



## FRANCHISE DISCLOSURE DOCUMENT

PC Americas Franchising, Inc.  
a Delaware corporation  
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The franchisee will operate a restaurant under the name Potato Corner® featuring classic and creative French fries in a variety of flavors as well as other potato snacks. The total initial investment necessary to begin operations ranges from \$400,000 to \$800,000. This includes \$30,000 to \$40,000 that must be paid to the franchisor or an affiliate.

This disclosure document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Jorge Concepcion, 13925 City Center Drive, Suite 200, Chino Hills, California 91709; (909) 970-7150.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or 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: September 8, 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:

<b>QUESTION</b>	<b>WHERE TO FIND INFORMATION</b>
<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 I.
<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 C 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 Potato Corner® 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 a Potato Corner® franchisee?</b>	Item 20 or Exhibit I 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 A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

## Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, 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.

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.

## TABLE OF CONTENTS

ITEM 1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES .....	1
ITEM 2. BUSINESS EXPERIENCE .....	3
ITEM 3. LITIGATION .....	4
ITEM 4. BANKRUPTCY .....	6
ITEM 5. INITIAL FEES .....	6
ITEM 6. OTHER FEES.....	6
ITEM 7. ESTIMATED INITIAL INVESTMENT .....	10
ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	12
ITEM 9. FRANCHISEE’S OBLIGATIONS.....	16
ITEM 10. ....	18
ITEM 11. FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING.....	18
ITEM 12. TERRITORY .....	25
ITEM 13. TRADEMARKS .....	27
ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION.....	30
ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS .....	30
ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	31
ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP .....	31
ITEM 18. PUBLIC FIGURES.....	37
ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS.....	37
ITEM 20. OUTLETS AND FRANCHISEE INFORMATION .....	38
ITEM 21. FINANCIAL STATEMENTS .....	41
ITEM 22. CONTRACTS .....	41
ITEM 23. RECEIPT .....	41

### Exhibits

- A. List of State Franchise Administrators
- B. List of Agents for Service of Process

- C. Financial Statements
- D. Franchise Agreement and State-Specific Addenda (if any)
- E. Conversion Addendum
- F. State Specific Addenda to Franchise Disclosure Document
- G. Potato Corner® Standards Manual Table of Contents
- H. Lease Addendum
- I. Information on Affiliates

State Effective Dates Page

#### COPIES OF RECEIPT

APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES REGARDING THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT OR STATE SPECIFIC ADDENDA TO THE FRANCHISE AGREEMENT. THE ADDITIONAL DISCLOSURES TO THE FRANCHISE DISCLOSURE DOCUMENT APPEAR IN THE STATE ADDENDA AT EXHIBIT F. THE STATE SPECIFIC ADDENDA TO THE FRANCHISE AGREEMENT, IF ANY, APPEAR IN EXHIBIT D.

**ITEM 1.**

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

To simplify the language in this Franchise Disclosure Document, “Potato Corner,” “we” or “us” mean the franchisor – PC Americas Franchising, Inc., a Delaware corporation. “You” means the person who buys the franchise. If the franchisee is a corporation, partnership, limited liability company or other entity, “you” may also refer to its owners. PC Americas Franchising, Inc. was formed on July 1, 2025. Our principal business address is: 13925 City Center Drive, Suite 200, Chino Hills, California 91709. Our telephone number is (909) 970-7150.

**Parents, Affiliates and Predecessor**

Following is a list of our direct and indirect parents and their principal business addresses:

<u>Name of Parent</u>	<u>Principal Business Address of Parent</u>
SPAVI US International, Inc.	13925 City Center Drive, Suite 200 Chino Hills, California 91709
Shakey’s Pizza Asia Ventures, Inc. (referred to as “SPAVI”)	Philippines KM 15 East Service Road Corner Marian Road 2 Barangay San Martin De Porres Paranaque City, Metro Manila 1700

Information about our affiliates that offer franchises is included in **Exhibit I**. Our affiliates offer and sell franchises to operate Potato Corner® businesses in many other countries. We also have affiliates that offer and sell franchises for Shakey’s Pizza businesses in various countries as well as other brands.

We have another affiliate, Shakey’s Pizza Commerce, Inc., that sells proprietary flavorings and other items to franchisees. Its principal address is Wow Center, 15 Km East Service Road Corner, San Martin De Porres, Paranaque City, Philippines.

SPAVI acquired the Potato Corner brand from Cinco Corporation, a Philippines corporation, that offered Potato Corner® franchises from 1993 to March 2022. SPAVI acquired the assets of the Potato Corner® system, including its trademarks and system, in March 2022. Cinco Corporation’s principal business address is Unit 105, 419 Bulalakaw St. Plainview Mandaluyong City, Philippines. As of March 2022, there were approximately 780 Potato Corner® franchisees operating 1,272 Potato Corner® stores. These included approximately 18 franchises that were operated in the United States that were subfranchised by PCJV USA, LLC pursuant to an oral license agreement between Cinco Corporation and PCJV USA, LLC. SPAVI revoked the oral license agreement effective May 31, 2024.

## Agents for Service of Process

Our agents for service of process are disclosed in **Exhibit B**.

## Our Business

We are in the business of franchising the right to operate restaurants under the name “Potato Corner®” featuring classic and creative French fries in a variety of unique flavors as well as other potato snacks. The menu currently includes flavored French fries such as barbeque, cheese, sour cream, chili cheese, golden sweet corn white cheddar, wasabi, and truffle, as well as other potato snacks including hashbrowns, Jojos, Loopys, tater tots, waffle fries, and breaded chicken pops. We have also developed proprietary Potato Corner®-branded merchandise and products that you display and offer for sale at your location.

We do not operate Potato Corner® restaurants in the United States ourselves, but our affiliate will do so in the future.

We may permit you to conduct delivery or catering activities. We reserve the right to develop a catering program or to permit you to offer delivery services. If we do so, we may require you to participate. Unless we do so, you may not conduct catering activities or delivery service without our consent. We reserve the right to negotiate regional or national accounts with individuals or companies. If we do develop a catering program and require you to participate, you must accept the terms of any regional or national account agreements that we negotiate.

The general market for the goods and services offered by Potato Corner® is the general public and is well developed and competitive. Your competitors include other restaurants specializing in potato snack offerings and other restaurants serving a wide variety of other foods.

## Applicable Laws and Regulations

In addition to laws and regulations that apply to businesses generally, you may be subject to regulations relating to the operation of an eating and drinking establishment in your state, city or county, including those governing construction, site location, recognition of income from gift card sales, and redemption, and the sale of food and alcoholic beverages, as well as public health and safety codes and ordinances. These may include menu-labeling laws and regulations. They also include regulations concerning smoking, sanitation, discrimination, employment and sexual harassment laws as well as the Americans with Disabilities Act, which requires readily accessible accommodations for disabled individuals and may affect your operations. You should consult with your own independent advisors and the government agencies in your state for information on how these laws apply to you. You must also comply with all data protection and privacy laws. In particular, you may not copy, transfer or use data on current or past customers such as their names, addresses, phone numbers or email addresses, or provide that information to third parties.

## ITEM 2.

### **BUSINESS EXPERIENCE**

#### **CEO, President and Chairman of the Board: Vicente L. Gregorio**

Mr. Gregorio has served as our CEO, President and Chairman of the Board since our formation in July 2025. Mr. Gregorio has also served as President and Chief Executive Officer of SPAVI since March 2013. Since October 5, 2016, Mr. Gregorio has also been a member of the Board of Directors. From February 2003 to March 2013, Mr. Gregorio was the Executive Vice President and Chief Operating Officer of SPAVI. Mr. Gregorio is based in the Philippines.

#### **Treasurer: Myrose April C. Victor**

Ms. Victor has served as our Treasurer since our initial organization in July 2025. Ms. Victor has also served as Deputy Chief Financial Officer of SPAVI since May 20, 2025. Before that, Ms. Victor has had various positions with SPAVI: Corporate Strategy and Planning Director (September 2, 2024 to the present); Potato Corner Finance and Corporate Services Director (November 2022 to September 2, 2024) and Head of Investor Relations and Corporate Development (June 2021 to November 2022). Before that, from October 2020 to June 2021, Ms. Victor was Head of Finance for Dole Philippines. Ms. Victor is based in the Philippines.

#### **Secretary: Maria Rosario L. Ybanez**

Ms. Ybanez has served as our Secretary since our initial organization in July 2025. Ms. Ybanez has also served as Corporate Secretary of SPAVI since October 5, 2016. She concurrently is the Legal Counsel and Compliance Officer of Century Pacific Food, Inc. and its group of companies. Ms. Ybanez is based in the Philippines.

#### **Vice Chairman of the Board: Richardo Gabriel T. Po**

Mr. Po has served as Vice Chairman of the Board since our initial organization in July 2025. Mr. Po also serves as Vice Chairman of SPAVI and has done so since October 5, 2016. Mr. Po has concurrently served as Vice Chairman of Century Pacific Food, Inc. and Arthaland Corporation since March 28, 2012. He also was the Executive Vice President and Chief Operations Officer of Century Pacific Food, Inc. from 1990 to 2006 and became Vice Chairman of its Board of Directors in 2006. Mr. Po is based in the Philippines.

U.S. Managing Director: Jorge Maria Q. Concepcion

Mr. Concepcion has served as our U.S. Managing Director since our initial organization in July 2025. Mr. Concepcion has also served as Shakey's Chief Operating Officer at SPAVI since January 1, 2024. Before that, he had been General Manager since February 2014. Mr. Concepcion is based in Chino Hills, California.

**ITEM 3.**

**LITIGATION**

Pending Action

*Shakey's Pizza Asia Ventures, Inc v. PCJV USA, LLC et. al.*, United States District Court, Central District of California, Case No. 2:24-cv-04546-SB-AGR was filed on May 31, 2024 by Shakey's Pizza Asia Ventures, Inc (SPAVI) against the former licensee of the Potato Corner brand in the United States, PCJV USA, LLC, its US supply chain operator, PCI Trading, LLC, the entities in the ownership structure of PCJV USA, LLC which are Potato Corner LA Gorup, LLC and GK Capital, LLC, the person who owns and operates each of these companies, Guy Koren, as well as against Mr. Koren's stores (which are separate from the franchisees): NKM Capital Group, LLC; J & K Americana, LLC; J&K Lakewood, LLC; J&K Valley Fair, LLC; J & K Ontario, LLC; HLK Milpitas, LLC; GK Cerritos, LLC; and J&K PC Trucks, LLC. Each of the defendants was sublicensed by PCJV USA, LLC to use the Potato Corner intellectual property. After acquiring the rights to the Potato Corner brand from Cinco Corporation, SPAVI expended great efforts in an attempt to negotiate a new license with PCJV USA, LLC, but the parties could not agree. On May 31, 2025, SPAVI terminated the at-will implied license to PCJV USA, LLC. PCJV USA, LLC and its owners and affiliates refused to acknowledge the termination. SPAVI brought this action seeking a judicial determination that SPAVI is the exclusive owner of the Potato Corner brand and is the sole party entitled to license the Potato Corner brand in the United States. On February 21, 2025, each of the defendants answered and filed counterclaims against SPAVI, as well as against SPAVI International US, Inc. PCJV and Koren and their stores also now suing the following companies: (i) Cinco Corporation for having sold the Potato Corner brand; (ii) PC International PTE, Ltd., a subsidiary of SPAVI, for interfering with their claimed ownership of the US Potato Corner marks by attempting to spread the brand domestically; and (iii) PC International PTE, Ltd. for claiming ownership of the Potato Corner trademarks. On November 14, 2025, Guy Koren and PCJV USA, LLC as well as each of the other defendants and, effectively all US franchisees, were enjoined from using any of the Potato Corner trademarks effective after the federal court concluded that SPAVI's claim of rights to the Potato Corner brand were likely to prevail and that PCJV USA, LLC and Guy Koren were likely to be adjudicated as having infringed upon and misappropriated the Potato Corner trademarks. On April 15, 2025, Koren and PCJV were held in civil contempt of court for having continued to use the prohibited marks. On May

19, 2025, that ruling was affirmed by the United States Court of Appeals for the Ninth Circuit. Trial on the entire matter is currently set for September 26, 2025.

