be open year round, closing only on selected holidays. We do not believe that Angry Chickz Restaurants are by their nature seasonal businesses, though your location may result in seasonality of sales.

### **Special Industry Regulation**

A wide variety of Federal, state, and local laws, rules, and regulations have been enacted that may impact the operation of your Restaurant, and may include those which (a) establish general standards, permitting restrictions and requirements and other specifications and requirements for the construction, design, maintenance and operation of the business premises; (b) set standards pertaining to employee health and safety; (c) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for Restaurants; employee practices concerning the storage, handling, cooking, and preparation of food; restrictions on smoking; availability of and requirements for public accommodations and requirements for fire safety and general emergency preparedness; (d) establish procedures for the disposal of hazardous wastes; and (e) regulate advertisements. State and local agencies inspect food services business to ensure that they comply with these laws and regulations. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your business and should consider both their effect and cost of compliance. You must also comply with all business licensing and other regulations applicable to your Angry Chickz Restaurant. It is your responsibility, on a continuous basis, to investigate and comply with all local, county, state and federal laws as they vary from locale to locale and they change from time to time.



## **ITEM 2**

### **BUSINESS EXPERIENCE**

#### Chief Executive Officer – David Mkhitarian

Mr. Mkhitarian has been our CEO since inception and since 2018 he has been the CEO of Angry Chickz Inc., our affiliate, in Los Angeles California.

#### Chief Financial Officer – John Scott

Mr. Scott has been our Chief Financial Officer since June 2023. Prior to that, he was the Chief Financial Officer of Yoshinoya America, a restaurant group in Culver City, California from December 2021 until May 2023. From July 2019 until December 2021, he was the Vice President of Finance for Mountain Mike's Pizza, a restaurant company in Newport Beach, California.

#### Chief Operating Officer – Peter Tremblay

Mr. Tremblay has been our Chief Operating Officer since November 2023. Prior to that, he was the President of Maven Ventures Group, an investment company in Los Angeles from March 2023 until November 2023. From September 2021 to January 2023, he was the Senior Vice President, Operations Services, Strategy & Innovation for Panera Bread, a restaurant company in Los Angeles, California. From August 2019 until November 2021, he was the President of Maven Ventures Group, an investment company in Los Angeles.

#### Vice President of Franchise Development – Mike LaRue

Mr. LaRue has been our Vice President of Franchise Development since October 2023. Prior to that, he was the Vice President of Franchise Sales for JINYA Holdings, Inc. a restaurant company in Burbank, California. From January 2013 until December 2020, he served as the Managing Partner of Ignite Franchise Group, a franchise advisory company in Costa Mesa, California.

#### Vice President of Operations – Guillermo Lopez

Mr. Lopez has been our Vice President of Operations since June 2024. Mr. Lopez was Director of Operations from August 2023 to May 2024. Prior to that, from October 2022 until August 2023, he was the Director of Operations for Yoshinoya, a restaurant company in Torrance, California. From January 2021 until August 2022, he was the Region Coach for LRG a quick service restaurant company in Overland Park, Kansas and from January 2020 until January 2021, he was the Vice President of Operations for Goodcents, a quick service restaurant company in Desoto, Kansas.

#### Vice President of Marketing – Tonya McCoy

Ms. McCoy has been our Vice President of Marketing since April 2024. Prior to that, from October 2022 to April 2024 she served as an Account Director for JStokes Advertising, an advertising agency in Walnut Creek, California. From June 2022 to September 2022, she was an Account Director for Elevation Marketing, an advertising agency in Phoenix, California. From September 2021 to May 2022, she was an Account Director at Pinckney Hugo, an advertising agency in Rochester, New York. From May 2017 until May 2020, she was the Vice President of West Franchising Group, a restaurant development company in Tulsa, Oklahoma.

#### Vice President of Development – Christopher Wadleigh

Mr. Wadleigh has been our Vice President of Development since September 2024. He was Senior Vice President of Development and Design for Cotti Foods, Inc. in Rancho Santa Margarita, California from November 2020 to September 2024. From October 2018 to June 2020, Mr. Wadleigh was the Vice President of Development and Construction for Urban Plates, in Cardiff by the Sea, California. He was unemployed from July 2020 to October 2020.

#### Director of Training - Mariana Sanchez De La Rosa

Ms. De La Rosa has been our Director of Training since February 2025. She was a District Manager from September 2023 to January 2025. She was a General Manager for a Yoshinoya restaurant in Los Angeles, California from January 2022 to August 2023. From August 2021 to January 2022, Ms. De La Rosa was a Front of the House Manager for a Torchy's Tacos restaurant located in Overland Park, Kansas. She was a general manager at a Raising Canes Restaurant in St Louis, Missouri from February 2019 to August 2021.

### **ITEM 3 LITIGATION**

There is no litigation that is required to be disclosed in this Item.

### **ITEM 4 BANKRUPTCY**

David Mkhitarian, our Chief Executive Officer and founder, filed for Chapter 7 Bankruptcy in the US Bankruptcy Court Central District of California (San Fernando Valley) Case Number: 1:19-bk-12181-vk on August 29, 2019. The case was discharge on December 9, 2019.

Other than this action, there is no bankruptcy that is required to be disclosed in this Item.

### **ITEM 5 INITIAL FEES**

#### **Franchise Agreement – Initial Franchise Fee**

You must pay a \$50,000 lump sum initial franchise fee when you sign the franchise agreement. If you or your Operating Principal (see Item 15) or, prior to opening, their replacements, fail to complete initial training to our satisfaction and we terminate the Franchise Agreement only as a result of such failure, we will refund 50% of the initial franchise fee less our expenses. The refund described in the prior sentence only applies to the first franchise agreement signed by you and your affiliates. Except as described in this paragraph, the initial franchise fee is not refundable under any circumstances.

If you signed a form of Area Development Agreement which differs from our current form or current form of franchise agreement, your initial franchise fee will be determined in accordance with your Area Development Agreement.

### **Franchise Agreement – Grand Opening Support Fee**

You must pay us a \$20,000 lump sum grand opening support fee at least 90 days before the scheduled opening date of your Restaurant. The grand opening support fee, once paid, is not refundable under any circumstances.

### **Franchise Agreement – Rescheduling / Training Fee**

In connection with initial training, if you, your “Operating Principal” or other persons that attend initial training, fail to show competence in pre-training material and the initial training needs to be rescheduled, a training fee of \$5,000 per person may be required. The rescheduling / training fee is payable upon demand and is not refundable under any circumstances.

### **Franchise Agreement - Site Review Kit**

You must pay us a fee of \$500 per each Site Review Kit if you have submitted more than three Site Review Kits. We will visit the search area for a period not to exceed one full business day without additional fee or costs. If additional site visits are required by us or requested by you, then site visits will be arranged, and you will pay a fee of \$500 plus all expenses associated with the additional site visits. The Site Review Kit fee plus all expenses are payable upon demand and is not refundable under any circumstances.

### **Area Development Agreement**

When you sign our current form of Area Development Agreement, you must pay us an initial development fee equal to \$25,000 multiplied by the number of Angry Chickz Restaurants (excluding the first Restaurant, at a minimum of 2 restaurants) which you must open, plus \$50,000 representing the initial franchise fee for your first Franchise Agreement. When we accept the site for each Restaurant, you will sign a separate Franchise Agreement and pay us an initial franchise fee for each required Restaurant. We will credit the development fee against the initial franchise fees (at the rate of \$50,000 for the first restaurant and \$25,000 each additional Restaurant until the development fee is exhausted). If we permit you to develop Restaurants during the term of your Area Development Agreement in excess of your development obligation, the initial franchisee for each of those Restaurants will be the then-current fee. If you signed a form of Area Development Agreement which differs from our current form, your initial franchise fees may be determined in accordance with your Area Development Agreement. The development fee is fully earned by us when paid, and is not refundable under any circumstances.

\*\*\*\*

Except as described above, the fees are uniform for franchises currently being offered.

### **ITEM 6 OTHER FEES<sup>1</sup>**

<b>Type of fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Continuing Royalty	6% of Gross Sales <sup>2</sup>	Payable via electronic fund transfer (“EFT”) on second (2nd) business day after each Accounting Period.	See Note 2 for definition of Gross Sales.

Type of fee	Amount	Due Date	Remarks
		Currently, Accounting Periods are weekly.	
Brand Fee	2% of Gross Sales.	Same as Continuing Royalty	We have the right to increase the amount of the Brand Fee up to 0.5% per year, not to exceed 4% of Gross Sales, at any time during the term of your Franchise Agreement upon 90 days' prior written notice to you.
Regional Co-Op	If established, 1.0% of gross sales added to local advertising requirement		
On Site Opening Assistance	Our out-of-pocket expenses	Upon demand	
Additional Training & Assistance	Our then-current charge, currently \$500 a day per trainer plus our out-of-pocket expense, including transportation, food and lodging.	Prior to beginning of training	
Inspection Fee	\$500 per re-inspection, plus our out-of-pocket expenses, including transportation, food and lodging.	On demand	Payable if we must revisit your Restaurant for an inspection after you have already been notified of any deficiency or unsatisfactory condition
Sanitation and Food Safety Audits	Cost of the Inspection	On demand	We may, in our sole discretion, contract with a third party to conduct sanitation and food safety audits during the term of your Franchise Agreement.
Transfer / Assignment (Franchise Agreement)	25% of our then-current initial franchise fee, but not less than \$12,500, plus then current training fee (currently \$5,000), plus our out of pocket costs associated with the transfer/assignment, including attorneys' fees	Before transfer	

<b>Type of fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Transfer / Assignment (Area Development Agreement)	25% of our then-current initial franchise fee, plus our out of pocket costs associated with the transfer/assignment, including attorneys' fees	Before transfer	
Audit	Cost of audit plus interest <sup>3</sup> on the underpayment at the highest rate allowable by law (not to exceed 18%).	Upon demand	You must pay the cost of the audit if the audit shows an under-reporting or under-recording of 2% or more, three times within any 36-month period or 5% or more during any reporting period.
Late Fee	Interest of 18% per annum, or the highest interest rate allowable by law, on any unpaid amounts.	Upon demand	Due only if you are late in paying any amounts owed to us.
Charges for unpaid checks, drafts or electronic payments	Our costs and expenses arising from the non-payment, including bank fees in the amount of at least \$50 and other related fees incurred by us	Upon demand	Payable only if any check, draft, electronic or other payment is unpaid because of insufficient funds or otherwise
Renewal Fee	25% of our then-current initial franchise fee	Upon signing a successor franchise agreement.	Paid in lieu of an initial franchise fee
Insurance	Cost of insurance plus our costs in obtaining the insurance for you.	Upon demand, see Remarks	If you do not obtain and maintain the requisite insurance coverage, we may, at our option, purchase such insurance for you must pay us the premiums and our costs in obtaining such insurance.
Software licensing / technology fee	Currently \$0	Upon demand	We have the right to charge a technology fee for technology, software and similar services that we provide, including for example, online ordering.
Convention Fee	Currently \$700 per attendee	Upon demand	The registration fee for our annual convention is currently at \$700 but we reserve the right to increase the amount

Type of fee	Amount	Due Date	Remarks
Relocation Fee	\$5,000 or such greater amount necessary to reimburse us for our costs associated with you relocating your Restaurant	Upon demand	
Default reimbursement	Our costs and expenses from your default.	Upon demand	Payable if you default under your Franchise Agreement
Reimbursement for payments made to Approved Suppliers	Varies	Upon demand	If we receive notice from an approved supplier that you are over 60 days past due on any payment owed to such supplier, and you have not previously provided notice to such supplier disputing the overdue amount, we will have the right, but not the obligation, to make payment to such supplier on your behalf and to reimburse our self for the amount we paid by electronic funds transfer from your bank account.
Termination Damages	Royalty Fee for shorter of 24 months remainder of term	30 days after termination	Only due if you abandon the Business or default under the Franchise Agreement.

(1) All fees are imposed by and are payable to ACF. All fees are non-refundable. Franchises sold prior to the date of this franchise disclosure document may require the franchisees to pay fees on a basis other than as described in this Item, otherwise, the fees are uniform for franchise currently being offered in this state.

(2) **“Gross Sales”** means the gross selling price of all goods and services sold or provided in or from your Restaurant, including the total of all revenues received or receivable by you as payment, whether in cash, for credit, redemption of gift cards (or the like), or barter or received as donation, or other means of exchange (and, if for credit or barter, whether or not payment is received therefor), on account of any and all goods, merchandise, services or products sold or provided in or from your Restaurant or which are promoted or sold under any of the Marks, whether or not we have authorized such goods or services to be offered and sold, including; (a) delivery and/or catering fees, service charges, and the like (except service charges disclosed as gratuities and actually paid to employees); (b) revenues from sales of any nature or kind whatsoever, derived by you or by any other person or entity from your Restaurant; (c) revenues from sales of all products or services at your Restaurant, whether in compliance or in contravention of the franchise agreement; and (d) the proceeds of any business interruption insurance, after the satisfaction of any applicable deductible (but assuming the full gross revenues achievable by Franchisee). Notwithstanding the foregoing, “Gross Sales” shall: (i) be calculated before reduction of any amounts (whether fees or expenses) from any third-party order or delivery applications, platforms, marketplaces, or the like, and other persons or vendors that may collect funds from a customer and remit a balance to you, unless we specify otherwise; and (ii) exclude the following: (1) sums representing sales taxes collected

directly from customers by you in the operation of your Restaurant, and any sales, value added or other tax, excise or duty charged to customers which is levied or assessed against you by any Federal, state, municipal or local authority, based on sales of specific goods, products, merchandise or services sold or provided at or from your Restaurant, provided that such taxes are actually transmitted to the appropriate governmental authority; (2) tips or gratuities paid to employees; (3) proceeds from isolated sales of furniture, fixtures and equipment (other than inventory); (4) bona fide refunds paid to customers (subject to any limitations in the Manuals); (5) uncollectible amounts, provided that uncollectible amounts cannot exceed 0.5% of Gross Sales in any fiscal year and subsequent collections of such amounts shall be included in Gross Sales when collected; and (6) and the retail price of any gift certificates and vouchers when sold but not yet redeemed.

Currently, it is our policy that we do not collect a Continuing Royalty or Brand Fee on commissions paid to third party marketplaces that we authorize you to use. To that end, to the extent included in “Gross Sales,” we will permit you to deduct from “Gross Sales” 100% of the commission fees paid by you to third-party marketplace services that we authorize you to use. We may end this policy at any time and will begin to collect Continuing Royalty on such commissions upon 6 months prior notice to you.

- (3) Interest begins from the date of the underpayment.

## ITEM 7 ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

Category of investment	Amount		Method of Payment	When Due	To Whom Paid
	Low	High			
Initial Franchise Fee	\$50,000	\$50,000	Lump Sum	When you sign your Franchise Agreement	Us
Construction and Leasehold Improvements <sup>1</sup>	\$240,000	\$500,000	As incurred or per construction contract	Before opening	Approved general contractor
Architectural/Engineering <sup>2</sup>	\$7,000	\$20,000	As incurred	Before opening	Approved architect and engineer
Accountant and Attorney	\$2,500	\$4,000	As incurred	As incurred	Your financial and legal advisors
Equipment	\$80,000	\$214,000	As incurred	Before opening	Approved suppliers
Furniture & Fixtures <sup>1</sup>	\$50,000	\$140,000	As incurred	Before opening	Approved suppliers
Signage	\$17,000	\$65,000	As incurred	Before opening	Approved suppliers
Opening Inventory, uniforms and Supplies	\$36,500	\$63,000	As incurred	When delivered	Approved suppliers

Category of investment	Amount		Method of Payment	When Due	To Whom Paid
	Low	High			
Smallwares	\$11,000	\$14,000	As incurred	Before opening	Approved suppliers
Computer Equipment & Information Systems <sup>3</sup>	\$9,000	\$20,000	As incurred	As incurred - must purchase before opening	Approved supplier
Security System	\$10,000	\$15,000	As incurred	Before opening	Approved suppliers
Grand Opening Support Fee & Market Introduction Program	\$35,000	\$55,000	As Incurred	Before Opening	Us, Approved Suppliers
Prepaid Expenses, Licenses and Permits	\$3,000	\$7,000	As incurred	Before opening	Insurance companies, state county and city governments
Wages, Travel and Living Expenses During Training <sup>4</sup>	\$15,000	\$50,000	As incurred	Before opening	Airlines, hotels, Restaurants and employees
Rescheduling /Training Fee <sup>5</sup>	\$0	\$5,000	Lump Sum	Upon demand (before opening)	Us
Site Review Kits, Site Visit Costs	\$0	\$1,000	Lump Sum	Upon Demand	Us
Rent / Lease Deposit	\$15,000	\$40,000	As incurred	Before opening	Suppliers
Insurance and Utility Deposits	\$2,000	\$5,000	As incurred	Before opening	Approved suppliers
Additional Funds <sup>6</sup> – 3 Months	\$20,000	\$55,000	As incurred	Before opening	Approved suppliers
<b>Total</b>	<b>\$603,000</b>	<b>\$1,323,000</b>	<b>(exclusive of land costs)</b>		

Note: Actual costs will vary for each franchisee and each location depending on a number of factors. Payments to us are not refundable. We are not able to represent whether or not amounts that you may pay to third parties are refundable.

As described in Item 5, if you sign an Area Development Agreement, you must pay us an initial development fee equal to \$25,000 multiplied by the number of Angry Chickz Restaurants (excluding the first Restaurant, at a minimum of 2 restaurants) which you must open, plus \$50,000 representing the initial franchise fee for your first Franchise Agreement. When we accept the site for each Restaurant, you will sign a separate Franchise Agreement and pay us an initial franchise fee of \$50,000. However, we will credit the development fee against the initial franchise fees (at the rate of \$50,000 for the first restaurant and \$25,000 for each subsequent restaurant) until the development fee is exhausted.



1. We estimate the cost of remodeling of a pre-existing restaurant facility that is a 2,500 – 3,000 square foot vanilla shell space to be \$96 to \$166 per square foot using conventional on-site construction methods. These figures may vary considerably depending on such factors as material and labor costs in your area. If you construct a new building or space, we expect your cost to be substantially higher – ranging from \$1,000,000 to \$1,300,000 or more depending on the premises. These figures are based on whether or not you purchase all or some of your equipment and fixtures. The costs may vary considerably if you lease your equipment.
2. You must retain our designated architect, or another architect we approve, in our discretion, to prepare your architectural plans.
3. See Item 11 regarding the computer system hardware and Information Systems you must purchase. We have not included the cost of required hardware and software maintenance agreements, if any. This figure also does not include any technical support costs associated with operating the hardware or software.
4. These figures include your costs of travel and expenses during your initial 3 week training program. It also includes estimated payroll expenses for training of a cook for 1 month prior to opening. These figures also include Franchisor's expenses for travel, food and lodging in connection with the approval of your site.
5. In connection with initial training, if you, your Operating Principal or other persons that attend initial training, fail to show competence in pre training material and the initial training needs to be rescheduled, a training fee of \$5,000 per person may be required.
6. The estimate of additional funds for the initial phase of your business is based on your staff salaries and operating expenses for the first 3 months of operation. The estimate includes Information Systems maintenance and support fees for your first 3 months of operation, namely approximately \$3,000 (\$1,000 per month) for third party computer software and hardware maintenance and license fees. The estimate of additional funds does not include an owner's salary or draw. You must provide security deposits for utilities and rent (and possibly for other items).

## **YOUR ESTIMATED INITIAL INVESTMENT**

### **Area Development Agreement – 2 – 5 Angry Chickz Restaurants**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be made</b>
Development Fee (See Note 1)	\$75,000- \$150,000	Lump Sum	At Signing of Area Development Agreement	Franchisor
Additional Funds	\$20,000 - \$55,000	Cash	As Needed	Various
<b>TOTAL</b>	<b>\$95,000 - \$205,000</b>			

NOTE 1: This fee is payable and fully earned upon signing the Area Development Agreement. This development fee is uniform to all franchises being offered in this state covered by an Area Development Agreement and is not refundable, in whole or in part, under any circumstances. When you sign our current form of Area Development Agreement, you must pay us an initial development fee equal to \$25,000 multiplied by the number of Angry Chickz Restaurants (excluding the first Restaurant, at a minimum of 2

restaurants) which you must open, plus \$50,000 representing the initial franchise fee for your first Franchise Agreement.

When we accept the site for each Restaurant, you will sign a separate Franchise Agreement and pay us an initial franchise fee of \$50,000 for each required Restaurant. We will credit the development fee against the initial franchise fees (at the rate of \$50,000 for the first restaurant and \$25,000 each additional Restaurant until the development fee is exhausted).

If you signed a form of Area Development Agreement which differs from our current form, your initial franchise fees may be determined in accordance with your Area Development Agreement. The low estimate represents the Development Fee for two locations and the high estimate represents the Development Fee for five locations. The high estimate is provided as an example and does not reflect a minimum or maximum number of Restaurants we may allow you to develop under an Area Development Agreement.

NOTE 2: You will also need funds for working capital to pursue your development obligations. We are unable to estimate the extent of your working capital needs, which will depend in large part on the number of Restaurants you must develop. Our current estimate of the initial investment for each Restaurant you open is described above.

#### General

In compiling these estimates, we rely on the experience of our affiliate in the construction and development of Restaurants. These amounts are the minimum recommended levels to cover your operating expenses for 3 months. Additional working capital may be required if sales are low or fixed costs are high. The disclosure laws require us to include this estimate of all costs and expenses to operate your franchise during the “initial phase” of your business, which is defined as 3 months or a longer period if “reasonable for the industry.” We are not aware of any established longer “reasonable period,” so our disclosures cover a 3 month period.

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

#### **Real Estate**

You are solely responsible for locating your Restaurant site, the Location, subject to our acceptance. Unless we notify you in writing that the proposed site is acceptable within 30 days after you have submitted a site review request package for a proposed site (or 15 days after receipt of additional information which we request), the site will be deemed rejected. You may not relocate your Restaurant without our prior written consent.

If you do not already have a location when you sign your Franchise Agreement, you must promptly purchase or lease a site for your Restaurant. You must submit your proposed lease to us for review and provide a fully signed copy. Your lease must not (a) obligate us in any manner, (b) contain any provision inconsistent with your Franchise Agreement, or (c) contain a non-competition covenant which restricts us or our affiliates. In addition, your lease must provide for a term at least as long as the term of your Franchise Agreement and must include the lease addendum attached to the Franchise Agreement as Exhibit D.

If you purchase the Location, you must submit the purchase contract to us for review, and provide a fully signed copy within 10 days following signing.

You must sign the lease or purchase agreement no later than 90 days after the effective date of your Franchise Agreement.

You must cause your Restaurant to be constructed, equipped and improved in compliance with our current design criteria and specifications. You shall only employ licensed and bonded architects, engineers and general contractors, that that have been approved by us, to prepare all architectural, engineering and construction drawings and site plans, and to obtain all permits required to construct, remodel, renovate, and/or equip your Restaurants in accordance with our standards and applicable law. All plans and modifications to the Location must be submitted to us for our review and acceptance before you start construction. Unless we notify you in writing that the plans and modifications are accepted, they will be deemed rejected. You may not open your Restaurant until you receive written authorization from us to do so, which may be subject to our satisfactory inspection of your Restaurant. You must not open your Restaurant to the public until: (a) you have properly developed and equipped your Restaurant in accordance with our Standards and applicable law; (b) all pre-opening training for your personnel has been completed; (c) you have obtained all permits necessary to operate your Restaurant; and (d) you have obtained written authorization from us to open and commence operation of your Restaurant. Our “standards” are our then-current specifications, standards, policies, procedures and rules we prescribe for the development, ownership and operation of Restaurant. We issue our standards, and modify our standards, based on our, our affiliates’ and our franchisees’ experience in developing, operating and franchising Restaurants. The standards will be communicated to you through the manual(s), bulletins, electronic communications and/or other directives.

Subject to force majeure, you must commence operation of your Restaurant as soon as possible, but in any event within 10 months after the effective date of your Franchise Agreement.

### **Merchandise, Materials, Supplies and Services**

You must advertise, sell and serve all and only the products we authorize. You must purchase, and maintain in inventory as needed to meet reasonably anticipated consumer demand, the ingredients, proteins, sides, salads, and beverages and other food items (including ingredients) and other products as specified by us, all which are purchased, prepared, sold and/or manufactured in strict accordance with our recipes, and Standards, including specifications as to ingredients, brand names, preparation and presentation (“**Authorized Products**”).

You may not offer, sell or otherwise distribute from your Restaurant any products or services that we have not specified or approved to be offered or sold from your Restaurant. All products and services must be offered, sold and distributed in accordance with the Standards.

We may periodically designate and approve Standards and/or suppliers of furniture, fixtures and equipment (“**FFE**”) and other products and services that we periodically authorize for use at or sale from your Restaurant, including services, ingredients, merchandize, equipment, uniforms, supplies, forms, Information Systems and other products, goods and services. You must purchase or lease all FFE and other products and services for your Restaurant only according to the Standards

You must purchase authorized ingredients, products and services from: (i) us or our affiliates (if they sell or provide the same); (ii) suppliers designated by us; (iii) suppliers approved by us; or (iv) suppliers selected by you and with our prior written approval.

We and our affiliates may derive revenue and profit based on your purchases and leases, including from charging you for products and services that we or our affiliates provide to you. We and our affiliates may be the sole designated supplier of certain goods and services. Our affiliate Angry Chickz Distribution

LLC (which is owned by an officer in Item 2) manufacturers certain proprietary sauces that are sold to franchisees through broadline distributors. Otherwise, neither we nor our affiliates supply any goods or services to franchisees. During calendar year 2024, that affiliate collected \$10,500 attributable to sale of proprietary sauces to franchisees. Except as noted, none of our officers own an interest in any supplier to our franchisees.

You will establish the prices charged for goods and services sold by your Restaurant, and will provide information regarding the prices to us as requested.

If you purchase Authorized Products from an affiliate or us, we or they may derive profits from such purchases. We will not be obligated to reveal our trade secrets and/or Standards of any proprietary items to you or any third party.

If you wish to purchase or use any products or services for or at your Restaurant that we have not yet evaluated or purchase any product or service from a person or entity (a “**Proposed Supplier**”) that we have not yet approved (for products and services that we obligate you to purchase only from designated or approved suppliers), you must submit sufficient information, specifications and samples for us to determine whether the product or service complies with the Standards and specifications and the proposed supplier meets our criteria. For each Proposed Supplier, you must first deliver written notice seeking approval, which notice shall: (a) identify the name and address of the Proposed Supplier, (b) contain such information as may be requested by us or required in the Manual(s), bulletins, electronic communications and/or other directives (which may include financial, operational and economic information regarding its business and product), and (c) identify the products and/or services desired to be purchased or obtained through the Proposed Supplier. Upon request, we will furnish to you the general, but not manufacturing specifications for non-proprietary items and services if specifications are not contained in the Manual(s), bulletins, electronic communications and/or other directives. We may request that the Proposed Supplier furnish us, at no cost to us, product samples, specifications and such other information as we may require. As a further condition of its approval, we may require a Proposed Supplier to agree in writing: (i) to faithfully comply with our specifications and requirements relating to product quality, prices, consistency, warranty, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints), and/or other criteria, (ii) to offer and sell goods or services bearing or using the Marks only to licensees and franchisees of ours and only pursuant to a trademark license agreement in form prescribed by us, (iii) to provide to us duplicate purchase invoices for our records and inspection purposes and (iv) to otherwise comply with our reasonable requests. Each Proposed Supplier must agree to comply with our usual and customary requirements, including those relating to insurance, indemnification and non-disclosure, and shall demonstrate to our reasonable satisfaction: (a) its ability to provide goods or services, applicable, meeting the Standards; (b) its reliability with respect to delivery and the consistent quality of its products or services; and (c) its ability to meet such other requirements as determined by us to be in the best interest of the franchise system. We have the right to inspect the Proposed Supplier’s facilities and to require the Proposed Supplier to deliver product samples or items, at our option, either directly to us or to any third party it designates for testing. We reserve the right periodically to inspect and re-inspect the facilities and products of any Suppliers with whom you may deal, designate sources that you must use, and/or refuse any of your requests for any reason, including that we have already designated an exclusive source (which might be us or our affiliate) for a particular item or service or if we believe that doing so is in the best interests of our franchise network. We may disapprove a proposed supplier for any reason, including if, in our opinion the approval of the proposed supplier would disrupt or adversely impact our national or regional distribution arrangements. We may revoke our approval of a supplier at any time.

We will use our good faith efforts to notify you of our decision within 15 business days after we receive your request for approval and all requested back-up information. If we do not deliver a written approval of the Supplier within 15 business days after we receive your request, the Supplier is disapproved.

You or your Proposed Supplier must pay us in advance (or if we request, reimburse us) \$500 per reinspection, plus our out-of-pocket expenses, including transportation, food and lodging to review the Proposed Supplier's application and to inspect and audit the Proposed Suppliers' facilities, equipment, and all product testing costs paid by us to third parties.

We and our affiliates may collect or receive rebates, allowances, credits or other consideration in the form of cash or services or otherwise from Suppliers based on purchases or sales by franchisees. We and our affiliates may derive revenue from third party suppliers based upon your purchases. We and our affiliates reserve the right to derive revenue and other material consideration, from promotional allowances, volume discounts and other payments by suppliers that we designate, approve or recommend for some or all of our franchises. We and our affiliates may retain for ourselves or themselves, or use as we or they deem appropriate, any or all such cash or non-cash rebates, allowances, credits or other consideration. Although we and our affiliates have no obligation to do so, we and our affiliates may from time to time (which may be on a one-time or recurring basis) contribute all or a portion of the cash rebates to the Brand Fund or return to franchisee a portion of cash rebates obtained by us and our affiliates on account of purchases made by franchisees.

At such time(s) as we establish a national or regional purchasing program, or exclusive vendor supply contract(s) for any of products or services, you must participate in such purchasing program or vendor contract(s) in accordance with its terms. We have not established purchasing or distribution cooperatives. We may negotiate volume buying arrangements with suppliers for the benefit of franchisees.

We estimate that substantially all of your expenditures for leases and purchases in establishing your Restaurant and substantially all of your expenditures on an ongoing basis during the operation of your Restaurant will be for goods and services which are subject to sourcing restrictions (that is, which must meet our standards and specifications and/or which must be purchased from suppliers which we designate or approve).

We may periodically require you to participate in test programs and market research to determine the salability of new products and services. If you are requested to participate in a test program, you must provide timely reports and other relevant information regarding such test program.

You must operate your Restaurant in compliance with the standard procedures, policies, rules and regulations contained in the Manuals. We do not provide material benefits to you based on your use of designated suppliers, but doing so is one of your obligations under the franchise agreement and we may either require you to purchase replacement products from a designated supplier or terminate your franchise agreement if you purchase from unapproved sources in violation of your agreement.

### **Computer Equipment & Information Systems**

As more fully described in Item 11, you must obtain the "Information System" as detailed in the Manual(s), bulletins, electronic communications and/or other directives. The Information System must be connected via a high-speed connection at all times and be capable of accessing the Internet. You must obtain certain Information Systems that we specify. You must also obtain related service contracts, support contracts and other similar arrangements

## **Records**

All of your bookkeeping and accounting records, financial statements, and all reports you submit to us must conform to our Standards.

## **Insurance**

You must maintain suitable insurance coverage and minimum amounts specified in the Manual(s), bulletins, electronic communications and/or other directives, including all risk property and casualty insurance for the replacement value of your Restaurant; business interruption insurance providing for continued payment of all amounts due (or to become due) to us under your Franchise Agreement or any other agreement with us; workers compensation insurance as required by applicable law. Presently, our minimum insurance requirements are as follows:

You must obtain and maintain the at least following insurance:

- commercial general liability insurance, written on an occurrence basis, extended to include contractual liability, products and completed operations, and personal and advertising injury (with full assault and battery coverage), with a combined bodily injury and property damage limit of at least \$2,000,000 in the aggregate and \$1,000,000 per occurrence;
- statutory workers' compensation insurance and employer's liability insurance for a minimum limit equal to the greater of \$100,000 or the amounts required as underlying by your umbrella carrier, as well as such other disability benefits type insurance as may be required by statute or rule of the state in which the Franchised Business is located;
- commercial umbrella liability insurance with total liability limit of at least \$5,000,000 (with foodborne illness coverage included);
- property insurance providing coverage for direct physical loss or damage to real and personal property (as well as electronic equipment such as point of sales, menu board, and other equipment) for all risk perils, including the perils of flood and earthquake that values property (real and personal) on a new replacement cost basis without deduction for depreciation and the amount of insurance shall not be less than 90% of the full replacement value of the Franchised Business, its furniture, fixtures, equipment, and stock (real and personal property);
- comprehensive automobile liability insurance, including owned, non-owned and hired car coverage providing third party liability insurance, covering all licensed vehicles owned or operated by or on your behalf, with limits of liability not less than \$1,000,000 combined single limit for both bodily injury and property damage;
- data theft and cybersecurity coverage with limits of liability not less than \$1,000,000 combined single limit;
- employment practices liability insurance with limits of liability not less than \$1,000,000 combined single limit;
- director and officer coverage for your executives and board of directors (or equivalent if you are an entity that is not a corporation);

- any other insurance coverage that is required by federal, state, or municipal law; and
- any contractors and subcontractors that you engage must carry the same amount or greater coverage and name the us and you as additional insured parties.

All policies must name us as an additional named insured. You may obtain additional insurance coverage as you feel necessary. You may purchase your insurance from any carrier subject to our approval, not to be unreasonably withheld. All insurance policies will be issued by a company or companies with a minimum A.M. Best's rating of A- at policy inception, and authorized to do business in the state in which the Restaurant is located.

### **Market Introduction Program**

You must spend a minimum of \$15,000 (or such greater sum as may be required by your lessor or the master lessor) to advertise and promote your Restaurant during a mutually agreed pre-opening period before the scheduled opening of your Restaurant and ending a mutually agreed period after the Opening Date. You must submit to us for our acceptance a proposed market introduction program and detailed budget, in writing, no later than sixty (60) days before the scheduled opening of your Restaurant

### **Local Advertising**

Monthly, you must shall expend no less than 1% of its Gross Sales for the preceding month, for local advertising of your Restaurant ("**Local Advertising Expenditure**"). At our request, but no more frequently than annually, you must prepare a deliver to us for our review and acceptance a local marketing plan for the 12-month period designated by us in our request. Such local marketing plan shall be prepared in accordance with the Standards and Manual(s). You must deliver evidence of local advertising expenditures in the form and manner prescribed by us. All contributions to a Co-op Advertising Region and all expenditures for other promotional campaigns shall be in addition to your required Local Advertising Expenditure.

### **Uniforms**

You must cause all of your personnel to wear uniforms in accordance with the Standards, present a neat and clean appearance.

### **Signs**

You must maintain approved signs and/or awnings identifying your Restaurant, which shall conform in all respects to the Standards and the layout and design plan approved for your Restaurant.

## ITEM 9 FRANCHISEE'S OBLIGATIONS

**This table lists your principal obligations under the franchise 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.**

<b>Obligation</b>	<b>Section In Agreement</b>	<b>Disclosure Document Item</b>
a. Site selection and acquisition/lease	Sections 5.1 and 5.2 of Franchise Agreement; Sections 6.1 and 6.2 of Area Development Agreement	Items 8 & 11
b. Pre-opening purchases/leases	Section 5.3 of Franchise Agreement	Item 8
c. Site development and other pre-opening requirements	Section 5.4 of Franchise Agreement; Section 6.1 of Area Development Agreement	Items 7 & 11
d. Initial and ongoing training	Article 6 of Franchise Agreement;	Item 11
e. Opening	Section 5.4 of Franchise Agreement	None
f. Fees	Article 4 of Franchise Agreement; Article 5 of Area Development Agreement	Items 5 & 6
g. Compliance with standards and policies/Operating Manual	Article 7 of Franchise Agreement	Item 11
h. Trademarks and proprietary information	Article 11 of Franchise Agreement	Items 13 & 14
i. Restrictions on products/services offered	Section 7.6, Article 9 of Franchise Agreement	Item 16
j. Warranty and customer service requirements	Section 9.4 of Franchise Agreement	Item 11
k. Territorial development and sales quotas	Article 3 of Area Development Agreement	Item 12
l. Ongoing product/service purchases	Article 9 of Franchise Agreement	Item 8



<b>Obligation</b>	<b>Section In Agreement</b>	<b>Disclosure Document Item</b>
m. Maintenance, appearance, and remodeling requirements	Section 5.5 of Franchise Agreement	Item 11
n. Insurance	Section 7.10 of Franchise Agreement	Items 6 & 8
o. Advertising	Article 8 of Franchise Agreement	Items 6 & 11
p. Indemnification	Sections 13.2.4, 16.2, 17.1.2, 17.2 and 17.3 of Franchise Agreement; Sections 7.3.3, 11.1.2, 11.2, 11.3, 12.1 and 12.2 of Area Development Agreement	Item 6
q. Owner's participation/management/staffing	Section 7.2 of Franchise Agreement	Items 11 & 15
r. Records/reports	Sections 10.1 and 10.4 of Franchise Agreement	Item 6
s. Inspections/audits	Sections 10.2 and 10.3 of Franchise Agreement	Items 6 & 11
t. Transfer	Sections 13.2, 13.3 and 13.4 of Franchise Agreement; Article 7 of Area Development Agreement	Item 17
u. Renewal	Sections 3.2, 3.3 and 3.4 of Franchise Agreement; Section 4.2 of Area Development Agreement	Item 17
v. Post-termination obligations	Article 15 of Franchise Agreement; Section 4.2 of Area Development Agreement	Item 17
w. Non-competition covenants	Section 12.1 of Franchise Agreement; Section 8.2 of Area Development Agreement	Item 17
x. Dispute resolution	Article 17 of Franchise Agreement; Article 11 of Area Development Agreement	Item 17

## **ITEM 10 FINANCING**

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

## **ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING**

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

### **Pre-Opening Obligations**

Before you open your business, we will:

Site Review. Upon receiving the information regarding a proposed site, we will review the information and either accept or reject the proposed site under our then-current standards for site acceptance and rejection. If we do not accept your proposed site within 30 days after your submission (or 15 days after you provide any supplemental information we request), the site will be deemed rejected. (Franchise Agreement, § 5.1) You may not enter into a lease or purchase agreement for a site unless and until the site has been accepted. We may impose a fee of \$500 per each Site Review Kit if we reasonably determine that you have submitted more than 3 Site Review Kits.

Your Restaurant location will be purchased or leased by you from independent third parties. We do not generally own the premises and lease it to you.

Site Selection Assistance. We do not locate sites for you. However, we may, without obligation, assist you in locating or evaluating a site. Factors that we consider in determining the size of your Protected Area include among others, the demographics, population size, neighboring and adjacent retail tenants, visibility, and proximity to other businesses and our then-current standards for sites and territories will apply. (Franchise Agreement, § 5.1)

Standards for Restaurant. We will provide a copy of our basic specifications for the design and layout of your Restaurant. We will provide a copy of our Standards (which includes the names of approved suppliers) for the design and layout of a typical Restaurant and mandatory and suggested equipment, furnishings and fixtures. (Franchise Agreement, § 5.3.1) We do not provide equipment, signs, fixtures, opening inventory or supplies, but provide you with specifications only. We do not deliver or install these items.

Training. We provide an initial training program described below. (Franchise Agreement § 6.1)

Operating Principal. We will accept or reject your Operating Principal. (Franchise Agreement §§ 1.1.4 and 7.2.1)

Manuals. The Table of Contents of Our Manual(s) (currently, a total of 151 pages) is attached as Exhibit I. Our manual(s), bulletins, electronic communications and/or other directives will describe our mandatory and recommended Standards and procedures. The Manual(s) may be in one or more volumes or chapters or segments. The Manual(s) may be delivered to you in any media utilized by us for delivery of the Manual(s). We will have the right to update the Manual(s) and change the elements of our System as we deem appropriate. We will loan (or provide access to the Manual(s) via electronic interface) to you one copy of our confidential Manuals to use during the term of the Franchise Agreement. The Manual(s)

contain our standard operational procedures, policies, rules and regulations with which you must comply. (Franchise Agreement § 7.4)

### **Grand Opening Support**

You must pay us a \$20,000 lump sum grand opening support fee at least 90 days before the scheduled opening date of your Restaurant. We will design a pre-opening marketing campaign with your input based on highlighting our food and your local community. We will conduct a social media campaign, principally focused on Instagram and Facebook media but may include other platforms, and utilizing local influencers. The campaign is also intended to garner mentions in local media channels, foster ties with the local chamber of commerce, and a ribbon-cutting event designed to capture the excitement and enthusiasm surrounding your Restaurant's opening. We will utilize professional videography and photography to capture the essence of the day, and we will use the products of those endeavors for subsequent use across social media platforms. Our grand opening support campaign typically begins 60 days prior to your grand opening and continues for 15 days following the opening. (Franchise Agreement § 4.4 and 6.6)

### **Time to Open**

We estimate the typical length of time between signing a Franchise Agreement and opening a Restaurant is approximately 10 months assuming that a location can be obtained and leased within 3 months after you sign the Franchise Agreement. If there are unforeseen delays, it could take considerably longer for you to open your Restaurant. Factors that may affect the length of time it takes you to open your Restaurant include the process of negotiating a lease, construction delays, drafting architectural plans, obtaining permits, weather conditions, shortages, and delayed installation of equipment, fixtures and signs.

### **Obligations After Opening.**

During the operation of the franchise business, we will:

1. provide up to 5 days of on-site training commencing shortly before and ending shortly after your Restaurant opens to the public (Franchise Agreement § 6.2);
2. provide training courses, programs and conventions that we choose to provide. (Franchise Agreement § 6.4). Such training courses, programs and conventions may require the payment of an additional fee;
3. upon reasonable request, we will give you additional assistance and advice to help you run your Restaurant. In our sole discretion, we may send a representative to your Restaurant to discuss your operations. If provided at your request, you must reimburse our expenses and pay our then-current training charges and Travel Expenses (Franchise Agreement § 6.4);
4. pre and post-opening marketing campaign for your Restaurant with your input based on highlighting the Authorized Products, the local community around your Restaurant, and your grand opening activities. Our pre-opening marketing campaign will be conducted on social media, principally focused on Instagram and Facebook media but may include other platforms, and may utilize local influencers. Our marketing campaign typically commences 60 days prior to your grand opening and continues for 15 days following the grand opening (Franchise Agreement § 6.6);
5. issue and modify Standards and System (Franchise Agreement §§ 7.1 and 7.4);

6. we will provide you access to the Manual(s) (Franchise Agreement § 7.4).
7. approve or disapprove any advertising, direct mail, identification and promotional materials and programs you propose to use in connection with local advertising (Franchise Agreement § 8.1);
8. maintain and administer the Brand Fund (Franchise Agreement § 8.3);
9. periodically designate Authorized Products (Franchise Agreement §§ 9.2 and 9.3);
10. let you use our Marks (Franchise Agreement § 2.1 and Article 11); and
11. let you use our confidential information (Franchise Agreement Section 12.2).

You will establish the prices charged for goods and services sold by your Restaurant, and will provide information regarding the prices to us as requested.

#### Advertising (Franchise Agreement, Article 8)

##### Brand Fund (§ 8.3)

You must pay us a Brand Fee of up to 4% (presently 2%) of the Gross Sales of your Restaurant. Other franchisees may not be obligated to contribute to the Brand Fund or may contribute at a different rate, as we determine appropriate. We will direct all uses of the fund and control the creative concepts, materials and media used, media placement and allocation. Expenditures and uses of the fund may include: (a) creative development, production and placement of print and electronic media advertisements, commercials, musical jingles, decals, radio spots, audio advertising, point of purchase materials, direct mail pieces, literature, outdoor advertising, door hangers, and other advertising and promotional materials; (b) creative development, preparation, production and placement of video, audio and written materials and electronic media, including social media campaigns, (c) purchasing artwork and other components for advertising; (d) media placement and buying, including search engine marketing, search engine optimization, and all associated expenses and fees; (e) administering national, regional and multi-regional marketing and advertising programs; (f) market research, marketing studies and customer satisfaction surveys, including the use of secret shoppers; (g) development, production and acquisition of premium items, giveaways, promotions, contests, public relations events, and charitable or nonprofit events; (h) creative development of visual advertisements and marketing materials, including signage, posters, and graphics; (i) recognition and awards events and programs; (j) system recognition events, including periodic national and regional conventions and meetings; (k) website, extranet and/or Intranet development, implementation and maintenance; (l) development, implementation and maintenance of websites, loyalty programs and/or mobile applications, bookings/reservations, and/or related strategies; (m) retention and payment of advertising and promotional agencies and other outside advisors, including retainers and management fees; (n) public relations and community involvement activities and programs; (o) expenditures for activities conducted for the benefit of co-branding, or other arrangements where products and/or services are offered in conjunction with other marks or through alternative channels of distribution; and (p) expenditures with others joint marketing campaigns, jointly developed advertising and other joint programs. Media placement may be national, regional, or local, social media, public relations or promotional campaigns, and/or used for programs designed to promote and enhance the image, identity or patronage of Restaurants, or programs designed to promote and retain customer satisfaction and resolve customer disputes. Marketing materials may be from an in-house advertising department or national,

regional or local advertising agencies, or other sources. We need not make expenditures that are equivalent or proportionate to your contributions. We need not ensure that any particular franchisee benefits directly or proportionately from fund advertising. The fund is not a trust and we are not a fiduciary.

Neither we nor our affiliates are required to contribute or allocate funds to the Brand Fund on account of Restaurants we or our affiliates operate. Neither we nor our affiliates are required or spend any amounts on marketing.

The fund may be used to meet all costs (including reimbursement to us and our affiliates) of administering, directing, preparing, placing and paying for national, regional or local advertising to promote and enhance the image, identity or patronage of Restaurants, or programs designed to promote and retain customer satisfaction and resolve customer disputes, all as we determine appropriate. We will either transfer the brand fund contributions to a separate entity to whom we have delegated the responsibility to operate and maintain the brand fund or place the funds in a separate account that we maintain. We may not use this money principally to solicit new franchise sales. We may include information regarding acquiring a franchise on or as a part of materials and items produced by or for the Brand Fund.

We may spend in any fiscal year an amount greater or less than the aggregate contributions to the Brand Fund in that year and may cause the Brand Fund to borrow funds to cover deficits or invest in surplus funds. We may refund or rebate all or a portion of a franchisee's brand fund contributions to the applicable franchisee for expenditure by that franchisee. If we spend less than the total of all contributions to the Brand Fund during any fiscal year, we may accumulate those sums for use in later years. If we or an affiliate advances money to the Brand Fund, we or they will be entitled to reimbursement. Any interest earned on monies held in the Brand Fund shall be used for the Brand Fund.

Although we intend the fund to be perpetual, we can terminate the fund. We will not terminate the fund until it has spent all money in the fund for advertising and promotional purposes.

The Brand Fund has been established and locations began contributing the Brand Fee during our last fiscal year. During our last fiscal year, the monies contributed to the Brand Fund were spent as follows: 60% for social media, 15% for administrative expenses, and 25% for other marketing (digital, PR, guest feedback software). Unless required by applicable law, we are not required to prepare audited or other financial statements for the Brand Fund, or to provide you with an accounting of how funds were spent; however, (i) if we prepare financial statements for the Brand Fund, we will make the last year's financial statements available to you within a reasonable period of time after your written request; and (ii) an annual unaudited summary of the contributions to, and expenditures of, the Brand Fund for the last year's activity will be made available to you within a reasonable period of time after your written request.

#### Market Introduction Program

You must spend approximately \$15,000 on a Market Introduction Program surrounding the opening of each of your locations. The purpose of the Market Introduction Program is to assist you in building strong opening sales but there is no guarantee that it will do so. The Market Introduction investment must be spent during the pre-opening period and over an extended period after opening and is in addition to all other marketing requirements. You must submit your opening program and detailed budget, in writing, no later than sixty days before the restaurant's scheduled opening. We will review, accept or modify your proposed market introduction program within ten business days of receipt. If we do not accept your program within ten business days, the program is rejected. We have no obligation to contribute to your Market Introduction Program.

Your expenditures for the Market introduction Program is in addition to the Grand Opening Support fee you must pay us.

#### Other Advertising Information

You may develop advertising materials for your own use, at your own cost. You must submit to us all advertising materials not prepared or previously approved by us, for our approval. If we do not approve your advertising materials within 10 days, the proposed advertising will be deemed disapproved. (Franchise Agreement § 8.1)

Monthly, you must perform the Local Advertising Expenditure. At our request, but no more frequently than annually, you must prepare and deliver to us for our review and acceptance a local marketing plan for the 12-month period designated by us in our request. Such local marketing plan shall be prepared in accordance with the Standards and Manual(s). You must deliver evidence of local advertising expenditures in the form and manner prescribed by us. All contributions to a Co-op Advertising Region and all expenditures for other promotional campaigns shall be in addition to your required Local Advertising Expenditure.

#### Advertising Council

There is no advertising council composed of franchisees that advises the franchisor on advertising policies. The Franchise Agreement does not give us the power to form, change or dissolve an advertising council.

#### Advertising Cooperatives

As of the date of this disclosure document, we have not established any local or regional advertising cooperatives (“Co-op”). When established, you must participate in any advertising Co-op for the region in which your Restaurant is located. We will notify you in writing if you must join a regional advertising cooperative for your area and the amount of your advertising cooperative contributions. We determine the area of each advertising cooperative.

Each advertising cooperative must adopt written governing documents. A copy of the governing documents (if one has been established) is available upon request. At all meetings of cooperative advertising regions, each participating franchisee is entitled to one vote per Restaurant that franchisee operates in the cooperative region and we are entitled to one vote for each company-owned Restaurant in the region.

Your minimum contributions to the advertising cooperative will be determined by us, but are not expected to exceed 1%. However, each cooperative may increase the contribution by affirmative vote of not less than a majority of the voting power of the cooperative region. We or our affiliate, as applicable, will contribute to the advertising cooperative for each of our company- or affiliate-owned Restaurants located in the cooperative region on the same basis as franchisees.

The advertising cooperative must prepare quarterly and annual financial statements prepared by an independent CPA and be made available to all franchisees in that advertising cooperative.

#### **Point of Sale/Information Systems (Franchise Agreement, § 7.3)**

Before you commence operating your Restaurants, you must purchase or lease the required electronic based hardware, software, middleware, web-based solutions, wireless, electronic interfaces,

cabling, and other electronic devices, including, computer systems, point of sale cash collection systems, mobile devices/software, order systems, email systems, data systems, network systems, printer systems, mobile applications, internet systems, telecommunication systems, telephone systems, security systems, digital media systems, video and still digital cameras, power systems, required service and support systems and programs, and other related accessories and peripheral equipment (“**Information Systems**”).

You must purchase, use and maintain the Information Systems specified in the Manual(s), bulletins, electronic communications and/or other directives in accordance with the Standards. The Information Systems must at all times be connected to one or more high-speed communications media specified by us and permit access to the internet 24 hours per day, 7 days per week.

At our direction, you must electronically link the Information Systems to us or our designee. You must allow us and/or our designee to access the Information Systems and stored files and data (the “**IS Data**”), and to add, remove, configure and modify the Information Systems via any means including electronic polling and uploads, with or without notice. We own the IS Data that is stored on your Information Systems and you will assign to us any and all rights you may have in the IS Data. We will have independent access to the information generated and stored in the Information Systems.