### Prior Action

*Cinco Corporation and Potato Corner International, Inc. v. Guy Koren, et. al*, Los Angeles County Superior Court, No. BC701075, filed April 10, 2018. Cinco Corporation, our predecessor, and its subsidiary Potato Corner International, Inc. filed this case against the following Koren-affiliated Potato Corner store owners and officers of PCJV USA, LLC: Guy Koren, an individual; NKM Capital Group, LLC, a California limited liability company; J & K Americana, LLC, a California limited liability company; J & K Culver, LLC, a California limited liability company; J&K Lakewood, LLC, a California limited liability company; J&K Oakridge, LLC, a California limited liability company; J&K Valley Fair LLC, a California limited liability company; J & K Capital LLC, a California limited liability company; J & K Ontario, LLC, a California limited liability company; J&K PC Trucks, LLC, a California limited liability company; J&K Consultants Group, LLC, a California limited liability company; GK Capital Group, LLC, a California limited liability company; Potato Corner LA Group, LLC; Ashley Grudnowsky; Emily Garcia; Thomas Hodgson; and Alon Koren. Potato Corner International, Inc. sued for breaches of fiduciary duty and aiding and abetting and fraud arising out of Koren and the officers of PCJV USA, LLC having used resources to benefit themselves at the expense of Potato Corner International, Inc. and Cinco Corporation, as well as the franchisees. PCJV USA, LLC was a nominal defendant but took positions adverse to Cinco Corporation and Potato Corner International, Inc. Cinco Corporation alleged fraud against Guy Koren arising out of statements made at the outset of the creation of PCJV USA, LLC and for payment for the use of its brand.

In response, Koren and his affiliates filed a cross-complaint on May 8, 2018 that was later amended, against all of the following: Cinco Corporation; Potato Corner International, Inc.; High-Five Corporation; Jose P. Magsaysay, Jr., an individual; Jose Miguel Ma. Montinola, an individual; Ricardo Enrique K. Montelibano, an individual; Ma. Victoria Bermejo, an individual; Ben Olivas, an individual; John Edward Hernandez, an individual; Chad Dominic Hernandez, an individual; Miguel Raymundo Hernandez, an individual; Myrose Victor, an individual; Marivic Del Pilar, an individual; Jose Marco Del Pilar, an individual; Dia Lacaba, an individual; Nicardo Falcis, an individual; Amir Jacoby, an individual; and Inbal Jacoby, an individual, alleging as to all that they breached fiduciary duties and committed fraud by attempting to terminate Guy Koren, for making accusations regarding his breaches (against Amir Jacoby and Inbal Jacoby) as well as for having allegedly failed to offer Guy Koren the right to acquire the shares of Cinco Corporation that had recently been sold, pursuant to a right of first refusal in the PCJV USA, LLC Operating Agreement. Amir Jacoby and Inbal Jacoby also cross claimed against each of the Koren affiliates named above and against Guy Koren alleging breaches of fiduciary duty and fraud based on his treatment as a member of the various Koren affiliates. On or around April 19, 2024, all parties entered into a settlement agreement providing that Potato Corner International, Inc. relinquished all membership interest in PCJV USA, LLC to GK Capital, LLC, for a certain price. The settlement also included dismissals of the complaint and cross-complaint and releases by the parties. The releases did not

include certain claims challenging Cinco Corporation's sale of the Potato Corner brand, such that Koren can (and then did) claim that Cinco Corporation breached agreements with PCJV USA, LLC when it sold the brand to SPAVI. That is the subject of the pending action described above.

Other than the actions described above, no litigation is required to be disclosed in this Item.

**ITEM 4.**

**BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

**ITEM 5.**

**INITIAL FEES**

You pay a \$20,000 initial franchise fee in a lump sum when you sign the Franchise Agreement for your Potato Corner® restaurant. If you are a former franchisee of PCJV USA, LLC we may decide not to require you to pay an initial franchise fee to convert your restaurant if you meet certain criteria.

You must also purchase an initial inventory of proprietary flavorings from us. We estimate that the cost of this initial inventory will be \$10,000 to \$20,000.

None of the initial fees or payments are refundable.

**ITEM 6.**

**OTHER FEES**

**Franchise Agreement**

<b>Name of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty Fee	6% of gross revenues (4% of gross revenues if you are a former franchisee of PCJV USA, LLC that meets our criteria)	Weekly	See Note 1
System Marketing Fund Fee	1% of gross revenues	Same as Royalty Fee	See Note 2
Initial Training Fee	Our expenses	Upon demand before training	See Note 3

<b>Name of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Additional Training Fee	Our then-current fee; currently \$500 per trainer per day (at our location); plus expenses if at a different location	Upon demand before training	See Note 4
Technology Fee	Up to \$500 per week; currently \$500 per month	Monthly	See Note 5
Transfer Fee	50% of then-current initial franchise fee	Upon franchisee's application to transfer	See Note 6
Audit Fee	Cost of the audit and our expenses	Upon demand	See Note 7
Successor Agreement Fee	50% of the then-current initial franchise fee	At least 90 days before renewal term begins	See Note 8
Mystery Shopper Fee	Up to \$500 per inspection	Upon demand	See Note 9
Quality Assurance Audit Fee	Cost of audit	Upon demand	See Note 10
Relocation Fee	\$3,000 plus expenses	When you request consent to relocation	See Note 11
Insufficient Funds Fee	\$200 per occurrence	Upon demand	See Note 12
Late Fee	2% per month or maximum amount permitted by law	When payment or report is overdue	See Note 13
Interest on Late Payments	Highest rate permitted by law	When payment is overdue	See Note 14
Reimbursement	Our cost	Upon demand	See Note 15
Indemnification	Payment of our losses and costs	Upon demand	See Note 16
Cost of Appraisal	50% of cost	Upon demand	See Note 17
Costs and Attorney's Fees	Attorney's fees and costs	Upon determination of prevailing party	See Note 18

ALL FEES ARE IMPOSED BY AND ARE PAYABLE TO US, UNLESS OTHERWISE NOTED. WE MAY VARY THE FREQUENCY AND METHOD OF PAYMENT. WE CURRENTLY REQUIRE YOU TO PAY FEES VIA ELECTRONIC FUNDS TRANSFER (EFT) FROM YOUR BANK ACCOUNT AS OF THE DATE THIS DISCLOSURE DOCUMENT WAS ISSUED BUT WE MAY CHANGE THE REQUIRED METHOD OF

PAYMENT. ALL FEES ARE UNIFORMLY IMPOSED AND ARE NON-REFUNDABLE, UNLESS OTHERWISE NOTED. YOU MUST ALSO PROVIDE US WITH A DETAILED SUMMARY OF YOUR OVERALL BUSINESS ACTIVITY ON A WEEKLY BASIS WHEN THE EFT PAYMENT IS ASSESSED. IF YOU ARE LOCATED IN A STATE IN WHICH WE DO NOT HAVE AN OFFICE OR OTHER PHYSICAL PRESENCE, AND THE STATE OR LOCAL TAXING AUTHORITY IMPOSES A TAX ON ANY PAYMENT YOU ARE REQUIRED TO MAKE TO US (EITHER BY REQUIRING YOU TO WITHHOLD THE AMOUNT OF THE TAX OR BY REQUIRING US TO PAY IT), YOU MUST PAY US THE DIFFERENCE BETWEEN THE PAYMENT AS ORIGINALLY CALCULATED AND THE PAYMENT WE RECEIVE FROM YOU AFTER DEDUCTING THE TAX IF WE DO NOT RECEIVE A REFUND OR CREDIT. WE WILL INVOICE YOU FOR ANY SUCH DIFFERENCE.

**Notes:**

1. Gross revenues means all revenues you receive from the operation of the Potato Corner (including any payments under your business interruption insurance coverage and condemnation awards), deducting only amounts paid to any governmental tax authority. This includes revenues from food and beverage sales, from sales of products and merchandise and from all other activities conducted by or through the restaurant. If we institute a gift card or other loyalty program, you may have to forego receiving revenues from gift card sales you make, but recognize and receive revenues from gift cards redeemed at your restaurant. You must also send us a detailed summary of your overall business activity on a form we designate with each royalty payment.
2. We have established a system marketing fund to which you must contribute a percentage of your gross revenues.
3. We do not charge a separate fee for providing initial training to you and your personnel, assuming they attend initial training at the same time. We may charge a fee to provide initial training to additional or replacement personnel or to persons who attend at different times.
4. If you request additional training and we agree to provide it or if we determine that you or your personnel require additional training, we may charge this fee.
5. This fee may be used to cover the costs of your point-of-sale or back-of-the-office management system and items such as licensing or help desk fees for point-of-sale and other software, mobile app, CRM software, a franchise portal, and exposure on our website. We may collect all or a portion of this fee for a third party vendor.
6. You must pay this fee when you submit an application to transfer your rights under the Franchise Agreement or any interest in an entity franchisee. We retain our expenses if we do not consent to the transfer. If you are an individual and you are transferring to a wholly-owned entity, you do not pay a transfer fee, but you must reimburse us for our out-of-pocket expenses in documenting the transfer. There are other conditions to your ability to transfer. See Item 17.

7. If during an audit we determine that you have underpaid or underreported your revenues, then you must pay the cost of the audit in addition to any additional royalty fees, system marketing fees and late fees you owe.
8. You must pay this fee at least 90 days before the beginning of the renewal term of your Franchise Agreement. If we do not consent to the renewal of your franchise because you do not comply with all of the conditions to renewal, we will retain our expenses. You must be in good standing to renew. There are other conditions to renewal. See Item 17.
9. If we establish a mystery shop program, you must pay the cost of such a program, which we estimate will be up to \$500 per inspection. This cost may increase in the future. We may collect this payment on behalf of the third party provider.
10. If we contract with a supplier to conduct quality assurance audits, you must pay the cost of the audit by paying the supplier directly or reimbursing us for the cost, at our option. As of the date this Disclosure Document was issued, we estimate this cost to be approximately \$250.
11. If you request our consent to the relocation of your business, you must pay us \$3,000 when you submit your request. You must also reimburse us any travel expenses for our assistance in evaluating the new site, reviewing your building plans and other services. This fee is not refundable.
12. We will collect monies from you via electronic funds transfer. In the event of insufficient funds within your account (or, if we change your method of payment, a returned check) you must pay a fee of \$200 per occurrence.
13. If you do not submit any report or pay any amount when due, you must pay a late charge of 2% per month, or the maximum rate permitted by law, if less.
14. If you do not pay any amount when due, we may charge you interest at the highest rate permitted by law until the amount is paid.
15. If you fail to obtain insurance as required by the Franchise Agreement, we may obtain insurance on your behalf and you must reimburse us for the cost of obtaining such insurance. If you default on your lease or any other payments you owe and we choose to make expenditures to cure your default, you must reimburse us.
16. You must hold harmless, indemnify and defend us and our affiliates, partners, officers, directors, owners, agents and representatives and pay for any claims and losses to us resulting from your actions or failure to act.
17. If we exercise our right to purchase the assets of your business upon termination or expiration of the Franchise Agreement, and you and we do not agree on the fair market value of the assets, we will jointly select an appraiser and each pay 50% of the cost of the appraisal of the assets.

18. If there is a dispute between us, the prevailing party will be entitled to attorney's fees and costs. If we obtain injunctive relief against you because you breach the Franchise Agreement's provisions concerning use of our trademarks, trade secrets or confidential information or if you do not comply with your obligations under the Franchise Agreement upon termination or expiration, you must also reimburse us for our attorney's fees and costs.

**ITEM 7.**

**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<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>
Initial Franchise Fee (Note 1)	\$20,000	Lump Sum	At signing of Franchise Agreement	Us
Rent (Note 2)	\$25,000 - \$60,000	As incurred	As incurred	Landlord
Utility & Security Deposits	\$5,000 - \$10,000	As incurred	As incurred	Landlord; Utility Companies
Licenses & Permits	\$5,000 - \$10,000	As incurred	As incurred	Regulatory Agencies
Design & Architectural Fees	\$5,000 - \$10,000	As incurred	As incurred	Architects
Leasehold Improvements (Note 3)	\$200,000 - \$400,000	As incurred	As incurred	Landlord; Suppliers; Contractors
Signage	\$5,000 - \$10,000	As incurred	As incurred	Suppliers
Furniture & Fixtures	\$5,000 - \$10,000	As incurred	As incurred	Suppliers
POS/Back Office System	\$5,000 - \$10,000	As incurred	As incurred	Suppliers
Equipment	\$60,000 - \$120,000	As incurred	As incurred	Suppliers
Professional Services (Note 4)	\$5,000 - \$10,000	As incurred	As incurred	Attorney, Advisors
Initial Inventory (Note 5)	\$20,000 - \$40,000	Lump sum	As incurred	Us and Suppliers
Insurance	\$5,000 - \$10,000	As incurred	As incurred	Insurance Company

Travel & Living Expenses While Training (Note 6)	\$5,000 - \$10,000	As incurred	During training	Airlines, hotels, restaurants and other vendors
Grand Opening Advertising (Note 7)	\$5,000 to \$10,000	As incurred	As incurred	Media and other vendors
Additional Funds - 3 Months (Note 8)	\$25,000 - \$60,000	As incurred	As incurred	Employees and suppliers
<b>TOTAL</b> (Note 9)	<b>\$400,000 - \$800,000</b>			

THE AMOUNTS PAYABLE TO US ARE NONREFUNDABLE UNLESS OTHERWISE NOTED. THE REFUNDABILITY OF OTHER AMOUNTS DEPENDS UPON YOUR AGREEMENT WITH THE APPLICABLE SUPPLIER OR OTHER PARTY.

**Notes:**

1. You will not pay this fee if you are a former franchisee of PCJV USA, LLC that meets certain criteria.
2. The estimates in this chart include three months' rent and are based on a Potato Corner restaurant with approximately 300 to 600 square feet. Locations are typically in shopping malls.
3. This estimate includes amounts needed for construction, remodeling, decorating costs and any other leasehold improvements.
4. This figure includes our estimate of the cost for you to consult with independent legal and other professional advisors.
5. This estimate is also based on a restaurant with approximately 300 to 600 square feet. The amount of initial inventory you purchase will depend on the size and type of geographic location of your restaurant and the demographics of the population in the area.
6. This amount includes our estimate of the cost for a total of up to three people to travel to initial training. This amount varies depending on how far you are from our training location and on the number of people attending training.
7. This figure is the amount that you must spend on marketing and promotions before you open your business and after the opening of your business.
8. This estimates the amount required for initial operating expenses and working capital for three months. These expenses include payroll costs, but do not include any salary for you or your owners. We base our estimate of these expenses on research of

current standards and adaptations of our affiliate, Shakey's Pizza Asia Ventures, Inc.'s experience. This is not a breakeven analysis.

9. If you are a former franchisee of PCJV USA, LLC and are continuing to operate your Potato Corner restaurant, you will not have many of these costs. Your actual costs will depend on factors such as how closely you follow our methods and procedures, your management skill, experience and business acumen, local economic conditions, the local market, the prevailing wage rate, competition, and your customers. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

We do not offer direct or indirect financing to franchisees for any items.

## **ITEM 8.**

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

#### **Products, Services and Suppliers**

You must purchase all proprietary branded products that we designate from us or our affiliates. We may also require you to purchase non-proprietary products from us or our affiliates. We reserve the right to sell other branded or proprietary products, such as prepared foods, retail merchandise and other items, to franchisees. We or our affiliates may be the only supplier for these items. These items are part of our system and intrinsically associated with the Potato Corner brand. We or our affiliates will derive revenue from these sales.

We periodically designate vendors and suppliers that you must use for certain products or services. We or our affiliates are the sole supplier of certain items such as our proprietary flavorings.

You must purchase all other products, equipment, supplies and services required or used in the operation of the Potato Corner restaurant only from: (a) manufacturers, suppliers or distributors from time to time designated in writing by us; or (b) from us or our affiliates, if available.

All of the ingredients, products, goods, services, supplies, furniture, fixtures, equipment, inventory, and computer hardware and software you purchase or lease for use in the establishment or operation of the Potato Corner restaurant must meet the specifications, requirements, and standards described in our Potato Corner<sup>®</sup> Standards Manual.

We may issue specifications and standards for products and equipment to franchisees or to approved suppliers. We issue and modify these specifications and standards in our Potato Corner<sup>®</sup> Standards Manual. A list of designated suppliers is also included in the Potato Corner<sup>®</sup> Standards Manual.

### Officer-Owned Suppliers

None of our officers owns an interest in any supplier as of the date this Disclosure Document was issued except for the franchisor and its affiliates.

### Computer System

You must use the computer system and software we specify in the Potato Corner® Standards Manual including internet security procedures we require. We also designate vendors you must use.

### Accounting

You must use our mandated chart of accounts, income statement and balance sheet format in preparing financial statements. You must purchase and use the accounting software we specify in the Potato Corner® Standards Manual.

We may designate a third party accounting firm that you must use. You must submit financial statements and reports we require in the format we designate and with the frequency we periodically require.

### Gift Card Vendor

You must participate in any gift card or other loyalty programs we establish. For example, in a gift card program, we may designate a gift card vendor to manage funds paid by customers for gift cards and credit revenue to the Potato Corner restaurant at which the gift card is redeemed.

### Architect, Real Estate Broker, Real Estate Tenant Representative and Contractor

You must obtain our consent for the local licensed retail real estate broker that you retain to assist in selecting your site. You must use obtain our consent to the architect you choose to develop floor plans and construction drawings for your restaurant. You must submit your floor plans and full construction drawings, prototype drawings for a conceptual appearance, and videos and photos of the Potato Corner restaurant for our consent.

You must also use contractors who meet our standards and qualifications for contractors, including that the contractors be commercially licensed and adequately insured and have experience in building facilities similar to the Potato Corner restaurants. We recommend that you obtain at least three construction bids for your location. We may identify contractors that meet our standards and specifications, but you will not be required to use the contractors we suggest. You must obtain our consent to your selected contractor before you finalize your construction contract. Your contractor must add you and us on its insurance policies as additional insureds. We may designate vendors for certain items you and your contractor will need during construction and you must purchase those items from the designated vendor.

## Location and Lease

You must obtain our consent to the lease or contract for the location from which you will operate the Potato Corner restaurant before you sign the lease or contract. You are responsible for all costs to negotiate and sign the lease or contract. We may require you to include certain terms in your lease including a conditional lease assignment to us or our nominee if your Franchise Agreement expires or is terminated. We require that the lease contain the terms set forth in the Lease Addendum attached as Exhibit I. After you sign the lease or contract, you must return a copy to us.

## Insurance

You must obtain the insurance coverage required by the Franchise Agreement and as we may periodically notify you from a carrier with an A.M. Best rating of at least A- VIII (except for State Fund for Workers Compensation coverage). You may not self-insure and you must obtain our consent to the insurer. As of the date this Disclosure Document was issued, the required coverage includes the following:

- Worker's Compensation and Employers Liability Insurance as required by any applicable law or regulation and by the terms of any contract. Worker's Compensation and Employers Liability Insurance shall be provided in the amounts of no less than:
  - \$1,000,000 each accident for bodily injury by accident
  - \$1,000,000 each employee for bodily injury by disease
  - \$1,000,000 policy limit for bodily injury by disease
- Commercial General Liability Insurance and commercial umbrella insurance or commercial excess insurance on coverage forms of at least broad as ISO occurrence form CG 0001, including coverage insuring all subcontractors for the following coverages and limits:
  - \$2,000,000 General Aggregate
  - \$1,000,000 each occurrence Bodily Injury and Property Damage combined
  - \$1,000,000 for Personal Injury Liability
  - \$2,000,000 Products & Completed Operations aggregate
  - \$5,000 Medical Payments
- Automobile liability insurance including business auto liability and commercial liability insurance with a limit of no less than \$1,000,000 each accident on a coverage form at least as broad as ISO form CA 0001, including;
  - Coverage on all owned, non-owned and hired automobiles
  - Liability limits no less than \$1,000,000 Combined Single Limit for bodily injury
  - Property damage
- Cyber insurance in the minimum amounts we designate

- Business interruption coverage
- Other specialty coverage we require

The required coverage is subject to change. All such insurance must include coverage for losses that incur for two years after the expiration or termination of the Franchise Agreement. We must be listed as additional insured on all of the above policies and we may require that you name some of our affiliates including SPAVI International USA, Inc. as additional insureds as well. You must provide us with evidence of coverage when we require or request it. Your insurer must agree to give us at least 30 days' prior notice of default, termination or modification of any policy, and accord us the right to cure any default, in our discretion. You must provide a waiver of subrogation in our favor (and in favor of our affiliates) and provide that your insurance policies are primary and non-contributory to any policies we and our affiliates may carry.