The Information Systems will store information concerning the customers, sales mix, sales information, purchasing and inventory, accounting and other operations. You must provide all assistance we require to bring the Information Systems on-line with our or our designee’s computer at the earliest possible time and to maintain this connection as we require. We may retrieve from your Information Systems all information that we consider necessary, desirable or appropriate. There are no contractual limitations on our right to access information.

The approximate initial cost to you for the Information Systems is \$20,000 to \$30,000 to purchase and install the Information Systems. Presently you may purchase Information Systems from any supplier so long as the Information Systems meet our Standards. You must obtain high-speed communications access for your information system, such as broadband, DSL or other high-speed capacity.

We cannot reasonably estimate the future costs of the Information Systems, required hardware, software, or service or support, however you must acquire and incur the costs of obtaining and implementing the hardware, software and other components and devices comprising the Information Systems (including additions, upgrades, updates and modifications) and all support services, service and maintenance agreements and subscriptions prescribed by us from time to time. The Information System may be provided directly by third parties or may be sold, licensed or sublicensed by or through us at a one-time or recurring charge.

Neither we nor any of our affiliates have an obligation to provide ongoing maintenance, repairs, upgrades or updates to the system. You will be responsible for obtaining support and/or optional maintenance contracts from third parties for your computer maintenance and repair needs. You are also responsible for all updates and upgrades. You must maintain your Information Systems and keep it in good repair. There is no contractual limit on our ability to require you to update or upgrade the systems, add components to the system and replace components of the system. Except as described above, we cannot estimate the cost of maintaining, updating or upgrading your Information Systems or its components because it will depend on your repair history, local costs of computer maintenance services in your area and technological advances which we cannot predict at this time

### **Training (Franchise Agreement, Article 6)**

The Operating Principal, the Restaurant Leader and, if applicable, trainer, shall at all times have successfully completed, to our satisfaction, an initial training program in the Standards and the operation of a Restaurant (“**Initial Training Program**”). We may modify the content and manner of conducting the Initial Training Program in our discretion from time to time. Prior to commencing operation of your Restaurant, we shall provide at no additional cost the Initial Training Program to 4 persons, including the Operating Principal, the Restaurant Leader and the trainer. You may not operate your Restaurant until the then-current Operating Principal, initial Restaurant Leader and trainee (if applicable) shall have completed the Initial Training Program to our satisfaction. Training will be conducted at our training facilities at our headquarters and in Thousand Oaks, California or at other approved training facility(ies) specified by us, and may include classroom training, instruction at our or your facilities, remote training, and/or a self-study program. The Initial Training Program shall be approximately up to 150 hours and will be conducted over approximately 15 days.

If we provide the Initial Training Program (i) to any person designated by you in addition to the first Operating Principal, your first Restaurant Leader and, trainer, if applicable, (ii) to you in connection with a Successor Franchise Agreement or your (or your affiliates’) third or subsequent Restaurants, or (iii) to you because we require you (or your employees) to attend the Initial Training Program, you shall pay our then-current training fees and reimburse us for our costs and expenses incurred by or assessed in connection with travel, including airfare, hotel/lodging, local transportation, meals, and, with regard to our employees’, agents’ and/or representatives’ expenses, a per diem charge determined by us in advance, with respect to other incidental expenses incurred, including laundry and/or telephone expenses (“**Travel Expenses**”).

The following table describes our initial training program:

#### **TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
Orientation	4		Angry Chickz HQ
Kitchen Training – Grill & Mac & Cheese	0	8	Designated Training Restaurant
Kitchen Training – Fries, Chicken & Seasoning	0	8	Designated Training Restaurant
Kitchen Training – Bowls	0	8	Designated Training Restaurant
Expeditor Training	0	8	Designated Training Restaurant
Ordering and Inventory	8	0	Designated Training Restaurant
Customer Service	8	4	Designated Training Restaurant
Point-of-Sale System & Information Systems	6	4	Designated Training Restaurant
Hiring and Teamwork	8	4	Designated Training Restaurant
Sales	6	4	Designated Training Restaurant
Managerial Duties	16	0	Designated Training Restaurant
Health and Safety	4	4	Designated Training Restaurant



<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
Operations	12	8	Designated Training Restaurant
Office Requirements	8	0	Designated Training Restaurant
Live Training During Open Hrs of Operation	0	10	Designated Training Restaurant
<b>Total</b>	<b>80</b>	<b>70</b>	

We will hold training as frequently as we determine necessary. If you are an individual, you and your initial Restaurant Leader must attend, and satisfactorily complete, to our satisfaction, the Initial Training Program. If you are an entity, your Operating Principal and your Restaurant Leader, and if applicable, trainer, must attend and satisfactorily complete, to our satisfaction, the Initial Training Program, prior to opening your Restaurant to the public. Our training is conducted by various members of our staff and under the supervision of Mariana Sanchez. Ms. Sanchez has been our Director of Training since March of 2025 and has over 8 years of experience in all aspects of the restaurant industry. Other trainers will have experience in the materials that they are presenting, and at least one year of restaurant experience. The Manual(s), bulletins, electronic communications and/or other directives, various demonstrations, checklists, and exams are used in our training program. Other trainers will have experience in the materials that they are presenting, and at least one year of restaurant experience. The Manual(s), bulletins, electronic communications and/or other directives, various demonstrations, checklists, and exams are used in our training program.

With our consent, your Restaurant Leader may be the same person as your Operating Principal. Your Restaurant Leader must attend and successfully complete, to our satisfaction, the Initial Training Program.

Immediately before and after each of your Restaurants opens to the public, we will provide up to 5 days of on-site training. We do not charge a fee for on-site training for your two Restaurants, however, if we determine that it is necessary to provide more than 5 days of on-site training, you must pay our then-current training fees. In all cases you must pay or reimburse us for our Travel Expenses.

We will provide additional assistance and training to you and your employees upon your request or as we deem necessary to instruct you and your employees with regard to new procedures or programs which we deem important to the operation of your Restaurant. We may also provide optional additional assistance for you and your employees. Such additional assistance may be held on a national or regional basis at locations that we choose. We may establish charges for the additional assistance (in addition to reimbursement for our Travel Expenses), and in addition to any charges we establish, you must pay all transportation costs, food, lodging and other similar costs that you and your employees incur in connection with attending any additional training. Currently, the cost of the additional training is our daily training fee plus Travel Expenses.

## **ITEM 12 TERRITORY**

### **Area Development Agreement**

Under the Area Development Agreement, we grant you the right to develop and operate 2 or more Dine-In Restaurants (as defined below) at Venues (as defined below) in a specified area (the “Development Area”), subject to our approval. The Development Area may be one or more cities, counties, states, or

some other defined area. The Development Area will be specified in an exhibit to your Area Development Agreement. During the term of your Area Development Agreement, we will not open or operate, or license others to own or operate, any Dine-In Restaurant in your Development Area, subject to our Reserved Rights (as defined below).

We will determine or accept the location of each Restaurant under the Franchise Agreement at the time each Franchise Agreement is signed, and our then-current standards for accepting sites and determining Protected Areas (defined below) will apply. 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.

We expressly reserve (our “**Reserved Rights**”) the exclusive, unrestricted right, in our sole and absolute discretion, directly and indirectly:

- a) to develop, own and/or operate and to franchise or license others to own and/or operate (i) Restaurants, the physical location of which are located outside of the Development Area, regardless of proximity to the Development Area, (ii) businesses that provide goods and services within and outside of the Development Area, regardless of proximity to the Development Area under names other than “Angry Chickz,” (iii) Restaurants and other businesses at Non-Traditional Venues (defined below) within or outside the Development Area, and regardless of their proximity to any Restaurant developed or under development or consideration by you; and (iv) businesses operating under names other than under our trademarks at any location, and of any type whatsoever, regardless of their proximity to the Development Area and whether or not such businesses use any portion of the System, offer similar products or services or compete with Restaurants;
- b) to offer, sell, provide, produce, license, distribute and market products and services identified by our trademarks and/or other trademarks or service marks to any person or entity, at or through any location or outlet (other than Restaurants, the physical premises of which are located within the Development Area, except for Restaurants located at Non-Traditional Venues), regardless of proximity to the Development Area, and through any distribution channel, at wholesale or retail, including by means of the internet or internet web site, mobile application, online food and beverage ordering, third-party food and beverage delivery services, food trucks or other non-fixed locations, mail order catalogs, direct mail advertising, and other distribution methods, including websites, online retailers, and direct sales through affiliates;
- c) to advertise and promote the our system through any means and at any location, including the internet or internet web site, temporary or permanent displays of products or services, including those offered or sold through Restaurants, television, radio, billboards, email, text message, social media, print media, direct mail, demonstrations, seminars, and other forms of advertising and promotion;
- d) to develop, acquire, merge with, or otherwise become associated with other concepts (including dual branding and/or franchise systems), whether or not using our system and/or our trademarks, and award franchises and/or licenses under other concepts for locations anywhere; and
- e) own, use, license, maintain, and otherwise deal with consumer, vendor, and sales information, including such customer, vendor and sales information from customers purchasing goods or services from you.

**“Dine-In Restaurant”** means a Restaurant that offers and sells (or will offer and sell, as the context requires) menu items for dine-in, carryout and authorized delivery, excluding all Restaurants at Non-Traditional Venues.

**“Non-Traditional Venue”** means (i) a location, site, venue or location within another primary business or in conjunction with other businesses or at institutional settings, corporate campus complexes, including, toll roads, highway travel plazas, hotels and motels, resorts, amusement parks, casinos and casino adjacent locations, airports, sports arena, stadiums, bus stations, train stations, theme parks, amusement facilities, convention centers, military and other governmental facilities, movie theaters, hospitals and medical centers, concert venues, grocery stores, supermarkets, convenience stores, schools, college and university campus, ships, ports, piers, gyms, offices, expositions, fairs or similar events, or in-plant food service facilities, shopping mall food courts, food halls, and any site for which the lessor, owner or operator thereof shall have indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider; (ii) any location to which the general public does not have unlimited access; (iii) mobile outlets, temporary or seasonal food service facilities; and/or (iv) commercial kitchen facilities (e.g., “ghost kitchens”) that provide order and delivery-only services, which may include the associated online or mobile ordering and delivery services to and from locations in or outside of the Development Area. **“Venue”** is any location, site, venue or location that is not a Non-Traditional Venue.

If you fail to meet any of your obligations under the Area Development Agreement, including the development obligations, or commit a material breach of any Franchise Agreement signed by you under the Area Development Agreement, or a material breach of any other agreement between you and us, we may terminate your right to develop, open and operate new Dine-In Restaurants in the Development Area. The continuation of your territorial rights does not depend on achieving a certain sales volume, market penetration, or other contingency, other than your compliance with the development obligations and your other obligations under the Area Development Agreement. We may treat your breach of the Area Development Agreement as a breach of any other agreement, including Franchise Agreements, with us. After the expiration of the term of your Area Development Agreement, we may own, operate, franchise or license others to operate additional Restaurants anywhere, without restriction, including in your Development Area, subject only to the territorial rights reserved to you in the individual Franchise Agreements. We do not compensate you for soliciting or accepting orders from inside your Protected Area or exercising our rights above.

### **Franchise Agreement**

If you have not selected a particular site for your Restaurant when you sign the Franchise Agreement, we will designate a general geographic area specifying the area within which you may seek a location for your Restaurant.

You will be permitted to operate your Dine-In Restaurant at a specific Venue that we accept, as described in your Franchise Agreement. You will be granted a Protected Area around your Restaurant (the **“Protected Area”**). We will assign your Protected Area when you sign your Franchise Agreement and identify your location. Typically, your Protected Area will be a 3 Mile radius around your Restaurant. In densely populated areas (e.g., downtown areas or urban areas with high day-time populations), your Protected Area may be smaller or may be limited to the location of your Restaurant, or a geographic area described in your Franchise Agreement. Factors that we consider in determining the size of your Protected Area include among others, the demographics, population size, neighboring and adjacent retail tenants, visibility, and proximity to other businesses. 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.

Provided that you and your affiliates are not in default of your agreements with us, during the term of your Franchise Agreement, we will not open or operate, or license others to own or operate, any Dine-In Restaurant in physical premises of which is located within your Protected Area, except for Restaurants located at Non-Traditional Venues and subject to, and as permitted by, our Reserved Rights (which shall apply to this disclosure regarding the franchise agreement with the term “Protected Area” substituted for “Development Area” as described above).

Your Protected Area may not be modified except by written agreement signed by both you and us. Under your Franchise Agreement, the continuation of your rights within the Protected Area does not depend on achievement of a certain sales volume, market penetration, or other conditions, other than your performance under your contracts with us. We do not compensate you for soliciting or accepting orders from inside your Protected Area or exercising our rights above.

You do not have the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing, to make sales without our prior approval, provided that, as of the date of this disclosure document, you and other franchisees may accept orders for non-catering purposes through online, mobile and other forms of electronic commerce (e.g., online food ordering platforms) and fulfill the delivery of such orders at any location through permitted third party delivery services, all subject to and in accordance with the terms and conditions set forth in the Manuals.

### **Relocation**

You may not relocate your Restaurant without our prior written consent. Our consent may be granted, conditioned or withheld in our discretion and is subject to the payment of our costs and payment of the relocation fee.

### **Options, Rights of First Refusal or Similar Rights**


You are not granted any options, rights of first refusal or similar rights to acquire additional franchises within the Development Area or Protected Area. You may apply for the right to open additional Restaurants pursuant to separate franchise agreements, but we have no obligation to allow you to open additional Restaurants, except as provided in an Area Development Agreement. The Franchise Agreement grants you no options, rights of first refusal or similar rights to acquire additional franchises.

### **Other Businesses of the Franchisor or Affiliates**

As described in Item 1, our affiliates own and operate Restaurants using our trademarks. Neither we nor our affiliates have established, nor as of the date of this disclosure document have a plan to establish, other franchises or businesses providing similar products or services under a different trademark. We and our affiliates reserve the right to establish and/or acquire other food service businesses in the future.

## **ITEM 13 TRADEMARKS**

We license you the right to operate a Restaurant under the name “**Angry Chickz.**” You may also use our other designated current or future trademarks to operate your Restaurant. By principal trademark we mean primary trademarks, service marks, names, logos, and commercial symbols used to identify your Restaurant. Our parent, Angry Chickz, Inc. has registered the below principal trademarks on the Principal Register of the U.S. Patent and Trademark Office. All required affidavits have been filed and no renewals are needed at this time.

MARK	REGISTRATION NUMBER	REGISTRATION DATE
	6685792	3/29/2022
Feed Your Hangry	6685798	3/29/2022
Angry Chickz	7299673	2/6/2024
Angry Chickz	7299674	2/6/2024

We have entered into a license agreement dated October 12, 2023 with our Parent which allows us to use and sublicense the use of those trademarks. The agreement will continue until terminated and upon termination, our Parent will honor (or assume at licensors' option) each of your franchise agreement if it is in good standing, through the remainder of the current and all renewal and successor terms.

As of the date of this disclosure document, there are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court; or any pending infringement, opposition, or cancellation proceeding; or any pending material federal or state court litigation involving the trademarks. As of the date of this disclosure document, we know of no prior rights or infringing uses in this state that could materially affect your use of the principal trademarks.

Our Parent is a party to an agreement with Rovio with respect to the ANGRY CHICKZ word mark pursuant to which Parent agreed to use that mark with respect to "restaurants" and restaurant services." The agreement with Rovio prohibits the adoption of font styles used by Rovio for its Angry Birdz marks and prohibits branding toys, games or similar items. Except as described in this Item, there are no agreements currently in effect that limit our rights to use or license the above-mentioned marks in any manner.

While we are not required to defend you against a claim against your use of our trademark. You must notify us immediately when you learn about an infringement of or challenge to your use of our trademarks. We will take the action we think appropriate, if any. We will have sole discretion to take the action we deem appropriate and will have the right to control exclusively any litigation or U.S. Patent and Trademark Office proceeding arising out of any infringement, challenge or claim relating to any principal trademark. You must sign all documents, render assistance and do all things that our counsel deems necessary to protect our interests in any litigation or U.S. Patent and Trademark Office proceeding or otherwise to protect our interests in the principal trademarks.

You must follow our rules when you use these principal trademarks. You are prohibited from using one of our registered names or marks with or without modifying words, designs, or symbols as part of the name of any corporation, limited liability company, or other limited liability entity without our express written consent. In the operation of a Restaurant, you may only use those names, marks, designs, or slogans

as expressly authorized by us and only use authorized names and marks in strict compliance with our rules. You may not use our registered name in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us.

You must modify or discontinue the use of a principal trademark if we modify or discontinue it. You must not directly or indirectly contest our right to our trademarks, trade secrets or business techniques that are part of our business.

## **ITEM 14**

### **PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

There are no patents material to the franchise.

We will loan you one copy of our Manuals for confidential use in your Restaurant. The Manuals are our property and you may not duplicate, copy, disclose or disseminate the contents of the Manuals at any time, without our express written consent. We may modify or supplement the Manuals upon notice or delivery to you. You must keep the Manuals current at all times, and upon the termination or non-renewal of your Franchise Agreement return all Manuals to us.

Although neither we nor our affiliates have filed an application for a copyright registration for the Manual(s), we claim common law copyrights in the Manual(s). Federal registration of copyrights is not required to ensure the protection of federal copyright law. The typical duration of a copyright is the life of the author plus 70 years.

The Manual(s), bulletins, electronic communications and/or other directives we provide you are our property and you may not duplicate, copy, disclose or disseminate the contents of the same at any time, without our express written consent. We may modify or supplement the Manual(s), bulletins, electronic communications and/or other directives upon notice or delivery to you. You must keep the Manual(s) current at all times, and upon the termination or non-renewal of your Franchise Agreement return all Manuals to us.

You may not copy, divulge or use any confidential information, which may include our Policies and the contents of our Manuals, marketing concepts, and operating methods and techniques (the **“Confidential Materials and Practices”**) during or after the term of your Franchise Agreement, except in connection with the operation of your Restaurant pursuant to a valid Franchise Agreement. You must follow all reasonable procedures we prescribe to prevent unauthorized use and disclosure of our Confidential Materials and Practices. You must inform your employees to whom the information, or any of it, is made available of this obligation of confidence, and have them sign a written non-disclosure, and submit a copy to us for our files.

There are no infringing uses actually known to us that could materially affect your use of the copyrights, trade secrets, processes, methods, procedures, or other proprietary information described above. There are no agreements currently in effect that limit our rights to use or license the above-mentioned copyrights in any manner.

You must also promptly tell us when you learn about the unauthorized use of any proprietary information. We are not obligated to take any action, but we will respond to your notification of unauthorized use as we think appropriate. We are not obligated to defend you against claims arising from your use of patented or copyrighted items. You have no rights under the franchise agreement if we require you to modify or discontinue using the subject matter covered by a patent or copyright.

## **ITEM 15**

### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

If you are an individual, you must directly supervise the franchise business on its premises. If you are not an individual, you must designate an “Operating Principal” acceptable to us who will be principally responsible for communicating with us about business, operational and other ongoing matters concerning your Restaurant. The Operating Principal must have the authority and responsibility for the day-to-day operations of your Restaurant, but is not required to own an interest in you.

You (or your Operating Principal) must successfully complete our training program and you must have a Restaurant Leader and adequate staff of employees who have in our judgment, been fully and adequately trained. Your Operating Principal, if applicable, must (a) devote his or her full time and best efforts solely to the operation of your Restaurant; (b) meet our educational, experience, financial and other reasonable criteria for the position, as contained in the Manuals or otherwise in writing; (c) have successfully completed the Initial Training Program; (d) be accepted by us.

At our request, your Operating Principal and Restaurant Leader must sign a written statement to confidentiality agreement regarding the trade secrets described in Item 14 and to conform with the covenants not to compete described in Item 17.

Any person who owns a 20% or greater interest in the franchisee entity must sign an agreement (Exhibit D – Continuing Guaranty) assuming and agreeing to discharge all obligations of the “Franchisee” under the Franchise Agreement. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse’s marital and personal assets, perhaps including your house, at risk if your franchise fails.

## **ITEM 16**

### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must sell and offer all and only those products that we authorize at or from your Restaurant. Authorized products may differ among our franchisees, and may vary depending on the operating season and geographic location of your Restaurant or other factors. Upon receipt of written notice from us, you must sell and provide additional authorized products according to the instructions and within the time specified in the notice. You must stop selling and providing any previously approved or discontinued authorized products upon notice from us. There is no limit on our right to change the authorized products that you must sell. You may not stop offering any authorized product without our express written approval. At our request, you must also sell certain test products and/or offer certain test services. If you are asked to do so, you must provide us with reports and other relevant information regarding the test products and services. You may not offer, sell or provide any authorized products in connection with any trademark, service mark, logo type or commercial symbol of any other person or business entity without our express written consent. You may not engage in any co-branding in or in connection with your Restaurant, except with our prior written consent. “Co-branding” includes the operation of an independent business, product line or operating system owned or licensed by an entity other than us that is featured or incorporated with your Restaurant and operated in a manner which is likely to cause the public to perceive it to be related to your Restaurant.

**ITEM 17**  
**RENEWAL, TERMINATIONS, 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.**

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
a. Length of the franchise term	§ 3.1	10 years
b. Renewal or extension of the term	§ 3.2	2 successive 5-year periods
c. Requirements for franchisee to renew or extend	§§ 3.2 – 3.4	<p>We use the term “renewal” to refer to extending our franchise relationship at the end of your initial term (and any other renewal or extension of the initial term). You may be asked to sign a contract with materially different terms and conditions than your original contract.</p> <p>You must: (1) pay the successor agreement fee; (2) have complied with your obligations during the term of your Franchise Agreement; (3) have delivered a notice between 9 and 12 months before the expiration of the Term; (4) execute a new franchise agreement which may contain materially different terms and conditions from your original contract; (5) must have undertaken and completed at your expense the remodeling, renovation and refurbishment of your Angry Chickz Restaurant, unless you have remodeled your business within the preceding 5 years; (6) sign a general release; (7) not have committed three or more material defaults during prior 36 month period and (8) you or your employees, as applicable, must have complied with our then-current qualification, training and certification requirements, at your expense.</p>
d. Termination by franchisee	Not applicable	Subject to state law.
e. Termination by Franchisor without cause	Not applicable	



Provision	Section in Franchise Agreement	Summary
f. Termination by Franchisor with cause	§§ 14.1 – 14.7	We can terminate only if you default under your Franchise Agreement.
g. “Cause” defined – curable defaults	§ 14.4	You have 5 days to cure non-payment of fees and 30 days to cure defaults not listed in Section 14.3 of your Franchise Agreement
h. “Cause” defined – non-curable defaults	§§ 14.2 – 14.3	Non curable defaults: (i) bankruptcy or insolvency, admission of its inability to meet its financial obligations, or shall making a disposition for the benefit of its creditors; (ii) an unsatisfied judgment of more than \$25,000; (iii) a seizure, foreclosure or take over; (iv) a levy of execution upon the Franchise Agreement; (v) unreleased mechanics lien; (vi) you allow or permit any judgment to be entered against us or our affiliates; (vii) a condemnation or transfer in lieu of condemnation; (viii) abandonment; (ix) Assignments without consent; (x) repeated defaults; (xi) violations of law after notice of noncompliance; (xii) certain criminal offences; (xiii) confidential information misuse, violations of non-competition and non-solicitation covenants; (xiv) failure to complete training; (xv) misuse of trademarks; (xvi) health and safety violations; (xvii) sale of unauthorized products and services; (xviii) under reporting; or (xix) repeated customer complaints.
i. Franchisee’s obligations on termination/non-renewal	§15	You must: (i) stop using marks and all confidential information; (ii) return the manuals, IS Data, and other materials; (iii) makes cosmetic changes to your Angry Chickz Restaurant so that it no longer resembles our proprietary design; (iv) at our election, sell such equipment and furnishings that we designate to us and assign all leases and other contracts we specify to us; (v) assign to us or our designee (or, at our election, terminate) all voice and data telephone numbers used in connection with your Angry Chickz Restaurant; authorize and instruct the telephone company and all listing agencies of the termination of your right to use any telephone number or listing associated with your Angry Chickz Restaurant and authorize and instruct the telephone companies and listing agencies to transfer and assign the telephone numbers and directory listing to us, sign and deliver to us all documents that must be filed with any governmental agency indicating that you are no longer licensed to use our Marks; (vi) cancel or

Provision	Section in Franchise Agreement	Summary
		assign to us (at our option) all internet web pages, email address, social media listings, domain names and other registrations containing the marks. If applicable, pay liquidated damages. See also “r” below.
j. Assignment of contract by Franchisor	§ 13.1	No restriction on our right to assign.
k. “Transfer” by franchisee – defined	§ 13.2.1	Includes transfer of the agreement or change in ownership of a franchisee which is an entity.
l. Franchisor approval of transfer	§ 13.2	Transfers require our express written consent
m. Conditions for franchisor approval of transfer	§§ 13.2 – 13.4	<p>You must: (i) provide a detailed description of the price and material terms of the transfer/Assignment; (ii) provide us a list of your Owners and others with an interest in the franchise agreement; (iii) have complied with the right of first refusal and we must not have exercised our right of first refusal; (iv) not be in default; (v) be current to your obligations to third parties; (vi) have signed a release and your Owners must have signed a release; (vii) not have any suit or action pending or threatened with respect to your Angry Chickz Restaurant; (viii) pay the Transfer Fee; and (ix) agree to a non-competition agreement accepted to us which agreement is substantially similar to the Franchise Agreement terms.</p> <p>New franchisee must: (i) qualify; (ii) have the right to occupy the location by assignment or assumption of the lease or purchase of the location; (iii) assume the Franchise Agreement or sign a new Franchise Agreement; (iv) agree to refurbish your Angry Chickz Restaurant; and (v) complete training.</p> <p>The franchisee’s rights to receive payments in connection with the transfer must be subordinated to our rights to receive payment and the other obligations to us. (See also “r” below).</p> <p>If the new franchisee is a business entity, all holders of a 20% or greater interest in the new franchisee must sign a guaranty. You must reimburse us for all costs and expenses that we incur in connection with such a transfer, including attorneys’ fees.</p>

Provision	Section in Franchise Agreement	Summary
n. Franchisor's right of first refusal to acquire franchisee's business	§ 13.3	We can match any offer for your business.
o. Franchisor's option to purchase franchisee's business	§§ 15.3.1 – 15.3.2	<p>Upon termination or expiration of your Franchise Agreement, we may purchase such equipment and furnishings as we designate that are associated with your Angry Chickz Restaurants, for the fair market value.</p> <p>You must make customary representations and warranties to us.</p>
p. Death or disability of franchisee	§ 14.3.2	Your heirs have 6 months after your death or legal incapacity to enter into a new franchise agreement, if the heirs meet our standards and qualifications. If your heirs do not meet our standards and qualifications, the heirs may sell to a person approved by us. See "m" above.
q. Non-competition covenants during the term of the franchise	§ 12.1	<p>Can not engage in "<b>Competitive Activities</b>" which means to, own, operate, lend to, advise, be employed by, or have any financial interest in (i) any restaurant 25% or more of whose gross sales is derived from the sale of boneless breaded chicken, other than an Angry Chickz Restaurant operated pursuant to a validly subsisting Franchise Agreement, or (ii) any business that specializes in developing, owning, operating or franchising restaurants 25% or more of whose gross sales is derived from the sale of boneless breaded chicken, or (iii) any business engaged in the preparation, production or sale, at wholesale, of any boneless breaded chicken food products.</p> <p>"<b>Competitive Activities</b>" shall not include the direct or indirect ownership solely as an investment, of securities of any entity which is traded on any national securities exchange if the owner (i) is not a controlling person of, or a member of a group which controls, such entity and (ii) does not, directly or indirectly, own 5% or more of any class of securities of such entity.</p>
r. Non-competition covenants after the franchise is terminated or expires	§ 12.1	No involvement in any Competitive Activities for 24 months within the Protected Area or within a radius of 10 miles from any then-existing Angry Chickz Restaurant.

Provision	Section in Franchise Agreement	Summary
s. Modification of the agreement	§ 18.7	The Franchise Agreement may be modified only by written agreement between the parties.
t. Integration/Merger clause	§ 18.7	Only the terms of the Franchise Agreement and other written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Not applicable	
v. Choice of forum	§§ 17.1 - 17.3	<p>You and we agree that all arbitrations will be held at a suitable location to be chosen by the arbitrator which is within twenty-five (25) miles of our principal business address at the time that the arbitration action is filed, and you and we both waive the right to a trial by jury to the maximum extent permitted.</p> <p>Any and all claims and actions must be brought or asserted before the expiration of the earlier of (a) the time period for bringing an action under any applicable state or federal statute of limitations; (b) one (1) year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; or (c) two (2) years after the first act or omission giving rise to an alleged claim; or its expressly acknowledged and agreed by all parties that such claims or actions shall be irrevocably barred. Claims attributable to underreporting of sales, and claims of the parties for failure to pay monies owed and/or indemnification shall be subject to only the applicable state or federal statute of limitations.</p> <p>These provisions may be subject to applicable state law.</p>
w. Choice of law	§ 18.6	<p>California law applies, except for the provisions respecting non-competition, which are governed by local law.</p> <p>These provisions may be subject to applicable state law.</p>

**This table lists certain important provisions of the Area Development Agreement. You should read these provisions in the agreement attached to this disclosure document.**

<b>Provision</b>	<b>Section in Area Development Agreement</b>	<b>Summary</b>
a. Term of the license	§§ 1.1 and 4.1	As stated in schedule or until you sign a Franchise Agreement for your last Restaurant necessary to satisfy your Development Obligation, whichever is earlier.
b. Renewal or extension of the term	Not applicable	
d. Termination by you	Not Applicable	Subject to state law.
e. Termination by Us without cause	Not Applicable	
f. Termination by Us with cause	§ 9.1	We can terminate if you or any of your affiliates materially default under the Area Development Agreement, an individual Franchise Agreement, or any other agreement with us or any of our affiliates.
g. "Cause" defined - defaults which can be cured	§ 9.1	You have 5 days to cure non-payment of fees and 60 days to cure any other default, provided that in the case of a breach or default in the performance of your obligations under any Franchise Agreement or other agreement, the notice and cure provisions of such agreement will control.
h. "Cause" defined - defaults which cannot be cured	§ 9.1	Non curable defaults include: unapproved transfers; failure to meet development obligations, any breach of unfair competition provisions, and failure to meet Financial Covenants.
i. Your obligations on termination/non-renewal	§ 4.2	You will have no further right to develop or operate additional Restaurants which are not, at the time of termination, the subject of a then existing Franchise Agreement between you and us. You may continue to own and operate all Restaurants pursuant to then existing Franchise Agreements.
j. Assignment of contract by Us	§ 7.1	No restriction on our right to assign.
k. "Transfer" by you - definition	§ 7.3	Includes sale of assets, transfer of the agreement or change in ownership of a franchisee which is an entity.
l. Our approval of transfer by you	§ 7.3	Transfers require our express written consent, which consent may be withheld for any reason at all in our sole judgment

Provision	Section in Area Development Agreement	Summary
m. Conditions for our approval of transfer	§§ 7.2 and 7.3	<p>Except as described below, you may not transfer your Area Development Agreement or any Franchise Agreement signed pursuant to the Area Development Agreement except with our written consent and a simultaneous assignment of the Area Development Agreement and all Franchise Agreements signed pursuant to the Area Development Agreement to the same assignee.</p> <p>With our written consent, you may transfer a franchise agreement to an entity of which you directly own 100% interest for convenience of ownership. If the new franchisee is a business entity, all holders of a 20% or greater interest in the new franchisee must sign a guaranty. You must reimburse us for all costs and expenses that we incur in connection with such a transfer, including attorneys' fees.</p> <p>At our election, the assignee must sign our then current form of Franchise Agreement for each Restaurant then developed or under development.</p> <p>Before shares of a Franchisee which is a business entity may be offered by private offering, you must provide us with copies of all offering materials; indemnify us, our Affiliates, officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each in connection with the offering; and pay us a non-refundable \$10,000 fee to reimburse us for our costs and expenses associated with reviewing the proposed offering.</p>
n. Our right of first refusal to acquire your business	§ 7.3	We can match any offer for your business.
o. Our option to purchase your business	Not Applicable	
p. Your death or disability	§9.1	Your heirs have 60 days after your death or legal incapacity to assign the Area Development Agreement to a person acceptable to us. See also "m" above.
q. Non-competition covenants during the term of the franchise	§ 8.2 and Appendix 1	Unless we otherwise consent, you cannot engage in "Competitive Activities" defined as owning, operating, lending to, advising, being employed by, or having any financial interest in (i) any restaurant

Provision	Section in Area Development Agreement	Summary
		<p>25% or more of whose gross sales is derived from the sale of boneless breaded chicken, other than a Restaurant operated pursuant to a validly subsisting Franchise Agreement with us, or (ii) any business that specializes in developing, owning, operating or franchising restaurants 25% or more of whose gross sales is derived from the sale of boneless breaded chicken, or (iii) any business engaged in the preparation, production or sale, at wholesale, of any boneless breaded chicken food products.</p> <p>. “Competitive Activities” does not include the direct or indirect ownership solely as an investment, of securities of any entity which are traded on any national securities exchange if applicable owner thereof (i) is not a controlling person of, or a member of a group which controls, the entity and (ii) does not, directly or indirectly, own 5% or more of any class of securities of the entity.</p>
r. Non-competition covenants after the franchise is terminated or expires	§ 8.2	<p>Except with our express written consent, no involvement in any Competitive Activities, as defined above, for 2 years within the Development Area or within a radius of 10 miles from any then-existing Angry Chickz Restaurant.</p> <p>These provisions may be subject to applicable state law.</p>
s. Modification of the agreement	§ 12.9	The agreement may be modified only by written agreement between the parties.
t. Integration/merger clause	§ 12.9	Only the terms of the Area Development Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Area Development Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Not applicable	
v. Choice of forum	§§ 11.1 - 11.3	You and we agree that all arbitrations will be held at a suitable location to be chosen by the arbitrator which is within twenty-five (25) miles of our principal business address at the time that the arbitration action is filed, and you and we both waive the right to a trial by jury to the maximum extent permitted.

Provision	Section in Area Development Agreement	Summary
		<p>Any and all claims and actions must be brought or asserted before the expiration of the earlier of (a) the time period for bringing an action under any applicable state or federal statute of limitations; (b) one (1) year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; or (c) two (2) years after the first act or omission giving rise to an alleged claim; or its expressly acknowledged and agreed by all parties that such claims or actions shall be irrevocably barred. Claims attributable to underreporting of sales, and claims of the parties for failure to pay monies owed and/or indemnification shall be subject to only the applicable state or federal statute of limitations.</p> <p>These provisions may be subject to applicable state law.</p>
w. Choice of law	§ 12.8	<p>California law applies, except for the provisions respecting Non-Competition, which are governed by the law of the state in which you will operate.</p> <p>These provisions may be subject to applicable state law.</p>

## ITEM 18 PUBLIC FIGURES

We do not use any public figures to promote this 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 if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

**Table 1:  
Historic Gross Sales for 2024 for Affiliate Owned Stores**

Table 1 includes actual historical gross sales for the twenty-four (24) affiliate owned locations that were open for twelve (12) months or longer as of December 31, 2024. The Gross Sales are for the period



January 1, 2024 to December 31, 2024. The three (3) affiliated owned locations that began operations during the calendar year 2024 were not included; no other affiliate owned locations are excluded. The date when each location opened and the square footage is included in Table 1.

<b>Date Opened</b>	<b>Total Gross Sales for 2024</b>	<b>Sq Footage</b>
11/9/18	\$576,325	900 sf
8/29/19	\$793,625	950 sf
2/11/20	\$2,085,275	1700 sf
2/24/20	\$1,623,168	3500 sf
5/1/20	\$3,292,156	2,460 sf
8/28/20	\$2,386,848	2500 sf
12/4/2020	\$1,972,257	2,035 sf
1/15/21	\$3,593,250	2200 sf
2/26/21	\$2,885,512	2800 sf
3/26/21	\$3,078,932	2200 sf
5/14/21	\$1,023,495	3000 sf
7/9/21	\$3,285,982	3950 sf
12/10/21	\$1,336,847	3000 sf
1/21/2022	\$1,341,813	3,650 sf
3/4/2022	\$1,653,841	3000 sf
3/25/2022	\$2,947,905	2500 sf
7/29/2022	\$2,286,164	3,209 sf
10/7/2022	\$2,244,136	2,400 sf
2/17/2023	\$2,682,511	2,700 sf
3/17/2023	\$2,780,759	1,963 sf
4/21/2023	\$1,580,228	2,805 sf
7/21/2023	\$712,456	3,200 sf
9/21/2023	\$2,126,848	2,571 sf
10/23/2023	\$2,086,557	1,923 sf

**Table 2:**  
**Average, High, Low, and Median Gross Sales For 2024 For the Twenty Four (24) Affiliate Owned Locations That Were Open For at least 12 months as of December 31, 2024**

Table 2 shows the average, high, low, and median annual Gross Sales for the twenty four (24) locations that are reported in Table 1.

<b>2024</b>	<b>Affiliate Owned</b>	<b>Top Third</b>	<b>Middle Third</b>	<b>Bottom Third</b>
Restaurants	24	8	8	8
Average Sales	\$2,101,594	\$3,069,688	\$2,109,239	\$1,125,853
High Sales	\$3,593,250	\$3,593,250	\$2,386,848	\$1,623,169
Low Sales	\$576,325	\$2,690,874	\$1,658,472	\$576,325
Median Sales	\$2,106,703	\$3,014,486	\$2,106,703	\$1,180,171

2024	Affiliate Owned	Top Third	Middle Third	Bottom Third
# of Locations that Met or exceeded Average	12	4	4	4
% of Locations that Met or exceeded Average	50%	50%	50%	50%

**Table 3:  
Total Gross Sales for January 1, 2025 through March 31, 2025  
For All Angry Chickz Affiliate Owned Locations**

Table 3 shows the Gross Sales from January 1, 2025 through March 31, 2025 for all twenty-eight (28) regardless of opening date.

<b>Date Opened</b>	<b>Total Gross Sales for Period</b>
11/9/18	\$165,798
8/29/19	\$264,441
2/11/20	\$559,478
2/24/20	\$464,177
5/1/20	\$864,279
8/28/20	\$684,549
12/4/20	\$602,718
1/15/21	\$1,084,582
2/26/21	\$799,662
3/26/21	\$887,355
5/14/21	\$285,645
7/9/21	\$1,065,827
12/10/21	\$375,559
1/21/22	\$422,988
3/4/22	\$468,707
3/25/22	\$811,535
7/29/22	\$737,211
10/7/22	\$676,505
2/17/23	\$573,178
3/17/23	\$796,588
4/21/23	\$419,850
7/21/23	\$190,258
9/1/23	\$581,353
10/20/23	\$499,333
4/5/24	\$684,525
6/21/24	\$665,717
11/8/24	\$903,085
12/13/24	\$2,080,465

## Notes:

1. “Gross Sales” means the gross selling price of all goods and services sold or provided in or from your Restaurant, including the total of all revenues received or receivable by you as payment, whether in cash, for credit, redemption of gift cards (or the like), or barter or received as donation, or other means of exchange (and, if for credit or barter, whether or not payment is received therefor), on account of any and all goods, merchandise, services or products sold or provided in or from your Restaurant or which are promoted or sold under any of the Marks, whether or not we have authorized such goods or services to be offered and sold, including; (a) delivery and/or catering fees, service charges, and the like (except service charges disclosed as gratuities and actually paid to employees); (b) revenues from sales of any nature or kind whatsoever, derived by you or by any other person or entity from your Restaurant; (c) revenues from sales of all products or services at your Restaurant, whether in compliance or in contravention of the franchise agreement; and (d) the proceeds of any business interruption insurance, after the satisfaction of any applicable deductible (but assuming the full gross revenues achievable by Franchisee). Notwithstanding the foregoing, “Gross Sales” shall: (i) be calculated before reduction of any amounts (whether fees or expenses) from any third-party order or delivery applications, platforms, marketplaces, or the like, and other persons or vendors that may collect funds from a customer and remit a balance to you, unless we specify otherwise; and (ii) exclude the following: (1) sums representing sales taxes collected directly from customers by you in the operation of your Restaurant, and any sales, value added or other tax, excise or duty charged to customers which is levied or assessed against you by any Federal, state, municipal or local authority, based on sales of specific goods, products, merchandise or services sold or provided at or from your Restaurant, provided that such taxes are actually transmitted to the appropriate governmental authority; (2) tips or gratuities paid to employees; (3) proceeds from isolated sales of furniture, fixtures and equipment (other than inventory); (4) bona fide refunds paid to customers (subject to any limitations in the Manuals); (5) uncollectible amounts, provided that uncollectible amounts cannot exceed 0.5% of Gross Sales in any fiscal year and subsequent collections of such amounts shall be included in Gross Sales when collected; and (6) and the retail price of any gift certificates and vouchers when sold but not yet redeemed. No deduction is made for commissions paid to any third-party order or delivery applications, platforms, marketplaces, or the like.
2. The tables above present the unaudited gross sales information for each affiliate owned store. The source of the data is the records of these affiliate-owned stores. These affiliate owned stores are operated in the same manner as franchised stores will operate.
3. No franchised stores are included because our first franchised store opened in calendar year 2024 and we do not have adequate data to include for that store.

**Some outlets have sold this amount. Your individual results may differ. There is no assurance that you’ll sell as much.** Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Except as provided above, 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 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 Mike LaRue at 15301 Ventura Boulevard, Building B Suite 250, Sherman Oaks, California 91403, (818) 578-4361; 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 through 2024**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
<b>Franchised</b>	<b>2022</b>	0	0	0
	<b>2023</b>	0	0	0
	<b>2024</b>	0	1	+1
<b>Company- and Affiliate-Owned</b>	<b>2022</b>	13	18	+5
	<b>2023</b>	18	24	+6
	<b>2024</b>	24	27	+3
<b>Total Outlets</b>	<b>2022</b>	13	18	+5
	<b>2023</b>	18	24	+6
	<b>2024</b>	24	28	+4

Table No. 2  
**Transfers of Outlets from Franchisee to New Owners (other than the Franchisor)**  
**For Years 2022 through 2024**

State	Year	Number of Transfers
<b>Total</b>	<b>2022</b>	0
	<b>2023</b>	0
	<b>2024</b>	0

Table No. 3  
**Status of Franchised Outlets**  
**For Years 2022 through 2024\***

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
<b>California</b>	<b>2022</b>	0	0	0	0	0	0	0
	<b>2023</b>	0	0	0	0	0	0	0
	<b>2024</b>	0	1	0	0	0	0	1
<b>Totals</b>	<b>2022</b>	0	0	0	0	0	0	0
	<b>2023</b>	0	0	0	0	0	0	0
	<b>2024</b>	0	1	0	0	0	0	1

\*If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

Table No. 4  
**Status of Company- and Affiliate-Owned Outlets  
For Years 2022 through 2024**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Arizona	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
California	2022	12	4	0	0	0	16
	2023	16	6	0	0	0	22
	2024	22	3	0	0	0	25
Nevada	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	1	0	0	0	1
Totals	2022	13	5	0	0	0	18
	2023	18	6	0	0	0	24
	2024	24	3	0	0	0	27

Table No. 5  
**Projected Openings as of January 1, 2025**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchise Outlets in 2025	Projected New Company or Affiliate-Owned Outlets in 2025
Arizona	0	0	0
California	0	0	6
Illinois	1	1	0
Pennsylvania	1	1	0
Texas	1	2	0
Total	3	4	6

Information for each year is as of our fiscal year end of December 31.

Exhibit F includes the list of franchised locations and franchise agreements signed but not opened. There were no franchisees who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during 2024 or who have not communicated with us within 10 weeks of the date of this disclosure document.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Neither we nor an affiliate has entered into any confidentiality clauses with a franchisee that would restrict their ability to discuss his or her personal experience as a franchisee. In some instances, current and

former franchisees sign provisions restricting their ability to speak only about their experience with “Angry Chickz” franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

No trademark specific franchisee association has been sponsored by us, or has requested to be included in this franchise disclosure document.

## **ITEM 21 FINANCIAL STATEMENTS**

Our audited financial statements as of December 31, 2024 and December 31, 2023 are attached as Exhibit G. Our fiscal year end is December 31. Exhibit G also includes our unaudited financial statements as of March 31, 2025.

Because we have not been in business for three years, we are not able to include the three prior years of audited financial statements normally required by this Item 21.

## **ITEM 22 CONTRACTS**

Exhibit A - Franchise Agreement

Exhibit B - Area Development Agreement

Exhibit C - General Release

Exhibit D – Continuing Guaranty

Exhibit E - Confidentiality Agreement

Exhibit J - State Addenda

## **ITEM 23 RECEIPTS**

You will find copies of a detachable receipt in Exhibit K at the end of this disclosure document.

**Exhibit A**  
**Franchise Agreement**

**FRANCHISE AGREEMENT**

**By and Between**

**Angry Chickz Franchising LLC**

**and**

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## FRANCHISE AGREEMENT

**THIS FRANCHISE AGREEMENT** (“**Agreement**”) is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (“**Effective Date**”) by and between Angry Chickz Franchising LLC, a California limited liability company (“**Company**”), and \_\_\_\_\_, a(n) \_\_\_\_\_ (“**Franchisee**”).

### RECITALS

A. Company and/or its Affiliates have developed (and may continue to develop and modify) a system for the operation of restaurants operated under the Marks (as defined below) that feature boneless, breaded chicken (e.g., “Nashville Hot Chicken”), fries, macaroni and cheese, coleslaw, rice and other authorized food, beverages and novelty items and services (individually, a “**Restaurant**” and collectively, the “**Restaurants**”).

B. Company and/or its Affiliates use, promote, and license others to use and promote certain trademarks, service marks, logotypes, and other commercial symbols in operating the Restaurants, including the “Angry Chickz” mark, and may, from time to time, create, use, and license other trademarks, service marks, logos, and commercial symbols to identify and for use in operating Restaurants (collectively, the “**Marks**”).

C. Restaurants are developed and operated using the Marks and Company’s and its Affiliates’ specified and distinctive recipes and ingredients, preparation techniques, business formats, trade dress, practices, specifications, techniques, Confidential Information (defined below), training programs, methods, marketing materials and techniques, copyrights, procedures, menus, uniforms, signs, designs, layouts, and Standards (defined below), all of which Company and/or its Affiliates may improve, further develop, or otherwise modify from time to time (the “**System**”).

D. Company grants individuals or Entities whom satisfactorily meet Company’s qualifications and whom confirm their willingness to undertake the investment and effort, a franchise to own and operate a single Dine-In Restaurant. Franchisee has applied for a franchise to obtain a Dine-In Restaurant and has provided Company with certain information in support of its application.

### AGREEMENT

**NOW, THEREFORE**, the parties agree as follows:

#### ARTICLE 1 BASIC TERMS AND CERTAIN DEFINITIONS

##### 1.1 Basic Terms.

1.1.1 “**Initial Fee**” means \$\_\_\_\_\_.

1.1.2 “**Franchisee’s Address for Notices**” means: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

1.1.3 “**Location**” means: \_\_\_\_\_.

1.1.4 “**Operating Principal**” means (a) Franchisee, if Franchisee is an individual, or (b) \_\_\_\_\_, or such other individual hereafter designated by Franchisee, if Franchisee is an entity.

1.1.5 “**Protected Area**” means the geographic area identified or described on Exhibit A under the heading “Protected Area.”

1.2 **Certain Defined Terms**. Unless otherwise defined in this Agreement, capitalized terms shall have the meanings set forth in Exhibit B.

## ARTICLE 2 GRANT

2.1 **Grant**. Company hereby grants Franchisee, and Franchisee hereby accepts, the right, license and obligation, during the Term, to use and display the Marks, and to use the System, to operate one (1) Dine-in Restaurant at the Location and only at the Location, upon the terms and subject to the provisions of this Agreement. The license granted under this Agreement does not include the rights to: (1) offer or sell products or services offered or sold by Restaurants at any location other than at the Location, or (2) offer or sell products or services offered or sold by Restaurants through any other channels of distribution, including delivery, catering, telephone, mail order, the internet (or any other existing or future form of electronic commerce), or distribution methods, other than those methods of accepting and fulfilling orders that are authorized in writing by Company. As of the Effective Date, Company authorizes its franchisees, including Franchisee to accept orders for non-catering purposes through online, mobile and other forms of electronic commerce (e.g., online food ordering platforms) and fulfill the delivery of such orders at any location through permitted third party delivery services, all subject to and in accordance with the terms and conditions set forth in the Manuals.

2.2 **No Sublicensing Rights Entering Management Agreement**. Franchisee shall not sublicense, sublease, subcontract or enter any management agreement providing for the right to operate the Franchised Business or to use the System.

2.3 **Protected Area**. Subject to Section 2.4 and provided that Franchisee is in full compliance with this Agreement and all other Agreements between Company (and its Affiliates) and Franchisee (or any of its Affiliates), then during the Term, neither Company nor its Affiliates will operate, or authorize any other individual or Entity to operate, a Dine-In Restaurant, the physical premises of which is located within the Protected Area, except for Restaurants located at Non-Traditional Venues and as otherwise permitted in Section 2.4. Franchisee acknowledges and agrees that the territorial rights provided in this Section 2.3, do not provide Franchisee with exclusive rights with respect to any particular customer or potential customer, nor do they restrict Company or any of its employees, Affiliates, representatives, franchisees, licensees, assigns, agents and others from accepting orders (including catering orders) from persons within or outside the Protected Area through online food ordering platforms and other systems and delivering or fulfilling such orders to customers or others located within the Protected Area.

2.4 **Reservation of Rights.** Franchisee's rights under this Agreement are nonexclusive and Company expressly reserves all other rights, including the exclusive, unrestricted right, in its discretion, directly and indirectly, itself and through its employees, Affiliates, representatives, franchisees, licensees, assigns, agents and others:

2.4.1 to develop, own or operate, and to franchise or license others to own or operate (i) Restaurants, the physical location of which are located outside of the Protected Area, regardless of proximity to the Protected Area; (ii) businesses that provide goods and services within or outside of the Protected Area, regardless of proximity to the Protected Area, other than a Restaurant, the physical premises of which is located within the Protected Area, except for Restaurants located at Non-Traditional Venues; (iii) Restaurants and other businesses, the physical location of which are located at Non-Traditional Venues; and/or (iv) businesses operating under names other than under the Marks at any location, and of any type whatsoever, regardless of their proximity to the Protected Area and whether or not such businesses use any portion of the System, offer similar products and services, or compete with Restaurants;

2.4.2 to offer, sell, provide, produce, license, distribute and market products and services identified by the Marks and/or other trademarks or service marks to any Person, at or through any location or outlet (other than a Restaurant, the physical premises of which is located within the Protected Area, except for Restaurants located at Non-Traditional Venues), regardless of proximity to the Protected Area, and through any distribution channel, at wholesale or retail, including by means of catering, the internet or internet web site, mobile application, online food and beverage ordering, third-party food and beverage delivery services, food trucks or other non-fixed locations, mail order catalogs, direct mail advertising, and other distribution methods, including websites, online retailers, and direct sales through affiliates;

2.4.3 to advertise and promote the System through any means and at any location, including through the internet, mobile application, or internet web site, temporary or permanent displays of products or services, including those offered or sold through Restaurants, television, radio, billboards, email, text message, social media, print media, direct mail, demonstrations, seminars, and other forms of advertising and promotion;

2.4.4 to develop, acquire, merge with, or otherwise become associated with other concepts (including dual branding and/or franchise systems), whether or not using the System and/or the Marks, and award franchises and/or licenses under other concepts for locations anywhere; and

2.4.5 own, use, license, maintain, and otherwise deal with consumer, vendor, and sales information, including such customer, vendor and sales information from customers purchasing goods or services from Franchisee.