### Advertising and Marketing

You must obtain our consent to all marketing, advertising and publicity materials you use to promote the Potato Corner restaurant before you use them. You must provide any proposed materials to us at least 15 days before publication. Unless you are a former franchisee of PCJV USA, LLC that meets our criteria, you must conduct grand opening advertising for the Potato Corner restaurant. You must obtain our prior consent to the activities you propose to conduct as part of your grand opening advertising.

### Rebates

During the year ended December 31, 2024, neither we nor our affiliates received revenues on account of purchase or leases by franchisees, nor did we receive rebates or other benefits from franchisees' purchases or leases from suppliers. We reserve the right to do so.

### Other Information

We may negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees.

We do not provide material benefits to franchisees based on use of designated or approved suppliers as of the date this Disclosure Document was issued, but we may do so in the future.

We do not have any purchasing or distribution cooperatives as of the date this Disclosure Document was issued.

We estimate that the required purchases and leases described in this Item will constitute approximately 75% to 90% of all purchases and leases you will incur to establish your Potato Corner restaurant and approximately 40% to 60% of your cost to operate your Potato Corner 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.

<u>Obligation</u>	<u>Section in Agreement</u>	<u>Disclosure Document Item</u>
a. Site selection and acquisition/lease	Section 1C of Franchise Agreement	Items 8 and 11
b. Pre-opening purchases/leases	Section 3B(1) of Franchise Agreement	Items 5, 7 and 8
c. Site development and other pre-opening requirements	Section 1C of Franchise Agreement	Items 7, 8 and 11
d. Initial and ongoing training	Section 2A of Franchise Agreement	Item 11
e. Opening	Section 1C(8) of Franchise Agreement	Item 11
f. Fees	Sections 1C(7), 1C(9), 1E(2)(c), 2A(3), 2A(4), 3H, 5, 6A, 7B, 7C, 12O, 13B(3)(g), 13D, 14, 15J(2) and 15J(5) of Franchise Agreement	Items 5 and 6
g. Compliance with standards and policies/Operating Manual	Section 2C of Franchise Agreement	Item 11
h. Trademarks and proprietary information	Sections 9 of Franchise Agreement	Items 13 and 14
i. Restrictions on products/services offered	Section 3A(1) of Franchise Agreement	Item 16
j. Warranty and customer service requirements	Section 3D of Franchise Agreement	Item 11

<b><u>Obligation</u></b>	<b><u>Section in Agreement</u></b>	<b><u>Disclosure Document Item</u></b>
k. Territorial development and sales quotas	Section 1A of Franchise Agreement	Item 12
l. Ongoing product/service purchases	Section 3A(1) of Franchise Agreement	Item 8
m. Maintenance, appearance and remodeling requirements	Section 3C of Franchise Agreement	Items 8 and 11
n. Insurance	Section 3H of Franchise Agreement	Item 8
o. Advertising	Section 8 of Franchise Agreement	Items 6 and 11
p. Indemnification	Section 14 of Franchise Agreement	Item 6
q. Owner's participation/management/staffing	Section 3E of Franchise Agreement	Item 15
r. Records and reports	Section 6 of Franchise Agreement	Item 6
s. Inspections and audits	Section 7 of Franchise Agreement	Item 6
t. Transfer	Section 13 of Franchise Agreement	Item 17
u. Renewal	Section 1E(2) of Franchise Agreement	Item 17
v. Post-termination obligations	Section 12 of Franchise Agreement	Item 17
w. Non-competition covenants	Section 10 of Franchise Agreement	Item 17
x. Dispute resolution	Sections 15F, 15J and 15P of Franchise Agreement	Item 17

<u>Obligation</u>	<u>Section in Agreement</u>	<u>Disclosure Document Item</u>
y. Other: Spousal Consent of spouse (Note 1); Owner Guaranty and Confidentiality and Non-Competition Agreements (Note 2)	Exhibits B and D to Franchise Agreement	Item 22

**Notes:**

(1) The spouse of an individual franchisee (and the spouse of each owner of a franchisee that is an entity) must sign a spousal consent (Exhibit B to Franchise Agreement).

(2) Each individual who owns an interest in a franchisee that is a business entity (and that individual's spouse) may be required to sign an agreement to maintain confidentiality and not to compete and an agreement guaranteeing all obligations of the "Franchisee" under the Franchise Agreement (Exhibit D to the Franchise Agreement).

**ITEM 10.**

**FINANCING**

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

**ITEM 11.**

**FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING**

**Except as listed below, PC Americas Franchising, LLC is not required to provide you with any assistance.**

Before you begin to operate the Potato Corner business, we:

(1) Will provide you with the criteria for selecting a location for the Potato Corner restaurant. You must retain a licensed retail real estate broker to which we consent to help you select your site. You select the location for your business, subject to our acceptance in writing. You must submit your request in a format that we require and we will evaluate your proposed site. You must obtain our acceptance of the site before signing a lease or contract for the site. We generally do not own premises or lease them to franchisees. In general, the factors that we may consider include the general location and neighborhood of the business, zoning of the site, demographics, locations of any other restaurants in the general area, proximity of complementary businesses, traffic flow, parking, rent, size, layout, physical characteristics of the location, building restrictions,

lease terms and such other terms as we may require (See Franchise Agreement, Section 1C).

We will accept or reject your proposed location within 20 business days after receiving the request and all of the information we require concerning the proposed location. You must obtain our consent to a location within 90 days after we enter into the Franchise Agreement. If we cannot agree with you on a proposed site, then you must find another site and request that we accept it.

You must open the Potato Corner restaurant within 180 days after we consent to the location. If a specific location for the Potato Corner restaurant has not been identified at the time you sign the Franchise Agreement, we will identify a general geographic area in your Franchise Agreement to assist you in focusing your site selection effort. Once your location has been identified, your location and territory will be inserted as an exhibit to the Franchise Agreement. Your lease must contain the provisions described in Item 8.

(2) Will provide you with input concerning the design and construction or renovation of the facility for the Potato Corner restaurant (See Franchise Agreement, Section 1C(4)).

(3) Review and evaluate your architect's floor plans for front and back-of-the-house areas and interior elevations (See Franchise Agreement, Section 1C(4)).

(4) Review and evaluate your architect's full construction drawings for your location (See Franchise Agreement, Section 1C(4)).

(5) Will prescribe standards and qualifications for you to identify contractors and evaluate your selected contractor before you sign a construction contract (See Franchise Agreement, Section 1C(5)).

(6) Will provide specifications for signage and decorating materials at the Potato Corner restaurant (See Franchise Agreement, Section 1C(6)).

(7) Will review and evaluate your proposed lease or contract for the location (See Franchise Agreement, Section 1C(4)).

(8) Will evaluate your location before your opening to the public to determine if it is ready to open (See Franchise Agreement, Section 1C(8)).

(9) Will prescribe the menu items for the Potato Corner restaurant and provide recommended prices (See Franchise Agreement, Section 3A(2)).

(10) May designate and negotiate pricing with suppliers for merchandise, equipment, inventory and supplies (See Franchise Agreement, Section 3B(1)).

(11) Will assist you in placing orders for your initial inventory and sell you your initial inventory of proprietary flavorings (See Franchise Agreement, Section 3B(1)).

(12) Will provide you with the initial training program described below (See Franchise Agreement, Section 2A(1)).

(13) Will provide you with on-site assistance with operating the Potato Corner restaurant for approximately five to seven days (See Franchise Agreement, Section 2B).

(14) Will assist you in planning your grand opening advertising and promotion strategy, to which you must obtain our consent (See Franchise Agreement, Section 8B).

(15) Will loan to you one copy of the Potato Corner® Standards Manual, which we may modify from time to time. We may provide the Potato Corner® Standards Manual electronically. A copy of the table of contents of the Manual is attached as **Exhibit G** to this Disclosure Document. The Potato Corner® Standards Manual has a total of 68 pages as of the date this Disclosure Document was issued (See Franchise Agreement, Section 2C).

(16) May designate an accounting firm that you must use (See Franchise Agreement, Section 6B).

We estimate that the typical length of time between the earlier of the signing the Franchise Agreement or the first payment of consideration for the franchise and the opening of the Potato Corner restaurant for new franchisees is approximately six to nine months or more. It may take longer if you do not diligently pursue site selection and buildout of your Potato Corner restaurant. The factors that affect this are locating a satisfactory site, whether you construct a facility or lease a facility, obtaining a lease, construction of improvements to the site, supply chain issues, financing, obtaining building permits, obtaining a liquor license, zoning and local ordinances, acquisition of sufficient inventory, weather conditions, shortages and any mall delays or delays in installation of equipment, fixtures and signs.

During the operation of your business, we:

(1) May furnish advice and guidance to you on the operation of the Potato Corner restaurant (See Franchise Agreement, Section 2D).

(2) May provide ongoing training which you and certain of your personnel would be required to attend (See Franchise Agreement, Section 2A(4)).

(3) May organize franchisee meetings which you may be required to attend (See Franchise Agreement, Section 2A(4)).

(4) Will provide additional training if you request it (and we agree) or we determine that it is necessary (See Franchise Agreement, Section 2A(4)).

(5) May establish and administer or engage a vendor to administer a gift card or other customer loyalty program (See Franchise Agreement 8E).

(6) Will evaluate and decide whether or not to approve any advertising materials you propose to use (See Franchise Agreement, Section 8C).

(7) May establish a mystery shop program, in which you may be required to participate (See Franchise Agreement, Section 7B).

(8) May conduct ourselves, or contract with a supplier to provide, quality assurance audits for the Potato Corner restaurant (See Franchise Agreement, Section 7A).

### Advertising and Marketing

We have established a system marketing fund to which you are required to contribute. You must contribute 1% of your gross revenues to the system marketing fund. We may elect to disseminate advertising through television, radio and print media such as magazines, billboards, flyers or mailers and newspapers. The media coverage will initially be local in scope, but may expand to be regional and national. We are not required to spend any specific amount on advertising in the area in which your Potato Corner restaurant is located. We may use the system marketing fund to employ outside public relations consultants or advertising agencies to assist in the development, production and dissemination of advertising materials. We may also use the system marketing fund to develop promotional and advertising materials for your use. We may also use these funds on the development of web sites, search engine optimization, brochures, and slides and other materials. We may spend the system marketing fund on administrative expenses including allocation of overhead and salaries of our personnel.

We may deposit amounts contributed to the system marketing fund in our general operating account. The fund is not audited, but we may prepare periodic financial reports on the system marketing fund and, if we do so, they will be available to you upon request. Any amounts in the system marketing fund not spent during one year will carry over to the next year. No expenditures will be made from the system marketing fund principally to solicit new franchise sales.

We require franchisees to contribute to the system marketing fund at the same rate, although there may be exceptions in some circumstances, such as non-traditional locations. We may also contribute to the system marketing fund.

We also require you to spend 1% of gross revenues each month on local marketing, advertising and promotions to which we have consented. You must submit receipts documenting your local advertising and promotions activity upon request. We require that you direct your local advertising and marketing activities to developing the Potato Corner brand in your own general area. If there is a cooperative advertising cooperative in your area, you may be required to participate and any amounts you are required to contribute will be credited to your local marketing requirement.

We require that you spend at least \$5,000 to \$10,000 on grand opening marketing and promotions. We will assist you in developing your grand opening marketing and promotions strategy, for which you must obtain our consent.

You may use your own advertising materials, such as point-of-purchase materials, only after we have reviewed them and consented to their use. You must submit such advertising materials to us at least 15 days before disseminating them.

We may develop discount programs, coupon, gift card or online ordering programs or other types of customer loyalty programs in the future. If we do so, you must participate. This may affect your ability to receive income from certain sales. For example, if we institute a gift card program that pools revenue from gift card purchases and allocates those revenues to the location at which the gift card is redeemed, this may affect your gross revenues. You should consult with your legal counsel on the effect of laws in your state or locality that relate to the acceptance and redemption of gift cards.

We do not currently have a franchisee advisory council but reserve the right to create one in the future.

You may not establish any website, social media page, domain name or URL address without receiving our prior written permission.

#### Computer System and Software.

As of the date this Franchise Disclosure Document was issued, we require you to purchase a point-of-sale and a computer system and software from our designated suppliers. We require the following:

- A point-of-sale (POS) system, cash drawers, receipt and kitchen printers, and kitchen display systems (KDS)
- Digital ordering solutions, which may include self-ordering kiosks (SOK), digital menu boards, and platforms for online, mobile, and third-party delivery
- The software and computer components of any specific operational equipment we may require, such as advanced fryers or other kitchen hardware that have integrated software

You must have high-speed access to the Internet. You must obtain all components of the computer system from suppliers that we designate or from a list of approved suppliers that we provide. We may require you to use a specific POS provider (such as Square or a similar partner) and may also designate specific vendors for integrated digital ordering solutions (such as Grubrr or a similar partner). Furthermore, we may designate required suppliers for certain operational equipment that contains proprietary or essential software components.

We estimate the initial cost to acquire the required hardware, software, and professional installation for the POS-related components of the System is between \$3,500 and \$5,000. These estimates do not include the cost of other operational equipment that may contain computer components, nor do they include payment processing fees (e.g., Merchant Discount Rate or MDR), which will be governed by your agreement with the payment processor.

If you are a former franchisee of PCJV USA, LLC, the following transition plan applies:

- If you have an existing and functional POS system that we deem favorable, we may permit you to continue its use for a period of up to one year following written notification from us, after which you must transition to our designated computer system.
- If you do not have a functional system, or if we deem your existing system inadequate, you must acquire and implement our designated system within three months of written notification from us.

We may change the computer system and software we require you to use at any time. If we develop proprietary software, we may require you to use it. If we do, you may have to enter into a software license with us or our affiliate and pay a licensing fee. You must also pay a technology fee that can range up to \$500 per week, but is \$500 per month as of the date this Disclosure Document was issued.

You are solely responsible, at your own expense, for the ongoing maintenance, repair, and support of all hardware and software components of your computer system. Neither we nor our affiliates or any third party have any obligation to provide ongoing maintenance, repairs, upgrades or updates to any of the computer hardware or software you must use in the Potato Corner restaurant.

For POS-related hardware, you must adhere to the maintenance and support terms provided by our designated vendors. You must also install any mandatory software updates, upgrades, or security patches that we or our designated vendors require for any and all components of the computer system. There are no contractual limitations on the frequency or cost of these obligations. We estimate that your cost to perform maintenance, repair and support of the computer system will be approximately \$250 to \$350 per month for ongoing monthly service and support fees.

While you are responsible for the general maintenance of all equipment, we strongly recommend that for operational equipment with integrated computer systems and software, such as advanced fryers, you establish a separate preventive maintenance plan with a properly accredited service partner to ensure optimal performance and longevity.

You must maintain a secure, high-speed internet connection at all times. Your System must be configured to comply with all applicable data security laws and industry best practices, including maintaining full and current compliance with the Payment Card Industry Data Security Standard (PCI-DSS).

We will have the continuous and independent right to access, monitor, audit, and retrieve all information from your computer system at any time, without limitation. This data includes all sales data, transaction logs, customer information, inventory data, and labor/scheduling data generated by any component of the computer system. This access will be facilitated through our designated POS solution partner's enterprise dashboards or other methods we specify. Our designated vendors may also have access to this information to perform their services.

## Training

Following is information on the training program:

### **TRAINING PROGRAM**

#### **New Franchisees**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
Onboarding Franchisees / Franchise Owners, including Store Set Up Alignment	16-40	16-40	Classroom / Virtual (discretion of Franchisor)
Total Operations Basics for Key Operating Crew / Store Leaders	8-24	16-60	Existing Store(s)
<b>Totals</b>	24-64	32-100	

#### **Former Franchisees of PCJV USA, LLC**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
Aligning Franchisees / Franchise Owners, including Store Set Up Alignment	8-20	8-16	Classroom / Virtual (discretion of Franchisor)
PC Operations Introduction for Key Operating Crew / Store Leaders	4-12	8-30	Existing Store(s)
<b>Totals</b>	12-32	16-46	

Training programs are held when necessary to train new franchisees.

Initial training will take place at an existing Potato Corner location or another location we designate. We will also provide on-site assistance for you and your staff which will generally take five to seven days at the time of the opening of your Potato Corner restaurant.

Before you open the Potato Corner restaurant, you and your other personnel we designate must successfully complete our initial training program. You will receive no compensation or reimbursement for services or expenses for participation in training. We may charge you a fee to conduct initial training at a later time for additional people. You will be responsible for all of your and your employees' expenses to attend the training program, including their compensation and any lodging, transportation and food.

Our operations officers will conduct initial training. Instructors have a minimum of several weeks' experience with us or our affiliates and approximately five years in their fields.

You and your personnel we designate must attend and complete initial training to our satisfaction before opening the Potato Corner restaurant. If you fail to complete the training to our satisfaction, we may terminate your franchise. In addition to initial training, we may require you and your personnel to attend remedial training if we believe that you are not operating the Potato Corner restaurant to our standards. Moreover, we may require you to undergo, or you may request, onsite or additional training or operations assistance over and above our normal course of training. If we require you to attend remedial training or you request additional training or assistance which we agree to provide it, you must pay a daily training rate per trainer and all of your own expenses in connection with training along with all of the trainer's travel expenses. The daily training fee per trainer is \$500 as of the date this Disclosure Document was issued.

We may require you and certain of your personnel to attend refresher training which will take place at a location we designate. If you or your personnel do not complete refresher training to our satisfaction, we may require you to attend initial training a second time. In either case, we may charge a fee which is \$500 per trainer per day plus travel expenses, if any, as of the date this Disclosure Document was issued. We may also require you to attend a national business meeting or convention each year. You will bear all costs, such as travel and accommodation, for you and your personnel attending these events and we may require you to pay a registration fee to attend.

You are responsible for training any employees that you employ in the Potato Corner restaurant including new managers. If we consider that new managers are not adequately trained, we can require that they attend and complete our initial training program to our satisfaction.

## **ITEM 12.**

### **TERRITORY**

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

If you have not determined where the Potato Corner restaurant will be located when you sign the Franchise Agreement, the Franchise Agreement will identify the general area in which you must secure a location for your restaurant. You do not receive exclusive rights

to the general area and there may be other franchisees looking for locations in the same area.

You may not relocate your restaurant or establish additional restaurants without our prior written consent. The relocation fee is \$3,000 plus expenses. If you request our consent to the relocation of your business, you must pay us \$3,000 when you submit your request. You must also reimburse us any travel expenses for our assistance in evaluating the new site, reviewing your building plans and other services. The payments of this fee are not refundable. In general, the factors that we may consider in deciding whether to consent to your request are demographic changes with respect to the location of your franchised business, and the performance of your franchised business.

We have not granted any options, rights of first refusal or similar rights to acquire additional franchises as of the date this Disclosure Document was issued.

You may not sell products at wholesale.

You do not have the right to offer catering or delivery services unless we permit you to do so. We reserve the right to develop or designate a catering or delivery program in the future. If we do so, we may require you to participate.

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.

We reserve all rights that we do not grant to you. For example, we reserve all rights to sell our proprietary products, to promote Potato Corner restaurants and to sell Potato Corner products and other products using other channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing. We also have the right to sell Potato Corner products in grocery stores, big box stores, convenience stores and other retail locations.

We may operate a website that uses our name and other trademarks and that features our products. You may not develop or operate a website relating to the franchised business or using our marks without our permission. We may require you to operate a sub-domain page on our website or we may require you to operate a website that meets our specifications and which may be linked to our website.

You may not establish an account or participate in any social networking sites (including, without limitation, Facebook, Twitter, SnapChat, Instagram, LinkedIn, TikTok or any other social or professional networking blog) or mention or discuss the franchise, us or any of our affiliates, without our prior written consent. If we do consent, we have the right to review all on-line content on social media sites, blogs, in electronic communications and on other on-line sites on which our trademarks are used to protect the reputation and high quality associated with our trademarks. We may also require you to grant us co-administrative rights to any social media pages or account. We may require you to remove any questionable usage or content involving our trademarks or reflecting poorly on them. We may also require you to cease using our trademarks at all such sites.

As of the date this Disclosure Document was issued, neither we nor any of our affiliates operates, franchises or has plans to operate or franchise a business under a different trademark that will offer similar services to the ones you will offer as a Potato Corner franchisee, but we reserve the right to do so. We also reserve the right to acquire similar competing brands or to be acquired by another entity without your consent or any notice to you.

**ITEM 13.**

**TRADEMARKS**

We will grant you the right to conduct business operating a restaurant under the name “Potato Corner®,” a design logo using the same words as seen on the cover page to this Franchise Disclosure Document, and related trademarks. You must also use other trademarks which we develop or prescribe to identify your business and its services and products. By trademark, we mean trade names, trademarks, service marks and logos used to identify your business, its services and its products.

Our affiliate, Shakey’s Pizza Asia Ventures Inc., has federal trademark registrations for the following marks on the Principal Register of the U.S. Patent and Trademark Office (“USPTO”):

<b><u>Mark</u></b>	<b><u>Class</u></b>	<b><u>Registration Number</u></b>	<b><u>Registration Date</u></b>
<b>POTATO CORNER</b>	43	5900257	November 5, 2019
	43	3760041	March 16, 2010

Our affiliate, Shakey’s Pizza Asia Ventures Inc., has filed all required affidavits.