**ARTICLE 3**  
**TERM AND RIGHT TO ENTER INTO SUCCESSOR FRANCHISE AGREEMENT**

3.1 **Initial Term.** The term of this Agreement (“**Term**”) shall commence on the Effective Date and shall expire on tenth (10<sup>th</sup>) anniversary of the Opening Date(the “**Expiration Date**”), unless sooner terminated or extended in accordance with this Agreement.

3.2 **Right to Enter into Successor Franchise Agreement.**

3.2.1 Subject to the conditions contained in Section 3.4 and Franchisee’s compliance with Section 3.3, at the expiration of the Term hereof, Franchisee shall have the right (the “**Successor Agreement Right**”) to enter into a new franchise agreement on the then-current form generally being offered to prospective franchisees of Company operating under the Marks (the “**Successor Franchise Agreement**”) for two (2) successive five (5) year periods (each a “**Successor Term**”). Franchisee acknowledges that the terms of the Successor Franchise Agreement, including fees and royalties, will be substantially similar to new franchise agreements granted at the time and may materially differ from those contained in this Agreement.

3.2.2 The term of the Successor Franchise Agreement shall commence upon the date of expiration of the Term, or Successor Term, as applicable; provided, however, that notwithstanding the terms of Company’s then-current form of franchise agreement:

(a) The first Successor Franchise Agreement shall provide that Franchisee must pay, in lieu of an initial fee, a renewal fee in an amount equal to 25% of the then-current initial franchise fee charged by Company in the state where the Franchised Business is located, but not less than \$12,500; and

(b) the first Successor Franchise Agreement shall provide the right to enter into a successor franchise agreement as provided in the first Successor Franchise Agreement for one additional five (5) year term and that no further rights shall be granted to renew or enter into further successor franchise agreements.

3.3 **Form and Manner of Exercising Successor Agreement Right.** If available, the Successor Agreement Right shall be exercised only in the following manner:

3.3.1 Between 9 months and 12 months before the expiration of the Term, Franchisee shall notify Company in writing (“**Notice of Election**”) that it intends to exercise its Successor Agreement Right. No sooner than immediately after the expiration of any waiting period(s) required by Applicable Law, and no more than 30 days after Franchisee receives Company’s franchise disclosure document (if applicable), Franchisee shall execute the copies of the Successor Franchise Agreement and return them to Company.

3.3.2 If Franchisee exercises its Successor Agreement Right in accordance with Section 3.3.1 and satisfies all of the conditions contained in

Section 3.4, Company shall execute the Successor Franchise Agreements and promptly deliver one fully executed copy to Franchisee.

3.3.3 If Franchisee fails timely to perform any of the acts, or timely to deliver any of the notices required pursuant to the provisions of Sections 3.3 or 3.4 such failure shall be deemed an election by Franchisee not to exercise its Successor Agreement Right and shall automatically cause Franchisee's Successor Agreement Right to lapse and expire.

3.4 **Conditions Precedent to Entering into a Successor Franchise Agreement.** Franchisee's Successor Agreement Right is conditioned upon the fulfillment of each and all of the following conditions precedent:

3.4.1 At the time Franchisee delivers its Notice of Election to Company, Company is then-offering franchises in the state where the Location is located.

3.4.2 At the time Franchisee delivers its Notice of Election to Company, and at all times thereafter until the commencement of the Successor Term, Franchisee shall not have been, nor be, in default of its material obligations under this Agreement.

3.4.3 At Company's request, Franchisee shall, prior to the date of commencement of the Successor Term, have undertaken and completed at its expense, the remodeling, renovation, modernization, or refurbishing of the Premises and the Franchised Business, which may include installation of new or replacement FFE to comply with the Standards for new Restaurants.

3.4.4 Without limiting the generality of Section 3.4.1, Franchisee shall not have committed 3 or more material defaults of this Agreement during the prior 36 month period during the Term for which Company shall have delivered notices of default, whether or not such defaults were cured.

3.4.5 Franchisee, and Franchisee's employees, as applicable, shall comply with Company's then-current qualification, training and certification requirements at Franchisee's expense.

3.4.6 Concurrently with the execution of the Successor Franchise Agreement, Franchisee shall, and shall cause each of its Affiliates and owners / guarantors to, execute and deliver to Company a general release, on a form prescribed by Company of any and all known and unknown claims against Company and its Affiliates and their Owners, officers, directors, agents, and employees.

3.5 **Notice Required by Law.** If Applicable Law requires that Company give notice to Franchisee prior to the expiration of the Term, this Agreement shall remain in effect on a week to week basis until Company has given the required notice and Company may extend the Term for such a period following the Expiration Date so that it may deliver to Franchisee any required notice. If Company is not offering new franchises, is in the process of revising, amending or



renewing its form of franchise or license agreement or franchise disclosure document, or is not lawfully able to offer Franchisee its then-current form of franchise agreement at the time Franchisee delivers its Notice of Election, Company may, in its discretion, (i) offer to renew this Agreement on the same terms for a Successor Term in accordance with Section 3.2, or (ii) offer to extend the Term on a week-to-week basis following the Expiration Date for as long as it deems necessary or appropriate so that it may lawfully offer its then-current form of franchise agreement.

## **ARTICLE 4 PAYMENTS**

4.1 **Initial Fee.** Franchisee shall pay to Company the Initial Fee upon execution of this Agreement. The Initial Fee is non-refundable, in whole or in part, under any circumstances.

4.2 **Continuing Royalty.** Franchisee shall pay to Company, a continuing royalty (the “**Continuing Royalty**”) equal to 6% of Franchisee’s Gross Sales during the preceding Accounting Period, subject to Section 4.8.2. As of the Effective Date, it is Company’s policy that Company does not collect a Continuing Royalty or Brand Fee on commissions paid to third party marketplaces that Company authorizes Franchisee to use. To that end, to the extent included in “Gross Sales,” Company will permit Franchisee to deduct from “Gross Sales” 100% of the commission fees paid by Franchisee to third-party marketplace services that Company authorizes Franchisee to use. Company may end this policy at any time and will begin to collect Continuing Royalty on such commissions upon 6 months prior notice to Franchisee.

4.3 **Brand Fee.** Franchisee shall pay to Company a Brand Fee (the “**Brand Fee**”) of 2% of Franchisee’s Gross Sales during the preceding Accounting Period; provided, however, that (i) upon no less than 90 days’ prior written notice to Franchisee, Company may increase Franchisee’s Brand Fee by up to 0.5% per year (e.g., from 2% to 2.5%) (and thereafter may reduce the same); and (ii) the Brand Fee may not exceed 4% of Franchisee’s Gross Sales. Company shall contribute the Brand Fee to the brand fund to be administered in the manner provided in Section 8.3 (the “**Brand Fund**”).

4.4 **Grand Opening Support Fee.** Franchisee shall pay to Company grand opening support fee (the “**Grand Opening Fee**”) of \$20,000 at least 90 days before the scheduled opening date of the Franchised Business. The Grand Opening Fee shall be used by Company as described in Section 6.6.

4.5 **Timing of Payments.** The Continuing Royalty, the Brand Fee, and all other amounts then owed to Company, together with a statement of Franchisee’s Gross Sales for the applicable Accounting Period (certified as complete and accurate by a duly authorized representative of Franchisee) shall be due no later than the second (2<sup>nd</sup>) business day after each Accounting Period during the Term, without offset or deduction.

4.6 **Technology Fee.** Franchisee shall pay to Company, Company’s then-current technology fee (the “**Technology Fee**”) to defray the expenses Company incurs in implementing and to support the technological infrastructure and other technologies utilized in and for the System; including, the Information Systems and other software and application development and licensing, point-of-sale, Intranet maintenance, online ordering systems, loyalty programs, utilization of delivery platform and services, and technological development. Company reserves

the right to direct that any or all of the Technology Fee be paid directly to its designee. As of the Effective Date, Company does not charge the Technology Fee, but reserves the right to do so on no less than 90 days' prior notice.

**4.7 EFT and Pre-Authorized Payments.** At Franchisee's sole cost and expense, Franchisee shall instruct its bank to make all payments due under this Agreement directly to Company from Franchisee's account, by electronic funds transfer, electronic or automatic debit, or such other automatic payment mechanism which Company may designate ("EFT"). Promptly upon Company's request, Franchisee shall execute or re-execute and deliver to Company such pre-authorized check forms and other instruments or drafts required by Company's bank to enable Company unilaterally to draw all sums payable under the terms of this Agreement. Company's current form of EFT authorization is attached as Exhibit C. Franchisee shall also maintain a single bank account for such payments and shall maintain the minimum balance in such account as Company may reasonably specify from time to time, but not less than amounts sufficient funds cover all Continuing Royalties, Brand Fees, and other payments to Company. Franchisee shall not alter or close such account except with Company's prior written approval. If Franchisee fails to provide required reports of Gross Sales, Company may withdraw funds based on Company's estimate of Franchisee's Gross Sales. Such estimate shall be based on Franchisee's historically reported Gross Sales, or other reasonable basis selected by Company. Company may require Franchisee to pay any amounts due under this Agreement or otherwise by means other than EFT automatic debit (e.g., by check) whenever Company deems appropriate, and Franchisee agrees to comply with Company's payment instructions.

**4.8 Other Payments.**

4.8.1 Franchisee shall also pay to Company, its Affiliates and designees, as applicable, promptly when due:

(a) all amounts advanced by Company or which Company has paid, or which Company has become obligated to pay on behalf of Franchisee for any reason whatsoever;

(b) the amount of all sales taxes, use taxes, service taxes, personal property taxes, value added taxes, and similar taxes, which may be imposed upon Franchisee, but required to be collected or paid by Company (i) on account of Franchisee's Gross Sales, or (ii) on account of fees collected by Company from Franchisee (but excluding Company's ordinary income taxes). Company, in its discretion, may collect the taxes in the same manner as the Continuing Royalty is collected and promptly pay the tax collections to the appropriate Governmental Authority; provided, however, that unless Company so elects, it shall be Franchisee's responsibility to pay all sales, use or other taxes imposed now or in the future by any Governmental Authorities on fees paid by Franchisee to Company; and

(c) all amounts due for any reason, including for the purchase of goods, supplies or services relating to the Franchised Business.

4.8.2 Should it ever be determined by legislation, regulation or other means, that Company's (or any of its Affiliates) and Company's franchisees

are joint employers or that Franchisee (or any of its employees or contractors) is an employee of Company (or any of its Affiliates), all costs associated with that change in relationship, including wages, taxes, insurance and other costs, without limitation, will be borne by Franchisee initially and on an ongoing basis. Should it ever be determined that any supply chain or any other contractual included revenue to Company or its Affiliates is modified or disallowed by legislation, regulation or other means, the parties agree that Company, in its sole and exclusive determination may increase royalty rates and other means to compensate for that lost revenue.

4.8.3 Franchisee shall remain current and fully comply and perform each of its obligations to its landlord, vendors and Suppliers.

4.9 **Application of Funds.** If Franchisee becomes delinquent in the payment of any obligation to Company or any of its Affiliates under this Agreement or any other agreement, Company shall have the absolute right to apply any payments received from Franchisee to any obligation owed Company or such Affiliate, notwithstanding any contrary designation by Franchisee.

4.10 **Interest and Charges for Late Payments.** If Franchisee fails to pay to Company all sums owed to Company or its Affiliates promptly when due, Franchisee shall pay interest on the unpaid amounts from the date due, at the rate of 18% per annum, or the highest rate allowable under Applicable Law, whichever is less. If any check, draft or electronic transfer is unpaid because of insufficient funds or otherwise, then Franchisee shall pay Company's expenses arising from such non-payment, including bank fees in the amount of at least \$50.00, or the maximum amount allowable under Applicable Law, whichever is less.

## ARTICLE 5

### SITE SELECTION; CONSTRUCTION AND COMMENCEMENT OF BUSINESS

#### 5.1 **Search Area; Site Selection.**

5.1.1 If an address has been inserted in the space provided in Section 1.1.2 on the Effective Date, then the Restaurant to be developed and operated under this Agreement shall be located at the Location. Franchisee acknowledges that it has independently investigated and located, and Company (based upon the information provided by Franchisee) accepted the Location.

5.1.2 If an address has not been inserted in the space provided in Section 1.1.2, then promptly following the Effective Date, Franchisee shall promptly locate one or more proposed sites for Dine-In Restaurant Venues in the Search Area that meet the Standards. Franchisee agrees that it will only propose sites for a Restaurant within the Search Area and Company has no obligation to accept or review any location outside of the Search Area. Unless this Agreement was signed pursuant to an Area Development Agreement, until such time as Company has accepted a location as the Location under the Agreement, Franchisee has no territorial protection and Company may open or operate a Restaurant, and Company may license others to do so, at any location or locations within the Search Area.

5.1.3 When Franchisee has located a proposed site at a Venue for construction of a Dine-In Restaurant, Franchisee shall submit to Company in a form prescribed by Company such cost information, potential customer information, real estate information, competitor information, demographic and other information regarding the proposed site(s) and neighboring areas as Company shall require, in the form prescribed by Company (“**Site Review Kit**”). Company may seek such additional information as it deems necessary within 30 days of submission of Franchisee’s Site Review Kit, and Franchisee shall respond promptly to such request for additional information. Company may accept or reject a proposed site in its sole discretion. If Company accepts a proposed site it shall notify Franchisee in writing and the site shall be deemed to be the “Location.” If Company shall not deliver written notice to Franchisee that Company accepts or rejects the proposed site, within 30 days of receipt of Franchisee’s Site Review Kit, or within 15 days after receipt of such additional requested information, whichever is later, the site shall be deemed rejected. If the Company accepts the proposed site it shall notify Franchisee of its acceptance of the site. Franchisee shall not enter into a lease or purchase agreement for the Location unless and until the site has been accepted, and then only in accordance with this Agreement.

5.1.4 Company may impose a fee of \$500 per each Site Review Kit if Franchisee has submitted more than three Site Review Kits. Company will visit the Search Area for a period not to exceed one full business day without additional fee or costs. Thereafter, if additional site visits are required by Company or requested by Franchisee, then subject to the availability of Company’s personnel, site visits will be arranged and Franchisee will pay a fee of \$500 plus all expenses associated with the additional site visits. Company may elect to conduct one or more site visit electronically by platform(s) selected by Company and Franchisee will cooperate with Company in doing so.

5.1.5 Although Company may voluntarily (without obligation) assist Franchisee in locating an acceptable site for the Franchised Business, neither Company’s said assistance, if any, nor its acceptance of any proposed site, whether initially proposed by Franchisee or by Company, shall be construed to insure or guarantee the profitable or successful operation of the Franchised Business at that site, and Company hereby expressly disclaims any responsibility therefor. Franchisee acknowledges its sole responsibility for finding the site for the Franchised Business.

## 5.2 **Lease or Purchase of Location.**

5.2.1 Promptly following Company’s acceptance of the Location, Franchisee shall proceed to negotiate a lease for the Location or purchase agreement for the Location. Franchisee shall submit a copy of the proposed lease or purchase agreement to Company following Company’s acceptance of the Location and prior to execution. If the Location is leased or subleased, (i) the lease for the Location shall name Franchisee as the sole lessee and it may not be assigned or sublet without Company’s prior written consent; (ii) Company shall have the right to review the lease for the Location; (iii) Franchisee shall not create any

obligations on behalf of Company, or grant to lessor any rights against Company, nor agree to any other term, condition, or covenant which is inconsistent with any provision of this Agreement; (iv) the lease for the Location shall be for a term (including options) which is not less than the Term (and the Successor Term), unless Company approves a shorter term of the lease in writing; (v) the lease for the Location shall not contain a non-competition covenant which purports to restrict Company, or any franchisee or licensee of Company (or its Affiliates), from operating a Restaurant or any other retail establishment, unless such covenant is accepted by Company in writing prior to the execution of the lease for the Location; (vi) Franchisee shall duly and timely perform all of the terms, conditions, covenants and obligations imposed upon Franchisee under the lease; and (vii) a fully executed copy of the lease for the Location shall be delivered to Company within 10 days after execution. The lease for the Location shall include the addendum attached as Exhibit D unless Company otherwise consents in writing.

5.2.2 If the Location is being purchased by Franchisee, the purchase and sale contract shall be subject to Company's review. A copy of the executed contract shall be furnished to Company within 10 days after execution.

5.2.3 Franchisee execute such lease or purchase agreement not later than 90 days following the Effective Date.

5.2.4 Franchisee hereby authorizes Company and lessor to communicate with one another for any purpose, including de-identification of the Location following the termination or expiration (including nonrenewal) of this Agreement or the lease for the Location, Franchisee's sales, Franchisee's defaults under this Agreement or the lease for the Location, and negotiating a lease for the Location following the termination or expiration of the lease for the Location.

### 5.3 **Construction and Development of the Restaurant.**

5.3.1 Franchisee is responsible for developing and constructing the Franchised Business at its expense. Before the renovation and construction of the Franchised Business or the Location, Company shall provide Franchisee with copies of Company's Standards for the design and layout of a typical Restaurant and mandatory items of FFE and other suggested items of FFE, decor, trade dress, inventory, Information Systems, telephone systems, and other items. Company or its Affiliate may, but is not obligated to, to also provide Franchisee advice and assistance regarding the design and layout of the Franchised Business. Franchisee shall at its sole cost and expense promptly and diligently cause the Premises and Franchised Business to be designed, constructed, equipped and improved in accordance with the Standards, unless Company agrees to modifications in writing.

5.3.2 Franchisee shall only employ licensed and bonded architects, engineers and general contractors, that have been approved by Company, to prepare all architectural, engineering and construction drawings and site plans, and to obtain all Permits required to construct, remodel, renovate, and/or equip the Franchised Business and Premises in accordance with the Standards and

Applicable Law. Franchisee acknowledges that Standards (including layouts) provided by Company may not comply with Applicable Law and it is Franchisee's responsibility to modify the Standards (including layouts) to comply with Applicable Law, subject to Company's acceptance as provided below. All drawings and plans shall be submitted to Company for its prior review and acceptance before Franchisee's commencement of construction. All drawings and plans shall be submitted to Company with a construction and build-out calendar reflecting that the construction and development of the Franchised Business will be completed within the time periods required by this Agreement. If Company does not deliver written notice that Company accepts or rejects such plans or drawings within 10 days, the plans or drawings shall be deemed rejected.

5.3.3 Franchisee acknowledges that Company's review and acceptance of Franchisee's drawings and plans is limited to ensuring Franchisee's compliance with Company's Standards. Company's criteria for acceptance or rejection do not encompass technical, architectural or engineering considerations. Company will have no liability with respect to construction of the Location, nor shall Company be responsible in any way for delays or losses occurring during the design, construction or other preparation of the Franchised Business, whether caused by the condition of the Location, the design, engineering, construction, equipping, decorating or stocking of the Franchised Business, or any other reason. Franchisee expressly acknowledges and agrees that Company does not warrant or guaranty that the design, décor, appearance, FFE, inventory requirements, layout, and/or other improvements of the Franchised Business will ensure Franchisee's success.

#### 5.4 **Opening of the Franchised Business.**

5.4.1 Franchisee shall not open the Franchised Business to the public until: (a) Franchisee has properly developed and equipped the Franchised Business in accordance with the Standards and Applicable Law; (b) all pre-opening training for Franchisee's personnel has been completed; (c) Franchisee has obtained all Permits to operate the Franchised Business; and (d) Company has provided Franchisee with its written authorization to open and commence operation of the Franchised Business. Company's authorization to open the Franchised Business is to confirm that Franchisee complies with the Standards, and shall not be construed as an express or implied representation or warranty that the Location complies with Applicable Law or that the construction is sound or free from defects. The date that Franchisee opens and commences operation of the Franchised Business is the opening date ("**Opening Date**") and Company may insert that Date in attached Exhibit F.

5.4.2 Subject only to Force Majeure, Franchisee shall complete construction or renovation of the Premises and the Franchised Business, obtain all required Permits and Company's written authorization to open, and commence operation of the Franchised Business as soon as possible, but in any event not later than 10 months following the Effective Date, unless Company consents in writing to a longer period of time. The time periods for the commencement and completion

of construction and the commencement of operation of the Franchised Business are of the essence of this Agreement.

## **5.5 Maintaining and Remodeling of Franchised Business.**

5.5.1 Franchisee shall maintain the condition and appearance of the Franchised Business that meets Company's standards and operation consistent with the image of Restaurants as attractive, clean, and efficiently operated, offering high quality goods and services, courteous service, and pleasant ambiance. If at any time in Company's reasonable judgment, the state of repair, appearance, cleanliness or functionality of Franchised Business (including the Premises and non-Franchised Business portion of the Premises and parking areas) or its FFE, décor and trade dress fail to meet the Standards, Company shall provide written notice to Franchisee. Franchisee shall promptly upon receipt of notice correct such deficiencies, that may include replacing worn out or obsolete FFE, signage, décor and trade dress; repairing and repainting the interior and exterior of the Franchised Business, the Premises and appurtenant parking areas (if any); and modifying the décor and layout of the Franchised Business to implement changes in required Standards; all within the time period(s) prescribed by Company. Without limiting the foregoing, Franchisee shall immediately abate, replace, and remove any graffiti in or about the Premises.

5.5.2 In addition to Franchisee's obligations under Section 5.5.1, but not more frequently than once every five (5) years during the Term, and as a condition to Franchisee's exercising its Successor Agreement Right, Company may require Franchisee, at Franchisee's sole cost and expense, to refurbish, remodel and improve the Franchised Business to conform to the then-current Standards for new Restaurants. Such remodeling may include structural changes to the Franchised Business and replacement or modification of FFE, décor, and trade dress as well as such other changes as Company may direct. Franchisee shall undertake such work upon notice from Company, and shall complete any such remodeling as expeditiously as possible, but in any event (i) within 90 days of notice if the investment necessary to complete such work is less than \$75,000; and (ii) within 6 months of notice if the investment necessary to complete such work is more than \$75,000. Franchisee shall provide Company with a time schedule for the construction and remodeling of the Franchised Business. Company shall not be liable to Franchisee on account of any lost income, profits, opportunities, or otherwise as a result of being required to undergo the remodeling.

5.5.3 If the Franchised Business is damaged or destroyed by fire or any other casualty, Franchisee shall commence such repairs or reconstruction within 60 days, and thereafter diligently pursue such repairs or reconstruction to completion; any such repair and reconstruction shall be completed as soon as reasonably practicable but in any event within six (6) months following the event causing the damage or destruction. If, in Company's reasonable judgment, the damage or destruction is of such a nature or to such extent that it is feasible for Franchisee to repair or reconstruct the Location and the Franchised Business in conformance with the Standards for new Restaurants, Company may require that

Franchisee repair or reconstruct the Premises and Franchised Business in conformance with the Standards for new Restaurants.

5.6 **Relocating the Franchised Business.** Franchisee may not relocate the Franchised Business without Company's prior written consent. If Company consents to a relocation (i) Franchisee shall de-identify the former location in the manner described in ARTICLE 15; and (ii) pay Company a relocation fee equal to \$5,000 or such greater amount necessary to reimburse Company for its costs associated with Franchisee relocating the Franchised Business.

5.7 **Force Majeure.** If Franchisee claims an event of Force Majeure, Franchisee shall provide prompt written notice to Company. The notice must (i) state that Franchisee believes that an event of Force Majeure has occurred and expressly include the words "Force Majeure," (ii) describe the circumstances of the event with particularity, and (iii) describe how the Force Majeure has impacted Franchisee's performance under this Agreement. Franchisee must also provide all other information as may be requested by Company and periodic updates (no less frequently than once each week) on Franchisee's progress and diligence in responding to and overcoming the Force Majeure. Thereafter, Franchisee must notify Company immediately upon cessation of Force Majeure.

## **ARTICLE 6 TRAINING; GRAND OPENING SUPPORT**

### **6.1 Initial Training.**

6.1.1 The Operating Principal, the Restaurant Leader, and Trainer (if applicable) shall at all times have successfully completed, to Company's reasonable satisfaction, an initial training program in the Standards and the operation of a Restaurant ("**Initial Training Program**"). Company may modify the content and manner of conducting the Initial Training Program in its discretion from time to time. Prior to opening the Franchised Business, Company shall provide the Initial Training Program to 4 persons selected by Franchisee, including the Operating Principal, Restaurant Leader, and Trainer. The Initial Training Program will be conducted at Company's training facilities in California or at other approved training facility(ies) specified by Company, and may include classroom training, instruction at Company or franchisee facilities, remote training, and/or a self-study program. The Initial Training Program shall be approximately 15 days for all attendees. Franchisee will pay Company's then-current training fees and reimburse Company for its Travel Expenses (if any) if Company provides the Initial Training Program to any person designated by Franchisee in excess of the first 4 persons referred to above or if Company requires any person to complete the Initial Training Program to Company's satisfaction. The Operating Principal and the Restaurant Leader shall complete the Initial Training Program to Company's satisfaction not more than 90 days and not less than 30 days prior to the scheduled opening date of Franchised Business to the public. Company shall not be obligated to provide the Initial Training Program if this Agreement is (i) the third or subsequent agreement between Franchisee (or any of its Affiliates) and Company, (ii) a Successor Franchise Agreement, or (iii) is signed in connection with an assignment or transfer of a Restaurant. Company may require any person to



undergo additional training to complete the Initial Training Program. Company's training program may include a "train the trainer" module so that Franchisee's Operating Principal, Restaurant Leader or trainer can learn how to train Franchisee's other employees to follow Standards and become a Trainer. A Trainer may provide the Initial Training Program and other training that Franchisee's employees are required to attend.

6.1.2 Persons selected to attend the Initial Training Program may be required to show competency in the pre-training material prior to attending Initial Training Program. Failure of a person to show competency in the pre-training material may result in such person being prohibited from attending a scheduled Initial Training Program and require that person to attend a subsequent Initial Training Program. In addition to the cost of attending this subsequent Initial Training Program, Franchisee will pay an additional initial training fee of \$5,000.00.

6.1.3 Franchisee may not open and operate the Franchised Business until (i) the Operating Principal shall have completed the Initial Training Program to Company's reasonable satisfaction; (ii) Franchisee's initial Restaurant Leader shall have completed the Initial Training Program to Company's reasonable satisfaction or, if this Agreement relates to Franchisee's or its Affiliates third or subsequent Restaurant, the Trainer has trained the such manager in accordance with the Manual(s); and (iii) Franchisee has successfully trained a number of employees reasonably necessary to operate the Franchised Business in accordance with the Manual(s).

6.2 **On-Site Opening Assistance.** Commencing shortly before and ending shortly after the Franchised Business opens to the public, Company may provide Franchisee with up to 5 days of on-site training and assistance ("**On-Site Training**") to the Operating Principal and other employees. The number and identity of the representative(s) providing On-Site Training will be determined by Company. On-Site Training will be at Company's discretion and its scheduling and capacity requirements. Company reserves the right to extend the duration of On-Site Training if Company finds that Franchisee's personnel have not completed required training to Company's satisfaction. The On-Site Training will be structured to provide additional practical training and assistance in the implementation and operation of a Restaurant. Company shall not be obligated to provide On-Site Training if this Agreement is (i) the third or subsequent agreement between Franchisee (or any of its Affiliates) and Company, or (ii) a Successor Franchise Agreement. Notwithstanding the foregoing, in Company's discretion, Company may require Franchisee to accept On-Site Training although this Agreement is (i) the third or subsequent agreement between Franchisee (or any of its Affiliates) and Company, or (ii) a Successor Franchise Agreement. If Company shall provide in excess of 5 days of On-Site training, Franchisee shall pay Company's then-current per day training fee and reimburse Company for its Travel Expenses.

6.3 **Staffing and Staff Training.** At all times, Franchisee must actively employ and have working in the Franchised Business at least one (1) person that has successfully completed the Initial Training Program or that has been fully and adequately trained by the Trainer in accordance with the Standards. The Trainer shall, to Company's reasonable satisfaction, train each of Franchisee's other employees. At all times during the Term, Franchisee shall employ an

adequate staff of employees working in the Franchised Business who shall have been fully and adequately trained, in Company's judgment.

6.4 **Additional Training and Other Assistance.**

6.4.1 Periodically during the Term, Company may require the Operating Principal and other Franchised Business personnel (whether they are existing or newly-hired employees) to attend and satisfactorily complete various training courses, programs and conventions that Company chooses to provide, and/or that Company requires Franchisee to provide or attend, at the times and locations that Company designates. Such additional training may be conducted live (at the Company's office, business location or a franchised location), through a live or prerecorded conference, webinar, or internet enabled training program, or by means of a self-study program.

6.4.2 At Franchisee's reasonable request, Company may, but shall not be obligated to: (i) cause its field representatives to visit the Franchised Business to advise, consult with or train Franchisee in connection with its performance and operation of the Franchised Business and Franchisee's compliance with the Standards; or (ii) permit Franchisee or certain of its employees to obtain assistance, consultation or additional training at a Restaurant selected by Company. Any additional assistance, consultation or training by Company shall be at its discretion and subject to its scheduling and capacity requirements. At no time shall reasonable efforts to provide ongoing assistance be interpreted to require Company to pay any money to or on behalf of Franchisee or to defer Franchisee's obligation to pay any sums to Company.

6.4.3 At least one of Franchisee's representatives (an Owner or another representative designated by Company) must at Company's request (in Company's sole discretion) attend an annual meeting of all Restaurant franchisees at a location Company designates. Franchisee must pay all of its costs and expenses attend. Franchisee must also pay the then-current meeting fee. The Fee is due to Company even if Franchisee's representative does not attend (whether or not Company excuses that non-attendance).

6.5 **Training Expenses and Company's Judgment.** Franchisee shall bear all expenses incurred by Franchisee and/or its employees in connection with training, including Travel Expenses. Company shall pay no compensation for any services performed by trainee(s) in connection with training or other assistance, including for providing services at a Company or another licensee's or franchisee's Restaurant. If any training requires travel by Company's employees or representatives, Franchisee will reimburse Company for all Travel Expenses incurred by Company. Company shall determine the contents and manner of conducting all training programs referenced in this Article. Franchisee acknowledges that because of Company's superior skill and knowledge with respect to the training and skill required to develop and operate a Restaurant, its judgment as to whether or not a person has satisfactorily completed the Initial Training Program, and/or all additional or other training programs shall be determined by Company.

6.6 **Grand Opening Support.** In consideration of the Grand Opening Fee, Company will develop, design and conduct a pre and post-opening marketing campaign for the Franchised Business with Franchisee's input based on highlighting the Authorized Products, the local community around the Location, and Franchisee's grand opening activities. Company's pre-opening marketing campaign will be conducted on social media, principally focused on Instagram and Facebook media but may include other platforms, and may utilize local influencers. Company's marketing campaign typically commences 60 days prior to Franchisee's grand opening and continues for 15 days following the grand opening.

## **ARTICLE 7**

### **FRANCHISED BUSINESS OPERATIONS AND STANDARDS**

7.1 **Compliance with Standards and Applicable Law.** Franchisee acknowledges and agrees that operating and maintaining the Franchised Business according to the System and Standards are essential to preserve the goodwill of the Marks and all Restaurants. Therefore, Franchisee shall comply in the System and operate the Franchised Business in strict compliance with the Standards and Manual(s). The Standards and the Manuals(s) may regulate any or all aspects of the operation and maintenance of the Franchised Business. Without limiting the foregoing, Franchisee shall operate the Franchised Business as a clean, orderly, lawful and respectable place of business in accordance with the Standards and in accordance with Applicable Law. Franchisee shall not knowingly cause or allow any part of its Franchised Business to be used for any immoral or illegal purpose. Franchisee at all times shall provide high quality and professional, prompt, courteous, and efficient goods and services to customers and at all times be professionally and courteous to members of the public. Without limiting its other rights, Company may, in its sole discretion, contract with a third party to conduct sanitation and food safety audits of the Franchised Business periodically throughout the Term, but no less than once per calendar year. Franchisee shall reimburse Company for the cost of such sanitation and food safety audits. Franchisee will conform to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee shall not engage in any action which will cause Company to be in violation of any Applicable Law. Franchisee shall refrain from engaging in action (or failing to take any action), which in the reasonable opinion of Company, causes or could cause damage, harm or injury to the Marks, and/or System.

#### **7.2 Operating Principal and Management Employees.**

7.2.1 The Operating Principal shall be responsible for communicating and coordinating with Company regarding business, operational and other ongoing matters concerning this Agreement and the Franchised Business. Franchisee represents and warrants that the Operating Principal shall have the full authority to act on behalf of Franchisee in regard to performing, administering or amending this Agreement. The Operating Principal shall be vested with the authority and responsibility for the day-to-day operations of the Franchised Business. The Operating Principal shall: (a) devote full time and best efforts solely to operation of Restaurants owned or operated, by Franchisee or its Affiliates in the same geographic region and to no other business activities; (b) meet Company's educational, experience, financial and other reasonable criteria for such position, as set forth in the Manual(s) or otherwise in writing by Company; and (c) have successfully completed the Initial Training Program to Company's reasonable

satisfaction. If during the Term the Operating Principal is no longer able to serve, or no longer qualifies to act in accordance with this Section, Franchisee shall promptly notify Company. Franchisee shall then promptly, but not later than 30 days after the prior Operating Principal ceases to serve or qualify: (w) designate a replacement Operating Principal who meets the Standards and otherwise complies with this Section, (x) provide Company with such information about the new Operating Principal as Company may reasonably request, and (y) cause the replacement Operating Principal to satisfactorily complete the Initial Training Program to Company's reasonable satisfaction. Company's acceptance of the Operating Principal shall not constitute Company's endorsement of such individual or a guarantee by Company that such individual will perform adequately for Franchisee or its Affiliates, nor shall Company be estopped from subsequently disapproving or otherwise challenging such person's qualifications or performance. Company may, but is not required to, deal exclusively with the Operating Principal in all regards unless and until Company's actual receipt of written notice from Franchisee of the appointment of a successor Operating Principal who is accepted by Company.

7.2.2 Franchisee shall ensure that the operation of the Franchised Business is at all times under the control and supervision of the Operating Principal or Restaurant Leader. Franchisee shall supervise, direct and be responsible for in all respects, the activities and performance of the Operating Principal, Restaurant Leader and employees of Franchisee and shall ensure compliance with the Standards and this Agreement. Franchisee will obtain and maintain from each of its employees a written statement that each such person is an employee of Franchisee and not an employee of Company or any Affiliate of Company. With Company's consent, Franchisee's Restaurant Leader may be the same person as Franchisee's Operating Principal. Franchisee's Restaurant Leader must attend and successfully complete, to Company's satisfaction, the Initial Training Program.

### 7.3 **Computer/Information Systems.**

7.3.1 Franchisee shall purchase, use and maintain the Information Systems specified in the Manual(s) in accordance with the Standards. The Information Systems must at all times be connected to one or more high-speed communications media reasonably acceptable to Company and permit access to the internet 24 hours per day, 7 days per week. At Company's direction, Franchisee must electronically link the Information Systems to Company or its designee. Franchisee shall allow Company and/or its designee to access the Information Systems and stored files and data, including customer information, daily sales information and sales mix information (the "IS Data"), and to independently access the Information Systems, including the IS Data, via any means including electronic polling and uploads, with or without notice. Franchisee acknowledges that Company owns the IS Data that is stored on Franchisee's Information Systems and Franchisee assigns to Company any and all rights Franchisee may have in the IS Data. Franchisee must comply with all applicable laws, including privacy laws relating to the IS Data. Company may periodically establish policies in the

Manual(s) respecting the Franchisee's use of the IS Data. Company cannot estimate the future costs of the Information Systems, required hardware, software, or service or support, and although these costs might not be fully amortizable over the time remaining in the Term, Franchisee agrees to acquire and incur the costs of obtaining and implementing the hardware, software and other components and devices comprising the Information Systems (including additions, upgrades, updates and modifications) and all support services, service and maintenance agreements and subscriptions prescribed by Company from time to time. Information Systems may be provided directly by third parties or may be sold, licensed or sublicensed by or through Company or its Affiliates at a one-time or recurring charge, and pursuant to forms of agreement prescribed by Company.

7.3.2 Franchisee shall not use or permit the use of the Information Systems for any unlawful or non-business related activity. Franchisee shall not install or use, and shall prohibit others from installing and using, unauthorized hardware or other components and devices, software on or with the Information Systems. Franchisee shall take all commercially reasonable measures to insure that the Information Systems are used strictly in accordance with the Standards, including security protocols and protective measures including how passwords are assigned and rotated, prescribed limitations regarding which persons Franchisee may permit to access (via LAN, WAN, internet or otherwise), use, perform support and installation functions and conduct transactions with the Information Systems. Franchisee shall take all commercially reasonable measures to insure that no virus, Trojan horse, malicious code or other unauthorized code or software is installed on, or transmitted by, the Information Systems. Franchisee shall at all times provide Company with all passwords, access keys and other security devices or systems as necessary to permit Company to access the Information Systems and obtain the data Company is permitted to obtain. Company reserves the right to add, control, modify, govern and block any and all network and internet traffic, ports, protocols, and destinations.

7.3.3 If Company shall designate certain computer software or hardware which is owned or licensed by Company ("**Proprietary Systems**"), Franchisee shall at Company's request license or sublicense such hardware or software from Company or its designee and enter into a (sub)license agreement on Company's or such designee's then-current form. From time to time, Franchisee shall purchase any upgrades, enhancements or replacements to the Proprietary Systems. Company and its Affiliates may charge Franchisee up-front and ongoing fees for any Proprietary Systems that Company or its Affiliates license to Franchisee. Company may provide to Franchisee, for a fee, such support services relating to the Proprietary Software as Company deems advisable.

7.3.4 Company may modify the Standards relating to the Information Systems and Proprietary Systems which may require Franchisee, at Franchisee's sole cost and expense, to add, update, upgrade or replace the Information Systems, including hardware and/or software. Franchisee must

incorporate any required modifications or additions within a reasonable period days after receiving written notice from Company.

7.3.5 Within a reasonable time upon Company's request, Franchisee shall apply for and maintain systems from approved vendors for accepting debit cards, credit cards, loyalty and gift cards and other non-cash payment methods as specified from time to time by Company. Franchisee shall adhere to all PCI (Payment Card Industry), CISP (Cardholder Information Security Program) and SDP (Site Data Protection) compliance specifications, as amended, and similar standards and specifications.

#### 7.4 **Manual(s); Modification of System.**

7.4.1 Company shall provide Franchisee access to the Manual(s) if in electronic form, or lend to Franchisee one copy of the Manual(s) if in tangible form, unless Franchisee has entered into this Agreement as a Successor Franchise Agreement. The Manual(s) may be delivered to Franchisee in any media utilized by Company for delivery of the Manual(s). The Manual(s) and all amendments to the Manual(s) (and copies) are copyrighted and remain Company's exclusive property. The Manual(s) are loaned to Franchisee for the Term, and must be returned to Company immediately upon the termination or expiration (including nonrenewal) of this Agreement. The Manual(s) are highly confidential documents which contain certain Confidential Information of Company. Franchisee shall not make, or cause or allow to be made, any copies, reproductions or excerpts of all or any portion of the Manual(s) except as reasonably necessary to perform Franchisee's obligations under this Agreement. Franchisee must immediately notify Company if all or any portion of the Manual(s) loaned to Franchisee is lost, or destroyed, or any electronic security measures are violated or breached. The Manuals contain both mandatory and recommended specifications, standards, procedures, rules and other information pertinent to the System and Franchisee's obligations under this Agreement. Specifications, standards, procedures, and rules that are recommended or are referred to as a "best practice" are not mandatory and Franchisee may adopt or reject the same in its discretion.

7.4.2 The subject matter of the Manual(s) may include: forms, information relating to product specifications, recipes, purchase orders, hours of operation, Standards, general operations, Gross Sales reports, reporting requirements, training and accounting; sanitation; staff certification, design specifications and uniforms; display of signs and notices; authorized and required Information Systems, inventory requirements; equipment requirements; FFE; Mark usage; insurance requirements; lease requirements; ownership requirements; decor; standards for management, personnel and hours of operation; local advertising formats; maintenance and appearance requirements; procedures upon the occurrence of a Crisis Management Event; procedures regarding and notices to customers about complaints and feedback submission; participation in surveys and mystery shopper programs; and such other matters and policies as Company may elect to include.

7.4.3 Company has the right to develop, operate and change the System in any manner, and Company shall have the right to modify the Standards and Manual(s) at any time (by the addition, deletion or other modification to the provisions thereof). Modifications to the Standards and/or Manual(s) shall become effective upon delivery of written or electronic notice to Franchisee unless a longer period is specified or set forth in the notice. Electronic notice may be given through e-mail, postings to the Intranet, or other electronic means. Franchisee agrees that Company reserves the right and privilege, in its discretion, to vary the Manual(s) and Standards for any franchisee or group of franchisees based on the peculiarities of any condition or factors that Company considers important. Franchisee has no right to require Company to grant Franchisee a similar variation or accommodation. The Manual(s) are an integral part of this Agreement.

**7.5 Notification of Legal Proceedings; Crisis Management Events.**

7.5.1 Franchisee shall notify Company in writing promptly (but in any event within 1 day) after Franchisee receives notice of (i) any violation, report, fine, test result or the like from a Governmental Authority, (ii) the commencement of any incident that Franchisee reasonably believes may adversely affect the operation or financial condition of Franchisee, the Franchised Business or the System; (iii) the commencement of any investigation, action, suit, or other proceeding, or the issuance of any order, writ, injunction, award, or other decree of any court, agency, or other Governmental Authority that pertains to the Franchised Business, the Marks or the System, or (iv) any other event or circumstance that may adversely affect Franchisee's operation of the Franchised Business or ability to meet its obligations. Franchisee shall promptly send a copy of all relevant communications and documents to Company. Franchisee shall correct any deficiencies within 5 days or such fewer number of days as required by Applicable Law or the Governmental Authority.

7.5.2 Upon the occurrence of a Crisis Management Event, Franchisee shall immediately inform Company by telephone and email (or other electronic messaging medium authorized by Company for this purpose). Franchisee shall cooperate fully with Company with respect to Company's response to the Crisis Management Event. In the event of the occurrence of a Crisis Management Event, Company may require Franchisee to temporarily cease operating the Franchised Business and/or establish emergency processes and procedures pursuant to which Company may require Franchisee to take other actions or refrain from taking certain actions. Company shall not be liable to Franchisee for any losses or costs, including consequential damages or loss profits occasioned thereby by any closure or processes or procedures instituted as a result of a Crisis Management Event.

7.6 **Signs.** Franchisee shall maintain approved signs and/or awnings identifying the Franchised Business, which shall conform in all respects to the Standards and the layout and design plan approved for the Franchised Business, subject only to restrictions imposed by Applicable Law. On receipt of notice by Company to alter any existing sign and in connection with any

required remodeling of the Premises, Franchisee will complete the required changes within a reasonable time period, at Franchisee's cost.

**7.7 Uniforms and Employee Appearance.** Franchisee shall cause all of its personnel while working for Franchised Business to: (i) wear uniforms in accordance with the Standards, and (ii) present a neat and clean appearance. Company may alter the style or type of uniform from time to time. Unless Company otherwise consents in writing, Franchisee's employees working in the Franchised Business shall be dedicated solely to the Franchised Business and shall not simultaneously work at any other business owned or operated by Franchisee.

**7.8 Co-Branding.** Franchisee may not engage in any co-branding in or in connection with the Franchised Business except with Company's prior written consent. "Co-branding" includes the operation of an independent business, product line or operating system owned or licensed by an entity other than Company that is featured or incorporated with the Franchised Business and operated in a manner which is likely to cause the public to perceive it to be related to the Franchised Business.

**7.9 Intranet.** Company may, at its option, establish and maintain an Intranet through which licensees or franchisees may communicate with each other, and Company may disseminate the Manual(s), updates and other confidential information. Company shall have discretion and sole control over all aspects of the Intranet, including its content and functionality. If Company establishes such an Intranet, Franchisee shall acquire, maintain, and update, as reasonably necessary, all computer hardware and software necessary to enable Franchisee to participate on the Intranet. Company will have no obligation to maintain the Intranet, and may discontinue it at any time without liability. If established and if Franchisee is in compliance with its obligations under this Agreement, Franchisee will be given the privilege to use the Intranet subject to Franchisee's compliance with Company's then-current standards of use and usage agreement. Franchisee further acknowledges that the Intranet facility and all communications that are posted to it will become Company's property, free of any claims of privacy or privilege that Franchisee or any other person may assert. At Company's request, Franchisee shall contribute a reasonable amount toward the cost of the Intranet's maintenance, as imposed from time to time by Company. Such contribution shall be established by Company annually and shall be payable within 30 days of demand.

**7.10 Insurance.** Franchisee shall obtain and maintain at all times during the Term insurance coverage in the types and the minimum amounts of coverage set forth in the Manual(s). The current insurance requirements are set forth in attached Exhibit G. Each policy of insurance shall designate Company and its designated Affiliates as additional named insureds. All policies shall include a waiver of any rights of subrogation that Franchisee and its insurer(s) might otherwise have against Company and its Affiliates. Any deductibles or self-insured retentions in excess of \$5,000 must be approved by Company, such approval not to be unreasonably withheld. In the event of damage to the Franchised Business, the proceeds of insurance shall be used to restore the Franchised Business to its original condition as soon as possible, unless Company has otherwise consented in writing to another use of the insurance proceeds. All insurance policies will be issued by a company or companies with a minimum A.M. Best's rating of A- at policy inception, and authorized to do business in the state in which the Franchised Business is located. Prior to opening the Franchised Business, and thereafter at Company's request, Franchisee shall provide Company certificates of insurance naming Company and its designated Affiliates as



additional named insureds (or the sole beneficiary in the case of life insurance). In addition, the certificates shall contain a provision requiring 30 days prior written notice to Company of any proposed cancellation, modification, or termination of insurance. If Franchisee fails to obtain or maintain the required insurance, Company may, at its option, in addition to any other rights it may have, procure such insurance for Franchisee without notice and Franchisee shall pay, upon demand, the premiums and Company's costs in taking such action.

7.11 **Utensils, Fixtures and Other Goods.** All tableware, flatware, utensils, glasses, menus and other like articles used in connection with the Franchised Business shall conform to the Standards, shall be imprinted with Company's Marks, if and as specified by Company, and shall be purchased by Franchisee from a Supplier approved in writing by Company. No item of merchandise, furnishings, interior and exterior decor items, supplies, fixtures, equipment or utensils shall be used in or upon any Restaurant unless expressly approved by Company.

7.12 **Menus.**

7.12.1 Authorized Products shall be marketed by approved menu formats in the Franchised Business. The approved and authorized menu and menu format(s) may include, in Company's discretion, requirements concerning organization, graphics, product descriptions, illustrations, and any other matters related to the menu, whether or not similar to those listed. In Company's discretion, the menu and/or menu format(s) may vary depending upon region, market size, store size, and other factors. Company may change the menu and/or menu format(s) from time to time upon reasonable prior notice in which case, no prior notice need be given. Company may also authorize tests for various Restaurants.

7.12.2 Franchisee shall add, delete, or update any Authorized Products to its menu or change the format of the menu according to the instructions contained in a notice from Company. Franchisee shall have 10 days after receipt of written notice or electronic notice to fully implement any such change. Franchisee shall not remove any Authorized Product from Franchisee's menu without Company's written consent, nor may Franchisee take any action which is intended to diminish the maximum sales potential of any of the Authorized Products. Franchisee shall cease selling any product within 10 days after receipt of notice that the product is no longer approved. Company may instruct Franchisee to remove any item from the menu on an emergency basis and Franchisee must comply with such instruction immediately. Company shall not be liable to Franchisee for any losses sustained by Franchisee in connection with such instruction (or Franchisee's failure to comply with such instruction).

7.12.3 All food products sold by Franchisee shall be of the highest quality, and the ingredients, composition, specifications, and preparation of such food products shall comply with the recipes, instructions and other requirements communicated by Company, or contained in Company's Manual(s), and as required by Applicable Law.

7.12.4 Franchisee will establish the prices charged for goods and services sold by Franchisee, and will provide information regarding its prices to

Company as requested. To the extent permitted by Applicable Law, Company will also assist Franchisee in selecting prices for sale of Authorized Products. Notwithstanding the foregoing, if permitted under Applicable Law, for each product or service offered by Franchisee, Franchisee shall charge the price, or abide by the minimum or maximum pricing specified by Company from time to time.

7.13 **Methods for Business Communications.** Except for formal notices required by this Agreement (e.g. Notice of Default, etc.), Company and Franchisee may communicate between each other for general business matters by facsimile, telephone, in-person communications, text messages, and electronic mail. Company may assign to Franchisee an electronic mail address. If so assigned, the electronic mail account is for Franchisee's business communications, must be used for all electronic communications relating to the Franchised Business. Franchisee is not permitted to utilize the assigned electronic mail account for personal matters. Neither Company, nor any of its employees are obligated to monitor any form of electronic communications or any method of communication other than the assigned electronic mail account mentioned in this provision. Franchisee shall refrain from utilizing its personal social media accounts for the purpose of general business communications, or utilizing the assigned electronic mail account for personal communication. Franchisee shall not use any of the Marks in Franchisee's or its Owner's personal social media accounts or other email accounts.

## **ARTICLE 8 ADVERTISING AND MARKETING**

8.1 **General Advertising Requirements.** Franchisee shall only use, display, transmit, and broadcast advertising, promotion and marketing materials provided or approved by Company from time to time and only shall use and display all material in accordance with the Standards. Franchisee must obtain Company's prior written approval to use and/or display any advertising, promotion or marketing materials regarding the Franchised Business or the System, including, all print and electronic advertising, networking or social media postings or listings (including on sites such as Facebook, Instagram, X (f/k/a) Twitter, Ticktock, Threads, Pinterest, LinkedIn, Yelp, and YouTube), website postings or listings, mobile and content streaming advertisements, newspaper and magazine advertisements, direct mailers and mail coupons, not provided by Company. The materials shall be deemed disapproved if Company has not approved such materials within 10 days of submission by Franchisee. Any advertising materials or concepts created by Franchisee and approved by Company are the sole and exclusive property of Company and are hereby assigned to Company. Company may, in its reasonable discretion, require Franchisee to cease using any advertising materials which it has previously approved, and Franchisee shall cease using such materials upon written notice. All of Franchisee's advertising, promotion and marketing materials shall be completely clear, factual and not misleading and conform to the highest ethical standards and Standards. Franchisee shall not in any medium: (a) use abusive, slanderous or otherwise offensive language; (b) endorse or encourage default of any licensee's or franchisee's franchise or license agreement, or other agreement with Company or its Affiliates; or (c) take any action or make any statement which would disparage Company, or impair, damage or harm the name, reputation, or goodwill of the Marks and/or the System.

## 8.2 **Market Introduction Program; Local Advertising and Promotion.**

8.2.1 Franchisee agrees to spend a minimum of \$15,000 (or such greater sum as may be required by Franchisee's lessor or the master lessor) to advertise and promote the Franchised Business during a mutually agreed pre-opening period before the scheduled opening of the Franchised Business and ending a mutually agreed period after the Opening Date. Franchisee must submit to Company for Company's acceptance a proposed market introduction program and detailed budget, in writing, no later than sixty (60) days before the scheduled opening of the Franchised Business. Company will review, accept or modify Franchisee's proposed market introduction program within ten business days of receipt. If Company does not do not accept Franchisee's program within ten business days, the program is rejected.