Our affiliate, PC International Pte. Ltd., has federal trademark registrations and a pending application for the following marks on the Principal Register of the USPTO:

<u>Mark</u>	<u>Class(es)</u>	<u>Registration Number or Application Number</u>	<u>Registration Date or Filing Date</u>
	29, 43	Reg. No. 7567541	Reg. Date November 19, 2024
	29, 43	App. No. 97929262	Filed on May 10, 2023
	29, 43	Reg. No. 7567547	Reg. Date November 19, 2024
	29, 43	Reg. No. 7567548	Reg. Date November 19, 2024
	29, 43	Reg. No. 7567549	Reg. Date November 19, 2024

Our affiliate, PC International Pte. Ltd., has filed all required affidavits

You will be required to follow our rules when you use these trademarks. You must use the ® symbol any time you use the name Potato Corner, any design logo and any other registered trademarks that we designate. You must use the ™ symbol any time you use other unregistered trademarks we designate, including the one listed above. You cannot use a name or mark as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use our trademarks in the sale of an unauthorized product or service or in a manner not authorized in writing by us. If we adopt trademarks that you develop in the course of operating your franchised business, they will belong to us and you may only use them while you are a franchisee.

There are no currently effective material determinations of the USPTO, trademark trial and appeal board.

There is a current pending infringement litigation involving the principal trademarks filed by our affiliate. *Shakey's Pizza Asia Ventures, Inc. v. PCJV USA, LLC et al.*, U.S. District

Court for the Central District of California (Case No. 2:24-cv-04546-SB-AGR, filed May 31, 2024). See Item 3 for details.

We received the right to use these trademarks and to license their use to you under a trademark license agreement with our parent, SPAVI International USA, Inc. dated as of July 30, 2025. Our parent SPAVI International USA, Inc. received the right to use these trademarks and to license their use to us under trademark license agreements dated July 30, 2025 with the owners of the trademarks, our affiliates Shakey's Pizza Asia Ventures Inc. and PC International Pte. Ltd. Unless terminated, the agreements continue for a term of 3 years with automatic renewal terms of 3 years unless a party gives 30 days' prior notice. The agreements may not be modified without both parties' consent. The trademark license agreements provide that upon reasonable notice, the licensors can make site visits to Potato Corner restaurants and you must provide the licensors and their representatives with access to your Potato Corner restaurant. If a trademark license agreement is terminated for any reason or expires, it provides that the owner of the trademarks has the option to take over our rights and obligations under the Franchise Agreement with you. If the owner of the trademarks does not do so, you will no longer have the right to use the trademarks. Other than as described above, no other agreements limit our right to use or license the use of the trademarks.

You must notify us immediately when you learn about a challenge to your use of our trademarks. The Franchise Agreement requires us to protect you against claims of infringement if you are using the trademarks as required by the Franchise Agreement and if you are in good standing. You must assist us in protecting any of our rights, at our expense. We will control any proceedings or litigation and decide whether or not to settle any action. You do not have the right to settle a claim without our consent.

If you learn about a third party's use of our trademarks that you believe to be unauthorized, you must notify us immediately. We will decide whether or not to take action against the third party, and you must assist us, at our expense, if we decide to do so.

We have the right to control any administrative proceeding or litigation involving our trademarks. You do not have the right to settle a claim without our consent.

If we decide to add a new trademark, or modify or discontinue the use of any trademark, you must immediately use the new trademark or change or discontinue the use of the trademark, all at your expense. You must not contest our affiliates' right to their trademarks or our right to use them.

We are currently aware of one entity – PCJV USA, LLC – that is doing business in New Jersey as of the date this Disclosure Document was issued and that operates stores in the following locations in California: Milpitas, Lakewood, Roseville, Cerritos, Ontario, and Canoga Park. We believe that this is an infringing use of our affiliates' trademarks including "Potato Corner." PCJV USA, LLC is subject to an injunction prohibiting this (see Item 3).

Other than this situation, we do not know of any infringing uses that could materially affect your use of our or our affiliate's trademarks.

#### **ITEM 14.**

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

You do not receive the right to use any item covered by a patent.

We may claim a copyright in the Potato Corner® Standards Manual, marketing materials and other promotional and operational literature we develop, although we have not filed for copyright registration. You must not contest our right to our copyrights.

There are no currently effective material determinations of the USPTO, the United States Copyright Office or a court regarding any copyright we own. There is no material pending proceeding the USPTO or any court concerning any such copyright.

You must notify us immediately when you learn about a challenge to use of our copyrighted materials. We will defend you against claims of infringement if you are using the copyrighted material as required by the Franchise Agreement and if you are in good standing. You must assist us in protecting any of our rights, at our expense. We will control any administrative proceedings or litigation involving the copyrighted materials. You do not have the right to settle a claim without our consent.

If you learn about a third party's use of these copyrighted materials which you believe to be unauthorized, you must notify us immediately. We will decide whether or not to take action against the third party, and you must assist us, at our expense, if we decide to do so.

We do not know of any infringing uses that could materially affect your use of our copyrighted materials.

You also receive the right to use certain of our trade secrets and confidential and proprietary information, including our proprietary recipes and ingredients.

#### **ITEM 15.**

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

We require that you work and be directly involved with the operation of the Potato Corner restaurant. You must also hire an operating manager for your Potato Corner restaurant who has successfully completed initial training and must directly operate your Potato Corner restaurant to our satisfaction. You or the operating manager must be on site at the Potato Corner restaurant at all times. If your operating manager is terminated or elects to end his or her relationship with you, you must recruit a new key management staff member within 30 days and submit his or her qualifications to us for review and

consent. The new operating manager must complete our initial training program at your expense and to our satisfaction. We may require that your operating manager sign a non-disclosure and non-competition agreement. We do not require that your operating manager own an equity interest in the franchise.

**ITEM 16.**

**RESTRICTIONS ON WHAT  
THE FRANCHISEE MAY SELL**

We require that you offer and sell only those products and services to which we have given our consent. You may not sell products or services at wholesale. You may not provide delivery or catering services without our consent. If we do grant our consent for you to provide delivery or catering services, you may only do so within the area we designate for those services. We may also require you to offer those services.

You must also offer all menu items that we designate and you may not offer any other menu items without our consent. We can add to the approved menu items you must offer, delete them or change them at any time. There are no contractual limitations on our right to require you to add to, change or restrict the menu items you offer.

You must offer all goods and services that we designate unless we otherwise agree in writing. There are no limits on our right to do so.

**ITEM 17.**

**RENEWAL, TERMINATION,  
TRANSFER AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

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

<b><u>Franchise Agreement</u></b>		
<b>Provision</b>	<b>Section in Franchise or Other Agreement</b>	<b>Summary</b>
a. Length of the franchise term	Section 1E(1)	5 years or remainder of term if you were a former franchisee of PCJV USA, LLC and meet certain criteria.

Provision	Section in Franchise or Other Agreement	Summary
b. Renewal or extension of the term	Section 1E(2)	If you meet certain conditions, you can enter into the then-current renewal Franchise Agreement for up to two additional terms of five years each.
c. Requirements for franchisee to renew or extend	Section 1E(2)	You must sign our then-current form of Franchise Agreement; you must be in full compliance with all agreements with us or our affiliates; you must pay all that you owe us plus a successor franchise fee of 50% of the then-current initial franchise fee; you and your personnel must successfully complete re-training; you and your owners must sign a general release; you must not have received three or more default notices in any 24 month period; we must not have decided to withdraw from your market; you must remodel and update your restaurant premises; you must have the right to occupy the premises for the renewal term; you must give us 180 days' notice of your election to renew and return documents within 30 days. You may be asked to sign an agreement with materially different terms and conditions than your original Franchise Agreement.
d. Termination by franchisee	Not applicable	Not applicable
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	Section 11	We can terminate only if you default or if the events described in (g) and (h) occur.

Provision	Section in Franchise or Other Agreement	Summary
g. "Cause" defined-curable defaults	Section 11B	You have five days to cure nonpayment and up to 30 days for other types of noncompliance, subject to applicable state law.
h. "Cause" defined-non-curable defaults	Section 11A	Noncurable defaults (subject to applicable law): insolvency; you admit inability to pay debts when due; you make an assignment for the benefit of creditors; you file petition for bankruptcy or petition is filed against you; an application for receiver is made and not resolved within 90 days; abandonment; your material misrepresentation to us; your failure to open and begin operating your restaurant within the period required by the Franchise Agreement; your unauthorized transfer; termination of any other agreement with us or our affiliate because of your breach; your unauthorized use of trademarks or confidential information; your failure to complete initial training to our satisfaction; your intentional failure to report to us all gross revenues; you offer unauthorized goods or services; you incur insufficient funds fee on three or more occasions in a 12-month period; your right to operate under any license or permit is suspended, terminated or interrupted; you or your principal's conviction of a felony or offense or other conduct which reflects unfavorably on us or our system; noncompliance with law for more than three days after notice; you repeatedly default – three or more times during term whether or not cured; seizure by government official or lienholder; eviction from

Provision	Section in Franchise or Other Agreement	Summary
i. Franchisee's obligations on termination/non-renewal	Section 12	<p>premises; final judgment of more than \$5,000 remains unsatisfied for 30 days; undischarged levy of execution on the franchised business; we determine your continued conduct may result in danger to public health or safety; you become a specially designated national or blocked person under the U.S. anti-terrorism laws.</p> <p>Pay all amounts due to us and our affiliates; refrain from identifying yourself as a current or former Potato Corner franchisee; de-identify, return or destroy all products with our trademarks, discontinue use of trademarks, trade dress and system; return the Potato Corner® Standards Manual and other confidential information, including customer information; assist in smooth transition of business; refrain from soliciting customers and turn over customer data to us; refrain from making disparaging remarks about us, the system or other franchisees; assign to us or our nominee telephone numbers, e-mail addresses and social media pages; and cancel fictitious business name statement (also see (r) below). Comply with obligations that expressly or by their nature survive, such as those concerning confidentiality, non-competition, indemnification and dispute resolution.</p>
j. Assignment of contract by franchisor	Section 13A	No restriction on our right to assign.

Provision	Section in Franchise or Other Agreement	Summary
k. "Transfer" by franchisee – definition	Section 13B(2)	Includes transfer of Franchise Agreement, assets of the Potato Corner restaurant or greater than 25% ownership interest in franchisee.
l. Franchisor approval of transfer by franchisee	Section 13B(1)	You must obtain our consent to all transfers.
m. Conditions for franchisor approval of transfer	Section 13B(3)	You must not be in default; your franchised business must meet our then-current standards; your lessor consents; the transferee must meet qualifications for new franchisee; the transferee must sign the then-current form of Franchise Agreement, ancillary agreements and guaranty; the transferee must successfully complete our initial training program; you must pay the transfer fee; you and your owners and affiliates must sign a general release; the transferee's obligations to you must be subrogated to its obligations to us; at our option you must transfer all of your agreements with us; and neither the transferee nor its owners is a specially-designated national or blocked person. If you are an individual and want to transfer your franchise to an entity, you must own the entity, sign a personal service agreement with the entity, the entity must agree to the Franchise Agreement (you remain responsible as well), the franchise business must be the sole business of the entity and you must reimburse us for our expenses.