8.2.2 In addition to the expenditures requirement by Section 8.2.1, each month Franchisee shall expend no less than 1% of its Gross Sales for the preceding month, for local advertising of the Franchised Business ("**Local Advertising Expenditure**"). Upon Company's request, but no more frequently than annually, Franchisee will prepare a deliver to Company for Company's review and acceptance a local marketing plan for the 12-month period designated by Company in its request. Such local marketing plan shall be prepared in accordance with the Standards and Manual(s). Franchisee shall deliver evidence of local advertising expenditures in the form and manner prescribed by Company. All contributions to a Co-op Advertising Region and all expenditures for other promotional campaigns shall be in addition to Franchisee's required Local Advertising Expenditure. Company may not approve requests to advertise in a way that aims at a significantly larger market than the Protected Area without a showing of necessity or good cause from Franchisee. Company may, but shall not be obligated to, require that all such advertising that reaches customers outside the Protected Area conspicuously include the contact information of other Restaurants located in the geographic area covered by the selected advertising media or format, together with one or more legends prescribed by Company, including legends disclosing that the offer is valid only from Franchisee, and may not be valid at non-participating Restaurants.

## 8.3 **Brand Fund.**

8.3.1 Franchisee's Brand Fee shall be contributed to the Brand Fund. An amount equal to all Brand Fund revenues and allocations will be expended for national, regional, or local advertising, public relations or promotional campaigns or programs designed to promote and enhance the image, identity or patronage of franchised and Company and Company Affiliate owned Restaurants in the United States and such other regions as Company may designate. These expenditures may include: (a) creative development, production and placement of print and electronic media advertisements, commercials, musical jingles, decals, radio spots, audio advertising, point of purchase materials, direct mail pieces, literature, outdoor advertising, door hangers, and other advertising and promotional materials; (b) creative development, preparation, production and

placement of video, audio and written materials and electronic media, including social media campaigns, (c) purchasing artwork and other components for advertising; (d) media placement and buying, including search engine marketing, search engine optimization, and all associated expenses and fees; (e) administering national, regional and multi-regional marketing and advertising programs; (f) market research, marketing studies and customer satisfaction surveys, including the use of secret shoppers; (g) development, production and acquisition of premium items, giveaways, promotions, contests, public relations events, and charitable or nonprofit events; (h) creative development of visual advertisements and marketing materials, including signage, posters, and graphics; (i) recognition and awards events and programs; (j) system recognition events, including periodic national and regional conventions and meetings; (k) website, extranet and/or Intranet development, implementation and maintenance; (l) development, implementation and maintenance of websites, loyalty programs and/or mobile applications, bookings/reservations, and/or related strategies; (m) retention and payment of advertising and promotional agencies and other outside advisors, including retainers and management fees; (n) public relations and community involvement activities and programs; (o) expenditures for activities conducted for the benefit of co-branding, or other arrangements where products and/or services are offered in conjunction with other marks or through alternative channels of distribution; and (p) expenditures with others joint marketing campaigns, jointly developed advertising and other joint programs.

8.3.2 Company shall determine, in its discretion, the cost, media, content, format, style, timing, allocation and all other matters relating to such advertising, public relations and promotional campaigns. Franchisee acknowledges that some franchisees or licensees of Company may not be required to contribute, or contribute the same percentage of Gross Sales, to the Brand Fund. Neither Company nor any of its Affiliates are or shall be required to contribute any amount or any minimum amount to the Brand Fund. If Company or any of its Affiliates commence contributing to the Brand Fund, nothing herein shall require Company or any such Affiliate to continue to contribute to the Brand Fund or contribute any amount or at any rate. Nothing in this Agreement shall be construed to require Company or any of its Affiliates to allocate or expend Brand Fund contributions or allocations so as to benefit any particular franchisee, licensee, Franchisee or group of franchisees/licensees on a pro rata or proportional basis or otherwise. Except as directed in writing by Company, Franchisee must participate in all advertising, marketing, promotions, research and public relations programs instituted by Company through the Brand Fund. The Brand Fund shall, as available, provide to Franchisee marketing, advertising and promotional formats and sample materials at the Brand Fund's actual cost of producing such items, plus shipping and handling. Any additional advertising shall be at the sole cost and expense of Franchisee. The materials and/or media created utilizing the Brand Fund may include information regarding acquiring a franchise.

8.3.3 Without limiting the foregoing, Company may do any of the following:

(a) employ individuals, consultants or advertising or other agencies, including consultants or agencies owned by, operated by Company or its Affiliates, to provide services for the Brand Fund;

(b) compensate Company and/or its Affiliates for internal expenses, including salaries, overhead and administrative expenses incurred in connection with the operation of its marketing/advertising department(s), and the administration of the Brand Fund, and to otherwise compensate Company and/or its Affiliates for expenses related to the operation of the Brand Fund;

(c) pay for or charge the Brand Fund for attorneys' fees and other costs related in any way to claims against Company, any of its Affiliates, and/or the Brand Fund regarding or in connection with the Brand Fund. However, Company will reimburse the Brand Fund for any attorneys' fees and/or costs paid by the Brand Fund in connection with any action in which Company is finally found to have acted unlawfully or to be guilty of wrongdoing with respect to the Brand Fund;

(d) defer, waive and/or compromise claims with respect to the Brand Fund;

(e) take legal or other action against any franchisee or licensee in default of its obligations to the Brand Fund and settle or compromise claims (and to pay related attorneys' fees and costs);

(f) merge or combine the Brand Fund with any other marketing or advertising fund otherwise established for Restaurants; and

(g) return or rebate Brand Fees to a franchisee, which funds the applicable franchisee must spend on local advertising and promotion for such franchisee's Restaurant.

8.3.4 Company may (i) transfer the Brand Fees to a separate Entity to whom Company has assigned or delegated the responsibility to operate and maintain the Brand Fund, (ii) deposit the Brand Fees into a separate account maintained by Company, or (iii) administratively segregate on its books and records all Brand Fees received from Franchisee and all other licensees of Company. Nothing in this Agreement shall be deemed to create a trust fund, a fiduciary relationship or similar relationship, and Company may commingle Brand Fees with its general operating funds and expend such sums in the manner provided. Company and its Affiliates are not obligated to spend or contribute or allocate to the Brand Fund any amounts.

8.3.5 If less than the total of all contributions and allocations to the Brand Fund are expended during any fiscal year, such excess may be accumulated for use during subsequent years. Company may spend in any fiscal year an amount greater or less than the aggregate contributions to the Brand Fund in that year and

may cause the Brand Fund to borrow funds to cover deficits or invest surplus funds. If Company (or an Affiliate) advances money to the Brand Fund, it will be entitled to be reimbursed for such advances. Any interest earned on monies held in the Brand Fund will be contributed or allocated to the Brand Fund. Company may suspend or terminate the Brand Fund, however, prior to termination, all funds must be expended.

8.3.6 The Brand Fund will be accounted for separately; provided, however, this separate accounting will not limit Company's right to commingle Brand Fees with general operating funds. The Brand Fund may be used to pay all administrative and other costs of the Brand Fund related to its activities and purposes and/or as authorized by the relevant franchise or license agreements. All taxes of any kind incurred in connection with or related to the Brand Fund, its activities, contributions and/or any other aspect of the Brand Fund, whether imposed on Company, the Brand Fund or any other related party, will be the sole responsibility of the Brand Fund. Company is not required to prepare audited or other financial statements for the Brand Fund, or to provide Franchisee with an accounting of how funds were spent; however, (i) if Company prepares financial statements for the Brand Fund, Company will make the last year's financial statements available to Franchisee within a reasonable period of time after Franchisee's written request; and (ii) an annual unaudited summary of the contributions to, and expenditures of, the Brand Fund for the last year's activity will be made available to Franchisee within a reasonable period of time after Franchisee's written request.

8.4 **Telephone Numbers and Directory Advertising.** Franchisee will use, for the Franchised Business, telephone numbers of telephone exchanges (or similar designations) in the Protected Area. All advertisements in online or physical directories shall be subject to Company's prior written consent in accordance with Section 8.1.

8.5 **Promotional Campaigns; Community Dine for A Cause.**

8.5.1 From time to time during the Term, Company shall have the right to establish and conduct promotional campaigns on a national or regional basis, which may by way of illustration and not limitation promote particular products or marketing themes. Franchisee agrees to participate in such promotional campaigns upon such terms and conditions as Company may establish. Franchisee acknowledges and agrees that such participation may require Franchisee to purchase point of sale advertising material, posters, flyers, product displays and other promotional material.

8.5.2 At such time as Company implements a program intended to support various nonprofit organizations or charities through one or more events or programs, Franchisee shall actively participate in the program in accordance with the Manuals(s) at the Franchised Business. Amounts contributed by Franchisee to the beneficiaries of such program shall not reduce Gross Sales or be considered a part of Franchisee's Local Advertising Expenditure, unless expressly permitted in the Manual(s) or otherwise in writing by Company.

## 8.6 **Internet.**

8.6.1 Franchisee shall not develop, create, generate, own, license, lease, participate in, or use in any manner any computer medium or electronic medium (including any internet web-page, e-mail address, website, domain name, bulletin board, social media site or publication, mobile application, bulletin board, newsgroup or other internet-related medium or activity) which medium, or any sponsor or promoter of such medium uses or displays the Marks, or any confusingly similar words, symbols or terms without Company's prior written consent, and then only in such manner and in accordance with the Standards. The term "uses or displays" includes any activity by the medium or any person acting in furtherance of, or on behalf of the medium, pursuant to which existing or prospective customers, Suppliers, licensees or franchisees or others are solicited or directed to the medium through the use of the Marks or by other direct or indirect reference to Company. Franchisee acknowledges that Company has the exclusive unrestricted right to manufacture, produce, license, sell, distribute and/or market products and services (whether or not under the Marks) by means of the internet or internet website. Company may establish sales programs from time to time whereby customers can purchase certain products or services online.

8.6.2 Company shall have discretion over the design, content and functionality of all websites that use or display the Marks. Company may include one or more interior pages that identify Restaurants, by among other things, geographic region, address, telephone number(s), and service items.

8.7 **Co-op Advertising.** Company may, but is not obligated to, establish regions for co-operative advertising ("**Co-op Advertising Regions**"), to coordinate advertising, marketing efforts and programs and maximize the use of local and/or regional advertising media.

8.7.1 If Company creates a Co-op Advertising Region for the region in which the Franchised Business is located, Franchisee shall become a subscriber and member of the Co-op Advertising Region. Franchisee will execute and participate in accordance with the organizational and formation documents prescribed by Company for the Co-op Advertising Region. The size and membership of such regions shall be binding upon Franchisee, and all other similarly situated franchisees of the System and Company or such Affiliate of Company, if it operates Restaurant(s) in the region; provided, however, that Company reserves the right to exempt itself, its Affiliates and/or certain franchisees from participation, including in connection with Restaurants at Non-Traditional Venues in the region. At all meetings of Co-op Advertising Region each participating member shall be entitled to one vote for each Restaurant located within the Co-op Advertising Region or such other vote as may reasonably be determined by Company.

8.7.2 Franchisee and other members of the Co-op Advertising Region, whose agreements require their participation, will contribute to the Co-op Advertising Region such minimum amount as may be determined by Company, but such minimum amount designated by Company but is not expected to exceed 1%

of Gross Sales (the “**Co-op Minimum**”); provided however, the rate of contribution may be changed from time to time upon the affirmative vote or consent of at least a majority of the voting power of the Co-op Advertising Region, but the Co-op Advertising Region may not reduce the contribution rate below any minimum established by Company. Contributions to the Co-op Advertising Region shall be in addition to the Local Advertising Expenditure.

8.7.3 Each Co-op Advertising Region will decide the use of funds available to it for advertising or marketing. The Co-op Advertising Region shall then in writing request approval from Company. Company shall not withhold its approval unreasonably, but no placement of advertising or commitment of funds on behalf of a Co-op Advertising Region will be made without Company’s prior written approval. Company reserves the right to establish standards concerning the operation of the Co-op Advertising Region, advertising agencies retained by Co-op Advertising Region, and advertising programs conducted by Co-op Advertising Region. Any disputes (other than pricing) arising among or between Franchisee, other franchisees, and/or the Co-op Advertising Region may be resolved by Company whose decision shall be final and binding on all parties. No Co-op Advertising Region may appoint or pay from the funds collected by the Co-op Advertising Region fees or costs of any advertising agency or buying group without the prior written consent of Company.

8.8 **Advertising Council.** Company reserves the right to establish a franchise advisory council (“**Franchise Advisory Council**”) to advise and consult with Company in connection with the establishment, modification, continuance, or other decisions or considerations affecting marketing programs. In the event Company establishes a Franchise Advisory Council, Company will have the exclusive right to determine all aspects of the organizational structure, manner of operation and rights to participate. If required by Company, Franchisee shall participate in the Franchise Advisory Council on the terms prescribed by Company.

## **ARTICLE 9 PRODUCTS, SERVICES AND SUPPLIERS**

9.1 **Products and Services the Franchised Business Offers.** The Franchised Business must advertise, use and offer for sale all and only Authorized Products that Company periodically specifies or approves to be advertised, used, offered or sold from the Franchised Business. Franchisee may not use, offer, sell or otherwise distribute from the Franchised Business any products or services that Company has not specified or approved to be offered or sold from the Franchised Business. All Authorized Products must be offered, sold and distributed under the specific name(s) designated by Company, in any day part as required by Franchisor and shall be prepared, served, purchased, inventoried, performed, displayed, and stored in accordance with the recipes and Standards. At all times, Franchisee shall (i) purchase and maintain in inventory such types and quantities of Authorized Products (and ingredients for such products) as are needed to meet reasonably anticipated consumer demand; and (ii) have working in the Franchised Business a sufficient number of fully trained employees to meet reasonably anticipated consumer demand for goods and services. All sales by Franchisee shall be for retail consumption only.



## 9.2 **Product Lines and Service; Purchases of Goods and Services.**

9.2.1 Company reserves the right periodically to designate and approve Standards and/or suppliers of FFE and other ingredients, products and services that Company periodically authorizes to be prepared, served or provided from the Franchised Business or provided for use at or sale from the Franchised Business, including services, ingredients, merchandise, displays, fixtures, equipment, uniforms, supplies, packaging, forms, Information Systems and other products, goods and services. Franchisee shall purchase or lease all FFE, Authorized Products, Information Systems, ingredients, and other products and services for the Franchised Business only according to the Standards and, if Company requires, only from Suppliers designated or approved by Company, as applicable, from time to time.

9.2.2 As designated or specified by Company from time to time, Franchisee shall purchase authorized ingredients, products and services from: (i) Company or its Affiliates (if they sell or provide the same); (ii) suppliers designated by Company; (iii) suppliers approved by Company; or (iv) suppliers selected by Franchisee and with Company's prior written approval, which, subject to the other terms in this Section 9.2 ("**Suppliers**"). Franchisee acknowledges that Company and its Affiliates may be the sole designated supplier of certain goods and services. If Franchisee desires to purchase or use any ingredients, products or services for or at the Franchised Business that Company has not yet evaluated, or purchase any product or service from a person or Entity (a "**Proposed Supplier**") that Company has not yet approved (for ingredients, products and services that Company requires Franchisee to purchase only from designated or approved suppliers), Franchisee first agrees to submit sufficient information, specifications and samples for Company to determine whether the ingredient, product or service complies with the Standards and specifications and the proposed supplier meets Company's criteria. For each Proposed Supplier, Franchisee shall first deliver written notice seeking approval, which notice shall: (a) identify the name and address of the Proposed Supplier, (b) contain such information as may be requested by Company or required in the Manual(s) (which may include financial, operational and economic information regarding its business and product), and (c) identify the products and/or services desired to be purchased or obtained through the Proposed Supplier. Franchisee or the Proposed Supplier must pay Company in advance (or upon Company's request, reimburse) Company's reasonably anticipated costs to review the Proposed Supplier's application and all current and future reasonable costs and expenses, to inspect and audit the Proposed Suppliers' facilities, equipment, and all product testing costs paid by Company to third parties. Upon request, Company will furnish to Franchisee the general, but not manufacturing specifications for non-proprietary products and services if specifications are not contained in the Manual(s). Company may request that the Proposed Supplier furnish Company, at no cost to Company, product samples, specifications and such other information as Company may require. As a further condition of its approval, Company may require a Proposed Supplier to agree in writing: (i) to faithfully comply with Company's specifications and requirements relating to product quality, prices,

consistency, warranty, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints), and/or other criteria, (ii) to offer and sell goods or services bearing or using the Marks only to licensees and franchisees of Company and only pursuant to a trademark license agreement in form prescribed by Company, (iii) to provide to Company duplicate purchase invoices for Company's records and inspection purposes and (iv) to otherwise comply with Company's reasonable requests. Each Proposed Supplier must agree to comply with Company's usual and customary requirements, including those relating to insurance, indemnification and non-disclosure, and shall demonstrate to the reasonable satisfaction of Company: (a) its ability to provide goods or services, applicable, meeting the Standards; (b) its reliability with respect to delivery and the consistent quality of its products or services; and (c) its ability to meet such other requirements as determined by Company to be in the best interest of the franchise system. Company has the right to inspect the Proposed Supplier's facilities and to require the Proposed Supplier to deliver product samples or items, at Company's option, either directly to Company or to any third party it designates for testing. Company reserves the right periodically to inspect and re-inspect the facilities and products of any Suppliers with whom Franchisee may deal, designate sources that Franchisee must use, and/or refuse any of Franchisee's requests for any reason, including that Company has already designated an exclusive source (which might be Company or its affiliate) for a particular item or service or if Company believes that doing so is in the best interests of the Company's franchise network.

9.2.3 Company will use its good faith efforts to notify Franchisee of its decision within 15 business days after Company's receipt of Franchisee's request for approval of a Proposed Supplier and other requested information. Should Company not deliver a written approval of the Supplier within such 15 business day period, the Supplier shall be deemed disapproved. Nothing in this article shall require Company to approve any Proposed Supplier and Company may disapprove any Proposed Supplier for any reason. Without limiting the foregoing, Company may disapprove a Proposed Supplier, if in Company's opinion the approval of the Proposed Supplier would disrupt or adversely impact Company's national or regional distribution arrangements. Company may revoke its approval of a Supplier at any time. Franchisee agrees that at such times that Company establishes a national or regional purchasing program, or exclusive vendor supply contract(s) for any products or services, which Company believes in good faith may benefit Franchisee or Company and its franchisees as a whole, by reduced prices, lower labor costs, production of improved products, reliability in supply, improved distribution or raw material cost control, Franchisee will participate in such purchasing program or vendor contract(s) in accordance with its terms.

9.2.4 Company and/or its Affiliates may derive revenue and profit based on Franchisee's purchases and leases, including from charging Franchisee for products and services that Company or its Affiliates provide to Franchisee. Company and/or its Affiliates may derive revenue and other material consideration, from promotional allowances, volume discounts and other payments by suppliers

that Company designates, approves or recommends for some or all of Company's franchises. Company and its Affiliates may collect or receive rebates, allowances, credits or other consideration in the form of cash or services or otherwise from Suppliers based on purchases or sales by Franchisee. Company and its Affiliates may retain for itself or themselves, or use as it or they deem appropriate, any or all such cash or non-cash rebates, allowances, credits or other consideration.

9.2.5 On the expiration or termination (including nonrenewal) of this Agreement, or in the event of any default by Franchisee of this Agreement, Company or its Affiliates shall not be obliged to fill or ship any orders then pending or, in the case of termination or non-renewal, made any time thereafter by Franchisee. Company may, and Company may notify Suppliers to, limit the quantities of products and services sold or provided to Franchisee to only those quantities as may be reasonably necessary to fulfill the customary needs of a typical Restaurant. Company may notify Suppliers of any impending termination or expiration (including nonrenewal) of this Agreement and may, among other things, instruct such Suppliers to provide only such quantity of products and services as is reasonably necessary to supply Franchisee's needs prior to expiration or termination (including nonrenewal) of this Agreement.

### 9.3 **Purchases from Company or its Affiliates.**

9.3.1 All ingredients, products and services purchased from Company or its Affiliates shall be purchased in accordance with the purchase order format and policies of Company or its Affiliate, the current form of which may be set forth in the Manual(s). Purchases shall be on Company's or its Affiliate's then-current price, delivery and other terms and conditions which Company or its Affiliate may change on at least 15 days prior written notice. Franchisee further acknowledges that prices Company or its Affiliate charges to Franchisee may include a profit to Company or its Affiliate. No purchase order submitted by Franchisee shall contain any terms except as approved in writing by Company (or its Affiliate), nor be deemed complete unless all of the information required by the prescribed purchase order form is provided by Franchisee. No new or additional term or condition contained in any order placed by Franchisee shall be deemed valid, effective or accepted by Company unless such term or condition is expressly accepted by Company or its Affiliate in writing.

9.3.2 Company or its Affiliate may discontinue the sale of any Authorized Products or any other products and services at any time if in Company's or its Affiliate's judgment its continued sale becomes unfeasible, unprofitable, or otherwise undesirable. If any products or services sold by Company or its Affiliate are not in sufficient supply to fulfill all orders, Company or its Affiliate may allocate the available supply among itself, its Affiliates and others, including Franchisee and other franchisees, in any way Company or its Affiliate deems appropriate, which may result in Franchisee not receiving any allocation of certain products or services as a result of a shortage. All orders by Franchisee shall be subject to acceptance by Company or its Affiliate at Company's or its Affiliate designated offices, and Company or its Affiliate reserves the right to accept or

reject, in whole or in part, any order placed by Franchisee. Company or its Affiliate may establish the credit terms, if any, upon which it will accept Franchisee's orders, and may require Franchisee to pay for orders on a cash-in-advance or cash-on-delivery basis.

9.3.3 Company or its Affiliate shall not be liable to Franchisee on account of any delay or failure in the manufacture, delivery or shipment of goods or products caused by Force Majeure or other events or circumstances beyond Company's or its Affiliate's reasonable control including such events as labor or material shortages, product shortages, conditions of supply and demand, import/export restrictions, or disruptions in supply sources. In such event, Company may suggest alternative products to fulfill an order.

9.3.4 From time to time upon Company's or its Affiliate's request, Franchisee shall promptly estimate the level of purchases that Franchisee expects to make over the two weeks following the date of the request.

**9.3.5 WITH RESPECT TO ANY EQUIPMENT, INGREDIENTS, PRODUCTS, SERVICES, GOODS OR SUPPLIES PROVIDED BY COMPANY OR ITS AFFILIATES, OTHER THAN SPECIFIC WRITTEN WARRANTIES EXPRESSLY PROVIDED IN CONNECTION WITH SUCH ITEMS, IF ANY, SUCH ITEMS ARE PROVIDED WITHOUT ANY WARRANTIES BY COMPANY OR ITS AFFILIATES, EXPRESS OR IMPLIED, THE WARRANTIES OF MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE AND NON-INFRINGEMENT, BEING EXPRESSLY DISCLAIMED, NOR DO THERE EXIST ANY EXPRESS OR IMPLIED WARRANTIES AS TO THE DESIGN, CONDITION, CAPACITY, PERFORMANCE OR ANY OTHER ASPECT OF SUCH ITEMS OR THEIR MATERIAL OR WORKMANSHIP.**

9.4 **Customer Reporting; Comment Cards.** At Company's request, Franchisee shall use reasonable efforts to secure the names, addresses and other information reasonably required by Company, of Franchisee's customers and, subject to Applicable Law to the contrary, shall allow such information to be used by Company. Franchisee may not divulge such customer names, addresses or other information, with or without remuneration, to any third party, except as required for the operation of the Franchised Business and then only as permitted by Applicable Law. Franchisee shall respond promptly to each customer inquiry or complaint and resolve all reasonable complaints to the customer's satisfaction. Company may require Franchisee to use or display customer comment and other cards (or similar customer comment information), and signs displaying email addresses and telephone numbers in the manner specified in the Manual(s). Franchisee must subscribe to the secret shopping service Company designates from time to time. Upon request, Franchisee shall pay Company or its designee fees to compensate Company or such designee for providing secret shopper services.

## **ARTICLE 10**

### **REPORTS, BOOKS AND RECORDS, INSPECTIONS**

10.1 **General Reporting.** Franchisee shall, in the form and manner specified by Company, submit to Company statistical control forms and such other financial, operational and statistical information as Company may require from time to time (collectively, the “**Information**”) including to: (i) assist Franchisee in the operation of the Franchised Business in accordance with the System; (ii) allow Company to monitor Franchisee’s Gross Sales, purchases, costs and expenses; (iii) enable Company to develop chain-wide statistics which may improve bulk purchasing; (iv) assist Company in the development of new Authorized Products or the retirement or removal of existing required or recommended products and/or services offered at the Franchised Business; and (v) generally improve chain-wide understanding of the System. Without limiting the generality of the foregoing:

10.1.1 Franchisee shall also submit condensed reports of daily Gross Sales to Company each Accounting Period in accordance with the Standards.

10.1.2 On or before the 20th day following each calendar month or other fiscal period designated by Company, Franchisee shall submit a Gross Sales report prescribed by Company, which shall be certified by an officer of Franchisee to be accurate and complete, reporting all Gross Sales for the preceding calendar month or other fiscal period designated by Company, as applicable, together with such additional financial information as Company may request, including cost of goods sold, labor costs, customer information, sales by day-part, sales by customer type.

10.1.3 On or before the 20th day following each calendar month or other fiscal period designated by Company, Franchisee shall submit to Company financial statements for the preceding calendar month or other fiscal period designated by Company, including a balance sheet and profit and loss statement, prepared in the form and manner prescribed by Company and in accordance with generally accepted accounting principles, which shall be certified by an officer of Franchisee to be accurate and complete.

10.1.4 Within 120 days following the end of each calendar year and/or other fiscal period designated by Company, Franchisee shall submit to Company an unaudited annual financial statement prepared in accordance with generally accepted accounting principles. Such statement shall be in the form reasonably required by Company, which shall be certified by an officer of Franchisee to be accurate and complete. Upon Company’s request, Franchisee shall submit to Company a copy its signed federal, state and local income tax forms for the year(s) requested by Company. Upon Company’s request, Franchisee shall also provide Company with copies of signed original sales and use tax forms filed with the applicable Governmental Authority. Company reserves the right to require further information concerning the Franchised Business as Company may from time to time reasonably request.

10.2 **Inspections.** Company, its representatives and/or licensor(s)' (each an "**Inspector**"), if any, shall have the right to inspect all aspects of the Franchised Business, observe operations, and/or inspect or observe all other aspects of the Franchised Business wherever located, before, during or after business hours, to examine same, confer with Franchisee's employees, inspect the same, and to determine whether the business is being conducted in accordance with this Agreement, the System and the Standards. Inspectors will have the right to interview present and former customers. The Inspectors shall use reasonable efforts to avoid materially disrupting the operation of the Franchised Business. Without limiting Company's rights under other sections of this Agreement, if any inspection reveals a deficiency or unsatisfactory condition under this Agreement, the Standards, System or the Manual(s) (a "**Deficiency**"), including quality, cleanliness, service, health and safety, and Authorized Products, Company will notify Franchisee in writing of Franchisee's non-compliance and Franchisee shall promptly correct or repair such Deficiency, which corrective action may include temporarily closing the Franchised Business. In addition to Company's other rights and remedies, if an Inspector must re-inspect the Franchise Business to confirm that a Deficiency was rectified, Franchisee shall pay Company the sum of \$500 per re-inspection, plus Company's out-of-pocket expenses, including Travel Expenses.

10.3 **Audits.** Franchisee shall prepare, and keep for not less than 7 years following the end of each of its fiscal years, or such longer period required under Applicable Law, adequate books and records showing daily receipts, applicable sales tax returns, all pertinent sales slips and transaction records, and Information System and point of sale records, and such other sales records as may be reasonably required by Company in a form suitable for an audit of its records by an authorized auditor or agent of Company. Company, its agents or representatives may, at any reasonable time before, during or after normal working hours, audit or review Franchisee's books and records. Company may also conduct the audit using electronic means and/or at a site other than the Franchised Location and Franchisee shall provide all information promptly upon demand (but not later than 5 days following the date of the request). If any audit or other investigation reveals an under-reporting or under-recording error, then upon demand Franchisee shall pay the amount determined to be owed, plus interest at the highest rate permitted by Applicable Law, but not to exceed 18% percent per annum. If an audit or other investigation reveals an under-reporting or under-recording error of 2% or more 3 or more times within any 36 month period, or 5% or more within any period, then in addition to any other sums due and in addition to any other rights and remedies, the expenses of the audit/inspection shall be borne and paid by Franchisee upon billing by Company, which shall include Company's Travel Expenses and reasonable accounting and legal expense. If such an audit or other investigation reveals an overpayment to Company, Company shall promptly pay Franchisee the amount of the overpayment or, at Company's option, apply such overpayment to any then outstanding amounts due to Company by Franchisee.

10.4 **Books and Records.** Franchisee shall maintain an accounting and record keeping system, in accordance with generally accepted accounting principles and sound business practices, which shall provide for accounting information necessary to prepare financial statements, a general ledger and reports required by this Agreement and the Manual(s). Franchisee shall maintain accurate, adequate and verifiable books and supporting documentation relating to such accounting information.

## **ARTICLE 11 TRADEMARKS**

11.1 **Use of Marks.** Subject to Section 11.5, the Franchised Business shall be named “Angry Chickz”. Franchisee shall use and display Company’s trade dress, Marks, and such signs, advertising and slogans only as Company may prescribe or approve. Franchisee will: (i) maintain the highest standard of quality in the provision, operation, promotion, marketing and advertising of all products and services; (ii) provide high quality services to the public similar, and at least equal to, the type, quality, and distinguishing characteristics of the services being offered by Company and its Affiliates; and (iii) display the Marks in accordance with the Standards. Upon expiration or sooner termination (including nonrenewal) of this Agreement, Company may execute in Franchisee’s name and on Franchisee’s behalf, any and all documents necessary or appropriate to end and cause the discontinuance of Franchisee’s use of the trade dress and Marks, and Company is hereby irrevocably appointed and designated as Franchisee’s attorney-in-fact to do so. Franchisee shall not imprint or authorize any person to imprint any of the Marks on any product without the prior written approval of Company. Franchisee shall not use the Marks in connection with any assignment or offering of securities or any request for credit without the prior written approval of Company. Company may withhold or condition any approval related to the Marks. Franchisee shall identify the Franchised Business as independently owned and operated under a license from Company, in the form and manner specified by Company, including on all invoices, order forms, receipts, checks, business cards, on posted notices at the Franchised Business and in other media and advertisements. Company may withhold or condition any approval related to the Marks.

11.2 **Non-Use of Trade Name.** If Franchisee is an Entity, it shall not use Company’s Marks, or Company’s trade name, or any words or symbols which are confusingly similar, phonetically or visually, to the Marks, as all or part of Franchisee’s name.

11.3 **Non-ownership of Marks.** Nothing in this Agreement shall give Franchisee, and Franchisee shall not assert, any right, title or interest in Company’s trade dress, or to any of the Marks or the goodwill attributable to the Marks. Franchisee is granted only a license during the Term to display and use the Marks according to the terms and conditions of this Agreement. All goodwill accrued by, and due to, Franchisee’s use of the Marks anywhere shall be the sole and exclusive property of Company.

### **11.4 Defense of Marks; Prosecution of Infringers.**

11.4.1 If Franchisee receives notice, or is otherwise informed, of any claim, suit or demand against Franchisee of any alleged infringement, unfair competition or similar matter on account of its use of the Marks or trade dress, Franchisee shall promptly notify Company of the same. Company shall take such action as it may deem necessary and appropriate to protect and defend Franchisee against any such claim, but Company shall not be obligated to take any such action, however. Franchisee shall not settle or compromise any claim by a third party without the prior written consent of Company. Company shall have the sole right to defend, compromise or settle any claim, in its discretion, at Company’s sole cost and expense, using attorneys of its own choosing.

11.4.2 If Franchisee receives notice or learns that any unauthorized third party is using Company's trade dress or Marks or something similar, Franchisee shall promptly notify Company. Company shall then determine whether or not it wishes to take any action against such third person. Franchisee shall have no right to make any demand against any alleged infringer or to prosecute any claim of any kind or nature whatsoever against any alleged infringer for or on account of such infringement.

11.4.3 Franchisee agrees to sign any documents and take any other reasonable actions that, in the opinion of Company's or its licensor's attorneys, are necessary or advisable to protect and maintain Company's (and its licensor's) interests in any litigation or Patent and Trademark office or other proceeding or otherwise to protect and maintain Company's (and its licensor's) interest in the Marks. Franchisee may participate at its own expense in such defense or settlement, but Company's decisions with regard to the disposition of a claim shall be final. Franchisee agrees not to communicate with any person or Entity other than Company and its licensor, their respective attorneys, and Franchisee's attorneys regarding any infringement, challenge or claim.

11.5 **Modification of Marks.** From time to time Company may add to, delete or modify any or all of the Marks and trade dress. Franchisee shall, use, or cease using, the Marks and/or trade dress at its expense including any modified or additional trade names, trademarks, service marks, logotypes, commercial symbols, and trade dress in accordance with the Manual(s) and Standards. Except as Company may otherwise direct, Franchisee shall implement any change within 60 days after notice by Company at Franchisee's expense.

11.6 **Acts in Derogation of the Marks.** Franchisee agrees that Company's trade dress and the Marks are the exclusive property of Company and/or its Affiliates and Franchisee now, and will hereafter, assert no claim to any goodwill, reputation or ownership thereof by virtue of Franchisee's licensed and/or franchised use thereof, or otherwise. Franchisee further agrees that it is familiar with the standards and high quality of the use of the trade dress and Marks, and Franchisee agrees that it will maintain this standard in its use of the Marks and trade dress. All use of the Marks and trade dress by Franchisee inures to the benefit of Company. Franchisee shall not contest or assist anyone in contesting at any time, in any manner, the validity of any Mark or its registration, and shall maintain the integrity of the Marks and prevent their dilution. Franchisee shall not do or permit any act or thing to be done in derogation of any of the rights of Company or its Affiliates in connection with the same, either during the Term or thereafter, and that it will use the Marks and Company's trade dress only for the uses and in the manner permitted under this Agreement. Without limiting the foregoing, Franchisee shall not (i) interfere in any manner with, or attempt to prohibit, the use of Company's trade dress and/or the Marks by any other franchisee or licensee of Company; or (ii) divert or attempt to divert any business or any customers of the Franchised Business to any other person or Entity, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks.

11.7 **Assumed Name Registration.** If required by Applicable Law, Franchisee shall promptly upon the execution of this Agreement file with Governmental Authorities a notice of its intent to conduct its business under the Mark(s) designated by the Company with only such



additional prefix or suffix, if any, as may be required by Company. Promptly upon the expiration or termination (including nonrenewal) of this Agreement Franchisee shall execute and file such documents as may be necessary to revoke or terminate such assumed name registration, or any other registrations or filings, and if Franchisee fails to promptly execute and file such documents, Franchisee hereby irrevocably appoints Company as its attorney-in-fact to do so for and on behalf of Franchisee.

11.8 **Use of Other Trademarks.** Franchisee shall not display the trademark, service mark, trade name, insignia or logotype of any other person or Entity in connection with the operation of the Franchised Business without the prior written consent of Company.

## **ARTICLE 12**

### **COVENANTS REGARDING OTHER BUSINESS INTERESTS**

12.1 **Non-Competition.** Franchisee acknowledges that the System is distinctive and has been developed by Company and/or its Affiliates at great effort, time, and expense, and that Franchisee has regular and continuing access to valuable and confidential information, training, and Confidential Information regarding the System. Franchisee recognizes its obligations to keep confidential such information as set forth in this Agreement. Franchisee therefore agrees as follows:

12.1.1 During the Term, no Restricted Person shall in any capacity, either directly or indirectly, through one or more affiliated Entities, (i) engage in any Competitive Activities, (ii) divert or attempt to divert any business or customers of the Franchised Business to any other person or Entity, or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks.

12.1.2 To the extent permitted by Applicable Law, upon (i) the expiration or termination (including nonrenewal) of this Agreement, (ii) the occurrence of any Assignment, or (iii) the cession of any Restricted Person's relationship with Franchisee, each person who was a Restricted Person before such event shall not for a period of 24 months thereafter, either directly or indirectly, through one or more affiliated Entities engage in Competitive Activities within the Protected Area or within a radius of 10 miles from any then-existing Restaurant. In the event of the violation of this provision by Developer following termination or expiration of this Agreement, the period of time Developer shall be required to abide by this obligation shall be extended to a period ending 24 months after Developer is no longer in default of this obligation.

#### **12.2 Confidential Information.**

12.2.1 Restricted Persons may have access to proprietary and trade secret information, including the Confidential Information, Standards, recipes, secret ingredients, procedures, concepts and methods and techniques of developing and operating a Restaurant and producing Authorized Products. Company may disclose certain of its Confidential Information to Restricted Persons in the Manual(s), bulletins, supplements, confidential correspondence, or other

communications, and through Company's training program and other guidance and management assistance. No Restricted Person shall acquire any interest in the Confidential Information other than the right to use them in developing and operating the Franchised Business during the Term. A Restricted Person's duplication or use of the Confidential Information in any other endeavor or business shall constitute an unfair method of competition. Each Restricted Person shall: (i) not use the Confidential Information in any business or other endeavor other than in connection with the Franchised Business; (ii) refrain from disclosing the Confidential Information and maintain the absolute confidentiality of the Confidential Information during and after the Term; and (iii) make no unauthorized copy of any portion of the Confidential Information, including the Manual(s), bulletins, supplements, confidential correspondence, or other confidential communications, whether written or oral. In addition to any procedures prescribed by Company, Franchisee shall implement reasonable procedures prevent unauthorized use and disclosure of the Confidential Information. If Franchisee has any reason to believe that any employee or Restricted Person has improperly used or disclosed the Confidential Information, Franchisee shall promptly notify Company and shall cooperate with Company to protect Company against infringement or other unlawful use, including, the prosecution of any lawsuits if, in the judgment of Company, such action is necessary or advisable.

12.2.2 "Confidential Information" shall not include information which: (a) has entered the public domain or was known to Franchisee prior to Company's disclosure of such information to Franchisee, other than by the breach of an obligation of confidentiality owed (by anyone) to Company or its Affiliates; (b) becomes known to the Restricted Persons from a source other than Company or its Affiliates and other than by the breach of an obligation of confidentiality owed (by anyone) to Company or its Affiliates; or (c) was independently developed by Franchisee without the use or benefit of any of Company's Confidential Information. The burden of proving the applicability of the foregoing will reside with Franchisee.

12.2.3 In view of the importance of the Marks and the Confidential Information and the incalculable and irreparable harm that would result to the parties in the event of a default of the covenants and agreements set forth in this Agreement, the parties agree that each party shall have the right to obtain specific performance, temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction to enforce the covenants and agreements in this Agreement, in addition to any other relief to which such party may be entitled at law or in equity. Each party submits to the jurisdiction of the courts of the state and Federal courts of the state where Company's headquarters is located. Franchisee agrees that Company may have temporary or preliminary injunctive relief without bond, but upon due notice, and Franchisee's sole remedy in the event of the entry of such injunctive relief will be the dissolution of the injunctive relief, if warranted, upon hearing duly had (all claims for damages by reason of the wrongful issuance of any the injunction being expressly waived).

12.2.4 To the maximum extent permitted by Applicable Law, Franchisee shall obtain covenants similar to those in Sections 12.1 and 12.2 from Restricted Persons, and such other management personnel that have access to the Confidential Information, as Company may specify. Company may regulate the form of agreements Franchisee uses and may require that Company be an express third party beneficiary with the right to enforce such agreements. Promptly upon Company's request, Franchisee shall deliver executed copies of such agreements to Company.

12.3 **Certain Developments.** All ideas, concepts, techniques or materials relating to a Restaurant ("**Developments**"), whether or not protectable intellectual property and whether created by or for Franchisee or its Owners, employees or contractors, must be promptly disclosed to Company and will be deemed to be Company's sole and exclusive property and works made-for-hire for Company. To the extent any Development does not qualify as a "work made-for-hire" for Company, by this section, Franchisee hereby assigns and shall assign ownership of that item, and all related rights to that item, to Company and agrees to sign (and cause its Owners, employees and contractors to sign) whatever assignment or other documents Company requests to evidence Company's ownership and to help Company obtain intellectual property rights in the item. Franchisee may not use any Development in operating the Franchised Business or otherwise without Company's prior written approval.

12.4 **Press Releases.** Unless required by Applicable Law, no public communication, press release or announcement regarding this Agreement, the transactions contemplated hereby or the operation of the Franchised Business or any Crisis Management Event shall be made by Franchisee without the prior written consent of Company.

12.5 **Effect of Applicable Law.** In the event any portion of the covenants in this Article violates laws affecting Franchisee, or is held invalid or unenforceable in a final judgment to which Company and Franchisee are parties, then the maximum legally allowable restriction permitted by law shall control and bind Franchisee. Company may at any time unilaterally reduce the scope of any part of the above covenants, and Franchisee shall comply with any such reduced covenant upon receipt of written notice. The provisions of this Article shall be in addition to and not in lieu of any other confidentiality obligation of Franchisee, or any other person, whether pursuant to another agreement or pursuant to Applicable Law.

## **ARTICLE 13**

### **NATURE OF INTEREST, ASSIGNMENT**

13.1 **Assignment by Company.** This Agreement is fully transferable by Company without the consent of Franchisee, and shall inure to the benefit of any transferee or the legal successor to Company's interests in this Agreement. Company may, in whole or in part, (i) assign or delegate any or all of its rights and obligations under this Agreement; (ii) sell its assets, its marks, or its System outright to a third party; (iii) engage in a public offering of its securities; (iv) engage in a private placement of some or all of its securities; (v) merge, acquire other Entities, or be acquired by other persons or Entities; or (vi) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring. Company shall be permitted to perform such actions without liability or obligation to Franchisee who expressly and specifically waives any claims, demands or damages arising from or related to any or all of the above or similar actions.

Company shall have no liability for the performance of any obligations contained in this Agreement after the effective date of a transfer or assignment. In connection with any of the foregoing, at Company's request, Franchisee shall deliver to Company a statement in writing certifying (a) that this Agreement is unmodified and in full force and effect (or if there have been modifications that the Agreement as modified is in full force and effect and identifying the modifications); (b) that Franchisee is not in default under any provision of this Agreement, or if in default, describing the nature thereof in detail; and (c) as to such other matters as Company may reasonably request; and Franchisee agrees that any such statements may be relied upon by Company and any prospective purchaser, assignee or lender of Company.

### **13.2 Assignment by Franchisee.**

13.2.1 The rights and duties created by this Agreement are personal to Franchisee. This Agreement has been entered into by Company in reliance upon and in consideration of the singular individual or collective character, reputation, skill attitude, business ability, and financial capacity of Franchisee, or if applicable, its Owners who will actively and substantially participate in the development ownership and operation of the Franchised Business. Accordingly, neither Franchisee nor any Owner (other than Company, if applicable) shall cause or permit any Assignment without Company's prior written consent. If Company grants its consent, Company may impose any condition, including some or all of the following (any of which may be waived by Company), each of which the parties deem to be reasonable:

(a) that Franchisee provide a detailed description of the price and all material terms and conditions of the proposed Assignment and the identity of the proposed assignee and such other information as Company may reasonably request;

(b) that Franchisee's rights and obligations to occupy such location shall have been assigned to, and assumed by, the transferee, and that any applicable consent to such transfer has been obtained, and all pertinent documentation been delivered to Company for Company's review and acceptance;

(c) that Franchisee's right to receive payments in connection with the Assignment shall be subordinated to Company's rights to receive any outstanding monetary obligations or other outstanding obligations due from Franchisee or transferee under any agreement with Company or any Affiliate, whether arising before or after the Assignment;

(d) that Franchisee provides Company a true and correct list of all Owners having an interest in this Agreement or in Franchisee, the percentage interest of Owner, and a list of all officers and directors, in such form as Company may require;

(e) that Franchisee shall have complied with Section 13.3 and Company shall not have exercised the ROFR;

(f) that Franchisee shall not be in default under the terms of this Agreement (or any other related agreement), all agreements with Company's Affiliates, the Manual(s) or any other obligations owed Company;

(g) that all obligations to third parties in connection with the Franchised Business shall have been satisfied or assumed by the transferee;

(h) that Franchisee, and its Owners, if Franchisee is an Entity, shall execute a general release, in a form prescribed by Company, of any and all known and unknown claims against Company and its Affiliates and their Owners, officers, directors, agents, and employees;

(i) that the transferee/assignee shall have demonstrated to Company's satisfaction that it meets all of Company's then-current Standards for new Restaurant operators or for holders of an interest in a franchise or license, including satisfactory credit ratings, acceptable business qualifications, the ability to obtain or acquire the license(s) and permit(s) necessary for the operation of the Restaurant, and the ability to fully comply with the terms of this Agreement;

(j) that the transferee/assignee shall have agreed, under a written assumption agreement approved by Company, that at closing, the transferee/assignee shall, at Company's option, either (a) assume this Agreement; provided however, that such assumption shall not relieve Franchisee (as transferor/assignor) of any continuing obligations; or (b) execute a replacement franchise or license agreement on the then-current form of franchise agreement used by Company in the State in which the Franchised Business is being operated, provided, however, that the term of the replacement franchise or license agreement shall be, at Company's option, the remaining term of this Agreement, unless Company otherwise agrees; and, at Company's request, the transferor/assignor shall have executed a continuing guaranty in favor of Company of the performance and payment by the transferee/assignee of all obligations and debts to Company and its Affiliates under the replacement franchise or license agreement;

(k) that the transferee/assignee agrees to refurbish the Franchised Business as needed (in Company's discretion) to match the then-current Standards;

(l) that there shall not be any suit, action, or proceeding pending, or to the knowledge of Franchisee any suit, action, or proceeding threatened, against Franchisee with respect to the Franchised Business;

(m) that Franchisee shall have paid to Company a non-refundable administrative/transfer fee equal to 25% of Company's then-current initial franchise fee, but not less than \$12,500, plus Company's then current training fees (but not less than \$5,000) and reimbursement of Company's costs associated with the transfer/assignment, including attorneys' fees;;

(n) that Franchisee and its Owners agree with the assignee/transferee not to compete after the Assignment in accordance with restrictions acceptable to Company and substantially similar to those provided in this Agreement to the maximum extent permitted by Applicable Law, and Company will be named as a third party beneficiary of such agreement; and

(o) that the transferee/assignee, or its anticipated operating Principal shall have satisfactorily completed the Initial Training Program.

13.2.2 Any purported Assignment occurring by operation of law or otherwise without Company's prior written consent shall constitute a material default of this Agreement by Franchisee. Except in the instance of Franchisee advertising to sell the Franchised Business and assign this Agreement in accordance with the terms of this Agreement, Franchisee shall not, without Company's prior written consent, offer for sale or transfer at public or private auction or advertise publicly for sale or transfer, the furnishings, interior and exterior decor items, supplies, FFE, the Assets, the lease any real property used in connection with the Franchised Business. To the extent that any prohibition on the pledge, hypothecation, encumbrance or granting of a security interest in this Agreement or the Assets may be ineffective under Applicable Law, Franchisee shall provide not less than 10 days prior written notice containing the name and address of the secured party and the terms of such pledge, hypothecation, encumbrance or security interest in this Agreement or the Assets.

13.2.3 If Franchisee is an Entity, Franchisee shall promptly provide Company with written notice of each and every issuance of Equity by Franchisee and every transfer, assignment and encumbrance by any Owner of any direct or indirect Equity or voting rights in Franchisee, notwithstanding that the same may not constitute an "Assignment".

13.2.4 Company's consent to an Assignment shall not (a) constitute a waiver of any claims it may have against the transferring party arising out of this Agreement or otherwise, including (i) any payment or other duty owed by Franchisee to Company under this Agreement before such Assignment; or (ii) Franchisee's duty of indemnification and defense, whether before or after such Assignment, or (iii) the obligation to obtain Company's consent to any subsequent transfer; or (b) be an indication as to the likelihood of success or economic viability of the assignee/transferee.

13.3 **Right of First Refusal.** If Franchisee or any Owner (other than Company, if applicable) desire to cause or permit any Assignment, then Franchisee and/or such Owner shall notify Company in writing, provide such information and documentation describing or relating to the proposed Assignment as Company may require, and grant Company (and its designee) a right of first refusal (the "**ROFR**") for 60 days following Company's receipt of Franchisee's written notice of the proposed Assignment and copies of all required documentation (the "**ROFR Period**") to purchase the interest which Franchisee or such Owner proposes to transfer, on the same terms and conditions offered by the third party; provided that Company (and its designee) may substitute cash for any non-cash consideration in an amount determined by Company (or designee as applicable), reasonably and in good faith, as the approximate equivalent value of the non-cash consideration. Franchisee shall comply with each of its obligations under this Agreement during the ROFR Period, and Company (and its designee) shall have the right, but not the obligation, to offset any payment due to Franchisee on account of any default hereunder by Franchisee. Notwithstanding the terms and conditions offered by the third party, Franchisee shall make representations and warranties to Company (and its designee) that are customary for transactions

of the type proposed, including (1) its power, authority and legal capacity to sell, transfer and assign the property or interests, (2) valid right, title and interest in the property or interests, (3) the absence of all liens, encumbrances and liabilities on the property or interests, and (4) the absence of any violation, in any material respect, or default under, or acceleration of any material agreement or instrument pursuant to which the property or interests to be transferred are encumbered or bound as the result of the sale. If Company (or its designee) elects to exercise the ROFR, Company (or its designee) shall notify Franchisee in writing, and the closing of the transaction shall occur within 60 days after delivery of Company's (and its designee's) notice, subject to the satisfaction of all conditions to closing. If Company (or its designee) does not exercise the ROFR, any material change in the terms of an offer prior to closing, or the failure to close the transaction within 60 days following the ROFR Period, shall cause it to be deemed a new offer, subject to the same ROFR as in the case of the initial offer. Company's (or its designee's) failure to exercise the ROFR shall not constitute consent to the transfer or a waiver of any other provision of this Agreement.

13.4 **Entity Franchisee.** If a Franchisee is an Entity, the following provisions will apply:

13.4.1 Franchisee represents, warrants and covenants that: (a) Franchisee has the authority to execute, deliver and perform its obligations under this Agreement and all related agreements and is duly organized or formed and validly existing in good standing under the laws of the state of its incorporation or formation; (b) the execution of this Agreement by Franchisee will not constitute or violate any other agreement or commitment to which Franchisee is a party; (c) any individual executing this Agreement on behalf of Franchisee is duly authorized to do so and the Agreement will constitute a valid and binding obligation of the Franchisee; and (d) the information set forth in Exhibit E, is accurate and complete in all material respects. Franchisee shall notify Company in writing within 10 days of any change in the information set forth in Exhibit E, and shall submit to Company a revised Exhibit E, certified by an officer of Franchisee as true, correct and complete. Franchisee promptly shall provide such additional information as Company may request concerning all persons who may have any direct or indirect financial interest in Franchisee. Franchisee shall upon demand reimburse Company for its direct and indirect costs, including reasonable attorneys' fees, to review any revised or supplemental Exhibit E.

13.4.2 All of Franchisee's organizational documents (including articles of partnership, partnership agreements, articles of incorporation, articles of organization, bylaws, shareholders agreements, trust instruments, or their equivalent) will provide that the issuance and transfer of any interest in Franchisee is restricted by the terms of this Agreement, and that sole purpose for which Franchisee is formed (and the sole activity in which Franchisee is or will be engaged) is the development and operation of Restaurants. All certificates and other documents representing Equity in Franchisee must bear a legend in a form prescribed by Company referring to this Agreement's restrictions.

13.4.3 All present and future Owners of a 20% or more (directly or indirectly), in the aggregate, of the Equity or voting rights in Franchisee, will

execute a written guaranty in a form prescribed by Company, personally, irrevocably and unconditionally guaranteeing, jointly and severally, with all other guarantors, the full payment and performance of Franchisee's obligations to Company and to Company's Affiliates. For purposes of determining whether said 15% threshold is satisfied, holdings of spouses (and family members who live in the same household) and Affiliates shall be aggregated. Upon each transfer or assignment of an interest in Franchisee, or other change in ownership interests in Franchisee, and at any other time upon Company's request, said holders shall re-execute a written guaranty in a form prescribed by Company.

## **ARTICLE 14**

### **DEFAULT AND TERMINATION**

14.1 **General.** Company shall have the right to terminate this Agreement only for "cause". "Cause" is hereby defined as a default of this Agreement. Company shall exercise its right to terminate this Agreement in the following circumstances and manners.

14.2 **Automatic Termination Without Notice.** Subject to Applicable Laws of the jurisdiction in which the Franchised Business is operated to the contrary, Franchisee shall be deemed to be in default under this Agreement, and all rights granted herein shall at Company's election automatically terminate without notice to Franchisee if: (i) Franchisee shall be adjudicated bankrupt or judicially determined to be insolvent (subject to any contrary provisions of Applicable Law), shall admit to its inability to meet its financial obligations as they become due, or shall make a disposition for the benefit of its creditors; (ii) a judgment against Franchisee in the amount of more than \$25,000 remains unsatisfied for a period of more than 30 days (unless an appeal bond has been filed); (iii) the Franchised Business, the Premises, or any of the Assets are seized, taken over or foreclosed by a government official in the exercise of its duties, or seized, taken over, or foreclosed by a creditor or lienholder provided that a final judgment against the Franchisee remains unsatisfied for 30 days (unless an appeal bond has been filed); (iv) a levy of execution or attachment has been made upon the license granted by this Agreement or upon any of the Assets, and it is not discharged within 5 days of such levy or attachment; (v) Franchisee permits any recordation of a notice of mechanics lien against the Franchised Business or any equipment at the Franchised Business which is not released within 60 days, or if any person commences any action to foreclose on the Franchised Business or said equipment; (vi) Franchisee allows or permits any judgment to be entered against Company or any of its Affiliates, arising out of or relating to the operation of the Franchised Business; or (vii) a condemnation or transfer in lieu of condemnation has occurred.

14.3 **Option to Terminate Without Opportunity to Cure.** Franchisee shall be deemed to be in default and Company may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon notice by Company upon the occurrence of any of the following events:

14.3.1 **Abandonment.** If Franchisee shall abandon the Franchised Business. For purposes of this Agreement, "abandon" shall refer to Franchisee's failure, at any time during the Term, to operate the Franchised Business for business for a period of 5 consecutive days.



14.3.2 Assignment, Death or Incapacity. If Franchisee shall purport to make any Assignment without the prior written consent of Company; provided, however, on condition that the Franchised Business continues to be operated in conformity with this Agreement (a) upon prompt written request and upon the death or legal incapacity of a Franchisee who is an individual, Company shall allow up to 6 months after such death or legal incapacity for the heirs, personal representatives, or conservators (the “**Heirs**”) of Franchisee either (i) assume this Agreement or at Company’s discretion, execute Company’s then current form of franchise agreement, if Company is subjectively satisfied that the Heirs meet the Standards, or (ii) if not so satisfied, to allow the Heirs to sell the Franchised Business to a person approved by Company, or (b) upon prompt written request and upon the death or legal incapacity of an Owner owning 20% or more of the Equity or voting power of a corporate or limited liability company Franchisee, or a general or limited partner owning 20% or more of any of the Partnership Rights of a Franchisee which is a Partnership, Company shall allow a period of up to 6 months after such death or legal incapacity for the Heirs to seek and obtain Company’s consent to the transfer or Assignment of such stock, membership interests or Partnership Rights to the Heirs or to another person acceptable by Company. If, within said 6 month period, the Heirs fail either to enter into a new franchise agreement or to sell the Franchised Business to a person approved by Company pursuant to this Agreement, or fail either to receive Company’s consent to the Assignment of such Equity to the Heirs or to another person acceptable by Company, as provided in this Agreement, this Agreement shall thereupon automatically terminate;

14.3.3 Repeated Defaults. If Franchisee shall default in any one or more obligation(s) and Franchisee has previously received 2 or more written notices of default from Company within the preceding 12 months;

14.3.4 Violation of Law. If Franchisee fails, for a period of 10 days after having received notification of noncompliance from Company or Governmental Authority, to comply with any Applicable Law;

14.3.5 Criminal Offences. If Franchisee or any of its Owners, officers, directors, Operating Principal(s), or key employees is convicted of or pleads guilty or *nolo contendere* to a felony or any other crime or offense that is reasonably likely, in the sole opinion of Company, to adversely affect the Company’s reputation, System, Marks or the goodwill associated therewith, or Company’s interest therein;

14.3.6 Unfair Competition. If there is any breach of ARTICLE 12;

14.3.7 Sale of Unauthorized Products and Services. If Franchisee sells unauthorized products or services to the public and fails, for a period of 10 days after having received notification to cease such action;

14.3.8 Under Reporting. If an audit or investigation conducted by Company hereof discloses that Franchisee has knowingly maintained false books or records, or submitted false reports to Company;

14.3.9 Repeated Customer Complaints. Company and/or Franchisee receives repeated customer complaints regarding the Franchised Business that has, or Company reasonably believes may impair the Marks, goodwill associated with the Marks or Company's rights therein;

14.3.10 Failure to Complete Training. If the initial Operating Principal or Restaurant Leader selected by Franchisee to complete the Initial Training Program fails to successfully complete such program;

14.3.11 Intellectual Property Misuse. If Franchisee materially misuses or makes any unauthorized use of the Marks or otherwise materially impairs the goodwill associated therewith or Company's rights therein, or takes any action which reflects materially and unfavorably upon the operation and reputation of the Franchised Business, the System, or the Marks generally. Franchisee's unauthorized use, disclosure, or duplication of the "Confidential Information"; and

14.3.12 Health or Safety Violations. Franchisee's conduct or operation of the Franchised Business constitutes an imminent danger to the public health (for example, selling spoiled food knowing that the food products are spoiled or allowing a dangerous condition arising from a failure to strictly comply with any health code or ordinance or other Applicable Law to continue despite Franchisee's knowledge of such condition), or selling expired or other unauthorized products to the public after notice of default and continuing to sell such products whether or not Franchisee has cured the default after one or more notices.

14.4 **Termination With Notice and Opportunity To Cure**. Except for any default by Franchisee under Sections 14.2 or 14.3, Franchisee shall have 30 days (5 days in the case of any default in the timely payment of sums due to Company or its Affiliates) after Company's written notice of default within which to remedy any default under this Agreement, and to provide evidence of such remedy to Company. If any such default is not cured within that time period, or such longer time period as Applicable Law may require or as Company may specify in the notice of default, this Agreement and all rights granted by it shall thereupon automatically terminate without further notice or opportunity to cure. The description of any default in any notice served under this Agreement by Company upon Franchisee shall in no way preclude Company from specifying additional or supplemental defaults in any action, arbitration, hearing or suit relating to this Agreement or the termination hereof.

14.5 **Reimbursement of Company Costs**. In the event of default by Franchisee, all of Company's costs and expenses arising from such default, including reasonable legal fees and reasonable hourly charges of Company's administrative employees shall be paid to Company by Franchisee within 5 days after cure or upon demand by Company if such default is not cured.

14.6 **Notice Required By Law**. Notwithstanding anything to the contrary contained in this Article, in the event Applicable Law limits Company's rights of termination or shall require

longer notice or cure periods than those set forth above, this Agreement shall be deemed amended to conform to the minimum notice and/or cure periods or restrictions upon termination required by Applicable Law. Company shall not, however, be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, arbitration, hearing or dispute relating to this Agreement or the termination thereof.

14.7 **Cross-Default.** Any default by Franchisee under the terms and conditions of this Agreement, any lease for the Location, or any other agreement between Company (or its Affiliate), and Franchisee (or any Affiliate of Franchisee) (other than solely default of the Development Obligation under an Area Development Agreement), or any default by Franchisee (or any Affiliate of Franchisee) of its obligations to any Co-Op Advertising Region of which it is a member, shall be deemed to be a default of each and every said agreement. Furthermore, in the event of termination, for any cause, of this Agreement or any other agreement between the parties hereto, Company may, at its option, terminate any or all said agreements.

## **ARTICLE 15 RIGHTS AND OBLIGATIONS UPON TERMINATION, EXPIRATION, NON-RENEWAL, ETC.**

15.1 **General.** In the event of rescission of this Agreement, and/or upon the expiration or termination (including nonrenewal) of Franchisee's rights granted under this Agreement:

15.1.1 Franchisee shall immediately cease to use all Confidential Information, the Marks, and any confusingly similar trademark, service mark, trade name, logotype, or other commercial symbol or insignia. Franchisee shall immediately return the Manual(s), all training materials, records, customer lists, IS Data, files, advertising and promotional materials and all other written materials incorporating or containing Confidential Information. Franchisee shall at its own cost make cosmetic changes to the Franchised Business so that it no longer contains or resembles Company's proprietary designs and trade dress. Franchisee shall remove all materials that would identify the Franchised Business as a Restaurant and otherwise as a business operated under the Marks, System and Standards, and remove distinctive cosmetic features and finishes, lighting, FFE, décor, logos, signs, menus, decals, floor and wall coverings and colors, and exterior finishes and colors, as Company may direct. Franchisee shall, at Company's request, immediately grant Company access to the Franchised Business to make cosmetic changes to the Franchised Business so that it no longer resembles a Restaurant. Company is permitted to identify in the Manual(s) additional actions Franchisee must take following termination or expiration (including nonrenewal) to de-identify the Franchised Business, and Franchisee will timely perform all such additional actions.

15.1.2 Company may retain all fees paid pursuant to this Agreement, and Franchisee shall immediately pay any and all amounts owing to Company, its Affiliates, and/or Suppliers.

15.1.3 Any and all obligations of Company to Franchisee under this Agreement shall immediately cease and terminate.

15.1.4 Franchisee shall immediately cease and thereafter refrain from representing itself as then or formerly a franchisee or other affiliate of Company.

15.1.5 Franchisee shall transfer and assign to Company or its designee all telephone numbers, white and yellow page listings, on-line telephone listings and all other associated listings for the Franchised Business, and Franchisee shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone number and any classified or other telephone directory listings associated with the Franchised Business, and authorize and instruct their transfer to Company.

15.1.6 If Company had authorized Franchisee to use the Marks in connection with the internet, any website or e-mail address, or social media Franchisee shall cancel or assign to Company or its designate, as Company directs, all of Franchisee's right, title and interest in any internet websites or web pages, e-mail addresses, social media listings, domain name listings and registrations which contain the Marks, or any of them, and Franchisee shall notify the persons and Entities of the termination of Franchisee's right to use any domain name, web page, social media listing, and other internet device associated with Company or the Franchised Business, and authorize and instruct their cancellation or transfer to Company, as directed by Company. Franchisee is not entitled to any compensation from Company if Company exercises its said rights or options. For the avoidance of doubt, nothing in this Section shall be deemed to permit Franchisee to use the Marks, or any of them in connection with the internet, except with the prior consent of Company.

15.1.7 Franchisee shall immediately return and cease using all Proprietary Systems and following Franchisee's return of such software and data, certify Franchisee's permanent deletion of all electronic copies of the same in Franchisee's possession or control.

15.1.8 In the event Franchisee has registered any of Company's Marks as part of Franchisee's assumed, fictitious or corporate name, Franchisee shall promptly amend such registration to delete Company's Marks and any confusingly similar marks or names therefrom.

15.1.9 If Franchisee abandons the Franchised Business or Franchisee defaults and Company terminates this Agreement, Franchisee shall pay Company, within thirty (30) days following the date of termination, an amount equal to the total Royalty Fees paid (or if unpaid, payable) by Franchisee during the twenty-four (24) months immediately preceding the effective date of termination to account for the actual damages that Company shall suffer as a result of the termination of this Agreement; provided that if there are less than twenty-four (24) months left in the Initial Term of this Agreement, the payment shall be reduced to that lower number of months. The parties agree that it would be impossible and impracticable to determine the precise amount of damages Company will incur. The parties further agree that this calculation of Company's

potential damages is a reasonable, good-faith estimate of those damages. If Company is unable to make this calculation because of Franchisee's failure to report the Gross Sales, Company may estimate the Gross Sales for the applicable period based upon the historical financial information available to Company at that time.

15.2 **Termination Without Prejudice.** The expiration or termination (including nonrenewal) of this Agreement shall be without prejudice to the rights of Company against Franchisee and such expiration or termination (including nonrenewal) shall not relieve Franchisee of any of its debts, obligations or liabilities, to Company existing at the time of expiration or termination (including nonrenewal) or terminate those obligations of Franchisee which, by their nature, survive the expiration or termination (including nonrenewal) of this Agreement, including without limitation, any such debt, obligation or liability which was the cause of termination or arose out of such cause. It is expressly understood and agreed that the promises and agreements of Franchisee contained in this Agreement are also for the benefit of Company's Affiliates and designees, and any of them may, in their own names, exercise all rights and remedies necessary or desirable to protect or enforce their respective interests, including, without limitation, obtaining injunctive relief to enforce the obligations of Franchisee set forth in this Agreement.

15.3 **Company's Purchase Option Following Termination or Expiration.**

15.3.1 Following termination or expiration of this Agreement other than due to Company's uncured breach, Company (or Company's assignee, if applicable) shall have the option, exercisable by delivering written notice to Franchisee within sixty (60) calendar days from the date of the termination or expiration, to acquire from Franchisee, any or all of the Franchised Business's Assets (including equipment, fixtures, inventory, products, materials, and supplies) as selected by Company;

15.3.2 Company shall be entitled to receive from Franchisee such representations and warranties satisfactory to Company concerning Franchisee's ownership of the Assets, condition of and title to the Assets, and absence of any liens and encumbrances on the Assets, except as Company in good faith deems acceptable in its judgment;

15.3.3 The purchase price for the Assets shall be fair market value of the Assets (except actual cost for useable, unopened inventory and supplies); Company shall have the right to set off from the purchase price all amounts due from Franchisee to Company under this Agreement as well as any other amounts due to Company's Affiliates; in the event Company and Franchisee do not agree on the fair market value of the Assets within three (3) business days of Company's written offer to Franchisee, they shall each appoint (within ten (10) business days of Company's initial offer) an appraiser experienced in used foodservice equipment transactions to appraise the Assets within one week of appointment, both appraisals shall be provided to Company and to Franchisee to further attempt to agree on the fair market value; if Company and Franchisee are unable to agree on fair market value of the Assets within two (2) business days of such discussion, then Company shall have the option of either: (i) paying the average of the two appraisals and

proceeding with the purchase (leaving Franchisee the option to bring a claim in arbitration for any difference between fair market value as determined by the arbitrator and what Company has then paid for the Assets, which might result in the arbitrator determining that Company paid more than fair market value and would be entitled to a partial refund); or (ii) canceling the exercise of Company's purchase of the Assets;

15.3.4 Company shall pay Franchisee the purchase price (by corporate check, or offset, or a combination, as applicable) at closing of the purchase; the closing shall take place at a time and place designated by Company within ninety (90) calendar days after Franchisee receives Company's notice of exercise of the purchase option; at closing, Franchisee shall deliver to Company an assignment (and other documentation as Company deems appropriate) transferring good and marketable title to the assets selected by Company, free of liens and encumbrances, with all sales and other transfer taxes paid by Franchisee;

15.3.5 If Company elects, then the parties shall comply with applicable bulk sales provisions of the commercial code in the state where the Franchised Business is located, and Company shall have the right to delay the closing until such compliance is completed; and

15.3.6 At Company's election, as part of the purchase Franchisee shall deliver to Company an assignment of the lease for the Location (or, if assignment is prohibited, a sublease for the full remaining term and on the same terms as Franchisee's lease); if Franchisee owns the Location, Franchisee shall lease the Location to Company pursuant to the terms of a form lease reasonably designated by Company, for a term selected by Company up to 5 years with two successive 5-year renewal options at fair market rental during the initial and renewal terms.

15.3.7 Company shall have the unrestricted right to assign its purchase option in this Section 15.3.

## **ARTICLE 16**

### **RELATIONSHIP OF PARTIES, INDEMNITY**

16.1 **Relationship of Franchisee to Company.** It is expressly agreed that the parties intend by this Agreement to establish between Company and Franchisee the relationship of franchisor and franchisee. It is further agreed that Franchisee has no authority to create or assume in Company's name or on behalf of Company, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Company for any purpose whatsoever. Neither Company nor Franchisee is the employer, employee, agent, partner or co-venturer of or with the other, each being independent. Franchisee will not hold itself out as the agent, representative, employee, partner or co-venturer of Company. All workers hired by or working for Franchisee shall be the employees of Franchisee and shall not, for any purpose, be deemed employees of Company or any of its Affiliates. Company (and its Affiliates) will not exercise direct or indirect control over the working conditions of Franchised Business personnel, except to the extent such indirect control is related to Company's legitimate interest in protecting the quality

of the System and its services, products, or Marks. Company (and its Affiliates) do not share or codetermine the employment terms and conditions of Franchisee's employees and do not affect matters relating to the employment relationship between Franchisee and its employees, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions.

16.2 **Indemnity**. Franchisee shall protect, defend and indemnify Company, and all of its past, present and future Owners, Affiliates, officers, directors, employees, attorneys and designees, and each of them, and hold them harmless from and against any and all costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person or Entity or to any property (including data loss or damage) arising out of or in connection with (i) any breach of this Agreement by Franchisee, any Restricted Person; (ii) Franchisee's development, construction (including latent or patent defects), operation, maintenance of the Franchised Business, the Premises, any real property occupied by the Franchised Business, or the conduct to Franchisee's business; (iii) Franchisee's operation, marketing, advertising, promotion, offer for sale, sale, or provision of any products or services; (iv) any and all alleged torts, negligent acts, breaches of contract, fraud, omissions by Franchisee or its agents, representatives, contractors, or employees; and (v) the alleged failure of Franchisee to comply with Applicable Law. Company shall give Franchisee written notice of any claim for which Company demands indemnity; provided that such obligation shall not constitute a condition to Franchisee's indemnification obligation. Company shall retain the right and power to direct, manage, control and settle the litigation of any claim. Any payments made to an indemnified party shall be net of benefits received by any indemnified party on account of insurance in respect of such claims.

## **ARTICLE 17 ARBITRATION; TIME FOR BRINGING CLAIMS**

### **17.1 Arbitration**

17.1.1 All controversies, disputes or claims between Company (and its Affiliates and its and their respective owners, officers, directors, managers, agents and employees, as applicable) and Franchisee (and Franchisee's Affiliates and its and their respective owners, officers, directors, managers, agents and employees, as applicable) arising out of or related to:

- (a) this Agreement or any other agreement between Company and Franchisee or any provision of any of such agreements (including this Section 17.1);
- (b) Company's relationship with Franchisee;
- (c) the arbitrability of any controversies, disputes or claims;
- (d) the scope and validity of this Agreement or any other agreement between Franchisee and Company or any provision of any of such agreements (including the scope and validity of the arbitration obligations under this Section 17.1, which Franchisee and Company acknowledge is to be determined by an arbitrator and not a court); or

(e) any Standard.

will be submitted for arbitration to JAMS (formerly Judicial Arbitration and Mediation Service). Except as otherwise provided in this Agreement, such arbitration proceedings shall be heard by one (1) arbitrator in accordance with the then existing JAMS Comprehensive Arbitration Rules and Procedures (with the Expedited Arbitration Procedures to limit discovery burdens). Arbitration proceedings shall be held at a suitable location to be chosen by the arbitrator which is within twenty-five (25) miles of Company's principal business address at the time that the arbitration action is filed. The arbitrator has no authority to establish a different hearing locale. All matters within the scope of the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.) will be governed by it and not by any state arbitration law.

17.1.2 The arbitrator shall have the right to award or include in his or her award any relief which he or she deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorneys' fees and costs, provided that: (1) the arbitrator shall not have authority to declare any Mark generic or otherwise invalid; and (2) except for punitive, exemplary and other forms of multiple damages available to any party under federal law or owed to third parties which are subject to indemnification under this Agreement, Company and Franchisee waive to the fullest extent permitted by law any right to or claim for any punitive, exemplary or other forms of multiple damages against the other and agree that, in the event of a dispute between Company and Franchisee, the party making a claim will be limited to equitable relief and to recovery of any liquidated damages set forth herein and actual damages it sustains. The award and decision of the arbitrator shall be conclusive and binding upon all parties hereto and judgment upon the award may be entered in any court of competent jurisdiction.

17.1.3 Company and Franchisee agree to be bound by the provisions of any limitation on the period of time by which claims must be brought under this Agreement or Applicable Law, whichever expires first. Company and Franchisee further agree that, in connection with any such arbitration proceeding, each shall submit or file any claim which would constitute a compulsory counterclaim (as defined by the then current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding shall be barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Company or Franchisee. Company reserves the right, but has no obligation, to advance Franchisee's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished Company's right to seek the recovery of those costs in accordance with this Section 17.

17.1.4 Company and Franchisee agree that arbitration shall be conducted on an individual, not a class-wide, basis, that only Company (and its Affiliates and Company and its respective owners, officers, directors, managers,



agents and employees, as applicable) and Franchisee (and its Affiliates and Franchisee and its respective owners, officers, directors, managers, agents and employees, as applicable) may be the parties to any arbitration proceeding described in this Section, and that no such arbitration proceeding shall be consolidated with any other arbitration proceeding involving Company and/or any other person or Entity. Notwithstanding the foregoing or anything to the contrary in this Section, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section, then Company and Franchisee agree that this arbitration clause shall not apply to that dispute and that such dispute will be resolved in a judicial proceeding in accordance with this Section 17.

17.1.5 The provisions of this Section are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

17.1.6 Notwithstanding anything to the contrary contained in this Section, Company and Franchisee have the right to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction.

17.2 **Waiver of Punitive Damages and Jury Trial.** EXCEPT FOR PUNITIVE, EXEMPLARY AND OTHER FORMS OF MULTIPLE DAMAGES AVAILABLE TO ANY PARTY UNDER FEDERAL LAW OR OWED TO THIRD PARTIES WHICH ARE SUBJECT TO INDEMNIFICATION UNDER THIS AGREEMENT, COMPANY AND FRANCHISEE (AND FRANCHISEE’S OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY OR OTHER FORMS OF MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN FRANCHISEE AND COMPANY, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS. EXCEPT AS SET FORTH IN SECTION 17.2, TO THE EXTENT PERMITTED BY APPLICABLE LAW THE PARTIES: (1) HEREBY WAIVE THEIR RIGHT TO JURY TRIAL WITH RESPECT TO ALL CLAIMS AND ISSUES ARISING UNDER, IN CONNECTION WITH, TOUCHING UPON OR RELATING TO THIS AGREEMENT, INCLUDING ANY BREACH AND/OR THE SCOPE OF THE PROVISIONS OF THIS SECTION 17.2, WHETHER SOUNDING IN CONTRACT OR TORT, AND INCLUDING ANY CLAIM FOR FRAUDULENT INDUCEMENT, AND (2) AGREE THAT LOS ANGELES, CALIFORNIA SHALL BE THE VENUE FOR ANY LITIGATION ARISING UNDER THIS AGREEMENT. THE PARTIES ACKNOWLEDGE THAT THEY HAVE REVIEWED THIS SECTION AND HAVE HAD THE OPPORTUNITY TO SEEK INDEPENDENT LEGAL ADVICE AS TO ITS MEANING AND EFFECT.

\_\_\_\_\_  
FRANCHISEE  
INITIALS

\_\_\_\_\_  
COMPANY  
INITIALS

17.3 **Time for Bringing Claims.** Any and all claims and actions arising out of or relating to this Agreement, the relationship of Company and Franchisee, or Franchisee’s operation

of the Franchised Business, must be brought or asserted before the expiration of the earlier of (a) the time period for bringing an action under any applicable state or federal statute of limitations; (b) one (1) year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; or (c) two (2) years after the first act or omission giving rise to an alleged claim. If such as claim or action is not brought or asserted before the expiration of the earliest time period set forth in the foregoing sentence, it is expressly acknowledged and agreed by all parties that such claim(s) or action(s) shall be irrevocably barred; provided, however, that claims of Company attributable to Franchisee's underreporting of sales, and claims of the parties for failure to pay monies owed and/or indemnification shall be subject to only the applicable state or federal statute of limitations.

## **ARTICLE 18 MISCELLANEOUS PROVISIONS**

18.1 **Notices.** Except as otherwise expressly provided in this Agreement, all written notices and reports permitted or required to be delivered by the parties shall be deemed so delivered at the time delivered by hand; one business day after deposit with a reputable overnight courier, one business day after transmission by electronic system expressly approved in the Manuals(s) as appropriate for delivery of notices under this Agreement (with confirmation copy sent by U.S. mail or by reputable overnight courier, postage prepaid) and addressed as follows:

If to Company:           Angry Chickz Franchising LLC  
                                  15301 Ventura Boulevard  
                                  Building B Suite 250  
                                  Sherman Oaks, California 91403  
                                  Attn.: Chief Executive Officer

If to Franchisee:       \_\_\_\_\_  
                                  \_\_\_\_\_  
                                  \_\_\_\_\_  
                                  \_\_\_\_\_

Any party may change his or its address by giving 10 days prior written notice of such change to all other parties.

18.2 **Company's Right To Cure Defaults.** In addition to all other remedies, if Franchisee shall default in the performance of any of its obligations or breach any term or condition of this Agreement or any related agreement, Company may, at its election, immediately or at any time thereafter, without waiving any claim for default or breach and without notice to Franchisee, cure such default or breach for the account and on behalf of Franchisee, and the cost to Company shall be due and payable on demand and shall be deemed to be additional compensation due to Company and shall be added to the amount of compensation next accruing, at the election of Company.

18.3 **Waiver and Delay.** No waiver by Company of any default or series of defaults in performance by Franchisee, and no failure, refusal or neglect of Company to exercise any right, power or option given to it under this or any other agreement between Company and Franchisee, whether entered into before, after or contemporaneously with the execution of this Agreement (and

whether or not related to the Franchised Business) or to insist upon strict compliance with or performance of Franchisee's obligations under this Agreement, any other franchise or license agreement between Company and Franchisee, whether entered into before, after or contemporaneously with the Effective Date (and whether or not related to the Franchised Business), shall constitute a waiver of the provisions of this Agreement or the Standards with respect to any subsequent default, or a waiver by Company of its right at any time thereafter to require exact and strict compliance. Company will consider written requests by Franchisee for Company's consent to a waiver of any obligation imposed by this Agreement. Franchisee agrees, however, that Company is not required to act uniformly with respect to waivers, requests and consents as each request will be considered on a case-by-case basis, and nothing shall be construed to require Company to grant any such request. Any waiver granted by Company shall be without prejudice to any other rights Company may have, will be subject to continuing review by Company, and may be revoked, in Company's discretion, at any time and for any reason, effective upon 10 days prior written notice to Franchisee. Company makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee by providing any waiver, approval, acceptance, consent, assistance, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request.

**18.4 Survival of Obligations.** Termination or expiration (including nonrenewal) shall be without prejudice to any other rights or remedies that Company or Franchisee, shall have in law or in equity. In no event shall a termination or expiration (including nonrenewal) of this Agreement affect Franchisee's obligations to take or abstain from taking any action in accordance with this Agreement. The provisions of this Agreement which by their nature or expressly constitute post-termination (or post-expiration or post-nonrenewal) covenants and agreements shall survive the termination or expiration (including nonrenewal) of this Agreement.

**18.5 Successors and Assigns; Benefit.** This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Company and Franchisee and its or their respective heirs, executors, administrators, successors and assigns, subject to the restrictions on Assignment contained in this Agreement. This Agreement is for the benefit of the parties only, and, except as expressly provided in this Agreement, is not intended to and shall not confer any rights or benefits upon any person who is not a party to this Agreement.

**18.6 Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California, without giving effect to any conflict of laws principles, except that (a) the provisions in Section 12.1 and to the extent applicable, Section 12.5, shall be governed by the laws of the state in which the Franchised Business is located, and (b) state law relating to (i) the offer and sale of franchises (ii) franchise relationships, or (iii) business opportunities, will not apply unless the applicable jurisdictional requirements are met independently without reference to this paragraph.

**18.7 Entire Agreement; Amendments.** This Agreement and the Manual(s) contain all of the terms and conditions agreed upon by the parties with reference to the subject matter of this Agreement. No other agreements concerning the subject matter of this Agreement, oral or otherwise, shall be deemed to exist or to bind any of the parties. All prior or contemporaneous agreements, understandings and representations relating to the subject matter of this Agreement, are merged and are expressly superseded by this Agreement, except such representations as are made in any franchise disclosure document required to be received by Franchisee under Applicable

Law and any representations made by Franchisee in acquisition of this Agreement. No officer or employee or agent of Company has any authority to make any representation or promise not contained in this Agreement or in any franchise disclosure document required to be received by Franchisee under Applicable Law, and Franchisee agrees that it has executed this Agreement without reliance upon any such representation or promise. This Agreement cannot be amended, modified or changed except by written instrument signed by all of the parties hereto. Franchisee acknowledges that no oral or written statements, promises regarding this Agreement or the parties relationship, whether consistent or inconsistent with the terms of this Agreement, have been made to Franchisee, and that Franchisee is not relying on any statement or representation other than those in this Agreement and any franchise disclosure document required to be received by Franchisee under Applicable Law. Franchisee agrees that it will not attempt to introduce any evidence of such statements in court or any other proceeding to challenge the terms of this Agreement or the validity of the Agreement as a whole, whether such challenge is based on fraud, tort, breach of contract or otherwise. Nothing in this Agreement, including all attachments hereto, and all agreements or documents which by the provisions of this Agreement are expressly incorporated herein or made a part hereof is intended to disclaim the representations Company made in any required franchise disclosure document received by Franchisee. Franchisee has read all of the terms of this Agreement, including, the preceding paragraph: \_\_\_\_\_ [franchisee initial]

18.8 **Titles For Convenience.** Article and Section titles used in this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

18.9 **Gender and Construction.** The terms of the Recitals and all Exhibits and attachments to this Agreement are incorporated into and made a part of this Agreement as if set forth in full. All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any Article or Section may require. As used in this Agreement, the words “include,” “includes” or “including” are used in a non-exclusive sense. When a reference is made in this Agreement to an Article, a Section or Exhibit, such reference shall be to an Article or a Section of, or an Exhibit to, this Agreement unless otherwise indicated. Unless otherwise expressly provided in this Agreement to the contrary, any consent, acceptance, approval or authorization of Company which Franchisee may be required to obtain may be given or withheld by Company in its sole discretion, and on any occasion where Company is required or permitted to make any judgment, determination or use its discretion, including any decision as to whether any condition or circumstance meets Standards or satisfaction, Company may do so in its sole subjective judgment and discretion. No provision in this Agreement expressly identifying any particular breach of this Agreement as material shall be construed to imply that any other breach which is not so identified is not material. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all parties. Company and Franchisee intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable.

18.10 **Severability**. Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to Applicable Law. Whenever there is any conflict between any provisions of this Agreement or the Manual(s) and any Applicable Law contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the provisions of this Agreement or the Manual(s) thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of Applicable Law. If any part, article, section, sentence or clause of this Agreement or the Manual(s) shall be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision shall be deemed deleted, and the remaining part of this Agreement or the Manual(s) shall continue in full force and effect.

18.11 **Counterparts**. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including PDF or any electronic signature, e.g., [www.docusign.com](http://www.docusign.com)) or other transmission method, and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

18.12 **Fees and Expenses**. If any party to this Agreement shall bring any arbitration, action or proceeding for any relief against the other, declaratory or otherwise, arising out of this Agreement, the losing party shall pay to the prevailing party a reasonable sum for attorney fees and costs incurred in bringing or defending such arbitration, action or proceeding and/or enforcing any judgment granted therein, all of which shall be deemed to have accrued upon the commencement of such arbitration, action or proceeding and shall be paid whether or not such action or proceeding is prosecuted to final judgment. Any judgment or order entered in such action or proceeding shall contain a specific provision providing for the recovery of attorney fees and costs, separate from the judgment, incurred in enforcing such judgment. The prevailing party shall be determined by the trier of fact based upon an assessment of which party's major arguments or positions taken in the proceedings could fairly be said to have prevailed over the other party's major arguments or positions on major disputed issues. For the purposes of this Section, attorney fees shall include fees incurred in the following: (1) post-judgment motions; (2) contempt proceedings; (3) garnishment, levy, and debtor and third party examinations; (4) discovery; and (5) bankruptcy litigation. This Section is intended to be expressly severable from the other provisions of this Agreement, is intended to survive any judgment and is not to be deemed merged into the judgment.

## **ARTICLE 19**

### **REPRESENTATIONS AND WARRANTIES BY FRANCHISEE**

19.1 **Representations and Warranties**. Franchisee represents and warrants to Company that:

19.1.1 Retaining customers to a Restaurant will require a high level of customer service and strict adherence to the System and Standards.

19.1.2 The Initial Fee and the Continuing Royalty are paid to Company for Franchisee's use of the Marks, System and other intellectual property of Company and its Affiliates and for no other purpose.

19.1.3 Franchisee has capital and net worth that is sufficient to invest in this opportunity, and it will have sufficient funds to meet all of its obligations under this Agreement.

19.1.4 FRANCHISEE ACKNOWLEDGES THAT COMPANY’S DECISIONS TO ENFORCE OR NOT TO ENFORCE COMPLIANCE BY OTHER FRANCHISEES WITH THEIR OBLIGATIONS AND STANDARDS SHALL NOT AFFECT COMPANY’S RIGHT TO ENFORCE SUCH OBLIGATIONS AND STANDARDS AGAINST FRANCHISEE, EVEN UNDER SIMILAR CIRCUMSTANCES. FRANCHISEE IS ALSO AWARE THAT SOME PRESENT OR FUTURE FRANCHISEES MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT AND THAT, CONSEQUENTLY, COMPANY’S AND SUCH FRANCHISEE’S RESPECTIVE OBLIGATIONS AND RIGHTS MAY DIFFER MATERIALLY FROM THE PARTIES’ RIGHTS AND OBLIGATIONS UNDER THIS AGREEMENT.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

**“Company”**

**ANGRY CHICKZ FRANCHISING LLC,  
a California limited liability company**

Date of Execution

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**“Franchisee”**

\_\_\_\_\_  
Date of Execution

\_\_\_\_\_,  
☐ an individual;  
☐ a \_\_\_\_\_ general partnership  
☐ a \_\_\_\_\_ limited partnership  
☐ a \_\_\_\_\_ limited liability company  
☐ a \_\_\_\_\_ corporation

\_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**EXHIBIT A**  
**SEARCH AREA**

[ ] The area outlined on the attached map as the Search Area and described as follows:

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[ ] The area described as follows:

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**PROTECTED AREA**

Check Applicable Box:

[ ] The area outlined on the attached map as the Protected Area and described as follows:

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[ ] The area described as follows:

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\* If the Protected Area is defined by streets, highways, freeways or other roadways, or rivers, streams, or tributaries, then the boundary of the Protected Area shall extend to the center line of each such street, highway, freeway or other roadway, or river, stream, or tributary.

## EXHIBIT B

### Defined Terms

In this Agreement in addition to those terms defined elsewhere, the following capitalized terms shall have the meanings set forth below:

**“Accounting Period”** means the period(s) designated by Company from time to time in writing (upon no less than 30 days prior written notice) as “Accounting Period(s)”. As of the Effective Date, each accounting period is a one calendar week period and is set forth in the Manual(s).

**“Additional Training”** shall have the meaning set forth in Section 6.4.1.

**“Affiliate”** when used in connection with Company or Franchisee, includes each person or Entity which directly, or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with Company or Franchisee, as applicable. Without limiting the foregoing, the term “Affiliate” when used in connection with Franchisee includes any Entity 10% or more of whose Equity or voting control, is held by person(s) or Entities who, jointly or severally, hold 10% or more of the Equity or voting control of Franchisee. For purposes of this definition, control of a person or Entity means the power, direct or indirect, to direct or cause the direction of the management and policies of such person or Entity whether by contract or otherwise. Notwithstanding the above definition, if Company or its Affiliate has any ownership interest in Franchisee, the term “Affiliate” shall not include or refer to Company or that Affiliate (the **“Company Affiliate”**), and no obligation or restriction upon an “Affiliate” of Franchisee, shall bind Company, or Company’s Affiliate or their respective parents or subsidiaries, officers, directors, or managers.

**“Agreement”** means this Franchise Agreement, together with all exhibits and addenda to this Franchise Agreement.

**“Applicable Law”** means applicable common law and all applicable statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority, including, those governing the development, construction and operation of the Franchised Business, including all health and safety, labor, immigration, food and drug laws and regulations, the Americans with Disabilities Act, zoning laws, construction codes, and permit variance, conditional use permit or similar requirements and conditions, all as may be amended, supplemented or enacted from time to time.

**“Assets”** means all of the following personal property and assets owned by Franchisee or in which Franchisee otherwise has any rights, and located at, or used in connection with the Franchised Business: (a) all accounts, licenses, permits, and contract rights, including this Agreement, leasehold interests, all telephone and telecopier numbers, telephone and other directory listings, websites, email addresses, social media and other electronic accounts, profiles and listings associated with the Franchised Business, intellectual property derived from and created in connection with the Franchised Business (to the extent not assigned to Company), general intangibles, receivables, claims of Franchisee, all guaranties and security therefor and all of Franchisee’s right, title and interest in the goods purchased and represented by any of the foregoing; (b) all chattel paper including electronic chattel paper and tangible chattel paper; (c) all



documents and instruments; (d) all letters of credit and letter-of-credit rights and all supporting obligations; (e) all deposit accounts; (f) all investment property and financial assets; (g) all inventory and products thereof and documents therefor; (h) all furniture, fixtures, equipment, leasehold improvements and machinery, wherever located and all documents and general intangibles covering or relating thereto; (i) all books and records pertaining to the foregoing, including computer programs, data, certificates, records, circulation lists, subscriber lists, advertiser lists, supplier lists, customer lists, customer and supplier contracts, sales orders, and purchasing records; (j) all software including computer programs and supporting information; (k) all commercial tort claims; (l) all other personal property of Franchisee of any kind used in connection with the Franchised Business; and (m) all proceeds of the foregoing, including proceeds of insurance policies. The terms used in this definition shall have the meanings given them in the California Uniform Commercial Code if defined in such code.

**“Assignment”** means any assignment, transfer, gift, lien, pledge, mortgage, hypothecation, encumbrance, or grant of a security interest, in whole or in part, voluntarily or involuntarily, by operation of Applicable Law or otherwise, of any interest in this Agreement or any of Franchisee’s rights or privileges under this Agreement, or all or a substantial portion of the Assets, excluding only an equipment lease arrangement or financing arrangement for equipment on an arm’s-length basis. If Franchisee is an Entity, each of the following shall be deemed to be an Assignment: (i) the sale, assignment, transfer, conveyance, gift, lien, pledge, mortgage, hypothecation or other encumbrance of more than 20% in the aggregate, whether in one or more transactions, of the Equity or voting power of Franchisee, by operation of law or otherwise or any other event(s) or transaction(s) which, directly or indirectly, effectively changes control of Franchisee; (ii) the issuance or change of any securities by, or Equity of, Franchisee which itself or in combination with any other transaction(s) results in the Owners, as constituted on the Effective Date or the date of the last Assignment for which Company granted its consent, whichever is later, owning less than 80% of the outstanding Equity or voting power of Franchisee; (iii) if Franchisee is a Partnership, the resignation, removal, withdrawal, death or legal incapacity of a general partner or of any limited partner owning more than 20% of the Partnership Rights of the Partnership, or the admission of any additional general partner, or the transfer by any general partner of any of its Partnership Rights in the Partnership, or any change in the ownership or control of any general partner; (iv) the death or legal incapacity of any Owner owning more than 20% of the Equity or voting power of Franchisee; (v) any merger, stock redemption, conversion, consolidation, reorganization, recapitalization involving, directly or indirectly, Franchisee or any Owner; and/or (vi) transfer of control of Franchisee, however effected.

**“Authorized Products”** means the ingredients, proteins, sides, salads, and beverages and other food items (including ingredients) and other products, which may include specialty foods, packaged foods, books, hats, digital media, electronic media, and other media, apparel, retail items, and gift or loyalty cards, as specified by Company from time to time in the Manual(s), or as otherwise directed by Company in writing, for sale at a Restaurant (or the Franchised Business), all which are purchased, prepared, sold and/or manufactured in strict accordance with Company’s recipes, and Standards, including specifications as to ingredients, brand names, preparation and presentation.

**“Brand Fee”** shall have the meaning set forth in Section 4.3.

**“Brand Fund”** shall have the meaning set forth in Section 4.3.

**“Competitive Activities”** means to, own, operate, lend to, advise, be employed by, or have any financial interest in (i) any restaurant 25% or more of whose gross sales is derived from the sale of boneless breaded chicken, other than a Restaurant operated pursuant to a validly subsisting Franchise Agreement with Company, or (ii) any business that specializes in developing, owning, operating or franchising restaurants 25% or more of whose gross sales is derived from the sale of boneless breaded chicken, or (iii) any business engaged in the preparation, production or sale, at wholesale, of any boneless breaded chicken food products. Notwithstanding the foregoing, “Competitive Activities” shall not include the direct or indirect ownership solely as an investment, of securities of any Entity which are traded on any national securities exchange if applicable owner thereof (i) is not a controlling person of, or a member of a group which controls, such Entity and (ii) does not, directly or indirectly, own 5% or more of any class of securities of such Entity.

**“Confidential Information”** means confidential information, recipes, ingredients, specifications, procedures, policies, concepts, systems, know-how, plans, software, strategies, and methods and techniques of operating the Franchised Restaurant and producing and preparing Authorized Products.

**“Continuing Royalty”** shall have the meaning set forth in Section 4.2.

**“Crisis Management Event”** means any event that occurs at or about the Franchised Business that has or may cause harm or injury to customers or employees, such as criminal conduct, allegations of criminal conduct, food or product tampering /sabotage, natural disasters, data breach, terrorist acts, shootings, or any other circumstance which may injure or impair the System, Marks, or image or reputation of Restaurants or Company or its Affiliates.

**“Default”** or **“default”** means any breach of, or failure to comply with, any of the terms or conditions of an agreement.

**“Dine-In Restaurant”** means a Restaurant that offers and sells menu items for dine-in, carryout and delivery. A Dine-In Restaurant may include a “drive through.”

**“Effective Date”** means the date indicated in the first paragraph of this Agreement.

**“EFT”** shall have the meaning set forth in Section 4.7.

**“Entity”** means any limited liability company, Partnership, trust, association, corporation or other entity which is not an individual.

**“Equity”** means capital stock, membership interests, Partnership Rights, other equity ownership interests of an Entity, or right to receive profits or losses of an Entity.

**“FFE”** means all required and suggested furniture, fixtures, equipment, Information Systems, accessories, menu boards, décor items, signs and other items Company designates as FFE in the Manual(s) that Company requires from time to time for the Franchised Business and the business Franchisee operates under this Agreement.

**“Force Majeure”** means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot, or other civil disturbance; or other similar forces which Franchisee could not by the

exercise of reasonable diligence have avoided; provided however, that neither an act or failure to act by a Governmental Authority, nor general economic conditions; nor the performance, non-performance or exercise of rights under any agreement with Franchisee by any lender, landlord, contractor, or other person shall be an event of Force Majeure, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise an event of Force Majeure. For the avoidance of doubt, the COVID-19 pandemic or Franchisee's financial inability to perform or Franchisee's insolvency shall not be an event of Force Majeure.

**"Franchised Business"** means, as context requires, the Restaurant to be developed, or already developed, in the Protected Area by Franchisee pursuant to this Agreement.

**"Governmental Authority"** means and includes all Federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions and authorities.

**"Gross Sales"** means the gross selling price of all goods and services sold or provided in or from the Franchised Business, including the total of all revenues received or receivable by Franchisee as payment, whether in cash, for credit, redemption of gift cards (or the like), or barter or received as donation, or other means of exchange (and, if for credit or barter, whether or not payment is received therefor), on account of any and all goods, merchandise, services or products sold or provided in or from the Franchised Business or which are promoted or sold under any of the Marks, whether or not Company has authorized such goods or services to be offered and sold, including; (a) delivery and/or catering fees, service charges, and the like (except service charges disclosed as gratuities and actually paid to employees); (b) revenues from sales of any nature or kind whatsoever, derived by Franchisee or by any other person or entity from the Franchised Business; (c) revenues from sales of all products or services at the Franchised Business, whether in compliance or in contravention of this Agreement; and (d) the proceeds of any business interruption insurance, after the satisfaction of any applicable deductible (but assuming the full gross revenues achievable by Franchisee). Notwithstanding the foregoing, "Gross Sales" shall: (i) be calculated before reduction of any amounts (whether fees or expenses) from any third-party order or delivery applications, platforms, marketplaces, or the like, and other persons or vendors that may collect funds from a customer and remit a balance to Franchisee, unless Company specifies otherwise; and (ii) exclude the following: (1) sums representing sales taxes collected directly from customers by Franchisee in the operation of the Franchised Business, and any sales, value added or other tax, excise or duty charged to customers which is levied or assessed against Franchisee by any Federal, state, municipal or local authority, based on sales of specific goods, products, merchandise or services sold or provided at or from the Franchised Business, provided that such taxes are actually transmitted to the appropriate governmental authority; (2) tips or gratuities paid to employees; (3) proceeds from isolated sales of furniture, fixtures and equipment (other than inventory); (4) bona fide refunds paid to customers (subject to any limitations in the Manuals); (5) uncollectible amounts, provided that uncollectible amounts cannot exceed 0.5% of Gross Sales in any fiscal year and subsequent collections of such amounts shall be included in Gross Sales when collected; and (6) and the retail price of any gift certificates and vouchers when sold but not yet redeemed.

**"Heirs"** shall have the meaning set forth in Section 14.3.2.

**"Information"** shall have the meaning set forth in Section 10.1.

**“Information Systems”** means all electronic based hardware, software, middleware, web-based solutions, wireless, mobile, electronic interfaces, cabling, and other electronic devices, including, computer systems, point of sale and cash collection systems, order systems, email systems, data systems, network systems, printer systems, internet systems, mobile applications, telecommunication systems, telephone systems, security systems, digital media systems, video and still digital cameras, power systems, required service and support systems and programs, and other related accessories and peripheral equipment.

**“Initial Training Program”** shall have the meaning set forth in Section 6.1.1.

**“Intranet”** shall mean, as designated by Company, any access network, software application or website portal intended to directly interface with Franchisee in connection with the System and for the operation of the Franchised Business.

**“Local Advertising Expenditure”** shall have the meaning set forth in Section 8.2.

**“Manual(s)”** means Company’s operations and training manual(s), and any other written directive related to the System, as the same may be amended and revised from time to time, including all bulletins, supplements and ancillary and additional manual(s) and written directives established by Company.

**“Marks”** shall have the meaning set forth in Recital B above.

**“Non-Traditional Venue”** means (i) a location, site, venue or location within another primary business or in conjunction with other businesses or at institutional settings, corporate campus complexes, including, toll roads, highway travel plazas, hotels and motels, resorts, amusement parks, casinos and casino adjacent locations, airports, sports arena, stadiums, bus stations, train stations, theme parks, amusement facilities, convention centers, military and other governmental facilities, movie theaters, hospitals and medical centers, concert venues, grocery stores, supermarkets, convenience stores, schools, college and university campus, ships, ports, piers, gyms, offices, expositions, fairs or similar events, or in-plant food service facilities, shopping mall food courts, food halls, and any site for which the lessor, owner or operator thereof shall have indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider; (ii) any location to which the general public does not have unlimited access; (iii) mobile outlets, temporary or seasonal food service facilities; and/or (iv) commercial kitchen facilities (e.g., “ghost kitchens”) that provide order and delivery-only services, which may include the associated online or mobile ordering and delivery services to and from locations in or outside of the Protected Area.

**“Notice of Election”** shall have the meaning set forth in Section 3.3.1.

**“On-Site Training”** shall have the meaning set forth in Section 6.2.

**“Owner”** means any direct or indirect shareholder, member, general or limited partner, trustee, or other equity owner of an Entity, except, that if Company or any Affiliate of Company has any ownership interest in Franchisee, the term “Owner” shall not include or refer to Company or that Company Affiliate or their respective direct and indirect parents and subsidiaries, and no obligation or restriction upon the “Franchisee”, or its Owners shall bind Company, or said Affiliate

or their respective direct and indirect parents and subsidiaries, or their respective officers, directors, or managers.

**“Partnership”** means any general partnership, limited partnership, or limited liability partnership.

**“Partnership Rights”** means voting power, property, profits or losses, or partnership interests of a Partnership.

**“Permits”** means and includes all applicable franchises, licenses, permits, registrations, certificates and other operating authority required by Applicable Law.

**“Premises”** means the premises owned, leased or subleased by Franchisee at the Location, including any ancillary common area(s), parking lot(s), campus(es), building(s) and/or other structures associated with the Premises.

**“Restaurant Leader”** means a person who has satisfactorily completed Company’s Initial Training Program, will thereafter devote full time and best efforts to the operation of the Restaurant and has the authority and responsibility for the day-to-day supervision of the management of the Restaurant.

**“Restricted Persons”** means Franchisee, and each of its Owners and Affiliates, and the respective officers, directors, managers, and Affiliates of each of them, and the Operating Principal and the spouse and family members who live in the same household of each of the foregoing who are individuals, except, that if Company or any Affiliate of Company has any ownership interest in Franchisee, (i) the term “Restricted Person” shall not include or refer to the Company or that Affiliate or their respective direct and indirect parents and subsidiaries, (ii) the term “Restricted Person” shall not include or refer to any manager, officer or director of Franchisee that is designated to be manager, officer or director of Franchisee by the Company or its Affiliates; and (iii) no obligation or restriction upon the “Franchisee”, or its Owners shall bind Company, said Affiliate or their respective direct and indirect parents and subsidiaries or their respective officers, directors, or managers.

**“ROFR”** shall have the meaning set forth in Section 13.3.

**“ROFR Period”** shall have the meaning set forth in Section 13.3.

**“Search Area”** means the geographic area identified or described on Exhibit A under the heading “Search Area.”

**“Site Review Kit”** shall have the meaning set forth in Section 5.1.23.

**“Standards”** means the then-current specifications, standards, policies, procedures, methods of operation, and rules Company prescribes for the development, ownership and operation of Restaurants and the offer and sale of products and services from a Restaurant, as modified by Company from time to time in writing. Standards may be designated by Company as mandatory or suggested. Compliance with “suggested” Standards is not required.

**“Successor Agreement Right”** shall have the meaning set forth in Section 3.2.1.

**“Successor Franchise Agreement”** shall have the meaning set forth in Section 3.2.1.

**“Successor Term”** shall have the meaning set forth in Section 3.2.1.

**“Supplier”** shall have the meaning set forth in Section 9.2.

**“System”** shall have the meaning set forth in Recital C above.

**“Term”** shall have the meaning set forth in Section 3.1.

**“Trainer”** means an Operating Principal or Restaurant Leader that (i) has successfully completed to Company’s satisfaction, Company’s training program and such additional and supplemental training programs as Company may require from time to time, (ii) is certified by Company to train Franchisee’s Restaurant-level employees in meeting, achieving and maintaining the Standards, and (iii) is principally reasonable for ensuring that Franchisee’s employees and independent contractors are so trained and retrained from time to time and are performing to meet, achieve and maintain the Standards.