Provision	Section in Franchise or Other Agreement	Summary
n. Franchisor's right of first refusal to acquire franchisee's business	Section 13C	We or our nominee can match any offer for your business.
o. Franchisor's option to purchase franchisee's business	Section 12D	We or our nominee have the option of acquiring your assets if the Franchise Agreement expires or terminates.
p. Death or disability of franchisee	Section 13D	If you or your principal dies, your executor or representative may either satisfy the then-current qualifications for franchisees or transfer the franchise to a qualified buyer within 60 days.
q. Non-competition covenants during the term of the franchise	Section 10A(1)	You may not be involved in any similar business.
r. Non-competition covenants after the franchise is terminated or expires	Section 10A(2)	You may not operate a similar business within 25 miles of your territory for two years after termination or expiration.
s. Modification of the agreement	Section 15I	No modification without a writing signed by you and us, except that we may amend the Potato Corner® Standards Manual.
t. Integration/merger clause	Section 15I	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement is intended to disclaim anything contained in this Disclosure Document.

<b>Provision</b>	<b>Section in Franchise or Other Agreement</b>	<b>Summary</b>
u. Dispute resolution by arbitration or mediation	Section 15J(3)	Except for certain claims, all disputes must be mediated and if not resolved, arbitrated.
v. Choice of forum	Sections 15J(2) and 15J(3)	Location of our headquarters, currently Chino Hills, California.
w. Choice of law	Section 15J(1)	Delaware law applies.

#### **ITEM 18.**

#### **PUBLIC FIGURES**

We do not use any public figures to promote our franchise as of the date this Franchise Disclosure Document was issued, but we may do so in the future.

#### **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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Jorge Concepcion at 13925 City Center Drive, Suite 200, Chino Hills, California 91709, (909) 970-7150 the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20.**

**OUTLETS AND FRANCHISEE INFORMATION**

**TABLE NO. 1  
SYSTEMWIDE OUTLET SUMMARY  
FOR YEARS 2022 TO 2024\***

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

\*The information in this table and the ones that follow disclose information about Potato Corner restaurants in the United States.

**TABLE NO. 2  
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS  
(OTHER THAN THE FRANCHISOR)  
FOR YEARS 2022 TO 2024**

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Number of Transfers</b>
Total	2022	0
	2023	0
	2024	0

**TABLE NO. 3  
STATUS OF FRANCHISED OUTLETS  
FOR YEARS 2022 TO 2024**

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at Start of Year</b>	<b>Column 4 Outlets Opened</b>	<b>Column 5 Termina- tions</b>	<b>Column 6 Non- Renewals</b>	<b>Column 7 Reacquired by Franchisor</b>	<b>Column 8 Ceased Operations -Other Reasons</b>	<b>Column 9 Outlets at End of Year</b>
Total	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

**TABLE NO. 4  
STATUS OF AFFILIATE-OWNED OUTLETS  
FOR YEARS 2022 TO 2024**

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at Start of Year</b>	<b>Column 4 Outlets Opened</b>	<b>Column 5 Outlets Reacquired from Franchisee</b>	<b>Column 6 Outlets Closed</b>	<b>Column 7 Outlets Sold to Franchisees</b>	<b>Column 8 Outlets at End of Year</b>
Total	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

**TABLE NO. 5  
PROJECTED NEW FRANCHISED OUTLETS  
AS OF DECEMBER 31, 2024**

<b>State</b>	<b>Franchise Agreements Signed but Outlet Not Opened</b>	<b>Projected New Franchised Outlets in the Next Fiscal Year</b>	<b>Projected New Company-Owned Outlets in the Next Fiscal Year</b>
Arizona	0	2	0
California	0	6	2
Florida	0	1	0
Hawaii	0	1	0
Minnesota	0	1	0
New Mexico	0	3	0
Texas	0	4	0
Total	0	18	2

There are no franchisees as of December 31, 2024. No franchisee has had an outlet terminated, canceled, not renewed or otherwise ceased to do business under the Franchise Agreement during the most recently completed fiscal year. There are no franchisees who have not communicated with us for the 10-week period before the date this Disclosure Document was issued. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as franchisees in our system.

We have not created, sponsored or endorsed a trademark-specific franchisee association. No trademark-specific franchisee organization has made a request to be included in this Disclosure Document.

**ITEM 21.**

**FINANCIAL STATEMENTS**

Attached as Exhibit C to this Franchise Disclosure Document is our audited opening balance sheet as of the period ended July 31, 2025. Our fiscal year end is December 31.

**ITEM 22.**

**CONTRACTS**

Attached are copies of the following agreements proposed for use in this state:

Exhibit D: Franchise Agreement and Addenda, if applicable

Exhibit \_ to the Franchise Agreement: Guaranty and Assumption of Franchisee's Obligations

Exhibit E: Conversion Addendum, if applicable

Exhibit I: Lease Addendum

**ITEM 23.**

**RECEIPT**

Attached to the end of this Franchise Disclosure Document, following the Exhibits, is a receipt. Please sign it, date it the date you receive the Franchise Disclosure Document, and return it to us. Make sure that you indicate the franchise seller(s) with whom you had substantive discussions about this franchise. A duplicate of the receipt is attached for your records.

# **EXHIBIT A**

**EXHIBIT A**

**LIST OF STATE FRANCHISE ADMINISTRATORS**

<u>State Number</u>	<u>Title of Administrator</u>	<u>Telephone</u>
California	Toll Free Number	(866) 275-2677
	Commissioner of Financial Protection and Innovation 320 W. 4th Street Suite 750 Los Angeles, California 90013-1259	(213) 576-7500
	or	
	One Sansome Street Suite 600 San Francisco, California 94104-4428	(415) 972-8565
or		
	1455 Frazee Road, Suite 315 San Diego, California 92108	(619) 610-2093
	or	
	651 Bannon Street, Suite 300 Sacramento, California 95811	(916) 445-7205
Hawaii	Commissioner of Securities 335 Merchant Street, RM. 205 Honolulu, Hawaii 96813	(808) 586-2744
Illinois	Attorney General 500 South Second Street Springfield, Illinois 62701	(217) 782-4465
Indiana	Securities Commissioner 302 West Washington St., Rm. E-111 Indianapolis, Indiana 46204	(317) 232-6681

Maryland	Office of the Attorney General, Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021	(410) 576-6360
Michigan	Attorney General 525 West Ottawa Street G. Mennen Williams Building, 1 <sup>st</sup> Floor P.O. Box 30755 Lansing, Michigan 48909	(517) 335-7632
Minnesota	Commissioner of Commerce Main Office, Golden Rule Building 85 7th Place East, Suite 280 St. Paul, Minnesota 55101	(651) 539-1500
New York	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 <sup>st</sup> Floor New York, New York 10005	(212) 416-8222
North Dakota	Securities Commissioner 600 East Boulevard Avenue State Capitol, Fifth Floor Bismarck, North Dakota 58505-0510	(701) 328-2910
Oregon	Director, Department of Consumer and Business Services 350 Winter Street NE P.O. Box 14480 Salem, Oregon 97309-0405	(503) 378-4100
Rhode Island	Director of Business Regulation Building 69-1 1511 Pontiac Avenue Cranston, Rhode Island 02920	(401) 462-9500
South Dakota	Director, Division of Insurance - Securities Regulation 124 S. Euclid, 2 <sup>nd</sup> Floor Pierre, South Dakota 57501	(605) 773-3563

Virginia	Director, Division of Securities and Retail Franchising Tyler Building, 9 <sup>th</sup> Floor 1300 East Main Street Richmond, Virginia 23219	(804) 371-9051
Washington	Director, Department of Financial Institutions 150 Israel Rd. SW Tumwater, Washington 98501	(360) 902-8760
Wisconsin	Commissioner of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705	(608) 266-2139

# **EXHIBIT B**

## EXHIBIT B

### LIST OF AGENTS FOR SERVICE OF PROCESS PC AMERICAS FRANCHISING, INC.

<u>State</u>	<u>Name and Address of Agent</u>
California	California Commissioner of Financial Protection and Innovation 320 West 4 <sup>th</sup> Street Suite 750 Los Angeles, California 90013-1259
Hawaii	Commissioner of Securities of the State of Hawaii 335 Merchant Street Honolulu, Hawaii 96813
Illinois	Illinois Attorney General 500 South Second Street Springfield, Illinois 62701
Minnesota	Minnesota Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198
Washington	Director of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process.

# **EXHIBIT C**

**PC AMERICAS FRANCHISING, INC.  
FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

July 31, 2025

**PC AMERICAS FRANCHISING, INC.**

**Contents**

Independent Auditor’s Report ..... 1-2

Financial Statements

Balance Sheet .....3

Statement of Operations .....4

Statement of Changes in Shareholder’s Equity .....5

Statement of Cash Flows .....6

Notes to Financial Statements ..... 7-10



## **INDEPENDENT AUDITOR'S REPORT**

**To the Stockholder and Board of Directors of  
PC Americas Franchising, Inc.:**

### **Opinion**

We have audited the accompanying financial statements of PC Americas Franchising, Inc. which comprise of the balance sheet as of July 31, 2025, and the related statements of operation, changes in shareholder's equity, and cash flows for the period from July 1, 2025 to July 31, 2025, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PC Americas Franchising, Inc. as of July 31, 2025, and the results of its operations and its cash flows for the period from July 1, 2025 to July 31, 2025 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of PC Americas Franchising, Inc. 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 Statements**

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 PC Americas Franchising, Inc.'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 Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 PC Americas Franchising, Inc.'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 PC Americas Franchising, Inc.'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.

*WhitHoover + Co. LLP*

San Francisco, California  
September 8, 2025

**PC AMERICAS FRANCHISING, INC.**

**BALANCE SHEET  
JULY 31, 2025**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 75,027
	<hr/>
Total current assets	75,027
	<hr/>
Total assets	\$ 75,027
	<hr/> <hr/>

**LIABILITIES AND STOCKHOLDER'S EQUITY**

**CURRENT LIABILITIES**

Accounts payable and accrued expenses	\$ 89,230
	<hr/>
Total current liabilities	89,230
	<hr/>
Total liabilities	89,230
	<hr/>

**COMMITMENTS AND CONTINGENCIES**

-

**SHAREHOLDER'S EQUITY**

Capital Stock - \$0.01 par value, 10,000 shares authorized, issued and outstanding	100
Additional paid-in capital	74,900
Accumulated deficit	(89,203)
	<hr/>
Total shareholder's equity	(14,203)
	<hr/>
Total liabilities and shareholder's equity	\$ 75,027
	<hr/> <hr/>

**PC AMERICAS FRANCHISING, INC.**  
**STATEMENT OF OPERATIONS**  
**FOR THE PERIOD FROM JULY 1, 2025 TO JULY 31, 2025**

<b>REVENUES</b>	
Interest	\$           27
<b>COST AND EXPENSES</b>	
General and administrative expenses	<u>89,230</u>
<b>LOSS BEFORE PROVISION FOR INCOME TAXES</b>	(89,203)
<b>PROVISION FOR INCOME TAXES</b>	<u>-</u>
<b>NET LOSS</b>	<u><u>\$       (89,203)</u></u>

**PC AMERICAS FRANCHISING INC.**

**STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY  
FOR THE PERIOD FROM JULY 1, 2025 TO JULY 31, 2025**

	Capital Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount			
<b>BALANCE - JULY 1, 2025</b>	-	\$ -	\$ -	\$ -	\$ -
Issuance of capital stocks	10,000	100	74,900.00	-	75,000
Net loss	-	-	-	(89,203)	(89,203)
<b>BALANCE - JULY 31, 2025</b>	<u>10,000</u>	<u>\$ 100</u>	<u>\$ 74,900</u>	<u>\$ (89,203)</u>	<u>\$ (14,203)</u>

See notes to financial statements.