**“Travel Expenses”** means costs and expenses incurred by or assessed in connection with travel, including airfare, hotel/lodging, local transportation, meals, and, with regard to Company’s employees’, agents’ and/or representatives’ expenses, a per diem charge determined by Company in advance, with respect to other incidental expenses incurred, including laundry and/or telephone expenses.

**“Venue”** means any site or location other than a Non-Traditional Venue.

## EXHIBIT C

### Electronic Funds Transfer

#### Authorization To Honor Charges Drawn By and Payable To Angry Chickz Franchising LLC

Bank Name                      Account No.                      ABA#                      FEIN

\_\_\_\_\_

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, and electronic debits (collectively, "debits") drawn on such account which are payable to the above named Payee. It is agreed that Depository's rights with respect to each such debit shall be the same as it if were a check drawn and signed by the Depositor. It is further agreed that if any such debit is not honored, whether with or without cause and whether intentionally or inadvertently, depository shall be under no liability whatsoever. This authorization shall continue in force until Depository and Payee have received at least thirty (30) days written notification from Depositor of its termination.

The Depositor agrees with respect to any action taken pursuant to the above authorization.

(1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.

(2) To indemnify Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

(3) To defend at Depositor's own cost and expense any action which might be brought by a depositor or any other persons because of any actions taken by the Depository or Payee pursuant to the request and authorization, or in any manner arising by reason of the Depository's or Payee's participation.

Name of Depository: \_\_\_\_\_

Name of Depositor: \_\_\_\_\_

Designated Bank Account: \_\_\_\_\_

(Please attach one voided check for the above account)

Business Number: \_\_\_\_\_

For information call: \_\_\_\_\_

Address: \_\_\_\_\_

Phone #: \_\_\_\_\_ Fax #: \_\_\_\_\_

Name of Franchisee/Depositor (please print)

By: \_\_\_\_\_

Date: \_\_\_\_\_

Signature and Title of Authorized Representative

## EXHIBIT D

### LEASE ADDENDUM Addendum to Lease

THIS ADDENDUM TO LEASE (“**Addendum**”) is made this \_\_\_ day of \_\_\_\_\_, 20\_\_\_ by and between \_\_\_\_\_ (“**Landlord**”) and \_\_\_\_\_ (“**Tenant**”), with reference to the following facts:

A. Angry Chickz Franchising LLC (“**Company**”) and Tenant are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_ (the “**Franchise Agreement**”).

B. Landlord and Tenant desire to enter into a lease (the “**Lease**”) pursuant to which Tenant will occupy the premises located at \_\_\_\_\_ (the “**Premises**”) for a “Angry Chickz” restaurant (the “**Store**”) licensed under the Franchise Agreement.

C. Tenant is required to execute and to cause Landlord to execute this Addendum.

NOW, THEREFORE, the parties agree as follows:

1. Notwithstanding anything to the contrary contained in the Lease:

(a) The Premises shall only be used as a “Angry Chickz” restaurant and be constructed and improved pursuant to the Franchise Agreement including exterior signs displaying Company’s service marks, in accordance with Company’s standards and specifications.

(b) Company or its designee shall have an option, without cost or expense to Company or such designee, to assume the Lease, or execute a substitute lease on the same terms, in the event of termination or expiration (including nonrenewal) of the Franchise Agreement for any reason;

(c) Company or its designee shall have the right (but not the obligation) to succeed to Tenant’s rights under the Lease if Tenant fails to exercise any option to renew, and or extend the term of the Lease,

(d) Upon Tenant’s actual or alleged default under the Lease, the Landlord shall notify Company in writing at least 15 days prior to the date of termination or non-renewal of the Lease and, in the case of a default, Company or its designee shall have the right, but not the obligation, without liability to Tenant, to cure the default and to succeed to Tenant’s rights under said Lease or request that the Landlord terminate the Lease and enter into a substitute Lease with Company on the same terms by giving written notice of such election to Tenant and such Landlord;

(e) Tenant shall have the unrestricted right, without Landlord consent, payment to Landlord or modification of any term of the Lease, during the entire term of the Lease (including any renewal terms) to assign or sublet the Premises to Company, its designee, or any franchisee or licensee approved by Company and who meets Landlord’s reasonable financial suitability requirements;



(f) Except as permitted above, the Lease may not be assigned, subleased, modified or amended without Company's prior written consent and that Company shall be provided with copies of all such assignments, subleases, modifications and amendments;

(g) Landlord must disclose to Company, upon Company's request, all sales and other information furnished to the Landlord by Tenant; and

(h) Upon expiration or termination of the Lease for any reason, Tenant shall, upon Company's demand, remove all of the Marks from the Location and Premises and modify the decor of the Location so that it no longer resembles, in whole or in part, a Store, and otherwise comply with the Franchise Agreement. If Tenant shall fail to do so, Company will be given written notice and the right to enter the Location and Premises to make such alterations, in which event Tenant shall reimburse Company for all direct and indirect costs and expense it may incur in connection therewith, including attorneys' fees.

2. If Company or its designee elects to succeed to Tenant's rights under the Lease, Tenant shall assign to Company or such designee all of its right, title and interest in and to the Lease. Upon such assignment, Landlord shall attorn to Company or such designee as the tenant under the Lease. Tenant shall execute and deliver to Company or such designee such assignment and take such further action as Company or such designee, may deem necessary or advisable to effect such assignment, upon demand, Company or such designee shall be, and hereby is, appointed Tenant's attorney in fact to execute such assignment and/or take further action in Tenant's name and on its behalf. This power of attorney granted by Tenant to Company and such designee is a special power of attorney coupled with an interest and is irrevocable and shall survive the death or disability of Tenant. Any sum expended by Company or such designee to cure Tenant's default of the Lease shall be deemed additional sums due Company and Tenant shall pay such amount to Company upon demand.

3. Nothing in the Lease or this Addendum shall neither create or purport to create any obligations on behalf of Company to Landlord or Tenant. Nothing in the Lease or this Addendum shall grant or purport to grant to Landlord any right to pursue any claim against Company arising out of Tenant's breach or default under the Lease.

4. In the event of any conflict or inconsistency between the Lease and this Addendum, this Addendum shall control.

5. Franchisor is a third party beneficiary of this Addendum.

[Signature page follows.]

IN WITNESS WHEREOF, the parties have executed this Addendum as of the date first set forth above.

**“Landlord”**

**“Tenant”**

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

## EXHIBIT E

### Entity Information

If Franchisee is an Entity, Franchisee represents and warrants that the following information is accurate and complete in all material respects:

(1) Franchisee is a (check as applicable):

- ☐ corporation
- ☐ limited liability company
- ☐ general partnership
- ☐ limited partnership
- ☐ Other (specify): \_\_\_\_\_

Upon request, Franchisee shall provide to Company true and accurate copies of its charter documents including Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution of this Agreement, and any amendments to the foregoing (“**Entity Documents**”). Franchisee promptly shall provide such additional information as Company may from time to time request concerning all persons who may have any direct or indirect financial interest in Franchisee.

(2) The name and address of each of Franchisee’s Owners, members, or general and limited partner:

NAME	HOME ADDRESS	NUMBER OF SHARES / PERCENTAGE INTEREST

There is set forth below the names, and addresses and titles of Franchisee’s principal officers or partners who will be devoting their full time to the Business:

NAME	HOME ADDRESS

**EXHIBIT F**  
**OPENING DATE AND EXPIRATION DATE**

The Franchised Business located at \_\_\_\_\_ first opened for business on \_\_\_\_\_ (“Opening Date”). The Initial Term of the Franchise Agreement for the Franchised Business expires on \_\_\_\_\_, which is the 10<sup>th</sup> anniversary of the Opening Date. Franchisee agrees that Company may insert the dates after the execution of the foregoing Franchise Agreement.

## **Exhibit G**

### **Insurance Requirements**

Franchisee must obtain and maintain the at least following insurance:

- commercial general liability insurance, written on an occurrence basis, extended to include contractual liability, products and completed operations, and personal and advertising injury (with full assault and battery coverage), with a combined bodily injury and property damage limit of at least \$2,000,000 in the aggregate and \$1,000,000 per occurrence;
- statutory workers' compensation insurance and employer's liability insurance for a minimum limit equal to the greater of \$100,000 or the amounts required as underlying by your umbrella carrier, as well as such other disability benefits type insurance as may be required by statute or rule of the state in which the Franchised Business is located;
- commercial umbrella liability insurance with total liability limit of at least \$5,000,000 (with foodborne illness coverage included);
- property insurance providing coverage for direct physical loss or damage to real and personal property (as well as electronic equipment such as point of sales, menu board, and other equipment) for all risk perils, including the perils of flood and earthquake that values property (real and personal) on a new replacement cost basis without deduction for depreciation and the amount of insurance shall not be less than 90% of the full replacement value of the Franchised Business, its furniture, fixtures, equipment, and stock (real and personal property);
- comprehensive automobile liability insurance, including owned, non-owned and hired car coverage providing third party liability insurance, covering all licensed vehicles owned or operated by or on your behalf, with limits of liability not less than \$1,000,000 combined single limit for both bodily injury and property damage;
- data theft and cybersecurity coverage with limits of liability not less than \$1,000,000 combined single limit;
- employment practices liability insurance with limits of liability not less than \$1,000,000 combined single limit;
- director and officer coverage for your executives and board of directors (or equivalent if you are an entity that is not a corporation);
- any other insurance coverage that is required by federal, state, or municipal law; and
- any contractors and subcontractors that you engage must carry the same amount or greater coverage and name the us and you as additional insured parties.

**Exhibit B**

**Area Development Agreement**

**ANGRY CHICKZ  
AREA DEVELOPMENT AGREEMENT**

**BY AND BETWEEN**

**ANGRY CHICKZ FRANCHISING LLC**

**AND**

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**ANGRY CHICKZ FRANCHISING LLC  
AREA DEVELOPMENT AGREEMENT**

THIS **AREA DEVELOPMENT AGREEMENT** (“**Agreement**”) is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, (“**Effective Date**”) by and between **Angry Chickz Franchising LLC**, a California limited liability company (“**Company**”) and \_\_\_\_\_, a(n) \_\_\_\_\_ (“**Developer**”) with reference to the following facts:

A. Company and/or its Affiliates have developed and may continue to develop, and Company has the right to use and sublicense, a system for the operation of restaurants operated under the Marks (as defined below) for the marketing, preparation, service and sale of food and beverages, primarily including boneless, breaded chicken (e.g., “Nashville Hot Chicken”), fries, macaroni and cheese, coleslaw, rice, and other authorized food, beverages, and novelty items and services (each an “**Restaurant**” and “**Restaurants**” having the correlative meaning). Restaurants share a common image, appearance, food style, menu items and methods of operation.

B. Company and its Affiliates have developed and may continue to develop, and Company has the right to use and sublicense, the “Angry Chickz” name, trademark and service mark, and such other trademarks, trade names, service marks, logotypes, insignias, trade dress and designs directed or authorized by Company for use from time to time (the “**Marks**”), trade dress and designs used in connection with the development and operation of Restaurants, each operated in accordance with Company’s prescribed methods and business practices.

C. Company desires to grant development rights to expand and develop Restaurants in the Development Area, and Developer wishes to develop Dine-In Restaurants in the Development Area, upon the terms and conditions as set forth in this Agreement.

**NOW, THEREFORE**, the parties agree as follows:

**ARTICLE 1  
GRANT OF DEVELOPMENT RIGHTS**

1.1 Certain Fundamental Definitions and Applicable Information. In this Agreement, in addition to those terms defined in Appendix 1 and elsewhere in this Agreement, the following capitalized terms, shall have the meanings set forth below, unless the context otherwise requires:

“**Developer Notice Address**” is: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

“**Expiration Date**” is the date the last Restaurant opens under the Development Schedule.

“**Initial Development Fee**” means \$ \_\_\_\_\_.

“**Operating Principal**” means \_\_\_\_\_, or such other individual hereafter designated by Developer, subject to the provisions of this Agreement.

## 1.2 Grant of Development Rights

1.2.1 Upon the terms and subject to the conditions of this Agreement, Company hereby grants to Developer, and Developer hereby accepts, the right and obligation, during the Term (defined below), to develop Dine-In Restaurants at Venues in the geographic area described in Exhibit A, which is attached hereto and by this reference made a part hereof (the “**Development Area**”). An increase or decrease in the size of the cities, counties geographical areas or political subdivisions, if any, included within these boundaries shall have no effect on the Development Area as it is described in Exhibit A. No right or license is granted to Developer hereunder to develop Restaurants at Non-Traditional Venues.

1.2.2 No right or license is granted to Developer hereunder to use any Marks or any other trademarks, trade names, service marks, logotypes, insignias, trade dress or designs owned by Company, such right and license being granted solely pursuant to Franchise Agreements executed pursuant hereto. Without limiting the generality of the foregoing, nothing in this Agreement shall permit Developer to own or operate a Restaurant, except pursuant to duly executed and subsisting Franchise Agreement. Developer shall not use the Marks or any other trademarks, trade names, service marks, logotypes, insignias, trade dress or designs in any manner or for any purpose, including in connection with any offering of securities or any request for credit, without the prior express written approval of Company.

## 1.3 Territorial Rights

1.3.1 During the Term of this Agreement, neither Company nor its Affiliates shall operate or grant a license or franchise to any other person or Entity to operate a Dine-In Restaurant within the Development Area, provided, that Developer is in compliance with the terms of this Agreement.

1.3.2 Company expressly reserves all other rights, including the exclusive, unrestricted right, in its discretion, directly and indirectly, itself and through its employees, Affiliates, representatives, licensees, franchisees, assigns, agents and others:

(a) to develop, own and/or operate and to franchise or license others to own and/or operate (i) Restaurants, the physical location of which are located outside of the Development Area, regardless of proximity to the Development Area, (ii) businesses that provide goods and services within and outside of the Development Area, regardless of proximity to the Development Area under names other than “Angry Chickz,” (iii) Restaurants and other businesses at Non-Traditional Venues within or outside the Development Area, and regardless of their proximity to any Restaurant developed or under development or consideration by Developer; and (iv) businesses operating under names other than under the Marks at any location, and of any type whatsoever, regardless of their proximity to the Development Area and whether or not such businesses use any portion of the System, offer similar products or services or compete with Restaurants.

(b) to offer, sell, provide, produce, license, distribute and market products and services identified by the Marks and/or other trademarks or service marks to any person or Entity, at or through any location or outlet (other than Restaurants, the physical premises of which are located within the Development Area, except for Restaurants located at Non-

Traditional Venues), regardless of proximity to the Development Area, and through any distribution channel, at wholesale or retail, including by means of catering, the internet or internet web site mobile application, online food and beverage ordering, third-party food and beverage delivery services, food trucks or other non-fixed locations, mail order catalogs, direct mail advertising, and other distribution methods, including websites, online retailers, and direct sales through affiliates;

(c) to advertise and promote the System through any means and at any location, including through the internet, mobile applications, or internet web site, temporary or permanent displays of products or services, including those offered or sold through Restaurants, television, radio, billboards, email, text message, social media, print media, direct mail, demonstrations, seminars, and other forms of advertising and promotion;

(d) to develop, acquire, merge with, or otherwise become associated with other concepts (including dual branding and/or franchise systems), whether or not using the System and/or the Marks, and award franchises and/or licenses under other concepts for locations anywhere; and

(e) own, use, license, maintain, and otherwise deal with consumer, vendor, and sales information, including such customer, vendor and sales information from customers purchasing goods or services from Developer.

## **ARTICLE 2**

### **DEVELOPER'S DEVELOPMENT OBLIGATION**

#### **2.1     Development Obligation.**

2.1.1 Within each Development Period specified in Exhibit B, Developer shall construct, equip, open and thereafter continue to operate within the Development Area, not less than the cumulative number of Dine-In Restaurants required by the Development Obligation for that Development Period. Restaurants developed hereunder which are open and operating and which have been assigned to Affiliates of Developer in accordance with Section 7.2.2 with Company's consent, shall count in determining whether Developer has satisfied the Development Obligation for so long as the applicable Affiliate continues to satisfy the conditions set forth in Section 7.2.2.

2.1.2 If, during the Term, Developer ceases to operate any Restaurant developed and opened under this Agreement with Company's prior written consent and for no other reason, Developer must develop a replacement Restaurant (a "**Replacement Restaurant**") in the Development Area to fulfill Developer's obligation to have constructed, equipped, opened and thereafter operate the required number of Restaurant at the expiration of each Development Period. Developer may not, however, cease operating any Restaurant or obtain a Replacement Restaurant without Company's prior written consent. Developer must construct, equip, open and thereafter operate each Replacement Restaurant within 12 months after the date of the closing of the Restaurant that it will replace. During such 12-month period, the Replacement Restaurant shall be considered open and operated for purposes of determining Developer's compliance with the Development Obligation.

## 2.2 Force Majeure

2.2.1 Subject to Developer's continuing compliance with Section 2.2.2, should Developer be unable to meet the Development Obligation for any Development Period solely as the result of Force Majeure or any legal disability of Company to deliver a Franchise Disclosure Document pursuant to Section 6.2, which results in the inability of Developer to construct or operate the Restaurants in all or substantially all of the Development Area, the particular Development Period during which the event of Force Majeure (or Company's legal disability to deliver a Franchise Disclosure Document) occurs shall be extended by an amount of time equal to the time period during which the Force Majeure (or Company's legal disability to deliver a Franchise Disclosure Document) shall have existed during that Development Period. Development Periods during which no such Force Majeure (or legal disability) existed shall not be extended. Other than as a result of Force Majeure or Company's legal disability to deliver a Franchise Disclosure Document, any delay in Company's issuance of acceptance of any site under Article 6, including, as a result of Developer's failure to satisfy the conditions set forth in Section 6.3, shall not extend any Development Period.

2.2.2 In the event of the occurrence of an event which Developer claims to constitute Force Majeure, Developer shall provide written notice to Company within 5 days following commencement of the alleged Force Majeure which notice shall include the words "force majeure" and explicitly describe the specific nature and extent of the Force Majeure, and how it has impacted Developer's performance hereunder. Developer shall continue to provide Company with updates and all information as may be requested by Company, including Developer's progress and diligence in responding to and overcoming the Force Majeure and the cessation of the Force Majeure. If Developer shall fail to notify Company of any alleged Force Majeure within said 5-day period or shall fail to provide updates or notify Company of the cessation of the Force Majeure, Developer shall be deemed to have waived the right to claim such Force Majeure.

2.3 Developer May Exceed The Development Obligation. During the Term, Developer may develop and thereafter construct, equip, open and operate pursuant to individual Franchise Agreements more than the total number of Dine-In Restaurants comprising the total Development Obligation (each an "**Excess Restaurant**") with Company's prior written consent, which consent may be conditioned on among other things, the payment of additional fees (except as provided below) and/or the execution of an amendment to this Agreement.

## ARTICLE 3 DEVELOPMENT AREA

3.1 Company's Right to Develop. If during the Term, Developer is unable or unwilling, or fails for any reason (except due to Force Majeure as provided in Section 2.22), to satisfy the Development Obligation, Developer shall be deemed to be in material default of this Agreement and Company may terminate this Agreement upon notice to Developer. Upon such termination, Company may, but has no obligation to, open and operate, or license others to (or grant others development rights to) open and operate, Restaurants at any site(s) within the Development Area, subject to the terms of the individual Franchise Agreement(s) for each then existing Dine-In Restaurant located in the Development Area.

3.2 Forms of Agreement. Developer acknowledges that, over time, Company has entered, and will continue to enter, into agreements with other developers that may contain provisions, conditions and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that Company and its Affiliates and other Developers may have different rights and obligations does not affect the duties of the parties to this Agreement to comply with the terms of this Agreement.

#### **ARTICLE 4**

#### **TERM OF AREA DEVELOPMENT AGREEMENT**

4.1 Term. The term of this Agreement shall commence on the Effective Date and, unless otherwise negotiated, terminated, or extended as provided herein, shall continue until the Expiration Date (the “**Term**”). At the end of the Term, this Agreement shall be deemed expired.

4.2 Effect of Expiration. Developer shall have no right to renew or extend the Term or have an option to enter into any successor area development agreement. Following the expiration of the Term, or the sooner termination of this Agreement, (a) Developer shall have no further right to construct, equip, own, open or operate additional Restaurants which are not, at the time of such termination or expiration, the subject of a then existing Franchise Agreement between Developer (or an Affiliate of Developer) and Company which is then in full force and effect, and (b) Company or its Affiliates may thereafter itself exercise all of its rights, including the right to construct, equip, open, own or operate, franchise, and license others to (or grant development rights to) construct, equip, open, own or operate Restaurants at any location(s) (within or outside of the Development Area), without any restriction, subject only to any territorial rights granted for any then-existing Restaurants pursuant to a validly subsisting Franchise Agreement executed for such Restaurant.

#### **ARTICLE 5**

#### **PAYMENTS BY DEVELOPER**

5.1 Initial Development Fee. Concurrently with the execution of this Agreement, Developer shall pay to Company, by certified check or wire transfer of immediately available funds, the amount of the Initial Development Fee. The Initial Development Fee represents one-half of the total Initial Franchise Fees payable for all of the Restaurants to be developed under this Agreement (other than the first Restaurant), plus the sum of \$50,000 representing the Initial Franchise Fee payable pursuant to the first Franchise Agreement required to be executed pursuant hereto. Developer acknowledges that the Initial Development Fee is fully earned upon execution of this Agreement, nonrefundable and not contingent on the opening or operation of any Restaurant.

5.2 Initial Franchise Fee. Notwithstanding the terms of the Franchise Agreement executed for each Dine-In Restaurant developed pursuant to this Agreement, Developer shall pay to Company, by certified check or wire transfer of immediately available funds, the then-current initial franchise fee (“**Initial Franchise Fee**”) for each Dine-In Restaurant, which Initial Franchise Fee shall be payable upon execution by Developer of each Franchise Agreement entered into pursuant to this Agreement, provided, however, that Company shall credit such development fee against the Initial Franchise Fees payable under the second and each subsequent Franchise Agreement (at the rate of \$50,000 for the first Franchise Agreement and \$25,000 per Franchise Agreement for the second and subsequent Dine-In Restaurants).

## ARTICLE 6

### SITE SELECTION AND EXECUTION OF INDIVIDUAL FRANCHISE AGREEMENTS

#### 6.1 Site Review

6.1.1 Promptly following the Effective Date, Developer shall promptly locate one or more proposed sites at Venues that meet the Standards. When Developer has located a proposed site for construction of a Dine-In Restaurant, Developer shall submit to Company in a form prescribed by Company such cost information, potential customer information, real estate information, competitor information, demographic and other information regarding the proposed site(s) and neighboring areas as Company shall require, in the form prescribed by Company (“**Site Review Kit**”). Company may seek such additional information as it deems necessary within 30 days of submission of Developer’s Site Review Kit, and Developer shall respond promptly to such request for additional information. If Company shall not deliver written notice to Developer that Company accepts or rejects the proposed site, within 30 days of receipt of Developer’s Site Review Kit, or within 15 days after receipt of such additional requested information, whichever is later, the site shall be deemed rejected. Company acceptance of a proposed site shall not be unreasonably withheld. If the Company accepts the proposed site it shall notify Developer of its acceptance of the site.

6.1.2 Company may impose a fee of \$500 per each Site Review Kit if Developer has submitted more than three Site Review Kits per Dine-In Restaurant to be developed. Company will visit the Development Area for a period not to exceed one full business day for the first proposed Restaurant to be developed hereunder without additional fee or costs. Thereafter, if additional site visits are required by Company or requested by Developer, then subject to the availability of Company’s personnel, site visits will be arranged and Developer will pay a fee of \$500 plus all expenses associated with the additional site visits. Company may elect to conduct one or more site visit electronically by platform(s) selected by Company and Developer will cooperate with Company in doing so.

6.1.3 Although Company may voluntarily (without obligation) assist Developer in locating an acceptable site for a Dine-In Restaurant, neither Company’s said assistance, if any, nor its acceptance of any proposed site, whether initially proposed by Developer or by Company, shall be construed to insure or guarantee the profitable or successful operation of the Restaurant at that site by Developer, and Company hereby expressly disclaims any responsibility therefor. Developer acknowledges its sole responsibility for finding each site for the Dine-In Restaurants it develops pursuant to this Agreement.

#### 6.2 Delivery of Franchise Disclosure Document, Execution of Lease and Franchise Agreement.

6.2.1 Promptly following Developer’s receipt of Company’s acceptance, Developer shall proceed to negotiate a lease or purchase agreement for the site and shall submit to Company a copy of the proposed lease or purchase agreement, as applicable. Following Company’s receipt of the proposed lease or purchase agreement, as applicable, which meets Company’s requirements, Company shall notify Developer of its acceptance or rejection of the proposed lease or purchase agreement, as applicable.

6.2.2 If the accepted location is leased or subleased, (i) the lease shall name Developer as the sole lessee thereunder, and may not be subleased to Developer by any Affiliate of Developer or any of its Owners without Company's express prior written consent; (ii) Developer shall neither create nor purport to create any obligations on behalf of Company, nor grant or purport to grant to the lessor thereunder any rights against Company, nor agree to any other term, condition, or covenant which is inconsistent with any provision of this Agreement; (iii) the lease shall be for a term which is not less than the term of the Franchise Agreement, unless Company shall approve, in writing, a shorter term of the lease; (iv) the lease shall be subject to Company's then-current lease addendum and contain such terms as required by the Standards; (v) Developer shall duly and timely perform all of the terms, conditions, covenants and obligations imposed upon Developer under the lease; and (vi) a fully executed copy of said lease, in the form and on the terms previously accepted by Company, shall be delivered to Company promptly following the execution thereof. The lease shall, unless Company otherwise consents in writing, include an addendum in the form prescribed by Company.

6.2.3 Company's review and acceptance or rejection of the lease or purchase agreement is solely for Company's benefit and is solely an indication that the lease meets Company's minimum Standards and specification at the time of acceptance of the lease (which may be different than the requirements of this Agreement). Company's review and acceptance of the lease shall not be construed to be an endorsement of such lease, confirmation that such lease complies with Applicable Law, or confirmation that the terms of such lease are favorable to Developer, and Company hereby expressly disclaims any responsibility therefore.

6.2.4 Within 30 days after the lease is signed, but no sooner than immediately after any applicable waiting periods prescribed by Applicable Law have passed, Developer shall (i) sign electronically through means approved by Company the Franchise Agreement described in the Franchise Disclosure Document and pay the fees required pursuant to such Franchise Agreement; or (ii) execute the Franchise Agreement described in the Franchise Disclosure Document and return it to Company together with the required fees. If Developer has so executed and returned the copies and Initial Franchise Fee and has satisfied the conditions set forth in Section 6.3, Company shall execute the Franchise Agreement and return a fully executed copy of such Franchise Agreement to Developer.

6.2.5 Developer shall not execute any lease or purchase agreement for any Restaurant, until Company has accepted the proposed site. After Company's acceptance of the site and lease (or purchase agreement, if applicable), and its delivery to Developer of the fully executed Franchise Agreement, Developer shall then procure the site pursuant to the purchase agreement or lease which has been accepted by Company, and shall forward to Company, within ten (10) days after its execution, one copy of the executed lease or, if purchased, the deed evidencing Developer's right to occupy the site. Developer shall then commence construction and operation of the Restaurant pursuant to the terms of the applicable Franchise Agreement. Each Franchise Agreement must be signed and the respective fees paid by no later than 30 days after the lease (or other real estate contract) is signed for the specific Restaurant.

6.3 Condition Precedent to Company's Obligations. It shall be a condition precedent to Company's obligations pursuant to Sections 6.1 and 6.2, and to Developer's right to develop each and every Restaurant, that Company is then offering and selling franchise in the state where the Development Area is located, and Developer shall have satisfied all of the following conditions



precedent prior to Company's acceptance of the proposed Restaurant and the site and lease or purchase agreement therefor, and the Company's execution of the Franchise Agreement therefor:

6.3.1 Developer and its Affiliates that have developed or operate Restaurants in the Development Area, shall have fully performed all of its obligations under this Agreement and all Franchise Agreements and other written agreements between Company and Developer, and must not at any time following Developer's submission of its Site Review Kit, and until Company grants its acceptance of the proposed site, be in default of any of its contractual or other legal obligations to Company or any of its Affiliates, or any approved vendor or supplier, or to any federal, state, county or municipal agency.

6.3.2 Developer shall have demonstrated to Company, in Company's discretion, Developer's financial and other capacity to perform the obligations set forth in the proposed new Franchise Agreement, and Developer's submission of a comprehensive management plan acceptable to, and accepted by Company, which shall include among other reasonable requirements as may be established by Company, an organization chart and supervisory requirements for the proposed Restaurant. In determining if Developer is financially or otherwise capable, Company shall apply the same criteria to Developer as it applies to prospective area developers or multi-unit developers at that time.

6.3.3 Developer and its Affiliates shall continue to operate, in the Development Area, not less than the cumulative number of Restaurants (together with Replacement Restaurants consented to by Company) required by the Development Obligation set forth in Exhibit B to be in operation as of the end of the immediately preceding Development Period.

6.3.4 Developer, and each of its Affiliates who then has a currently effective Franchise Agreement, area development agreement, or multi-unit development agreement with Company, must sign a general release of any claims they may have against Company and its Affiliates, on a form prescribed by Company.

6.3.5 Developer and each of its Affiliates shall be in full compliance with Applicable Law.

6.4 Delegation. Company has the right to delegate the performance of any portion or all of its obligations and duties under this Agreement to its designees, whether affiliates or agents of Company or independent contractors with whom Company has contracted to provide the service.

## **ARTICLE 7 ASSIGNMENT AND SUBFRANCHISING**

7.1 Assignment by Company. This Agreement is fully transferable by Company, in whole or in part, without the consent of Developer and shall inure to the benefit of any transferee or their legal successor to Company's interests in this Agreement; provided, however, that such transferee and successor shall expressly agree to assume Company's obligations under this Agreement. Without limiting the foregoing, Company may (i) assign or delegate any or all of its rights and obligations under this Agreement; (ii) sell its assets, the Marks, or the System outright to a third party; (iii) engage in a public offering of its securities; (iv) engage in a private placement of some or all of its securities; (v) merge, acquire other corporations, or be acquired by another

individual or Entity; or (vi) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring. Company shall be permitted to perform such actions without liability or obligation to Developer who expressly and specifically waives any claims, demands or damages arising from or related to any or all of the above actions (or variations thereof). Company shall have no liability for the performance of any obligations contained in this Agreement after the effective date of a transfer or assignment. In connection with any of the foregoing, at Company's request, Developer shall deliver to Company a statement in writing certifying (a) that this Agreement is unmodified and in full force and effect (or if there have been modifications that the Agreement as modified is in full force and effect and identifying the modifications); (b) that Developer is not in default under any provision of this Agreement, or if in default, describing the nature thereof in detail; and (c) as to such other matters as Company may reasonably request; and Developer agrees that any such statements may be relied upon by Company and any prospective purchaser, assignee or lender of Company.

## 7.2 No Subfranchising by Developer.

7.2.1 Developer shall not offer, sell, or negotiate the sale of franchises to any third party, either in Developer's own name or in the name and/or on behalf of Company, or otherwise subfranchise, subcontract, sublicense, share, divide or partition this Agreement or any Franchise Agreement executed pursuant hereto, and nothing in this Agreement will be construed as granting Developer the right to do so. Developer shall not execute any Franchise Agreement with Company, or construct or equip any Restaurant with a view to offering or assigning such Franchise Agreement or Restaurant to any third party.

7.2.2 Notwithstanding Section 7.2.1, Developer may, with Company's prior written consent, execute and contemporaneously assign a Franchise Agreement executed pursuant hereto to a separate Entity controlled by Developer (each a "**Subsidiary**"); provided and on condition that:

(a) Upon Company's request, Developer has delivered to Company a true, correct and complete copy of the Subsidiary's articles of incorporation or articles of organization, bylaws, operating agreement, partnership agreement, and other organizational documents, and Company has accepted the same;

(b) The Subsidiary's articles of incorporation or articles of organization, bylaws, operating agreement, and partnership agreement, as applicable, shall provide that its activities are confined exclusively to operating Restaurant;

(c) Developer, directly owns and controls not less than 100% of the Equity and voting rights of the Subsidiary;

(d) the Subsidiary is in good standing in its jurisdiction of organization and each other jurisdiction where the conduct of its business or the operation of its properties requires it to be so qualified;

(e) the person designated by Developer as the Operating Principal has exclusive day-to-day operational control over the Subsidiary;

(f) the Subsidiary conducts no business other than the operation of the Restaurant;

(g) the Subsidiary assumes all of the obligations under the Franchise Agreement as franchisee pursuant to written agreement, the form and substance of which shall be acceptable to Company;

(h) each person or Entity comprising Developer, and all present and future Owners of 20% or more (directly or indirectly), in the aggregate, of the Equity or voting rights of any franchisee under any and all Franchise Agreements executed pursuant to this Agreement shall execute a written guaranty in a form prescribed by Company, personally, irrevocably and unconditionally guaranteeing, jointly and severally, with all other guarantors, the full payment and performance of all of the obligations to Company and to Company's Affiliates under this Agreement and each Franchise Agreement executed pursuant hereto (for purposes of determining whether said 10% threshold is satisfied, holdings of spouses, family members who live in the same household, and Affiliates shall be aggregated);

(i) none of the Owners of the Equity of the franchisee under the applicable Franchise Agreement is engaged in Competitive Activities;

(j) at Company's request, Developer shall, and shall cause each of its Affiliates to execute and deliver to Company a general release, on a form prescribed by Company of any and all known and unknown claims against Company and its Affiliates and their officers, directors, agents, shareholders and employees; and

(k) Developer shall reimburse Company for all direct and indirect costs and expense it may incur in connection with the transfer and assignment, including attorney's fees.

7.2.3 In the event that Developer exercises its rights under Section 7.2.2 then, Developer and such Subsidiary shall, in addition to any other covenants contained in the applicable Franchise Agreement, affirmatively covenant to continue to satisfy each of the conditions set forth in Section 7.2.2 throughout the term of such Franchise Agreement.

### 7.3 Assignment by Developer

7.3.1 This Agreement has been entered into by Company in reliance upon and in consideration of the singular personal skill, qualifications and trust and confidence reposed in Developer. Neither Developer nor any Owner shall cause or permit any Assignment unless Developer shall have obtained Company's prior written consent, which consent may be withheld for any reason whatsoever in Company's judgment or for no reason at all, and shall comply with Company's right of first refusal pursuant to Section 7.3.4. Except as provided in Section 7.2.2, Developer acknowledges and agrees that it will not be permitted to make an Assignment of this Agreement or sell, gift, convey, assign or transfer the assets used in any of the Restaurants developed hereunder or any Franchise Agreement executed pursuant to this Agreement except in conjunction with a concurrent Assignment to the same approved assignee of all of the assets used in all of said Restaurants, and all of the Franchise Agreements executed pursuant to this Agreement or at Company's election the execution by the assignee of new Franchise Agreements on Company's Then-current form for each of the Restaurants then developed or under development by Developer, and otherwise in accordance with the terms and conditions of Developer's Franchise

Agreement(s). If Developer is an Entity, Developer shall promptly provide Company with written notice (stating such information as Company may from time to time require) of each and every transfer, assignment, encumbrance, gift and other conveyance, voluntarily or involuntarily, in whole or in part, by operation of Applicable Law or otherwise by any Owner of any direct or indirect Equity or voting rights in Developer, notwithstanding that the same may not constitute an "Assignment" as defined by this Agreement.

7.3.2 Developer shall not, directly, or indirectly, pledge, encumber, hypothecate or otherwise grant any third party a security interest in this Agreement in any manner whatsoever without the prior express written consent of Company. To the extent that the foregoing prohibition may be ineffective under Applicable Law, Developer shall provide not less than 10 days prior written notice (which notice shall contain the name and address of the secured party and the terms of such pledge, encumbrance, hypothecation or security interest) of any pledge, encumbrance, hypothecation or security interest in this Agreement.

7.3.3 Securities, partnership or other ownership interests in Developer may not be offered to the public under the Securities Act of 1933, as amended, nor may they be registered under the Securities Exchange Act of 1934, as amended, or any comparable federal, state or foreign law, rule or regulation. Such interests may be offered by private offering or otherwise only with the prior written consent of Company, which consent shall not be unreasonably withheld. All materials required for any such private offering by federal or state law shall be submitted to Company for a limited review as discussed below prior to being filed with any governmental agency; and any materials to be used in any exempt offering shall be submitted to Company for such review prior to their use. No such offering by Developer shall imply that Company is participating in an underwriting, issuance or offering of securities of Developer or Company, and Company's review of any offering materials shall be limited solely to the subject of the relationship between Franchise and Company and its Affiliates. Company may, at its option, require Developer's offering materials to contain a written statement prescribed by Company concerning the limitations described in the preceding sentence. Developer, its Owners and the other participants in the offering must fully defend and indemnify Company, and its Affiliates, their respective partners and the officers, directors, manager(s) (if a limited liability company), shareholders, members, partners, agents, representatives, independent contractors, servants and employees of each of them, from and against any and all losses, costs and liability in connection with the offering and shall execute any additional documentation required by Company to further evidence this indemnity. For each proposed offering, Developer shall pay to Company a non-refundable fee of \$10,000, which shall be in addition to any transfer fee under any Franchise Agreement or such greater amount as is necessary to reimburse Company for its reasonable costs and expenses associated with reviewing the proposed offering, including without limitation, legal and accounting fees. Developer shall give Company written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Section.

7.3.4 Developer's written request for consent to any Assignment must be accompanied by an offer to Company of a right of first refusal to purchase the interest which is proposed to be transferred, on the same terms and conditions offered by the third party; provided that Company may substitute cash for any non-cash consideration proposed to be given by such third party (in an amount determined by Company reasonably and in good faith as the approximate equivalent value of said non-cash consideration); and provided further that Developer shall make representations and warranties to Company customary for transactions of the type proposed (the

“**ROFR**”). If Company elects to exercise the ROFR, Company or its nominee, as applicable, shall send written notice of such election to Developer within 60 days of receipt of Developer’s request. If Company accepts such offer, the closing of the transaction shall occur within 60 days following the date of Company’s acceptance. Any material change in the terms of an offer prior to closing or the failure to close the transaction within 60 days following the written notice provided by Developer (the “**ROFR Period**”) shall cause it to be deemed a new offer, subject to the same right of first refusal by Company, or its third-party designee, as in the case of the initial offer. Company’s failure to exercise such right of first refusal shall not constitute consent to the transfer or a waiver of any other provision of this Agreement, including any of the requirements of this Article with respect to the proposed transfer.

## **ARTICLE 8**

### **CONFIDENTIALITY; NON-COMPETITION**

#### **8.1     Confidentiality**

8.1.1 Restricted Persons may have access to proprietary and Confidential Information, including the Standards, procedures, concepts and methods and techniques of developing and operating a Restaurant. Company may disclose certain of its Confidential Information to Restricted Persons in the operations manuals(s), bulletins, supplements, confidential correspondence, or other communications, and through Company's training program and other guidance and management assistance. No Restricted Person shall acquire any interest in the Confidential Information other than the right to use it in developing a Restaurant. A Restricted Person’s duplication or use of the Confidential Information in any other endeavor or business shall constitute an unfair method of competition. Each Restricted Person shall: (i) not use the Confidential Information in any business or other endeavor other than in connection with the development of Restaurants; (ii) refrain from disclosing the Confidential Information and maintain the absolute confidentiality of the Confidential Information during and after the Term; and (iii) make no unauthorized copy of any portion of the Confidential Information, including the operations manual(s), bulletins, supplements, confidential correspondence, or other confidential communications, whether written or oral. Developer shall implement reasonable procedures prevent unauthorized use and disclosure of the Confidential Information. If Developer has any reason to believe that any employee or Restricted Person has improperly used or disclosed the Confidential Information, Developer shall promptly notify Company and shall cooperate with Company to protect Company against infringement or other unlawful use, including, the prosecution of any lawsuits if, in the judgment of Company, such action is necessary or advisable.

8.1.2 Developer shall obtain covenants similar to those in Sections 8.1 and 8.2 from Restricted Persons, and such other personnel, as Company may specify. Company may require that Company be an express third-party beneficiary with the right to enforce such agreements. Promptly upon Company's request, Developer shall deliver executed copies of such agreements to Company.

8.2     Non-Competition. Developer acknowledges that the System is distinctive and has been developed by Company and/or its Affiliates at great effort, time, and expense, and that Developer has regular and continuing access to valuable and confidential information, training, and Confidential Information regarding the System. Developer therefore agrees as follows:

8.2.1 During the Term, no Restricted Person shall in any capacity, either directly or indirectly, through one or more Affiliates or otherwise, engage in any Competitive Activities at any location, whether within or outside the Development Area.

8.2.2 To the extent permitted by Applicable Law, upon (i) the expiration or termination of this Agreement, (ii) the occurrence of any Assignment, or (iii) the cessation of any Restricted Person's relationship with Developer, each person who was a Restricted Person before such event shall not for a period of 24 months thereafter, either directly or indirectly, own, operate, advise, be employed by, or have any financial interest in any business engaged in Competitive Activities within the Development Area or within 10 miles of any then-existing Restaurant. In the event of the violation of this provision by Developer following termination or expiration of this Agreement, the period of time Developer shall be required to abide by this obligation shall be extended to a period ending 24 months after Developer is no longer in default of this obligation.

8.3 Certain Developments. All ideas, concepts, techniques, or materials relating to a Restaurant ("**Developments**"), whether or not protectable intellectual property and whether created by or for Developer or its Owners, employees or contractors, must be promptly disclosed to Company and will be deemed to be Company's sole and exclusive property. Developer assigns ownership of that item, and all related rights to that item, to Company. The Company will sign and cause its Owners, employees and contractors to sign whatever assignment or other documents Company requests to evidence Company's ownership and to help Company obtain intellectual property rights in the item. Developer may not use any Developments in operating a Restaurant or otherwise without Company's prior written approval. Developer waives all moral rights in the Developments and will cause all of its Owners, employees and contractors to waive all moral rights in the Developments.

8.4 Press Releases. Unless required by Applicable Law, no public communication, press release or announcement regarding this Agreement, the transactions contemplated hereby shall be made by Developer without the prior written consent of Company.

8.5 Enforcement. The parties hereby expressly agree that if the scope or enforceability of Article 8 (or any section thereof) is disputed at any time by Developer, a court or arbitrator, as the case may be, may modify either or both of such provisions to the extent that it deems necessary to make such provision(s) enforceable under Applicable Law. In addition, Company reserves the right to reduce the scope of either, or both, of said provisions without Developer's consent, at any time or times, effective immediately upon notice to Developer. In view of the importance of the Marks and the Confidential Information and the incalculable and irreparable harm that would result to the parties in the event of a default of the covenants and agreements set forth in this Agreement, the parties agree that each party shall have the right to obtain specific performance, temporary restraining orders and temporary or preliminary injunctive relief from a proper court in the place where Developer has its principal office court of competent jurisdiction to enforce the covenants and agreements in this Article 8, in addition to any other relief to which such party may be entitled at law or in equity. Each party submits to the jurisdiction of the court in the place where the Developer has its principal office for these purposes. Developer agrees that Company may have temporary or preliminary injunctive relief without bond, but upon due notice, and Developer's sole remedy in the event of the entry of such injunctive relief will be the dissolution of the injunctive relief, if warranted, upon hearing duly had (all claims for damages by reason of the wrongful issuance of any injunction being expressly waived).

## ARTICLE 9 TERMINATION

### 9.1 Termination By Company Pursuant to a Default of this Agreement

9.1.1 Subject to Applicable Law to the contrary, this Agreement may be terminated by Company in the event of any Default by Developer of this Agreement, unless such Default is cured by Developer within 5 days following written notice of the Default (in the case of a failure to pay money), or 60 days following written notice of the Default (in the case of any other Default); provided that in the case of a Default by Developer (or its Affiliate) under any Franchise Agreement or other written agreement, the notice and cure provisions of the Franchise Agreement or other agreement shall control, and provided, further, however, that any Default described in Sections 9.1.2(a), (b) or (e) below shall be deemed incurable.

9.1.2 The term “Default”, as used herein, includes the following:

(a) Any Assignment or attempted Assignment in violation of the terms of Section 7.2 or 7.3, or without the written consents required pursuant to this Agreement; provided, however, (i) upon prompt written request to Company following the death or legal incapacity of a Developer who is an individual, Company shall allow a period of up to 60 days after such death or legal incapacity for his or her heirs, personal representatives, or conservators (the “**Heirs**”) to seek and obtain Company’s consent to the Assignment his or her rights and interests in this Agreement to the Heirs or to another person acceptable to Company; or (ii) upon prompt written request to Company following the death or legal incapacity of an Owner of a Developer which is an Entity, directly or indirectly, owning more than 20% or more of the Equity or voting power of Developer, Company shall allow a period of up to 60 days after such death or legal incapacity for his or her Heir(s) to seek and obtain Company’s consent to the Assignment of such Equity and voting power to the Heir(s) or to another person or persons acceptable to Company. If, within said 60-day period, said Heir(s) fail to receive Company’s consent as aforesaid or to effect such consented to Assignment, then this Agreement shall immediately terminate at Company’s election.

(b) Subject to Section 2.2, failure of Developer to satisfy the Development Obligation within the Development Periods set forth herein.

(c) Failure of Developer (or any Affiliate of Developer) to pay any Initial Franchise Fee in a timely manner as required by this Agreement or any Franchise Agreement signed by Developer.

(d) Developer’s opening of any Restaurant in the Development Area except in strict accordance with the procedures set forth in Sections 6.1 through 6.3.

(e) Failure of Developer to fully comply with the requirements of Article 8.

(f) Any default of any other agreement between Developer (or any Affiliate of Developer) and Company (or any Affiliate of Company), including any Franchise Agreement executed pursuant hereto.

## ARTICLE 10 ADDITIONAL COVENANTS OF DEVELOPER

10.1 Entity Developer Information. If Developer is an Entity, Developer represents and warrants that the information set forth in Exhibit C which is annexed hereto and by this reference made a part hereof, is accurate and complete in all material respects. Developer shall notify Company in writing within 10 days of any change in the information set forth in Exhibit C, and shall submit to Company a revised Exhibit C, which shall be certified by Developer as true, correct and complete and upon acceptance thereof by Company shall be annexed to this Agreement as Exhibit C. Developer promptly shall provide such additional information as Company may from time-to-time request concerning all persons who may have any direct or indirect financial interest in Developer, including providing copies of all amendments to Developer's "**Entity Documents**" as defined in Exhibit C. Developer shall conduct no business other than the business contemplated hereunder and under any currently effective Franchise Agreement between Company and Developer. The Entity Documents of Developer shall recite that the issuance and transfer of any interest therein is subject to the restrictions set forth in the Agreement and any Franchise Agreement executed pursuant thereto.

### 10.2 Operating Principal; Restaurant Leader.

10.2.1 Developer shall at all times throughout the Term and the term of each Franchise Agreement executed pursuant hereto after such date retain and employ an Operating Principal. The Operating Principal shall (i) be vested with the authority and responsibility for the day-to-day operations of all Restaurants owned or operated by Developer and its Subsidiaries within the Development Area and (ii) be principally responsible for communicating and coordinating with Company regarding business, operational and other ongoing matters concerning this Agreement and the Restaurants developed pursuant hereto. The Operating Principal shall, during the entire period he/she serves as such, meet the following qualifications: (a) shall devote full working-time and best efforts solely to operation of all Restaurants owned or operated by Developer and its Subsidiaries in the Development Area and to no other business activities; and (b) shall have successfully passed to Company's satisfaction, Company's initial training program, such additional and supplemental training programs as Company may require from time to time, and shall be certified as a Trainer. Company may charge Developer a fee for training the Trainer. The Operating Principal shall have the full authority to act on behalf of Developer in regard to performing, administering or amending this Agreement and all Franchise Agreements executed pursuant hereto. Company may, but is not required to, deal exclusively with the Operating Principal in such regards unless and until Company's actual receipt of written notice from Developer of the appointment of a successor Operating Principal.

10.2.2 For each group of 4 Restaurants that Developer and its Subsidiaries operate in the Development Area, Developer shall all times throughout the period that Developer and its Subsidiaries operate such group of Restaurants, Developer shall employ and retain a Restaurant Leader.

10.2.3 After Company has performed its initial training obligations for the first 2 Restaurants developed and opened hereunder, the Trainer shall be responsible for training all of Developer's employees and independent contractors in meeting, achieving and maintaining the Standards.



10.2.4 Each Restaurant must be operated and supervised only by persons that have successfully completed the training as specified by Company and/or who have been trained by Developer's certified trainer.

## **ARTICLE 11 DISPUTE RESOLUTION**

### **11.1 Arbitration.**

11.1.1 All controversies, disputes or claims between Company (and its Affiliates and its and their respective owners, officers, directors, managers, agents and employees, as applicable) and Developer (and Developer's Affiliates and its and their respective owners, officers, directors, managers, agents and employees, as applicable) arising out of or related to:

- (a) this Agreement or any other agreement between Company and Developer or any provision of any of such agreements (including this ARTICLE 11);
- (b) Company's relationship with Developer;
- (c) the arbitrability of any controversies, disputes or claims;
- (d) the scope and validity of this Agreement or any other agreement between Developer and Company or any provision of any of such agreements (including the scope and validity of the arbitration obligations under this Section 11.1, which Developer and Company acknowledge is to be determined by an arbitrator and not a court); or
- (e) any of the Standards

will be submitted for arbitration to JAMS (formerly Judicial Arbitration and Mediation Service). Except as otherwise provided in this Agreement, such arbitration proceedings shall be heard by one (1) arbitrator in accordance with the then existing JAMS Comprehensive Arbitration Rules and Procedures (with the Expedited Arbitration Procedures to limit discovery burdens). Arbitration proceedings shall be held at a suitable location to be chosen by the arbitrator which is within twenty-five (25) miles of Company's principal business address at the time that the arbitration action is filed. The arbitrator has no authority to establish a different hearing locale. All matters within the scope of the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.) will be governed by it and not by any state arbitration law.

11.1.2 The arbitrator shall have the right to award or include in his or her award any relief which he or she deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorneys' fees and costs, provided that: (1) the arbitrator shall not have authority to declare any of the Proprietary Marks generic or otherwise invalid; and (2) except for punitive, exemplary and other forms of multiple damages available to any party under federal law or owed to third parties which are subject to indemnification under this Agreement, Company and Developer waive to the fullest extent permitted by law any right to or claim for any punitive, exemplary or other forms of multiple damages against the other and agree that, in the event of a dispute between Company and Developer, the party making a claim will be limited to equitable relief and to recovery of any actual

damages it sustains. The award and decision of the arbitrator shall be conclusive and binding upon all parties hereto and judgment upon the award may be entered in any court of competent jurisdiction.

11.1.3 Company and Developer agree to be bound by the provisions of any limitation on the period of time by which claims must be brought under this Agreement or Applicable Law, whichever expires first. Company and Developer further agree that, in connection with any such arbitration proceeding, each shall submit or file any claim which would constitute a compulsory counterclaim (as defined by the then current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding shall be barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Company or Developer. Company reserves the right, but has no obligation, to advance Developer's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished our right to seek the recovery of those costs in accordance with this Section 11.1.

11.1.4 Company and Developer agree that arbitration shall be conducted on an individual, not a class-wide, basis, that only Company (and its Affiliates and Company and its respective owners, officers, directors, managers, agents and employees, as applicable) and Developer (and its Affiliates and Developer and its respective owners, officers, directors, managers, agents and employees, as applicable) may be the parties to any arbitration proceeding described in this Section, and that no such arbitration proceeding shall be consolidated with any other arbitration proceeding involving us and/or any other Entity. Notwithstanding the foregoing or anything to the contrary in this Section, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section, then Company and Developer agree that this arbitration clause shall not apply to that dispute and that such dispute will be resolved in a judicial proceeding in accordance with this ARTICLE 11.

11.1.5 The provisions of this Section are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

11.1.6 Notwithstanding anything to the contrary contained in this Section, Company and Developer have the right to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction.

11.2 Waiver of Punitive Damages and Jury Trial. EXCEPT FOR PUNITIVE, EXEMPLARY AND OTHER FORMS OF MULTIPLE DAMAGES AVAILABLE TO ANY PARTY UNDER FEDERAL LAW OR OWED TO THIRD PARTIES WHICH ARE SUBJECT TO INDEMNIFICATION UNDER THIS AGREEMENT, COMPANY AND DEVELOPER (AND DEVELOPER'S OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY OR OTHER FORMS OF MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS. EXCEPT AS SET FORTH IN SECTION 11.2, TO THE EXTENT PERMITTED

BY APPLICABLE LAW THE PARTIES: (1) HEREBY WAIVE THEIR RIGHT TO JURY TRIAL WITH RESPECT TO ALL CLAIMS AND ISSUES ARISING UNDER, IN CONNECTION WITH, TOUCHING UPON OR RELATING TO THIS AGREEMENT, INCLUDING ANY BREACH AND/OR THE SCOPE OF THE PROVISIONS OF THIS SECTION 11.2, WHETHER SOUNDING IN CONTRACT OR TORT, AND INCLUDING ANY CLAIM FOR FRAUDULENT INDUCEMENT, AND (2) AGREE THAT LOS ANGELES, CALIFORNIA SHALL BE THE VENUE FOR ANY LITIGATION ARISING UNDER THIS AGREEMENT. THE PARTIES ACKNOWLEDGE THAT THEY HAVE REVIEWED THIS SECTION AND HAVE HAD THE OPPORTUNITY TO SEEK INDEPENDENT LEGAL ADVICE AS TO ITS MEANING AND EFFECT.

\_\_\_\_\_  
DEVELOPER  
INITIALS

\_\_\_\_\_  
COMPANY  
INITIALS

11.3 Time for Bringing Claims. Any and all claims and actions arising out of or relating to this Agreement, the relationship of Company and Developer, or Developer's operation of the Restaurants, must be brought or asserted before the expiration of the earlier of (a) the time period for bringing an action under any applicable state or federal statute of limitations; (b) one (1) year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; or (c) two (2) years after the first act or omission giving rise to an alleged claim. If such as claim or action is not brought or asserted before the expiration of the earliest time period set forth in the foregoing sentence, it is expressly acknowledged and agreed by all parties that such claim(s) or action(s) shall be irrevocably barred; provided, however, that claims of Company attributable to Developer's underreporting of sales, and claims of the parties for failure to pay monies owed and/or indemnification shall be subject to only the applicable state or federal statute of limitations.

## **ARTICLE 12 GENERAL CONDITIONS AND PROVISIONS**

12.1 Relationship of Developer to Company. It is expressly agreed that the parties intend by this Agreement to establish between Company and Developer the relationship of licensor and area developer. It is further agreed that Developer has no authority to create or assume in Company's name or on behalf of Company, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Company for any purpose whatsoever. Neither Company nor Developer is the employer, employee, agent, partner or co-venturer of or with the other, each being independent. Developer agrees that it will not hold itself out as the agent, employee, partner or co-venturer of Company. All employees hired by or working for Developer shall be the employees of Developer and shall not, for any purpose, be deemed employees of Company or subject to Company control. Each of the parties agrees to 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.

12.2 Indemnity by Developer. Developer hereby agrees to protect, defend and indemnify Company, and all of its past, present and future Owners, Affiliates, officers, directors, employees, attorneys and designees and hold them harmless from and against any and all costs

and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person, individual or Entity or to any property arising out of or in connection with Developer's construction, development and/or operation of Restaurants pursuant hereto, except to the extent caused by intentional acts of the Company in breach of this Agreement. The terms of this Section 12.2 shall survive the termination, expiration or cancellation of this Agreement.

12.3 No Consequential Damages For Legal Incapacity. Company shall not be liable to Developer for any consequential damages, including lost profits, interest expense, increased construction or occupancy costs, or other costs and expenses incurred by Developer by reason of any delay in the delivery of Company's Franchise Disclosure Document caused by legal incapacity during the Term, or other conduct not due to the gross negligence or intentional misfeasance of Company.

12.4 Waiver and Delay. No waiver by Company of any Default or Defaults, or series of Defaults in performance by Developer, and no failure, refusal or neglect of Company to exercise any right, power or option given to it hereunder or under any Franchise Agreement or other agreement between Company and Developer, whether entered into before, after or contemporaneously with the execution hereof (and whether or not related to the Restaurants), or to insist upon strict compliance with or performance of Developer's (or its Affiliates) obligations under this Agreement or any Franchise Agreement or other agreement between Company and Developer (or its Affiliates), whether entered into before, after or contemporaneously with the execution hereof (and whether or not related to the Restaurants), shall constitute a waiver of the provisions of this Agreement with respect to any continuing or subsequent Default or a waiver by Company of its right at any time thereafter to require exact and strict compliance with the provisions thereof. Company will consider written requests by Developer for Company's consent to a waiver of any obligation imposed by this Agreement. Developer agrees, however, that Company is not required to act uniformly with respect to waivers, requests and consents as each request will be considered on a case-by-case basis, and nothing shall be construed to require Company to grant any such request. Any waiver granted by Company shall be without prejudice to any other rights Company may have, will be subject to continuing review by Company, and may be revoked, in Company's discretion, at any time and for any reason. Company makes no warranties or guarantees upon which Developer may rely and assumes no liability or obligation to Developer by providing any waiver, approval, acceptance, consent, assistance, or suggestion to Developer in connection with this Agreement, or by reason of any neglect, delay, or denial of any request.

12.5 Survival of Covenants. The covenants contained in this Agreement which, by their nature or terms, require performance by the parties after the expiration or termination of this Agreement shall be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

12.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Company and shall be binding upon and inure to the benefit of Developer and his or their respective, heirs, executors, administrators, and its successors and assigns, subject to the prohibitions and restrictions against Assignment contained herein. This Agreement is for the benefit of the parties only, and except as expressly provided in this

Agreement, is not intended to and shall not confer any rights or benefits upon any person who is not a party to this Agreement.

12.7 Joint and Several Liability. If Developer consists of more than one person or Entity, or a combination thereof, the obligations and liabilities of each of such person or Entity to Company are joint and several, and such person(s) or Entities shall be deemed to be general partnership.

12.8 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California (without giving effect to any conflict of laws), except that (a) the provisions of Sections 8.2 (and to the extent applicable, Section 8.5) shall be governed in accordance with the laws of the State where the Default of said section occurs, and (b) any state law relating to (1) the offer and sale of franchises, (2) franchise relationships, or (3) business opportunities, will not apply unless the applicable jurisdictional requirements are met independently without reference to this paragraph.

12.9 Entire Agreement; Amendment. This Agreement and the Exhibits incorporated herein contain all of the terms and conditions agreed upon by the parties hereto concerning the subject matter of this Agreement. No other agreements concerning the subject matter of this Agreement, written or oral, shall be deemed to exist or to bind any of the parties to this Agreement and all prior agreements, understandings and representations, are merged herein and superseded hereby. Developer represents that there are no contemporaneous agreements or understandings between the parties relating to the subject matter of this Agreement that are not contained herein. No officer or employee or agent of Company has any authority to make any representation or promise not included in this Agreement or any Franchise Disclosure Document for prospective franchisees required by Applicable Law, and Developer agrees that it has executed this Agreement without reliance upon any such representation or promise. This Agreement cannot be amended, modified or changed except by written instrument signed by all of the parties hereto. Developer acknowledges that no oral or written statements, promises regarding this Agreement or the parties relationship, whether consistent or inconsistent with the terms of this Agreement, have been made to Developer except as set forth in the Franchise Disclosure Document provided to Developer, and that Developer is not relying on any statement or representation other than those in this Agreement and in such Franchise Disclosure Document. Developer agrees that it will not attempt to introduce any evidence of such statements in court or any other proceeding to challenge the terms of this Agreement or the validity of the Agreement as a whole, whether such challenge is based on fraud, tort, breach of contract or otherwise. If there is any conflict between the rights and obligations of the parties set forth in this Agreement and the rights and obligations of the parties described in the Franchise Disclosure Document provided to Developer, this Agreement shall control. Nothing in this Agreement, including all schedules attached hereto, and all agreements or documents which by the provisions of this Agreement are expressly incorporated herein or made a part hereof is intended to disclaim the representations Company made in any required franchise disclosure document received by Developer. Developer has read all of the terms of this Agreement, including, the preceding paragraph: \_\_\_\_\_ [Developer initial]

12.10 Titles for Convenience. Article and paragraph titles used in this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

12.11 Construction. Time is of the essence hereunder. The terms of all Exhibits hereto are hereby incorporated into and made a part of this Agreement as if the same had been set forth in full herein. All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any article or Section hereof may require. When a reference is made in this Agreement to an Article, Section or Exhibit, such reference shall be to an Article, Section or Exhibit to this Agreement, unless otherwise indicated. As used in this Agreement, the words “include,” “includes” or “including” are used in a non-exclusive sense. Unless otherwise expressly provided herein to the contrary, any consent, approval, acceptance or authorization of Company which Developer may be required to obtain hereunder may be given or withheld by Company in its sole discretion, and on any occasion where Company is required or permitted hereunder to make any judgment, determination or use its discretion, including any decision as to whether any condition or circumstance meets Company’s Standards or satisfaction, Company may do so in its sole subjective judgment and discretion. No provision herein expressly identifying any particular breach of this Agreement as material shall be construed to imply that any other breach which is not so identified is not material. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against the drafter hereof, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all parties hereto. Company and Developer intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable. Developer acknowledges and agrees that Company may modify the offer of its agreement to other area developers and franchisees in any manner and at any time, which offers have or may have terms, conditions and obligations which may differ from the terms, conditions, and obligations in this Agreement. Developer further acknowledges and agrees that Company has made no warranty or representation that area development agreements or franchise agreements previously issued or issued after this Agreement by Company do or will contain terms substantially similar to those contained in this Agreement. Company may, its sole and absolute discretion, and for any reason or no reason, waive or modify comparable provisions of other Agreements previously executed or executed after the date of this Agreement with other area developers and franchisees in a non-uniform manner.

12.12 Severability, Modification. Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to Applicable Law. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the provisions of this Agreement thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law. In the event that any part, article, paragraph, sentence or clause of this Agreement shall be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision shall be deemed deleted, and the remaining part of this Agreement shall continue in full force and effect.

12.13 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including PDF or any electronic signature, e.g., [www.docusign.com](http://www.docusign.com)) or other transmission

method, and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

12.14 Fees and Expenses. If any party to this Agreement shall bring any arbitration, action or proceeding for any relief against the other, declaratory or otherwise, arising out of this Agreement, the losing party shall pay to the prevailing party a reasonable sum for attorney fees and costs incurred in bringing or defending such arbitration, action or proceeding and/or enforcing any judgment granted therein, all of which shall be deemed to have accrued upon the commencement of such arbitration, action or proceeding and shall be paid whether or not such action or proceedings is prosecuted to final judgment. Any judgment or order entered in such action or proceeding shall contain a specific provision providing for the recovery of attorney fees and costs, separate from the judgment, incurred in enforcing such judgment. The prevailing party shall be determined by the trier of fact based upon an assessment of which party's major arguments or positions on major disputed issues. For the purposes of this Section, attorney fees shall include fees incurred in the following: (1) post-judgment motions; (2) contempt proceedings; (3) garnishment, levy, debtor and third-party examinations; (4) discovery; and (5) bankruptcy litigation. This Section is intended to be expressly severable from the other provisions of this Agreement, is intended to survive any judgment and is not to be deemed merged into the judgment.

12.15 Venue for Disputes. The state and federal courts in the principal city closest to the Company's then-current headquarters shall be the venue for any litigation arising under this Agreement. The parties acknowledge that they have reviewed this section and have had the opportunity to seek independent legal advice as to its meaning and effect.

12.16 Notices. Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties pursuant hereto shall be deemed so delivered at the time delivered by hand; one business day after transmission via electronic system expressly approved in the manuals as appropriate for delivery of notices hereunder (with confirmation copy sent by regular U.S. mail), or 3 business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed as follows:

If to Company:            Angry Chickz Franchising LLC  
                                 15301 Ventura Boulevard  
                                 Building B Suite 250  
                                 Sherman Oaks, California 91403  
                                 Attn.: Legal Department

If to Developer:        \_\_\_\_\_  
                                 \_\_\_\_\_  
                                 \_\_\_\_\_  
                                 \_\_\_\_\_

or to such other address as such party may designate by 10 days' advance written notice to the other party.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the first date set forth above.

**“Developer”**

\_\_\_\_\_  
a \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**“Company”**

Angry Chickz Franchising LLC,  
a California limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ACCEPTED on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.



**Exhibit A**

**DEVELOPMENT AREA**

The Development Area\* is defined as the territory within the boundaries described below:

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\* If the Development Area is defined by streets, highways, freeways or other roadways, or rivers, streams, or tributaries, then the boundary of the Development Area shall extend to the center line of each such street, highway, freeway or other roadway, or river, stream, or tributary.

**EXHIBIT B**

**DEVELOPMENT OBLIGATION**

	<b>DEVELOPMENT PERIOD ENDING</b>	<b>CUMULATIVE NO. OF DINE-IN RESTAURANTS TO BE IN OPERATION</b>
1	_____	_____
2	_____	_____
3	_____	_____
4	_____	_____
5	_____	_____

## EXHIBIT C

### Entity Information

Developer represents and warrants that the following information is accurate and complete in all material respects:

(i) Developer is a (check as applicable):

☐ corporation

☐ limited liability company

☐ general partnership

☐ limited partnership

☐ Other (specify): \_\_\_\_\_

(ii) Upon request, Developer shall provide to Company true and accurate copies of Developers entity documents including Articles of Incorporation, Bylaws, Operating Agreement, Regulations Partnership Agreement, resolutions authorizing the execution hereof, and any amendments to the foregoing (“**Entity Documents**”). Developer shall promptly provide such additional information as Company may from time to time request concerning all persons who may have any direct or indirect financial interest in Developer.

(iii) The name and address of each of Developer’s owners, members, or general and limited partner:

NAME	HOME ADDRESS	NUMBER OF SHARES OR PERCENTAGE OF INTEREST

(iv) There is set forth below the names, and addresses and titles of Developer’s principal officers or partners who will be devoting their full time to the Restaurants:

NAME	HOME ADDRESS

## **APPENDIX 1 DEFINED TERMS**

**“Affiliate”** when used herein in connection with Company or Developer, includes each person or Entity which directly, or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with Company or Developer, as applicable. Without limiting the foregoing, the term “Affiliate” when used herein in connection with Developer includes any Entity 10% or more of whose Equity or voting control, is held by person(s) or Entities who, jointly or severally, hold 10% or more of the Equity or voting control of Developer. For purposes of this definition, control of a person or Entity means the power, direct or indirect, to direct or cause the direction of the management and policies of such person or Entity whether by contract or otherwise. Notwithstanding the foregoing definition, if Company or its Affiliate has any ownership interest in Developer, the term “Affiliate” shall not include or refer to the Company or that Affiliate (the **“Company Affiliate”**), and no obligation or restriction upon an “Affiliate” of Developer, shall bind Company, or said Company Affiliate or their respective direct/indirect parents or subsidiaries, or their respective officers, directors, or managers.

**“Applicable Law”** means and includes applicable common law and all applicable statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority, including all laws governing the development, construction and operation of a Restaurant, all labor, immigration, disability, privacy, food and drug laws and regulations, as in effect on the Effective Date hereof, and as may be amended, supplemented or enacted from time to time.

**“Assignment”** shall means any assignment, sale, transfer, gift, lien, pledge, mortgage, hypothecation, conveyance, encumbrance, grant of a security interest, or other conveyance, voluntarily or involuntarily, in whole or in part, by operation of Applicable Law or otherwise, of any interest in this Agreement or any of Developer’s rights or privileges hereunder, or all or any substantial portion of the assets of Developer; provided, further, however, that if Developer is an Entity, each of the following shall be deemed to be an Assignment of this Agreement: (i) the sale, assignment, transfer, conveyance, gift, lien, pledge, mortgage, hypothecation, grant of a security interest, or other encumbrance of more than 20% in the aggregate, whether in one or more transactions, of the Equity or voting power of Developer, by operation of law or otherwise or any other event(s) or transaction(s) which, directly or indirectly, effectively changes control of Developer; (ii) the issuance or change of any securities by, or Equity of, Developer which itself or in combination with any other transaction(s) results in the Owners, as constituted on the Effective Date, or the date of the last Assignment for which Company granted its consent, whichever is later, owning less than 80% of the outstanding Equity or voting power of Developer; (iii) if Developer is a Partnership, the resignation, removal, withdrawal, death or legal incapacity of a general partner or of any limited partner owning more than 20% of the Partnership Rights of the Partnership, or the admission of any additional general partner, or the transfer by any general partner of any of its Partnership Rights in the Partnership, or any change in the ownership or control of any general partner; (iv) the death or legal incapacity of any Owner owning more than 20% of the Equity or voting power of Developer; (v) any merger, stock redemption, conversion, consolidation, reorganization, recapitalization involving, directly or indirectly, Developer or any Owner, and/or (vi) transfer of control of Developer, however effected.

**“Competitive Activities”** means to, own, operate, lend to, advise, be employed by, or have any financial interest in (i) any restaurant 25% or more of whose gross sales is derived from the sale of boneless breaded chicken, other than a Restaurant operated pursuant to a validly subsisting Franchise Agreement with Company, or (ii) any business that specializes in developing, owning, operating or franchising restaurants 25% or more of whose gross sales is derived from the sale of boneless breaded chicken, or (iii) any business engaged in the preparation, production or sale, at wholesale, of any boneless breaded chicken food products. Notwithstanding the foregoing, **“Competitive Activities”** shall not include the direct or indirect ownership solely as an investment, of securities of any Entity which are traded on any national securities exchange if applicable owner thereof (i) is not a controlling person of, or a member of a group which controls, such Entity and (ii) does not, directly or indirectly, own 5% or more of any class of securities of such Entity.

**“Confidential Information”** means proprietary and confidential information and trade secrets of Company, including, Standards, specifications, programs, supplier information, procedures, policies, recipes, concepts, systems, know-how, plans, software, strategies, methods, programs, routines, service techniques, services, clothing designs, techniques and plans for advertising, promoting, developing and operating Restaurants.

**“Default”** or **“default”** means any breach of, or failure to comply with, any of the terms or conditions of an agreement.

**“Development Area”** shall have the meaning set forth in Section 1.1 of this Agreement.

**“Development Obligation”** shall mean the Developer’s right and obligation to construct, equip, open and thereafter continue to operate at sites within the Development Area the cumulative number of Restaurants set forth in Exhibit B hereto within each Development Period and, if applicable, within the geographic areas specified therein.

**“Development Period”** means each of the time periods indicated on Exhibit B during which Developer shall have the right and obligation to construct, equip, open and thereafter continue to operate Restaurants in accordance with the Development Obligation.

**“Dine-In Restaurant”** means a Restaurant that offers and sells (or will offer and sell, as the context requires) menu items for dine-in, carryout and delivery, excluding all Restaurants at Non-Traditional Venues.

**“Entity”** means any limited liability company, Partnership, trust, association, corporation or other entity that is not an individual.

**“Equity”** means capital stock, membership interests, Partnership Rights or other equity ownership interests of an Entity.

**“Franchise Agreement”** means the form of agreement prescribed by Company and used to grant to Developer the right to own and operate a single Restaurant in the Development Area, including all exhibits, riders, guarantees or other related instruments, all as amended from time to time.

**“Force Majeure”** means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot, or other civil disturbance; epidemics; or other similar forces which Developer could not by the exercise of reasonable diligence have avoided; provided however, that neither an act or failure to act by a Governmental Authority, nor general economic conditions; nor the performance, non-performance or exercise of rights under any agreement with Developer by any lender, landlord, contractor, or other person shall be an event of Force Majeure, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise an event of Force Majeure. For the avoidance of doubt, Developer’s financial inability to perform or Developer’s insolvency shall not be an event of Force Majeure.

**“Governmental Authority”** means and includes all Federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions and authorities.

**“Initial Franchise Fee”** shall have the meaning set forth in Section 5.2.

**“Non-Traditional Venue”** means (i) a location, site, venue or location within another primary business or in conjunction with other businesses or at institutional settings, corporate campus complexes, including, toll roads, highway travel plazas, hotels and motels, resorts, amusement parks, casinos and casino adjacent locations, airports, sports arena, stadiums, bus stations, train stations, theme parks, amusement facilities, convention centers, military and other governmental facilities, movie theaters, hospitals and medical centers, concert venues, grocery stores, supermarkets, convenience stores, schools, college and university campus, ships, ports, piers, gyms, offices, expositions, fairs or similar events, or in-plant food service facilities, shopping mall food courts, food halls, and any site for which the lessor, owner or operator thereof shall have indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider; (ii) any location to which the general public does not have unlimited access; (iii) mobile outlets, temporary or seasonal food service facilities; and/or (iv) commercial kitchen facilities (e.g., “ghost kitchens”) that provide order and delivery-only services, which may include the associated online or mobile ordering and delivery services to and from locations in or outside of the Development Area.

**“Owner”** means any direct or indirect shareholder, member, general or limited partner, trustee, or other equity owner of an Entity, except, that if Company or any Affiliate of Company has any ownership interest in Developer, the term “Owner” shall not include or refer to the Company or that Affiliate or their respective direct and indirect parents and subsidiaries, and no obligation or restriction upon the “Developer”, or its Owners shall bind Company, said Affiliate or their respective direct and indirect parents and subsidiaries or their respective officers, directors, or managers.

**“Partnership”** means any general partnership, limited partnership or limited liability partnership.

**“Partnership Rights”** means voting power, property, profits or losses, or partnership interests of a Partnership.

**“Restaurant Leader”** means a person who has satisfactorily completed Company’s initial training program, will thereafter devote full time and best efforts to the operation of the Restaurants

and has the authority and responsibility for the day-to-day supervision of the management of such Restaurants.

**“Restricted Persons”** means the Developer, and each of its Owners and Affiliates, and the respective officers, directors, managers, and Affiliates of each of them, and the spouse and family members who live in the same household of each of the foregoing who are individuals, except, that if Company or any Affiliate of Company has any ownership interest in Developer, (i) the term “Restricted Person” shall not include or refer to the Company or that Affiliate or their respective direct and indirect parents and subsidiaries, (ii) the term “Restricted Person” shall not include or refer to any manager, officer or director of Developer that is designated to be manager, officer or director of Developer by the Company or its Affiliates; and (iii) no obligation or restriction upon the “Developer”, or its Owners shall bind Company, said Affiliate or their respective direct and indirect parents and subsidiaries or their respective officers, directors, or managers.

**“ROFR”** shall have the meaning set forth in Section 7.3.4.

**“ROFR Period”** shall have the meaning set forth in Section 7.3.4.

**“Site Review Kit”** shall have the meaning set forth in Section 6.1.1.

**“Standards”** mean Company’s then-current specifications, standards, policies, procedures and rules prescribed for the development, ownership and operation of a Restaurant, as modified by Company from time to time in writing.

**“System”** means the Company’s business formats, operating methods and business practices related to a Restaurant, and the relationship between Company and its developers and franchisees, including interior and exterior Restaurant designs; other items of trade dress; specifications of equipment, fixtures, and uniforms; recipes, ingredients, menus, techniques; copyrights, procedures, signs, layouts, defined product offerings, methods of operation, and preparation methods; standard operating and administrative procedures; restrictions on ownership; management and technical training programs; and marketing and public relations programs; all as Company may modify the same from time to time.

**“Term”** shall have the meaning set forth in Section 4.1.

**“Then-current”** as used in this Agreement and applied to the Franchise Disclosure Document, an area development agreement or multi-unit development agreement and a Franchise Agreement shall mean the form then currently provided by Company to similarly situated prospective franchisees, area developers or multi-unit developers, or if not then being so provided, then such form selected by the Company in its discretion which previously has been delivered to and executed by a licensee, area developer, multi-unit developer, or franchisee, as applicable, of Company.

**“Trainer”** means an Operating Principal or Restaurant Leader that (i) has successfully completed to Company’s satisfaction, Company’s training program and such additional and supplemental training programs as Company may require from time to time, (ii) is certified by Company to train Developer’s Restaurant-level employees in meeting, achieving and maintaining the Standards, and (iii) is principally reasonable for ensuring that Developer’s employees and

independent contractors are so trained and retrained from time to time and are performing to meet, achieve and maintain the Standards.

“**Venue**” means any location that is not a Non-Traditional Venue.



**Exhibit C**  
**General Release**

## FORM OF GENERAL RELEASE

*[This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale or transfer of your franchise, we may require you to sign a general release.]*

**THIS GENERAL RELEASE** ("Release") is executed on \_\_\_\_\_ by \_\_\_\_\_ ("Franchisee") and/or \_\_\_\_\_ ("Guarantors") as a condition of (1) the transfer of the ANGRY CHICKZ FRANCHISING LLC Franchise Agreement dated \_\_\_\_\_ between ANGRY CHICKZ FRANCHISING LLC ("Angry Chickz") and Franchisee ("Franchise Agreement") or the ANGRY CHICKZ FRANCHISING LLC Development Agreement dated \_\_\_\_\_ between ANGRY CHICKZ and Franchisee ("Development Agreement"); or (2) the execution of a renewal Franchise Agreement by Franchisee and ANGRY CHICKZ.

**1. Release by Franchisee and Guarantors.** If Franchisee is an entity, Franchisee (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities) and Guarantors (on behalf of themselves and their respective heirs, representatives, successors and assigns) or, if Franchisee is an individual, Franchisee (on behalf of himself/herself and his/her heirs, representatives, successors and assigns) (collectively, "Releasors") freely and without any influence forever release ANGRY CHICKZ, its parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities (collectively, "Releasees"), with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, "Claims"), which any Releasor ever owned or held, now owns or holds or may in the future own or hold, including, without limitation, claims arising under federal, state and local laws, rules and ordinances and claims arising out of, or relating to, the Development Agreement and/or Franchise Agreement and all other agreements between any Releasor and any Release arising out of, or relating to any act, omission or event occurring on or before the date of this Release, unless prohibited by applicable law. This general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

**2. Risk of Changed Facts.** Franchisee and Guarantors understand that the facts in respect of which the release in Section 1 is given may turn out to be different from the facts now known or believed by them to be true. Franchisee and Guarantors hereby accept and assume the risk of the facts turning out to be different and agree that the release in Section 1 shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in facts.

**3. Waiver of Section 1542.** Further, Releasors expressly waive all right, protection, privilege and benefit under Section 1542 of the Civil Code of the State of California, which provides:

**1542 A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**

*By signing this Release of All Claims, Releasors are giving up all rights under Section 1542 and any similar provision of any state.*

**4. No Prior Assignment.** Franchisee and Guarantors represent and warrant that the Releasors are the sole owners of all Claims and rights released in Section 1 and that the Releasors have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1.

**5. Covenant Not to Sue.** Franchisee and Guarantors (on behalf of Releasors) covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under Section 1 with respect to any Claim released under Section 1.

**6. Complete Defense.** Franchisee and Guarantors: **(a)** acknowledge that the release in Section 1 shall be a complete defense to any Claim released under Section 1; and **(b)** consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

**7. Successors and Assigns.** This Release will inure to the benefit of and bind the successors, assigns, heirs and personal representatives of ANGRY CHICKZ and each Releasor.

**8. Third Party Beneficiary.** ANGRY CHICKZ and its parent, affiliates and subsidiaries shall be third party beneficiaries under this Release.

**9. Representation by Counsel.** Franchisee and Guarantors acknowledge and agree that they have been represented by independent counsel of their own choice throughout all negotiations which preceded the execution of this Release, and that they have executed this Release with the consent and upon the advice of said independent counsel.

**10. Enforcement.** This Release and all claims relating to this Release shall be governed by and construed under the law of the state of California. Franchisee and Guarantors shall file any controversy or claim whatsoever arising out of or relating to this Release or the enforcement of the promises in this Release or with regard to the interpretation, formation, or breach of this Release in the court where ANGRY CHICKZ's principal offices are located. ANGRY CHICKZ may file any controversy or claim whatsoever arising out of or relating to this Release or the enforcement of the promises in this Release or with regard to the interpretation, formation, or breach of this Release in the court where its principal offices are located, where Franchisee resides or does business, or where the claim arose.

**11. Confidentiality.** The terms of this Release shall remain confidential and may not be disclosed except when and to the extent necessary to comply with applicable federal, state, or local laws, court orders or regulations.

**12. Construction.** Any capitalized terms that are not defined in this Release shall have the meaning given them in the Development Agreement and Franchise Agreement, as the context requires. The masculine gender shall be deemed to refer to and include the feminine and neuter, and the singular to refer to and include the plural, and vice versa.

**13. Applicability.** This General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, or the rules adopted thereunder; and the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. §§14-201 – 14-233, or the rules adopted thereunder.

**IN WITNESS WHEREOF**, Franchisee and Guarantors have executed this Release as of the date shown above.

**“Company”:**

**ANGRY CHICKZ FRANCHISING LLC,**  
a California limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Dae: \_\_\_\_\_

**FOR ENTITY:  
FRANCHISEE:**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title \_\_\_\_\_

Date: \_\_\_\_\_

**GUARANTOR:**

\_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

**FOR INDIVIDUAL:  
FRANCHISEE:**

\_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

**Exhibit D**  
**Continuing Guaranty**

## CONTINUING GUARANTY

FOR VALUE RECEIVED, and in consideration of **ANGRY CHICKZ FRANCHISING LLC**, a California limited liability company (“Franchisor”), [granting a franchise to][or][\_\_\_\_\_] \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”), the undersigned, \_\_\_\_\_ and \_\_\_\_\_ ([jointly and severally,] “Guarantor”), agree as follows:

### 1. Guaranty of Obligations.

1.1 Guarantor unconditionally, absolutely and irrevocably guarantees the full and prompt payment and performance when due, of all obligations of Franchisee to Franchisor and its affiliates, however created, arising or evidenced, whether direct or indirect, absolute or contingent, or now or in the future existing or due or to become due, including, without limitation, under or in connection with that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “FA”) and each of the documents, instruments and agreements executed and delivered in connection with the FA or this continuing guaranty, as each may be modified, amended, supplemented or replaced from time to time (all such obligations are referred to collectively as the “**Obligations**”), and all documents evidencing or securing any of the Obligations. This continuing guaranty (this “**Continuing Guaranty**”) is a guaranty of payment and performance when due and not of collection.

1.2 In the event of any default by Franchisee in making payment of, or default by Franchisee in performance of, any of the Obligations, Guarantor agrees on demand by Franchisor to pay and perform all of the Obligations as are then or thereafter become due and owing or are to be performed under the terms of the Obligations. Guarantor further agrees to pay all expenses (including reasonable attorneys’ fees and expenses) paid or incurred by Franchisor in endeavoring to collect the Obligations, or any part thereof, and in enforcing this Continuing Guaranty.

2. Continuing Nature Of Guaranty And Obligations. This Continuing Guaranty shall be continuing and shall not be discharged, impaired or affected by: (1) the insolvency of Franchisee or the payment in full of all of the Obligations at any time or from time to time; (2) the power or authority or lack thereof of Franchisee to incur the Obligations; (3) the validity or invalidity of any of the Obligations; (4) the existence or non-existence of Franchisee as a legal entity; (5) any statute of limitations affecting the liability of Guarantor or the ability of Franchisor to enforce this Continuing Guaranty, the Obligations or any provision of the Obligations; or (6) any right of offset, counterclaim or defense of Guarantor, including, without limitation, those which have been waived by Guarantor pursuant to Paragraph 4 of this Continuing Guaranty.

3. Permitted Actions Of Franchisor. Franchisor may from time to time, in its sole discretion and without notice to Guarantor, take any or all of the following actions: (1) retain or obtain the primary or secondary obligation of any obligor or obligors, in addition to Guarantor, with respect to any of the Obligations; (2) extend or renew for one or more periods (whether or not longer than the original period), alter, amend or exchange any of the Obligations; (3) waive, ignore or forbear from taking action or otherwise exercising any of its default rights or remedies with respect to any default by Franchisee under the Obligations; (4) release, waive or compromise any obligation of Guarantor under this Continuing Guaranty or any obligation of any nature of any other obligor primarily or secondarily obligated with respect to any of the Obligations; (5) demand payment or performance of any of the Obligations from Guarantor at any time or from time to time, whether or not Franchisor shall have exercised any of its rights or remedies with respect to any property securing any of the Obligations or any obligation under this Continuing Guaranty; or (6) proceed against any other obligor primarily or secondarily liable for payment or performance of any of the Obligations.

4. Specific Waivers.

4.1 Without limiting the generality of any other provision of this Continuing Guaranty, Guarantor expressly waives: (i) notice of the acceptance by Franchisor of this Continuing Guaranty; (ii) notice of the existence, creation, payment, nonpayment, performance or nonperformance of all or any of the Obligations; (iii) presentment, demand, notice of dishonor, protest, notice of protest and all other notices whatsoever with respect to the payment or performance of the Obligations or the amount thereof or any payment or performance by Guarantor under this Agreement; (iv) all diligence in collection or protection of or realization upon the Obligations or any thereof, any obligation under this Agreement or any security for or guaranty of any of the foregoing; (v) any right to direct or affect the manner or timing of Franchisor's enforcement of its rights or remedies; (vi) any and all defenses which would otherwise arise upon the occurrence of any event or contingency described in Paragraph 1 hereof or upon the taking of any action by Franchisor permitted under this Agreement; (vii) any defense, right of set-off, claim or counterclaim whatsoever and any and all other rights, benefits, protections and other defenses available to Guarantor now or at any time hereafter, including, without limitation, under any suretyship statute of the State of California or where the guarantor is domiciled; and (viii) all other principles or provisions of law, if any, that conflict with the terms of this Continuing Guaranty, including, without limitation, the effect of any circumstances that may or might constitute a legal or equitable discharge of a guarantor or surety.

4.2 Guarantor waives all rights and defenses arising out of an election of remedies by Franchisor.

4.3 Guarantor further waives all rights to revoke this Continuing Guaranty at any time, and all rights to revoke any agreement executed by Guarantor at any time to secure the payment and performance of Guarantor's obligations under this Continuing Guaranty.

5. Subordination; Subrogation. Guarantor subordinates any and all indebtedness of Franchisee to Guarantor to the full and prompt payment and performance of all of the Obligations. Franchisor shall be entitled to receive payment of all Obligations prior to Guarantor's receipt of payment of any amount of any indebtedness of Franchisee to Guarantor. Guarantor will not exercise any rights which it may acquire by way of subrogation under this Continuing Guaranty, by any payment hereunder or otherwise, until all of the Obligations have been paid in full, in cash, and Franchisor shall have no further obligations to Franchisee under the Obligations or otherwise.

6. Certain Covenants Incorporated. Sections 12.1 (Non-Competition), 12.2 (Confidential Information), 12.5 (Effect of Applicable Law), and 17.1 (Arbitration), and 17.3 (Time for Bringing Claims) of the FA are incorporated into this Continuing Guaranty by reference, and Guarantor agrees to comply with and perform each of such covenants as though fully set forth in this Continuing Guaranty as a direct and primary obligation of Guarantor.

7. Assignment Of Franchisor's Rights. Franchisor may, from time to time, without notice to Guarantor, assign or transfer any or all of the Obligations or any interest therein and, notwithstanding any assignment(s) or transfer(s), the Obligations shall be and remain Obligations for the purpose of this Continuing Guaranty. Each and every immediate and successive assignee or transferee of any of the Obligations or of any interest therein shall, to the extent of such party's interest in the Obligations, be entitled to the benefits of this Continuing Guaranty to the same extent as if such assignee or transferee were Franchisor.

8. Indulgences Not Waivers. No delay in the exercise of any right or remedy shall operate as a waiver of the such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude other or further exercise of such right or remedy or the exercise of any other right or remedy; nor

shall any modification or waiver of any of the provisions of this Continuing Guaranty be binding upon Franchisor, except as expressly set forth in a writing signed by Franchisor. No action of Franchisor permitted under this Continuing Guaranty shall in any way affect or impair the rights of Franchisor or the obligations of Guarantor under this Continuing Guaranty.

9. Financial Condition Of Franchisee. Guarantor represents and warrants that it is fully aware of the financial condition of Franchisee, and Guarantor delivers this Continuing Guaranty based solely upon its own independent investigation of Franchisee's financial condition. Guarantor waives any duty on the part of Franchisor to disclose to Guarantor any facts it may now or hereafter know about Franchisee, regardless of whether Franchisor has reason to believe that any such facts materially increase the risk beyond that which Guarantor intends to assume or has reason to believe that such facts are unknown to Guarantor. Guarantor knowingly accepts the full range of risk encompassed within a contract of "Continuing Guaranty" which includes, without limitation, the possibility that Franchisee will contract for additional obligations and indebtedness for which Guarantor may be liable hereunder.

10. Representation and Warranty. Guarantor represents and warrants to Franchisor that this Continuing Guaranty has been duly executed and delivered by Guarantor and constitutes a legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms.

11. Binding Upon Successors; Death Of Guarantor; Joint And Several.

11.1 This Continuing Guaranty shall inure to the benefit of Franchisor and its successors and assigns.

11.2 All references herein to Franchisee shall be deemed to include its successors and permitted assigns, and all references herein to Guarantor shall be deemed to include Guarantor and Guarantor's successors and permitted assigns and, upon the death of a Guarantor, the duly appointed representative, executor or administrator of the Guarantor's estate. This Continuing Guaranty shall not terminate or be revoked upon the death of a Guarantor, notwithstanding any knowledge by Franchisor of a Guarantor's death.

11.3 If there shall be more than one Guarantor (or more than one person or entity comprises Guarantor) under this Agreement, all of the Guarantor's obligations and the other obligations, representations, warranties, covenants and other agreements of any Guarantor under this Agreement shall be joint and several obligations and liabilities of each Guarantor.

11.4 In addition and notwithstanding anything to the contrary contained in this Continuing Guaranty or in any other document, instrument or agreement between or among any of Franchisor, Franchisee, Guarantor or any third party, the obligations of Guarantor with respect to the Obligations shall be joint and several with each and every other person or entity that now or hereafter executes a guaranty of any of the Obligations separate from this Continuing Guaranty.

12. Governing Law. This Continuing Guaranty shall be governed by and construed in accordance with the laws of the State of California, without regarding to conflict of laws principles. Wherever possible each provision of this Continuing Guaranty shall be interpreted as to be effective and valid under applicable law, but if any provision of this Continuing Guaranty shall be prohibited by or invalid under such law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Continuing Guaranty.

13. ADVICE OF COUNSEL. GUARANTOR ACKNOWLEDGES THAT GUARANTOR HAS EITHER OBTAINED THE ADVICE OF COUNSEL OR HAS HAD THE OPPORTUNITY TO OBTAIN



SUCH ADVICE IN CONNECTION WITH THE TERMS AND PROVISIONS OF THIS CONTINUING GUARANTY.

14. Entire Agreement. This Continuing Guaranty contains the complete understanding of the parties hereto with respect to the subject matter herein. Guarantor acknowledges that Guarantor is not relying upon any statements or representations of Franchisor not contained in this Continuing Guaranty and that such statements or representations, if any, are of no force or effect and are fully superseded by this Continuing Guaranty. This Continuing Guaranty may only be modified by a writing executed by Guarantor and Franchisor.

IN WITNESS WHEREOF, Guarantor has executed this Continuing Guaranty this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

“Guarantor”

\_\_\_\_\_

\_\_\_\_\_

Accepted and agreed:

**ANGRY CHICKZ FRANCHISING LLC,**  
a California limited liability company

By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

**Exhibit E**  
**Confidentiality Agreement**

**ANGRY CHICKZ FRANCHISING LLC**

**CONFIDENTIALITY AND NON-COMPETITION AGREEMENT  
(for persons holding positions with franchisees)**

In consideration of my position as \_\_\_\_\_ of \_\_\_\_\_ (the “Franchisee”), I hereby acknowledge and agree that:

1. Angry Chickz Franchising LLC (the “Franchisor”), has developed a distinctive system relating to the establishment and operation of “Angry Chickz” Restaurants that offer boneless, breaded chicken, fries, mac & cheese, coleslaw, rice and other authorized food, beverages and novelty items and related products, which are established and operated by others under Franchise Agreements with the Franchisor.

2. As \_\_\_\_\_ of the Franchisee, I will receive valuable confidential information, disclosure of which would be detrimental to the Franchisor and the Franchisee, such as information relating to promotion and advertising, pricing, sales, office and personnel policies and procedures; training programs; operation procedures related to site selection, accounting, suppliers, staffing, and operations. This list of confidential matters is illustrative only, and does not include all matters considered confidential by the Franchisor and the Franchisee.

3. I will hold in strict confidence all information designated by the Franchisor or the Franchisee as confidential, and I will disclose and/or use the confidential information only in connection with my duties as required by my position with the Franchisee. My undertaking not to disclose confidential information is a condition of my position with the Franchisee, and continues even after I cease to be in that position.

4. While in my position with the Franchisee, I will not do anything which may injure the Franchisee or the Franchisor, such as: (a) divert or attempt to divert actual or prospective customers of the Franchisee to any other person or entity; or (b) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Franchisor’s intellectual property.

5. While in my position with the Franchisee, I will not own (either beneficially or of record), engage in or render services to, whether as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, any restaurant or business that (i) specializes in developing, owning, operating or franchising restaurants 25% or more of whose gross sales is derived from the sale of boneless breaded chicken; (ii) any business engaged in the preparation, production or sale, at wholesale, of any boneless breaded chicken food products; or (iii) any restaurant or business that looks like, copies, imitates, operates with similar trade dress or décor, or is otherwise substantially the same as or similar to Angry Chickz Restaurants. This restriction does not apply to my ownership of less than a five percent (5%) beneficial interest in the outstanding securities of any publicly-held corporation.

6. To the extent permitted by Applicable Law, after my position with the Franchisee ends, I will not, for a period of 24 months thereafter, own (either beneficially or of record), engage in or render services to, whether as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, any restaurant or business that (i) specializes in developing, owning, operating or franchising restaurants 25% or more of whose gross sales is derived from the sale of boneless breaded chicken; (ii) any business engaged in the preparation, production or sale, at wholesale, of any boneless breaded chicken food products; or (iii) any restaurant or business that looks like, copies, imitates, operates with similar trade dress or décor, or is otherwise substantially the same as or similar to Angry Chickz

Restaurants within the Protected Area of the Franchisee or within a 10 mile radius from any then-existing Angry Chickz restaurant.

7. The Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Franchisor and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisor and/or the Franchisee may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisor and the Franchisee all the costs it (they) incur(s), including, without limitation, attorneys' fees, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisor and the Franchisee, any claim I have against the Franchisor or the Franchisee is a separate matter and does not entitle me to violate, or justify any violation of, this Agreement. If any part of this Agreement is held invalid by a court or agency, the rest of the Agreement is still enforceable and the part held invalid is enforceable to the extent found reasonable by the court or agency.

8. This Agreement shall be construed under the laws of the State in which the Franchisee's restaurant is located. The only way this Agreement can be changed is in a writing signed by both the Franchisee and me.

**Signature:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Address:** \_\_\_\_\_

\_\_\_\_\_

**Position:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**ACKNOWLEDGED BY FRANCHISEE:**

**By:**

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

## **Exhibit F**

### **Lists - Franchised Locations, Signed but Not Open, Former Franchisees**

## Exhibit F

### Franchised Location List as of December 31, 2024

Franchisee Name	State Address	City	State	Phone Number
Ashot Ohanyan	1021 Helen Power Dr	Vacaville	CA	707-660-8205

### Franchise Agreements Signed, Unit Not Opened as of December 31, 2024

Franchisee Name	City	State	Phone Number	Expected Opening Date
Anand Patel	Aurora	IL	630-644-7091	TBD
Eric May	TBD	PA	570-675-5731	TBD
*Jim Wang	18207 Egret Bay Blvd Houston	TX	281-549-4082	*Opened April 25, 2025

### Former Franchisees as of December 31, 2024

None

**If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

**Exhibit G**  
**Financial Statements**



Report of Independent Auditors and  
Financial Statements

**Angry Chickz Franchising, LLC**

December 31, 2024 and 2023



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## **Report of Independent Auditors**

To the Member  
Angry Chickz Franchising, LLC

### **Report on the Audit of the Financial Statement**

#### ***Opinion***

We have audited the financial statements of Angry Chickz Franchising, LLC, which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations and member's deficit, and cash flows for the year ended December 31, 2024 and for the period from June 9, 2023 (inception) to December 31, 2023, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Angry Chickz Franchising, LLC as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the year ended December 31, 2024 and for the period from June 9, 2023 (inception) to December 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Angry Chickz Franchising, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statement***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Angry Chickz Franchising, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statement***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Angry Chickz Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Angry Chickz Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Irvine, California  
May 6, 2025

## **Financial Statements**

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# Angry Chickz Franchising, LLC

## Balance Sheets

December 31, 2024 and 2023

	2024	2023
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 187,344	\$ 100,000
Receivables and other current assets	8,507	-
Current portion of contract asset	1,000	-
Total current assets	196,851	100,000
<b>NON-CURRENT ASSETS</b>		
Contract assets	58,250	-
Property and equipment, net	4,421	-
Total non-current assets	62,671	-
Total assets	<u>\$ 259,522</u>	<u>\$ 100,000</u>
<b>LIABILITIES AND MEMBER'S DEFICIT</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 21,903	\$ 46,753
Current portion of contract liability	10,000	-
Total current liabilities	31,903	46,753
<b>NON-CURRENT LIABILITIES</b>		
Due to Member	729,705	72,576
Contract liability, net of current	386,250	-
Total long-term liabilities	1,115,955	72,576
Total liabilities	1,147,858	119,329
MEMBER'S DEFICIT	(888,336)	(19,329)
Total liabilities and member's deficit	<u>\$ 259,522</u>	<u>\$ 100,000</u>

See accompanying notes.

**Angry Chickz Franchising, LLC**  
**Statements of Operations and Member's Deficit**  
**December 31, 2024 and Period from June 9, 2023 (inception)**  
**to December 31, 2023**

	2024	2023
REVENUE		
Royalties	\$ 154,415	\$ -
Brand fund	51,466	-
Franchise fee	3,750	-
	<u>209,631</u>	<u>-</u>
COSTS AND EXPENSES		
Salaries and wages	229,527	42,528
Legal and professional fees	56,310	176,801
Other operating expenses	360,054	-
	<u>(436,260)</u>	<u>(219,329)</u>
NET LOSS		
	<u>(436,260)</u>	<u>(219,329)</u>
MEMBER'S DEFICIT, beginning of period	<u>(19,329)</u>	<u>-</u>
Distributions to Member	(432,747)	-
Contribution from Member	-	200,000
	<u>-</u>	<u>200,000</u>
MEMBER'S DEFICIT, end of period	<u>\$ (888,336)</u>	<u>\$ (19,329)</u>

See accompanying notes.

**Angry Chickz Franchising, LLC**  
**Statements of Cash Flows**  
**December 31, 2024 and Period from June 9, 2023 (inception)**  
**to December 31, 2023**

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (436,260)	\$ (219,329)
Adjustments to reconcile net loss to net cash from operating activities:		
Amortization	750	-
Net change in assets and liabilities		
Receivables and other current assets	(8,507)	-
Contract assets	(60,000)	-
Accounts payable and accrued expenses	(24,850)	46,753
Contract liability	396,250	-
Due to Member	657,129	72,576
Net cash provided by (used in) operating activities	524,512	(100,000)
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Purchases of property and equipment	(4,421)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution to Member	(432,747)	-
Contribution from Member	-	200,000
Net cash (used in) provided by financing activities	(432,747)	200,000
NET CHANGE IN CASH	87,344	100,000
CASH, beginning of year	100,000	-
CASH, end of year	\$ 187,344	\$ 100,000

See accompanying notes.

# Angry Chickz Franchising, LLC

## Notes to Financial Statements

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### Note 1 – Organization and Description of Business

Angry Chickz Franchising, LLC (the Company), a California limited liability company (LLC), was formed on June 9, 2023, and is the franchisor of a quick service, fast-casual restaurant concept “Angry Chickz”. The Company is a wholly owned subsidiary of Angry Chickz, Inc. (the Member). The Member is the owner of all intellectual property rights in certain systems, trademarks, service marks, and other intellectual property used in the operation of Angry Chickz restaurants (the AC IP), and has licensed the AC IP and other know-how and confidential information to the Company to develop the Angry Chickz franchise system to offer, sell, and support of the franchised business.

The Company will continue to franchise Angry Chickz restaurants throughout the United States and internationally through a 50-year royalty free renewable trademark license agreement with the Member. The license agreement grants the Company a non-exclusive right to use the AC IP, and to license the AC IP to franchisees under franchise agreements.

The Company has relied on resources from its Member to support initial operations, and the Member has committed to continue to provide financial support to the Company sufficient for the Company during the start-up phase of the franchising operations. Until the Company has sufficient cash flow, it is dependent on its Member to provide financial resources, administrative, management, support activities, and various other items. The accompanying financial statements may not be indicative of conditions that would have existed if the Company had been operated as an unaffiliated entity.

The Company is in the business of franchising limited-service, fast casual restaurants, which aims to serve the best hot chicken with unmatched customer service. The franchise agreements are typically for ten years and will require the franchisee to pay an initial franchise fee of \$50,000 for each location to be opened. Once the franchisee begins operations, the Company will charge a royalty fee and brand fund fee of up to 6% and 2%, respectively, of the franchise gross sales. The Company opened its first franchise location in April 2024. The Member owns and operates 26 Angry Chickz corporate locations.

### Note 2 – Summary of Significant Accounting Policies

**Basis of presentation** – The Company’s financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Company believes this information includes all adjustments, consisting of normal recurring accruals, necessary to fairly present the financial condition. References to ASC and ASU included hereinafter refer to the Accounting Standards Codification and Accounting Standards Update, respectively, established by the Financial Accounting Standards Board (FASB) as the source of authoritative U.S. GAAP.

**Use of estimates** – The preparation of the financial statements, in accordance with U.S. GAAP, requires that management makes certain estimates and assumptions. These estimates and assumptions affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities as of the balance sheet date. The actual results could differ significantly from those estimates.

**Cash** – The Company considers all highly liquid debt instruments purchased with an original maturity of ninety days or less to be cash equivalents. As of December 31, 2024, 2023, the Company carried no cash equivalents.



## Angry Chickz Franchising, LLC

### Notes to Financial Statements

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**Concentration of credit risk** – The cash balances of the Company are held primarily in one financial institution. If cash balances exceed the amounts covered by the Federal Deposit Insurance Corporation, the excess balances could be at a risk of loss. The Company has experienced no loss or lack of access to cash in its operating accounts and believes it is not exposed to any significant credit risk.

**Fair value measurements** – The Company's financial instruments, none of which are held for trading purposes, include cash and accounts payable. Management estimates that the fair value of all financial instruments as of December 31, 2024 and 2023, do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying financial statements due to the short maturities of these instruments.

**Contract liabilities and assets** – The contract liability or deferred revenue is a liability related to a revenue-producing activity for which revenue has not yet been recognized. The Company records a contract liability when it receives consideration from a franchisee or customer before achieving certain criteria that must be met for revenue to be recognized in conformity with U.S. GAAP. Contract assets are unearned commissions that have been paid to customers but not yet amortized.

**Revenue recognition** – The Company records revenue under FASB ASC Topic 606, *Revenue from Contracts with Customers (Topic 606)*, which requires revenue to be recorded as the transfer of promised goods or services to customers in an amount that reflects the consideration to which the reporting entity expects to be entitled in exchange for those goods or services. The Company analyzes each contract for separate performance obligations existing over the term of the contract and recognizes revenue as those performance obligations are satisfied. As part of its assessment of each franchise contract, the Company evaluates certain factors including the customer's ability to pay, or credit risk. For each contract, the Company considers the promise to fulfill services, each of which is distinct to be the identified performance obligations. The Company has the following revenue streams:

**Royalty revenue** – Royalty revenues represent royalties earned from each of the franchisees in accordance with the franchise disclosure document and the franchise agreement for use of the Angry Chickz name, menus, processes, and procedures. The royalty rate in the franchise agreement is up to seven percent of the gross sales of each restaurant operated by each franchisee. Royalty fee revenue from franchised restaurants is recognized in the period earned and is payable to the Company weekly or monthly when the sales are reported by the franchisees.

**Brand fund revenue** – Brand fund revenues represent payments made by the franchisee to the Company for the brand development fund (Brand Fund) in accordance with the franchise disclosure document, and the franchise agreement. The Brand Fund fee rate is up to 2% of the gross sales of each restaurant operated by each franchisee. Brand Fund revenue is recognized weekly or monthly, while expenditures will be included in advertising expenses. Expenditures of the Brand Fund will primarily be amounts paid to third parties but may also include personnel expenses and allocated costs from the Member.

## Angry Chickz Franchising, LLC

### Notes to Financial Statements

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**Franchise fee revenue** – The franchise arrangement between the Company and each franchise owner of an Angry Chickz restaurant is documented in the form of a franchise agreement and, in certain cases, an area development agreement. The franchise arrangement requires the Company as franchisor to perform various activities to support the Angry Chickz brand and does not involve the direct transfer of goods and services to the franchise owner as a customer. Activities performed by the Company are highly interrelated with the franchise license and AC IP and are considered to represent a single performance obligation, which is the transfer of the franchise license and intellectual property. The nature of the Company's promise in granting the franchise arrangement is to provide the franchise owner with access to the brand's intellectual property over the term of the franchise agreement.

**Income taxes** – The Company is a LLC that has elected to be taxed as a C corporation. In accordance with ASC 740, *Income Taxes*, which are accounted for using an asset and liability approach that requires recognition of deferred tax assets and liabilities for the estimated future tax consequences attributable to temporary differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases. Under this method, deferred tax assets and liabilities are measured using enacted tax rates in effect for the years in which the differences are expected to reverse. A valuation allowance is established, when necessary to reduce deferred income tax assets to the amount expected to be realized.

The Company evaluates its tax positions and recognizes a liability for any positions that would not be considered "more likely than not" to be upheld under a tax authority examination. If such issues exist, the Company's policy will be to recognize any tax liability so recorded, including applicable interest and penalties, as a component of income tax expense. The Company does not have any uncertain tax positions.

As of December 31, 2024 and 2023, the Company had no material unrecognized tax benefits that, if recognized, would affect the Company's effective income tax rate in future periods. The Company is currently unaware of any issues under review that could result in significant payments, accruals, or material deviations from its recognized tax positions. The Company recognizes interest and penalties related to unrecognized tax benefits and penalties within its provision for income taxes. The Company had no such interest and penalties accrued as of December 31, 2024 and 2023.

**Other operating expenses** – Other operating expenses consist primarily of management fees, outsourced services, software subscriptions, and advertising and marketing expenses. For the year ended December 31, 2024 the Company incurred advertising and marketing expenses of approximately \$18,000.

**Subsequent events** – Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are available to be issued. The Company recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The Company's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before the financial statements are available to be issued.

The Company has evaluated subsequent events through May 6, 2025, which is the date the financial statements were available to be issued.

## Angry Chickz Franchising, LLC

### Notes to Financial Statements

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#### Note 3 – Contract Liabilities

The following table reflects the change in contract assets from June 9, 2023 and December 31, 2024:

	<u>Contract Assets</u>
BALANCE, June 9, 2023 (inception)	\$ -
Expenses recognized that were included in the contract assets at beginning of the year	-
Increase, excluding amounts recognized as expenses during the period	<u>-</u>
BALANCE, December 31, 2023	-
Expenses recognized that were included in the contract assets at beginning of the year	-
Increase, excluding amounts recognized as expenses during the period	<u>59,250</u>
BALANCE, December 31, 2024	<u><u>\$ 59,250</u></u>

The following table reflects the change in contract liabilities from June 9, 2023 and December 31, 2024:

	<u>Contract Liabilities</u>
BALANCE, June 9, 2023 (inception)	\$ -
Revenue recognized that was included in contract liability at beginning of the year	-
Increase, excluding amounts recognized as revenue during the period	<u>-</u>
BALANCE, December 31, 2023	-
Revenue recognized that was included in contract liability at beginning of the year	-
Increase, excluding amounts recognized as revenue during the period	<u>396,250</u>
BALANCE, December 31, 2024	<u><u>\$ 396,250</u></u>

## Angry Chickz Franchising, LLC

### Notes to Financial Statements

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The following table illustrates estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2024:

	Contract	
	Assets	Liabilities
Contract (asset) liability to be recognized in		
2025	\$ (1,000)	\$ 10,000
2026	(4,333)	10,000
2027	(4,333)	10,000
2028	(4,333)	10,000
2029	(4,333)	10,000
Thereafter	(40,918)	346,250
Total	<u>\$ (59,250)</u>	<u>\$ 396,250</u>

#### Note 4 – Member’s Deficit

The Company’s LLC operating agreement has a perpetual life. Excess cash flow, tax liability distributions, and profits and losses are to be distributed to the Member in accordance with the operating agreement. The liability of the Company’s Member is limited to its specific capital balance. Upon liquidation of the Company, the net assets shall be distributed to the Member in accordance with the operating agreement.

#### Note 5 – Related-Party Transactions

**Due to Member** – During the year ended December 31, 2024 and for the period from June 9, 2023 and December 31, 2023, the Member advanced funds to the Company. No interest is charged on this advance, and it is unsecured. The payable is recorded as long term, as it is not expected to be paid within 12 months of the balance sheet date.



## **UNAUDITED FINANCIAL STATEMENTS**

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

# Balance Sheet

As of 3/31/2025

## Angry Chickz Franchising LLC

	YTD
<b>ASSETS</b>	
<b>Current Asset</b>	
Total Cash	101,090.88
1099 - Deferred Revenue	-766,250.00
Total Intercompany	-454,704.24
1202 - Contract Assets	59,250.00
1210 - Accounts Receivable	15,422.72
Total A/R - 3rd Party Delivery	
1270 - Vendor Credit Expected	2,603.85
Total Prepaid Expenses	1,869.15
Total Inventory	
<b>Total Current Asset</b>	<b>-1,040,717.64</b>
<b>Fixed Asset</b>	
1540 - Furniture and Equipment Assets	1,592.81
<b>Total Fixed Asset</b>	<b>1,592.81</b>
<b>Other Asset</b>	
<b>Total Other Asset</b>	
<b>Total ASSETS</b>	<b>-1,039,124.83</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liability</b>	
2110 - Accounts Payable	18,570.71
Total Payroll Liabilities	1,732.56
Total Sales Tax Payable	
Total Accrued Expenses	
Total Other Liabilities	
<b>Total Current Liability</b>	<b>20,303.27</b>
<b>Long Term Liability</b>	
Total Notes Payable	
<b>Total Long Term Liability</b>	
<b>Total Liabilities</b>	<b>20,303.27</b>
<b>Equity</b>	
<b>Equity</b>	
3200 - Paid in Capital	200,000.00
Total Distributions	-432,747.00
3300 - Retained Earnings	-658,039.56
YTD Income	-168,641.54
<b>Total Equity</b>	<b>-1,059,428.10</b>
<b>Total Equity</b>	<b>-1,059,428.10</b>
<b>Total LIABILITIES &amp; EQUITY</b>	<b>-1,039,124.83</b>

Profit & Loss - Period and YTD

Period Ending 03/31/2025

Legal Entity: Angry Chickz Franchising LLC

	Period		YTD
Sales	16,519.80	100.00%	41,568.85
70003 - FR - Royalties		100.00%	100.00%
Total Sales	16,519.80	100.00%	41,568.85
Total Sales	16,519.80	100.00%	41,568.85
Prime Cost			
Total Prime Cost	0.00	0.00%	0.00
Profit After Prime	16,519.80	100.00%	41,568.85
Operating Expense			
7100 - Store Expenses	438.71	2.66%	889.27
Total Operating Expense	438.71	2.66%	889.27
Store Operating Profits EBITDA	16,081.09	97.34%	40,679.58
Non Controllable Expense			
Total Non Controllable Expense	0.00	0.00%	0.00
Total Store Operating Expenses	16,081.09	97.34%	40,679.58
G&A			
10000 - Support Center Labor	15,401.69	93.23%	139,454.50
10200 - Support Center Operational Expenses	27,949.88	169.19%	68,090.76
11000 - SC Marketing Expenses	8,349.47	50.54%	975.86
Total G&A	51,701.04	312.96%	208,521.12
EBITDA	-35,619.95	-215.62%	-167,841.54
Income Tax			
95100 - State Income Tax	800.00	4.84%	800.00
Total Income Tax	800.00	4.84%	800.00
Net Profit	-36,419.95	-220.46%	-168,641.54



## **Exhibit H**

### **State Administrators and Agents for Service of Process**

## **LIST OF STATE ADMINISTRATORS**

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by 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:

<b>CALIFORNIA</b> Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677 Email: ASK.DFPI@dfpi.ca.gov Website: <a href="http://www.dfpi.ca.gov">http://www.dfpi.ca.gov</a>	<b>NEW YORK</b> NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Fl New York, NY 10005 (212) 416-8222
<b>HAWAII</b> Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	<b>NORTH DAKOTA</b> North Dakota Securities Department State Capitol Department 414 600 East Boulevard Avenue, Fourteenth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
<b>ILLINOIS</b> Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	<b>RHODE ISLAND</b> Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
<b>INDIANA</b> Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	<b>SOUTH DAKOTA</b> Division of Insurance Securities Regulation 124 South Euclid Avenue, 2 <sup>nd</sup> Floor Pierre, South Dakota 57501 (605) 773-3563
<b>MARYLAND</b> Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	<b>VIRGINIA</b> State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051
<b>MICHIGAN</b> Michigan Attorney General’s Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1 <sup>st</sup> Floor Lansing, Michigan 48913 (517) 335-7567	<b>WASHINGTON</b> Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, Washington 98504-1200 (360) 902-8760
<b>MINNESOTA</b> Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	<b>WISCONSIN</b> Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

## **AGENTS FOR SERVICE OF PROCESS**

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by 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. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents in some of the states listed.

<b>CALIFORNIA</b> Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677 Email: ASK.DFPI@dfpi.ca.gov Website: <a href="http://www.dfpi.ca.gov">http://www.dfpi.ca.gov</a>	<b>NEW YORK</b> New York Secretary of State One Commerce Plaza 99 Washington Avenue Albany, NY 12231 (518) 473-2492
<b>HAWAII</b> Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	<b>NORTH DAKOTA</b> North Dakota Securities Commissioner State Capitol Department 414 600 East Boulevard Avenue, Fourteenth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
<b>ILLINOIS</b> Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	<b>RHODE ISLAND</b> Director of Department of Business Regulation Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
<b>INDIANA</b> Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	<b>SOUTH DAKOTA</b> Division of Insurance Director of the Securities Regulation 124 South Euclid Avenue, 2 <sup>nd</sup> Floor Pierre, South Dakota 57501 (605) 773-3563
<b>MARYLAND</b> Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	<b>VIRGINIA</b> Clerk of the State Corporation Commission 1300 East Main Street, 1 <sup>st</sup> Floor Richmond, Virginia 23219 (804) 371-9733
<b>MICHIGAN</b> Michigan Attorney General’s Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1 <sup>st</sup> Floor Lansing, Michigan 48913 (517) 335-7567	<b>WASHINGTON</b> Director of Department of Financial Institutions Securities Division – 3 <sup>rd</sup> Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760
<b>MINNESOTA</b> Commissioner of Commerce Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	<b>WISCONSIN</b> Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

## **Exhibit I**

### **Table of Contents of Manuals**

Angry Chickz  
Brand Standards Manual  
Table of Contents

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<b>Chapter Title</b>	<b>Number of Pages</b>
Preface and Introduction	8
Introduction	5
Menu Offerings	1
Front of House Operations and Standards	14
Back of House Operations and Standards	20
Safety and Security	20
Labor Management	30
Financial Management	12
Marketing	41
<b>Total Pages</b>	<b>151</b>

**Exhibit J**  
**State Addenda**

## **ADDENDUM TO ANGRY CHICKZ FRANCHISING LLC DISCLOSURE DOCUMENT FOR THE STATE OF CALIFORNIA**

1. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

SEE THE COVER PAGE OF THE DISCLOSURE DOCUMENT FOR OUR URL ADDRESS. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE OF FINANCIAL PROTECTION AND INNOVATION AT [WWW.DFPI.CA.GOV](http://WWW.DFPI.CA.GOV)

2. **Item 3, Additional Disclosure.** The following statement is added to Item 3:

Neither Angry Chickz Franchising LLC, nor any person in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in this association or exchange.

3. **Item 6, Additional Disclosure.** The following statement is added to Item 6:

The maximum interest rate permitted in California is 10% per annum.

4. **Item 17, Additional Disclosures.** The following statements are added to Item 17:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning transfer, termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

YOU MUST SIGN A GENERAL RELEASE IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE SECTION 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW

(CALIFORNIA CORPORATIONS CODE SECTIONS 31000 THROUGH 31505). BUSINESS AND PROFESSIONS CODE SECTION 20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE SECTIONS 20000 THROUGH 20043).

5. **Item 19, Additional Disclosure.** The following statement is added to Item 19:

The earnings claims figure does not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.

6. **Item 22, Additional Disclosure.** The following statement is added to Item 22:

No statement, questionnaire or acknowledgement 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 other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.



**ADDENDUM TO ANGRY CHICKZ FRANCHISING LLC  
FRANCHISE AGREEMENT  
(State of California)**

THIS ADDENDUM is entered into as of \_\_\_\_\_, 20\_\_\_\_ between **ANGRY CHICKZ FRANCHISING LLC**, a California limited liability company (“Company”), and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”), with reference to the following:

1. Payment of all initial fees payable under the Franchise Agreement is deferred until Franchisor has satisfied its pre-opening obligations to Franchisee under the Franchise Agreement and Franchisee’s Angry Chickz business opens to the public.

2. Notwithstanding anything to the contrary set forth in the Franchise Agreement, and in particular Section 5.1 thereof, Franchisee shall pay the Initial Franchise Fee to Company when Company has fulfilled its initial obligations to Franchisee and Franchisee’s Angry Chickz business opens to the public.

3. Except as set forth herein, the Franchise Agreement shall be valid and enforceable between the parties in accordance with its terms.

**IN WITNESS WHEREOF**, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

“Company”

“Franchisee”

**ANGRY CHICKZ FRANCHISING LLC**,  
a California limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date of signing: \_\_\_\_\_

\_\_\_\_\_,

☐ an individual

☐ a general partnership;

☐ a limited partnership;

☐ a limited liability company;

☐ a corporation;

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date of signing: \_\_\_\_\_

**ADDENDUM TO ANGRY CHICKZ FRANCHISING LLC  
AREA DEVELOPMENT AGREEMENT  
(State of California)**

THIS ADDENDUM is entered into as of \_\_\_\_\_, 20\_\_\_\_ between **ANGRY CHICKZ FRANCHISING LLC**, a California limited liability company (“Company”), and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”), with reference to the following:

1. In the State of California, Angry Chickz will defer the payment of the development fee attributed to each Angry Chickz business that Developer agrees to develop under this Agreement until that Angry Chickz business opens for business. Upon the opening of each Angry Chickz business, Developer will pay to Franchisor the development fee.

2. Except as set forth herein, the Area Development Agreement shall be valid and enforceable between the parties in accordance with its terms.

**IN WITNESS WHEREOF**, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

“Company”

“Developer”

**ANGRY CHICKZ FRANCHISING LLC**,  
a California limited liability company

\_\_\_\_\_,  
[ ] an individual

[ ] a general partnership;

[ ] a limited partnership;

[ ] a limited liability company;

[ ] a corporation;

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date of signing: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date of signing: \_\_\_\_\_

## **ADDENDUM TO ANGRY CHICKZ FRANCHISING LLC DISCLOSURE DOCUMENT FOR THE STATE OF HAWAII**

In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, et seq., the Angry Chickz Franchising LLC Franchise Disclosure Document for use in the State of Hawaii is amended to include the following:

**THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.**

**THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

No statement, questionnaire or acknowledgement 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The name and address of the Franchisor's agent in this state authorized to receive service of process is: Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813.

## **ADDENDUM TO ANGRY CHICKZ FRANCHISING LLC DISCLOSURE DOCUMENT FOR THE STATE OF ILLINOIS**

1. Payment of all initial fees payable under the Franchise Agreement and/or Area Development Agreement is deferred until Franchisor has satisfied its pre-opening obligations to you under the Franchise Agreement and/or Area Development Agreement and your Angry Chickz business opens to the public. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.
2. 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.
3. Illinois law shall apply to and govern the Franchise Agreement and Area Development Agreement.
4. **Item 17, Additional Disclosure.** The following statements are added to Item 17:

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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 22, Additional Disclosure.** The following statement is added to Item 22:

No statement, questionnaire or acknowledgement 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 other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

By reading this Disclosure Document, you are not agreeing to, acknowledging, or making any representations whatsoever to the Franchisor and its affiliates.

**ADDENDUM TO ANGRY CHICKZ FRANCHISING LLC  
FRANCHISE AGREEMENT  
(State of Illinois)**

THIS ADDENDUM is entered into as of \_\_\_\_\_, 20\_\_\_\_ between **ANGRY CHICKZ FRANCHISING LLC**, a California limited liability company (“Company”), and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”), with reference to the following:

1. Illinois law governs the Franchise Agreement.
2. Payment of all initial fees payable under the Franchise Agreement is deferred until Franchisor has satisfied its pre-opening obligations to you under the Franchise Agreement and your Angry Chickz business opens to the public. The Illinois Attorney General’s Office imposed this deferral requirement due to Franchisor’s financial condition.
3. 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.
4. Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
5. 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.
6. No statement, questionnaire or acknowledgement 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 other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. Construction. In all other respects, the Franchise Agreement will be construed and enforced in accordance with its terms.

[SIGNATURES ON NEXT PAGE]

**IN WITNESS WHEREOF**, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

“Company”

**ANGRY CHICKZ FRANCHISING LLC**,  
a California limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date of signing: \_\_\_\_\_

“Franchisee”

\_\_\_\_\_,

☐ an individual

☐ a general partnership;

☐ a limited partnership;

☐ a limited liability company;

☐ a corporation;

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date of signing: \_\_\_\_\_

**ADDENDUM TO ANGRY CHICKZ FRANCHISING LLC  
AREA DEVELOPMENT AGREEMENT  
(State of Illinois)**

THIS ADDENDUM is entered into as of \_\_\_\_\_, 20\_\_\_\_ between **ANGRY CHICKZ FRANCHISIG LLC**, a California limited liability company (“Company”), and \_\_\_\_\_, a \_\_\_\_\_ (“Developer”), with reference to the following:

1. Illinois law governs the Area Development Agreement.
2. Payment of all initial fees payable under the Area Development Agreement is deferred until Franchisor has satisfied its pre-opening obligations to you under the Area Development and your first Angry Chickz business opens to the public. The Illinois Attorney General’s Office imposed this deferral requirement due to Franchisor’s financial condition.
3. 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.
4. Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
5. 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.
6. No statement, questionnaire or acknowledgement 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 other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. Construction. In all other respects, the Area Development Agreement will be construed and enforced in accordance with its terms.

[SIGNATURES ON NEXT PAGE]

**IN WITNESS WHEREOF**, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

“Company”

**ANGRY CHICKZ FRANCHISING LLC**,  
a California limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date of signing: \_\_\_\_\_

“Developer”

\_\_\_\_\_,

☐ an individual

☐ a general partnership;

☐ a limited partnership;

☐ a limited liability company;

☐ a corporation;

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date of signing: \_\_\_\_\_



## **ADDENDUM TO ANGRY CHICKZ FRANCHISING LLC DISCLOSURE DOCUMENT FOR THE STATE OF MARYLAND**

The following information applies to franchises and franchisees subject to Maryland statutes and regulations. Item numbers correspond to those in the main body of the disclosure document:

1. **Item 5, Additional Disclosure.** The following statement is added to Item 5:

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.

2. **Item 17, Additional Disclosures.** The following statements are added to Item 17:

The Franchise Agreement provides for termination if you are insolvent under any applicable state or federal law. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101 et seq.).

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

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. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

3. **Item 22, Additional Disclosure.** The following statement is added to Item 22:

No statement, questionnaire or acknowledgement 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 other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO ANGRY CHICKZ FRANCHISING LLC FRANCHISE AGREEMENT  
(State of Maryland)**

THIS ADDENDUM is entered into as of \_\_\_\_\_, 20\_\_\_\_ between **ANGRY CHICKZ FRANCHISING LLC**, a California limited liability company (“Company”), and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”), with reference to the following:

1. 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.
2. Release. Sections 3.4.6 and 13.2 of the Franchise Agreement are amended to provide that any release required as a condition of assignment or renewal will not apply to liability under the Maryland Franchise Registration and Disclosure Law (the “Maryland Franchise Law”).
3. Consent to Jurisdiction. Article 17 of the Franchise Agreement is amended to provide that, under the Maryland Franchise Law, any litigation involving claims arising under the Maryland Franchise Law that are not subject to arbitration may be brought in Federal District Court in Maryland.
4. Statute of Limitations. Any limitation on the period of the 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 claims arising under the Maryland Franchise Law.
5. Acknowledgments. Article 19 of the Franchise Agreement is amended by the addition of the following at the end of such Section: “The representations made herein are not intended to and will not act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”
6. No statement, questionnaire or acknowledgement 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 other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. Construction. In all other respects, the Franchise Agreement will be construed and enforced in accordance with its terms.

[SIGNATURES ON NEXT PAGE]

**IN WITNESS WHEREOF**, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

“Company”

**ANGRY CHICKZ FRANCHISING LLC**,  
a California limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date of signing: \_\_\_\_\_

“Franchisee”

\_\_\_\_\_,

☐ an individual

☐ a general partnership;

☐ a limited partnership;

☐ a limited liability company;

☐ a corporation;

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date of signing: \_\_\_\_\_

**ADDENDUM TO ANGRY CHICKZ FRANCHISING LLC AREA DEVELOPMENT  
AGREEMENT  
(State of Maryland)**

THIS ADDENDUM is entered into as of \_\_\_\_\_, 20\_\_\_\_ between **ANGRY CHICKZ FRANCHISING LLC**, a California limited liability company (“Company”), and \_\_\_\_\_, a \_\_\_\_\_ (“Developer”), with reference to the following:

This Addendum relates to franchises sold in Maryland and is intended to comply with Maryland statutes and regulations. In consideration of the execution of the Area Development Agreement, ANGRY CHICKZ FRANCHISING LLC and Franchisee agree to amend the Area Development Agreement as follows:

1. 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. Release. Sections 6.3.4 and 7.2.2 of the Area Development Agreement are amended to provide that any release required as a condition of assignment or renewal will not apply to liability under the Maryland Franchise Registration and Disclosure Law (the “Maryland Franchise Law”).
3. Consent to Jurisdiction. Sections 11.2, and 12.8 of the Area Development Agreement are amended to provide that, under the Maryland Franchise Law, any litigation involving claims arising under the Maryland Franchise Law that are not subject to arbitration may be brought in Federal District Court in Maryland.
4. Statute of Limitations. Any limitation on the period of the 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 claims arising under the Maryland Franchise Law.
5. Acknowledgments. Article 13 of the Area Development Agreement is amended by the addition of the following at the end of such Section: “The representations made herein are not intended to and will not act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”
6. No statement, questionnaire or acknowledgement 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 other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Construction. In all other respects, the Area Development Agreement will be construed and enforced in accordance with its terms.

**IN WITNESS WHEREOF**, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

“Company”

**ANGRY CHICKZ FRANCHISING LLC**,  
a California limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date of signing: \_\_\_\_\_

“Developer”

\_\_\_\_\_,

☐ an individual

☐ a general partnership;

☐ a limited partnership;

☐ a limited liability company;

☐ a corporation;

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date of signing: \_\_\_\_\_

**ADDENDUM TO ANGRY CHICKZ FRANCHISING LLC DISCLOSURE DOCUMENT  
FOR THE STATE OF MICHIGAN**

**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 on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a Franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee 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 a Franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration, of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the Franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years; and (ii) the franchisee is prohibited by the franchise 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 the franchisee does not receive at least 6 months advance notice of Franchisor's intent not to renew the franchise.
- (e) A provision that permits the Franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a Franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a Franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) the failure of the proposed transferee to meet the Franchisor's then current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of the Franchisor or subFranchisor.

(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 the Franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the Franchisor items that are not uniquely identified with the Franchisor. This subdivision does not prohibit a provision that grants to a Franchisor 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 this subdivision prohibit a provision that grants the Franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

THE FACT THAT THERE IS A NOTICE OF THIS DISCLOSURE ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding these Additional Disclosures shall be directed to the Department of the Attorney General, Consumer Protection Division, 670 Law Building, 525 West Ottawa Street, Lansing, Michigan 48913, (517) 373-7717.

## **ADDENDUM TO ANGRY CHICKZ FRANCHISING LLC DISCLOSURE DOCUMENT FOR THE STATE OF MINNESOTA**

1. **Notice of Termination.** The following statement is added to Item 17:

With respect to franchises governed by Minnesota law, the Franchisor will comply with Minnesota Statute 80C.14 Subd. 3-5, which require (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 and that consent to the transfer of the franchise will not be unreasonably withheld.

2. **Choice of Forum and Law; Waiver of Right to Jury Trial or Termination Penalties.** The following statements are added to Item 17:

Minnesota Statute 80C.21 and Minnesota Rule 2860.4400(J) prohibit the Franchisor 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 agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statute 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

The franchisee cannot consent to the Franchisor obtaining injunctive relief. The Franchisor may seek injunctive relief. See Minnesota Rule 2860.4400(J). Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statute 80C.17 Subd. 5.

3. **General Release.** The following statement is added to Item 17:

Minnesota Rule 2860.4400D prohibits a Franchisor from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.

4. **Additional Disclosure.** The following statement is added to Item 22:

No statement, questionnaire or acknowledgement 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.



**ADDENDUM TO ANGRY CHICKZ FRANCHISING LLC  
FRANCHISE AGREEMENT  
(State of Minnesota)**

THIS ADDENDUM is entered into as of \_\_\_\_\_, 20\_\_\_\_ between **ANGRY CHICKZ FRANCHISING LLC**, a California limited liability company (“Company”), and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”), with reference to the following:

The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Franchisee was made in the State of Minnesota; **(B)** Franchisee is a resident of the State of Minnesota; and/or **(C)** a franchised business will be located or operated in the State of Minnesota.

In recognition of Minnesota Statutes 1984, Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et seq. (collectively, the “**Minnesota Franchise Law**”), the parties to the Franchise Agreement agree as follows:

1. Notwithstanding any provision in the Franchise Agreement to the contrary, with respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of the Franchise Agreement.
2. Notwithstanding any provision in the Franchise Agreement to the contrary, as required by Minn. Stat. Sec. 80C.12(g), Franchisor will reimburse Franchisee for any costs incurred by Franchisee in the defense of Franchisee’s right to use the Marks, so long as Franchisee was using the Marks in the manner authorized by Franchisor, and so long as Franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.
3. Notwithstanding any provision in the Franchise Agreement that requires Franchisee to execute a general release as a condition for Franchisee to assign the franchise to a third party, such a general release shall not relieve any person from liability imposed by Minn. Stat., Sec. 80C.22.
4. Notwithstanding any provision in the Franchise Agreement to the contrary, neither Franchisee’s rights as provided for in Minnesota Franchise Law, nor Franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, may be abrogated or reduced.
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 other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

6. In the event of any conflict between the terms of this Addendum and the terms of the Franchise Agreement, the terms of this Addendum shall prevail.
7. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
8. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.
9. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be as effective as delivery of a manually executed counterpart of this Addendum.

**IN WITNESS WHEREOF**, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

“Company”

**ANGRY CHICKZ FRANCHISING LLC**,  
a California limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date of signing: \_\_\_\_\_

“Franchisee”

\_\_\_\_\_,

- ☐ an individual
- ☐ a general partnership;
- ☐ a limited partnership;
- ☐ a limited liability company;
- ☐ a corporation;

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date of signing: \_\_\_\_\_

**ADDENDUM TO ANGRY CHICKZ FRANCHISING LLC AREA DEVELOPMENT  
AGREEMENT  
(State of Minnesota)**

THIS ADDENDUM is entered into as of \_\_\_\_\_, 20\_\_\_\_ between **ANGRY CHICKZ FRANCHISING LLC**, a California limited liability company (“Company”), and \_\_\_\_\_, a \_\_\_\_\_ (“Developer”), with reference to the following:

The provisions of this Addendum form an integral part of, and are incorporated into the Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Developer was made in the State of Minnesota; **(B)** Developer is a resident of the State of Minnesota; **(C)** part or all of any Development Area is located in the State of Minnesota; and/or **(D)** a franchised business will be located or operated in the State of Minnesota.

The Area Development Agreement is specifically amended as follows:

1. In recognition of Minnesota Statutes 1984, Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et seq. (collectively, the “**Minnesota Franchise Law**”), the parties to the Area Development Agreement agree as follows:
2. Notwithstanding any provision in the Area Development Agreement to the contrary, with respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Area Developer be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of the Area Development Agreement.
3. Notwithstanding any provision in the Area Development Agreement to the contrary, as required by Minn. Stat. Sec. 80C.12(g), Franchisor will reimburse Area Developer for any costs incurred by Area Developer in the defense of Area Developer’s right to use the Marks, so long as Area Developer was using the Marks in the manner authorized by Franchisor, and so long as Franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.
4. Notwithstanding any provision in the Area Development Agreement that requires Area Developer to execute a general release as a condition for Area Developer to assign the franchise to a third party, such a general release shall not relieve any person from liability imposed by Minn. Stat., Sec. 80C.22.
5. Notwithstanding any provision in the Area Development Agreement to the contrary, neither Area Developer’s rights as provided for in Minnesota Franchise Law, nor Area Developer’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, may be abrogated or reduced.

6. In the event of any conflict between the terms of this Addendum and the terms of the Area Development Agreement, the terms of this Addendum shall prevail.
7. 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 other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
8. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement.
9. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect.
10. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be as effective as delivery of a manually executed counterpart of this Addendum.

**IN WITNESS WHEREOF**, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

“Company”

**ANGRY CHICKZ FRANCHISING LLC**,  
a California limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date of signing: \_\_\_\_\_

“Developer”

\_\_\_\_\_,

☐ an individual

☐ a general partnership;

☐ a limited partnership;

☐ a limited liability company;

☐ a corporation;

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date of signing: \_\_\_\_\_

## **ADDENDUM TO ANGRY CHICKZ FRANCHISING LLC DISCLOSURE DOCUMENT FOR THE STATE OF NEW YORK**

1. **State Cover Page.** The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR RESOURCES OR 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 ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. 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 THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. **Item 3, Additional Disclosure.** The following is added at the end of Item 3:

Except as provided above, the following applies 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 that is 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 ten years 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. **Item 17: Renewal, Termination, Transfer, and Dispute Resolution.**

- A. The following is added to the end of the “**Summary**” sections of Item 17(c), titled “**Requirements for a 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; this proviso intends that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

- B. The following language replaces the “**Summary**” section of Item 17(d), titled “**Termination by a franchisee**”:

You may terminate the agreement on any grounds available by law.

- C. The following is added to the end of the “**Summary**” sections of Item 17(v), titled “**Choice of forum,**” and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York.

- D. **Franchise Questionnaires and Acknowledgements**--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 other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

- E. **Receipts**--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the Rev. April 2, 2024 time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

**ADDENDUM TO ANGRY CHICKZ FRANCHISING LLC  
FRANCHISE AGREEMENT  
(State of New York)**

THIS ADDENDUM is entered into as of \_\_\_\_\_, 20\_\_\_\_ between **ANGRY CHICKZ FRANCHISING LLC**, a California limited liability company (“Company”), and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”), with reference to the following:

The provisions of this Addendum form an integral part of, and are incorporated into, the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to you was made in the State of New York; **(B)** you are a resident of the State of New York; and/or **(C)** the franchised business will be located in the State of New York.

The parties to the Franchise Agreement hereby acknowledge and agree that:

1. Irrespective of any requirements for the franchisee to renew or extend the Franchise Agreement and any conditions that must be met for the franchisor to approve a transfer of the franchise, to the extent required by applicable law, all rights the franchisee enjoys and any causes of action arising in the franchisee’s 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.
2. The franchisee may terminate the Franchise Agreement on any grounds available by law.
3. Irrespective of any rights granted to the franchisor to assign the Franchise Agreement, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.
4. No choice of law or choice of forum provision in the Franchise Agreement should be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.
5. In the event of any conflict between the terms of this Addendum and the terms of the Franchise Agreement, the terms of this Addendum shall prevail.
6. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the General Business Law of the State of New York are met independently without reference to this Addendum.
7. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

8. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.
9. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be as effective as delivery of a manually executed counterpart of this Addendum.

**IN WITNESS WHEREOF**, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

“Company”

“Franchisee”

**ANGRY CHICKZ FRANCHISING LLC**,  
a California limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date of signing: \_\_\_\_\_

\_\_\_\_\_,  
☐ an individual  
☐ a general partnership;  
☐ a limited partnership;  
☐ a limited liability company;  
☐ a corporation;  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date of signing: \_\_\_\_\_



**ADDENDUM TO ANGRY CHICKZ FRANCHISING LLC AREA DEVELOPMENT  
AGREEMENT  
(State of New York)**

THIS ADDENDUM is entered into as of \_\_\_\_\_, 20\_\_\_\_ between **ANGRY CHICKZ FRANCHISING LLC**, a California limited liability company (“Company”), and \_\_\_\_\_, a \_\_\_\_\_ (“Developer”), with reference to the following:

The provisions of this Addendum form an integral part of, and are incorporated into, the Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to you was made in the State of New York; **(B)** you are a resident of the State of New York; and/or **(C)** part or all of the Development Area is located in the State of New York.

1. Irrespective of any requirements for the area developer to renew or extend the Area Development Agreement and any conditions that must be met for the franchisor to approve a transfer of the franchise, to the extent required by applicable law, all rights the area developer enjoys and any causes of action arising in the area developer’s 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.
2. The area developer may terminate the Area Development Agreement on any grounds available by law.
3. Irrespective of any rights granted to the franchisor to assign the Area Development Agreement, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Area Development Agreement.
4. No choice of law or choice of forum provision in the Area Development Agreement should be considered a waiver of any right conferred upon the franchisor or upon the area developer by Article 33 of the General Business Law of the State of New York.
5. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement.
6. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect.
7. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be as effective as delivery of a manually executed counterpart of this Addendum.

**IN WITNESS WHEREOF**, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

“Company”

**ANGRY CHICKZ FRANCHISING LLC**,  
a California limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date of signing: \_\_\_\_\_

“Developer”

\_\_\_\_\_,

☐ an individual

☐ a general partnership;

☐ a limited partnership;

☐ a limited liability company;

☐ a corporation;

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date of signing: \_\_\_\_\_

## **ADDENDUM TO ANGRY CHICKZ FRANCHISING LLC DISCLOSURE DOCUMENT FOR THE STATE OF NORTH DAKOTA**

### **1. Item 17, Additional Disclosures.** The following statements are added to Item 17:

The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

- A. Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.
- B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.
- C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
- D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
- E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
- F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
- G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
- H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.
- I. Limitation of Claims: Requiring that North Dakota franchisees to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- J. Enforcement of Agreement: Requiring that North Dakota franchisees to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

### **2. Item 22, Additional Disclosure.** The following statement is added to Item 22:

No statement, questionnaire or acknowledgement 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of the Additional Disclosures shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law, with respect to each such provision, are met independent of the Additional Disclosures. The Additional Disclosures shall have no force or effect if such jurisdictional requirements are not met.

**ADDENDUM TO ANGRY CHICKZ FRANCHISING LLC  
FRANCHISE AGREEMENT  
(State of North Dakota)**

THIS ADDENDUM is entered into as of \_\_\_\_\_, 20\_\_\_\_ between **ANGRY CHICKZ FRANCHISING LLC**, a California limited liability company (“Company”), and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”), with reference to the following:

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to you was made in the State of North Dakota; **(B)** you are a resident of the State of North Dakota; and/or **(C)** the franchised business will be located in the State of North Dakota.
2. The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):
  - A. Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.
  - B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.
  - C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
  - D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
  - E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
  - F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
  - G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
  - H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.
  - I. Limitation of Claims: Requiring that North Dakota franchisees to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

- J. Enforcement of Agreement: Requiring that North Dakota franchisees to pay all costs and expenses incurred by the Franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.
3. 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 other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
  4. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
  5. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.
  6. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be as effective as delivery of a manually executed counterpart of this Addendum.

**IN WITNESS WHEREOF**, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

“Company”

**ANGRY CHICKZ FRANCHISING LLC**,  
a California limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date of signing: \_\_\_\_\_

“Franchisee”

\_\_\_\_\_,  
☐ an individual  
☐ a general partnership;  
☐ a limited partnership;  
☐ a limited liability company;  
☐ a corporation;  
 By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Its: \_\_\_\_\_  
 Date of signing: \_\_\_\_\_

**ADDENDUM TO ANGRY CHICKZ FRANCHISING LLC AREA DEVELOPMENT  
AGREEMENT  
(State of North Dakota)**

THIS ADDENDUM is entered into as of \_\_\_\_\_, 20\_\_\_\_ between ANGRY CHICKZ FRANCHISING LLC, a California limited liability company (“Company”), and \_\_\_\_\_, a \_\_\_\_\_ (“Developer”), with reference to the following:

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to you was made in the State of North Dakota; **(B)** you are a resident of the State of North Dakota; and/or **(C)** part or all of the Development Area is located in the State of North Dakota.
2. The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):
  - A. Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.
  - B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.
  - C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
  - D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
  - E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
  - F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
  - G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
  - H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.
  - I. Limitation of Claims: Requiring that North Dakota franchisees to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

- J. Enforcement of Agreement: Requiring that North Dakota franchisees to pay all costs and expenses incurred by the Franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.
3. 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 other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
  4. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement.
  5. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect.
  6. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be as effective as delivery of a manually executed counterpart of this Addendum.

**IN WITNESS WHEREOF**, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

“Company”

**ANGRY CHICKZ FRANCHISING LLC**,  
a California limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date of signing: \_\_\_\_\_

“Developer”

\_\_\_\_\_,  
☐ an individual  
☐ a general partnership;  
☐ a limited partnership;  
☐ a limited liability company;  
☐ a corporation;  
 By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Its: \_\_\_\_\_  
 Date of signing: \_\_\_\_\_



**ADDENDUM TO ANGRY CHICKZ FRANCHISING LLC DISCLOSURE DOCUMENT  
FOR THE STATE OF RHODE ISLAND**

**Item 17, Additional Disclosure.** The following statement is added to Item 17:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

The provision of this Additional Disclosure shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Law are met independently without reference to this Additional Disclosure.

**ADDENDUM TO ANGRY CHICKZ FRANCHISING LLC  
FRANCHISE AGREEMENT  
(State of Rhode Island)**

THIS ADDENDUM is entered into as of \_\_\_\_\_, 20\_\_\_\_ between **ANGRY CHICKZ FRANCHISING LLC**, a California limited liability company (“Company”), and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”), with reference to the following:

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to you was made in the State of Rhode Island; **(B)** you are a resident of the State of Rhode Island; and/or **(C)** the franchised business will be located in the State of Rhode Island.
2. The following language is added to Sections 17.1-17.3 and 18.6:  
  
Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”
3. 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 other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
4. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
5. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.
6. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be as effective as delivery of a manually executed counterpart of this Addendum.

[SIGNATURES ON NEXT PAGE]

**IN WITNESS WHEREOF**, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

“Company”

**ANGRY CHICKZ FRANCHISING LLC**,  
a California limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date of signing: \_\_\_\_\_

“Franchisee”

\_\_\_\_\_,

☐ an individual

☐ a general partnership;

☐ a limited partnership;

☐ a limited liability company;

☐ a corporation;

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date of signing: \_\_\_\_\_

**ADDENDUM TO ANGRY CHICKZ FRANCHISING LLC AREA DEVELOPMENT  
AGREEMENT  
(State of Rhode Island)**

THIS ADDENDUM is entered into as of \_\_\_\_\_, 20\_\_\_\_ between **ANGRY CHICKZ FRANCHISING LLC**, a California limited liability company (“Company”), and \_\_\_\_\_, a \_\_\_\_\_ (“Developer”), with reference to the following:

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to you was made in the State of Rhode Island; **(B)** you are a resident of the State of Rhode Island; and/or **(C)** part or all of the Development Area is located in the State of Rhode Island.
2. The following language is added to Sections 11.1-11.3 and 12.8:  
  
Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”
3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement.
4. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect.
5. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be as effective as delivery of a manually executed counterpart of this Addendum.

[SIGNATURES ON NEXT PAGE]

**IN WITNESS WHEREOF**, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

“Company”

**ANGRY CHICKZ FRANCHISING LLC**,  
a California limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date of signing: \_\_\_\_\_

“Developer”

\_\_\_\_\_,

☐ an individual

☐ a general partnership;

☐ a limited partnership;

☐ a limited liability company;

☐ a corporation;

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date of signing: \_\_\_\_\_

## **ADDENDUM TO ANGRY CHICKZ FRANCHISING LLC DISCLOSURE DOCUMENT FOR THE STATE OF VIRGINIA**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Angry Chickz Franchising LLC for use in the Commonwealth of Virginia shall be amended as follows:

1. **Item 17, Additional Disclosure.** The following is added to Item 17.h:

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

2. **Item 22, Additional Disclosure.** The following statement is added to Item 22:

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 other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Payment of all initial fees payable under the Franchise Agreement is deferred until Franchisor has satisfied its pre-opening obligations to you under the Franchise Agreement and your Angry Chickz business opens to the public.

**ADDENDUM TO ANGRY CHICKZ FRANCHISING LLC FRANCHISE AGREEMENT  
(State of Virginia)**

THIS ADDENDUM is entered into as of \_\_\_\_\_, 20\_\_\_\_ between **ANGRY CHICKZ FRANCHISING LLC**, a California limited liability company (“Company”), and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”), with reference to the following:

The provisions of this Addendum form an integral part of, and are incorporated into, the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to you was made in the State of Virginia; **(B)** you are a resident of the State of Virginia; and/or **(C)** the franchised business will be located in the State of Virginia.

1. Notwithstanding anything to the contrary set forth in the Franchise Agreement, and in particular Section 5.1 thereof, Franchisee shall pay the Initial Fee to Company when Company has fulfilled its initial obligations to Franchisee and Franchisee’s Angry Chickz business opens to the public.

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 other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Except as set forth herein, the Franchise Agreement shall be valid and enforceable between the parties in accordance with its terms.

**IN WITNESS WHEREOF**, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

“Company”

**ANGRY CHICKZ FRANCHISING LLC**,  
a California limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date of signing: \_\_\_\_\_

“Franchisee”

\_\_\_\_\_,  
[ ] an individual  
[ ] a general partnership;  
[ ] a limited partnership;  
[ ] a limited liability company;  
[ ] a corporation;  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date of signing: \_\_\_\_\_

**ADDENDUM TO ANGRY CHICKZ FRANCHISING LLC  
AREA DEVELOPEMNT AGREEMENT  
(State of Virginia)**

THIS ADDENDUM is entered into as of \_\_\_\_\_, 20\_\_\_\_ between **ANGRY CHICKZ FRANCHISING LLC**, a California limited liability company (“Company”), and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”), with reference to the following:

The provisions of this Addendum form an integral part of, and are incorporated into, the Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to you was made in the State of Virginia; **(B)** you are a resident of the State of Virginia; and/or **(C)** the franchised business will be located in the State of Virginia.

1. Payment of all initial fees payable under the Area Development Agreement is deferred until Franchisor has satisfied its pre-opening obligations to you under the Area Development Agreement and your first Angry Chickz business opens to the public.
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 other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Except as set forth herein, the Area Development Agreement shall be valid and enforceable between the parties in accordance with its terms.

**IN WITNESS WHEREOF**, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

“Company”

**ANGRY CHICKZ FRANCHISING LLC**,  
a California limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date of signing: \_\_\_\_\_

“Developer”

\_\_\_\_\_,  
[ ] an individual  
[ ] a general partnership;  
[ ] a limited partnership;  
[ ] a limited liability company;  
[ ] a corporation;  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date of signing: \_\_\_\_\_



## **ADDENDUM TO ANGRY CHICKZ FRANCHISING LLC DISCLOSURE DOCUMENT FOR THE STATE OF WASHINGTON**

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** 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. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.
15. **Nonsolicitation Agreements.** 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.

16. **Questionnaires and Acknowledgments.** 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 other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).
18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

**ADDENDUM TO ANGRY CHICKZ FRANCHISING LLC FRANCHISE AGREEMENT  
(State of Washington)**

THIS ADDENDUM is entered into as of \_\_\_\_\_, 20\_\_\_\_ between **ANGRY CHICKZ FRANCHISING LLC**, a California limited liability company (“Company”), and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”), with reference to the following:

1. **Background.** The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Agreement regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.
2. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
3. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the Franchise Agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the Franchise Agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
4. **Site of Arbitration, Mediation, and/or Litigation.** 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.
5. **General Release.** A release or waiver of rights in the Franchise Agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
6. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the Franchise Agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

7. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
8. **Termination by Franchisee.** The franchisee may terminate the Franchise Agreement under any grounds permitted under state law.
9. **Certain Buy-Back Provisions.** Provisions in Franchise Agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the Franchise Agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
10. **Fair and Reasonable Pricing.** Any provision in the Franchise Agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
11. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the Franchise Agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
12. **Franchisor's Business Judgement.** Provisions in the Franchise Agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
13. **Indemnification.** Any provision in the Franchise Agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
14. **Attorneys' Fees.** If the Franchise Agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
15. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, 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 provision contained in the Franchise Agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

16. **Nonsolicitation Agreements.** 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.
17. **Questionnaires and Acknowledgments.** 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 other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
18. **Prohibitions on Communicating with Regulators.** Any provision in the Franchise Agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).
19. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

**IN WITNESS WHEREOF**, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

“Company”

“Franchisee”

**ANGRY CHICKZ FRANCHISING LLC**,  
a California limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date of signing: \_\_\_\_\_

\_\_\_\_\_,  
[ ] an individual  
[ ] a general partnership;  
[ ] a limited partnership;  
[ ] a limited liability company;  
[ ] a corporation;  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date of signing: \_\_\_\_\_

S

**ADDENDUM TO ANGRY CHICKZ FRANCHISING LLC AREA DEVELOPMENT  
AGREEMENT  
(State of Washington)**

THIS ADDENDUM is entered into as of \_\_\_\_\_, 20\_\_\_\_ between **ANGRY CHICKZ FRANCHISING LLC**, a California limited liability company (“Company”), and \_\_\_\_\_, a \_\_\_\_\_ (“Developer”), with reference to the following:

1. **Background.** The provisions of this Addendum form an integral part of, are incorporated into, and modify the Development Agreement regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.
2. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
3. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the Development Agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the Development Agreement or related agreements concerning your relationship with the franchisor. Development agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
4. **Site of Arbitration, Mediation, and/or Litigation.** 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 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.
5. **General Release.** A release or waiver of rights in the Development Agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
6. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the Development Agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment

Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

7. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
8. **Termination by Franchisee.** The franchisee may terminate the Development Agreement under any grounds permitted under state law.
9. **Certain Buy-Back Provisions.** Provisions in Development Agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the Development Agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
10. **Fair and Reasonable Pricing.** Any provision in the Development Agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
11. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
12. **Franchisor's Business Judgement.** Provisions in the Development Agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
13. **Indemnification.** Any provision in the Development Agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
14. **Attorneys' Fees.** If the Development Agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
15. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, 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 provision contained in the Development Agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

16. **Nonsolicitation Agreements.** 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.
17. **Questionnaires and Acknowledgments.** 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 other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
18. **Prohibitions on Communicating with Regulators.** Any provision in the Development Agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).
19. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

**IN WITNESS WHEREOF**, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

“Company”

**ANGRY CHICKZ FRANCHISING LLC**,  
a California limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date of signing: \_\_\_\_\_

“Developer”

\_\_\_\_\_,  
[ ] an individual  
[ ] a general partnership;  
[ ] a limited partnership;  
[ ] a limited liability company;  
[ ] a corporation;  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date of signing: \_\_\_\_\_

### **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 below:

<b>State</b>	<b>Effective Date</b>
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

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.

## Exhibit K – 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 Angry Chickz Franchising 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.

Several states, including New York, 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.

Several states, including Michigan, require that we give you this disclosure document at least 10 business days before execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Angry Chickz Franchising LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit H.

The following is the name, principal business address and telephone number of each franchise seller offering this franchise:

- ☐ Mike LaRue 15301 Ventura Blvd. Bldg B-250 Sherman Oaks, California 91403 818-574-3737
- ☐ David Mkhitarian 15301 Ventura Blvd. Bldg B-250 Sherman Oaks, California 91403 818-574-3737
- ☐ See attached list

Date of Issuance: May 9, 2025

See Item 1 for our registered agent authorized to receive service of process.

I have received a disclosure document dated May 9, 2025 that included the following Exhibits:

- |   |   |   |  |
|---|---|---|--|
| A | Franchise Agreement   | G | Financial Statements                                 |
| B | Area Development Agreement  | H | State Administrators / Agents for Service of Process |
| C | General Release   | I | Manual Table of Contents                             |
| D | Continuing Guaranty   | J | State Addenda  |
| E | Confidentiality Agreement   | K | Receipts   |
| F | Lists - Franchised Locations, Signed but Not Open, Former Franchisees |   |  |

Date: \_\_\_\_\_

Prospective Franchisee:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Individually and on behalf of the following entity:

Company Name: \_\_\_\_\_

Title: \_\_\_\_\_

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Date: \_\_\_\_\_

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By: \_\_\_\_\_

Name: \_\_\_\_\_

Individually and on behalf of the following entity:

Company Name: \_\_\_\_\_

Title: \_\_\_\_\_