**PC AMERICAS FRANCHISING INC.**

**STATEMENT OF CASH FLOWS  
FOR THE PERIOD FROM JULY 1, 2025 TO JULY 31, 2025**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net loss	\$	(89,203)
Adjustments to reconcile net loss to net cash provided by operating activities		
Increase in accounts payable and accrued expenses		<u>89,230</u>
Net cash provided by operating activities		<u>27</u>

**CASH FLOWS FROM FINANCING ACTIVITY**

Proceeds from issuance of capital stocks		<u>75,000</u>
Net cash provided by financing activity		<u>75,000</u>

**NET INCREASE IN CASH** 75,027

**CASH - BEGINNING OF PERIOD** -

**CASH - END OF PERIOD** \$ 75,027

**SUPPLEMENTAL DISCLOSURE ON CASH FLOW INFORMATION:**

Cash paid during the year for:		
Income taxes	\$	<u><u>-</u></u>

## **1. Overview**

### **Description of Business**

PC Americas Franchising, Inc. (the Company) was incorporated in Delaware on July 1, 2025. The Company is a wholly owned subsidiary of SPAVI International USA, Inc., (the immediate parent). The immediate parent is also a wholly owned subsidiary of Shakey's Pizza Asia Ventures, Inc (SPAVI), a company publicly listed in the Philippines.

The Company has issued 10,000 shares as of July 31, 2025. No other shares are authorized to be issued.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company commenced operations in July, 2025 and has incurred a net loss of \$89,203 for the period from July 1, 2025 to July 31, 2025. As of July 31 2025, the Company has a capital deficiency of \$14,203, raising substantial doubt about its ability to continue as a going concern.

Management has evaluated these conditions in relation to the Company's future operations and liquidity requirements. The Company expects to receive ongoing financial support from its parent company, SPAVI, which has committed to provide the necessary funding to enable the Company to meet its obligations as they come due for at least the next twelve months from the date the financial statements are issued.

Based on management's plans, including the committed financial support from SPAVI, management believes that the substantial doubt regarding the Company's ability to continue as a going concern is alleviated. Accordingly, the accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

## **2. Summary of Significant Accounting Policies**

### **Basis of Accounting**

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

### **Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the accompanying financial statements. Those estimates and assumptions could affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

### **Concentration of Credit Risk**

The Company maintains cash at financial institutions. The Company's bank balances did not exceed the amount insured by the Federal Deposit Insurance Corporation of \$250,000.

### **Revenue Recognition**

#### *Interest Income*

Interest income is recognized on an accrual basis.

### **Organizational Costs**

Organizational costs represent fees paid to government for the privilege of incorporation and expenditures incident to organizing the corporation and preparing it to conduct business. Organizational costs are expensed as incurred and included in general and administrative expenses.

### **Income Taxes**

Current tax is recognized on taxable income for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to

**PC AMERICAS FRANCHISING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2025**

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temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The components of the deferred tax assets and liabilities are individually classified as current and noncurrent based on their characteristics. A valuation allowance is established if it is more likely than not that some or all of the deferred tax assets will not be realized.

The Company also recognizes the impact of an uncertain income tax position on the income tax return at the largest amount that is more likely than not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained.

Penalties and interest resulting from the Company's tax positions are recorded in other expenses in the statements of income and are excluded from the provision for income taxes. Accrued interest and penalties are included within the related tax liability on the balance sheets.

### **New and Recent Accounting Pronouncements**

In March 2024, ASU 2024-03 requires entities to provide additional disaggregated expense disclosures in the income statement, including specific expense captions such as employee compensation, depreciation and amortization, and inventory costs. This guidance is effective for annual periods beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. The Company is evaluating the impact of this new standard on its financial statement disclosures.

The Company has reviewed other accounting pronouncements issued by the FASB that are not yet effective and has determined that such pronouncements are not expected to have a material effect on its financial position, results of operations, or cash flows.

### **3. Income Taxes**

There are no provision for federal or state income tax recorded for the period from July 1, 2025 to July 31, 2025, as the Company has incurred losses.

As of July 31, 2025, the Company has incurred net operating losses ("NOLs") of \$89,203. These NOLs give rise to a deferred tax asset. The realization of the deferred tax asset is dependent upon generating future taxable income. Due to the Company's limited operating history, management has determined that it is more likely than not that these deferred tax assets will not

**PC AMERICAS FRANCHISING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2025**

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be realized. Accordingly, the Company has recorded a full valuation allowance against its deferred tax assets.

In assessing the realizability of deferred tax asset, management considers whether it is more likely than not that some portion or all the deferred tax asset will not be realized.

#### **4. Related Party Transactions**

The Company considers a related party to be any individual or entity that has the ability to control, significantly influence, or exercise common control over the Company. Related parties include, but are not limited to, affiliates, principal owners, management, members of their immediate families, and other parties that can significantly influence the Company's management or operating policies.

There are no related party transactions as of and for the period ended July 31, 2025.

#### **5. Subsequent Events**

The Company has evaluated events subsequent to July 31, 2025, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through September 8, 2025, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no other subsequent events occurred that require recognition or disclosure in the financial statements.

# **EXHIBIT D**

**POTATO CORNER®**  
**FRANCHISE AGREEMENT**

## TABLE OF CONTENTS

	PAGE
1. GRANT OF RIGHTS .....	1
A. NON-EXCLUSIVE LICENSE .....	1
B. FRANCHISOR'S RESERVATION OF RIGHTS.....	2
C. SITE SELECTION PROCEDURE AND SITE DEVELOPMENT .....	2
D. TERM AND RENEWAL .....	6
2. TRAINING AND OPERATING ASSISTANCE .....	7
A. TRAINING.....	7
B. ADDITIONAL INITIAL OPERATING ASSISTANCE .....	8
C. POTATO CORNER® STANDARDS MANUAL.....	8
D. PERIODIC ADVICE AND CONSULTATION.....	9
3. OPERATION BY FRANCHISEE.....	9
A. PRODUCTS AND SERVICES .....	9
B. PURCHASE OF PRODUCTS AND SERVICES; APPROVED SUPPLIERS.....	10
C. ALTERATIONS AND REMODELING .....	10
D. SPECIFICATIONS, STANDARDS AND PROCEDURES .....	11
E. SUPERVISION; DUTY TO DILIGENTLY CARRY OUT OBLIGATIONS .....	11
F. CHANGES TO SYSTEM OR MARKS .....	11
G. COMPLIANCE WITH LAW AND GOOD BUSINESS PRACTICES .....	12
H. INSURANCE.....	13
4. CONFIDENTIAL INFORMATION .....	13
A. OWNERSHIP.....	13
B. WORK PRODUCT .....	14
C. MAINTENANCE OF CONFIDENTIALITY .....	14
5. FEES.....	15
A. INITIAL FRANCHISE FEE .....	15
B. ROYALTY FEE .....	15
C. SYSTEM MARKETING FUND FEE.....	15
D. TECHNOLOGY FEE.....	15
E. PAYMENT METHOD.....	16
F. NONPAYMENT .....	16
G. CHARGE ON LATE PAYMENTS; DISHONORED PAYMENTS.....	16
H. NO WITHHOLDING OF PAYMENT.....	16
I. APPLICATION OF PAYMENTS; RIGHT OF OFFSET .....	17
J. TAXES.....	17
K. NONREFUNDABILITY.....	17
6. REPORTING AND RECORD KEEPING .....	17
A. COMPUTER SYSTEM.....	17
B. RECORD KEEPING .....	18

C.	REPORTS .....	18
D.	MAINTENANCE OF RECORDS AND REPORTS .....	18
E.	REQUIRED DISCLOSURE.....	18
7.	INSPECTION AND AUDIT RIGHTS .....	19
A.	TIMING AND SCOPE .....	19
B.	MYSTERY SHOP PROGRAM.....	19
C.	INSPECTIONS AND AUDITS.....	19
8.	ADVERTISING AND MARKETING .....	19
A.	SYSTEM MARKETING FUND.....	19
B.	GRAND OPENING MARKETING .....	20
C.	APPROVAL OF ADVERTISING .....	20
D.	LOCAL ADVERTISING EXPENDITURES.....	21
E.	GIFT CARDS, DISCOUNTS AND COUPONS .....	21
9.	MARKS.....	21
A.	OWNERSHIP OF MARKS AND GOODWILL .....	21
B.	LIMITATIONS ON FRANCHISEE’S USE OF MARKS.....	22
C.	COPYRIGHT .....	22
D.	DEFENSE OF MARKS .....	22
E.	DISCONTINUANCE OF USE OF MARKS.....	23
F.	SOCIAL MEDIA POLICY .....	23
10.	COMPETITION.....	23
A.	FRANCHISEE’S COVENANT NOT TO COMPETE .....	23
B.	ACTIVITIES OF OTHER PERSONS .....	24
11.	TERMINATION.....	24
A.	WITH NOTICE AND NO OPPORTUNITY TO CURE .....	24
B.	WITH NOTICE AND OPPORTUNITY TO CURE.....	26
C.	NO WAIVER .....	27
D.	ENFORCEMENT .....	27
12.	RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION .....	27
A.	PAYMENT OF AMOUNTS OWED TO FRANCHISOR.....	27
B.	MARKS .....	27
C.	CONTINUING OBLIGATIONS.....	28
D.	OPTION TO PURCHASE .....	28
13.	ASSIGNMENT, TRANSFER AND ENCUMBRANCE .....	29
A.	BY FRANCHISOR .....	29
B.	BY FRANCHISEE.....	29
C.	RIGHT OF FIRST REFUSAL.....	31
D.	DEATH OR PERMANENT DISABILITY.....	31
14.	INDEMNIFICATION OF FRANCHISOR.....	32
15.	MISCELLANEOUS .....	32
A.	FORCE MAJEURE .....	32
B.	GRAMMAR.....	32
C.	INTERPRETATION.....	32

D.	SECTION HEADINGS .....	33
E.	NONWAIVER.....	33
F.	NO EXEMPLARY DAMAGES.....	33
G.	INVALIDITY AND SEVERABILITY .....	33
H.	NOTICES.....	34
I.	ENTIRE AGREEMENT; MODIFICATION .....	34
J.	CONTROLLING LAW; DISPUTE RESOLUTION; ATTORNEYS' FEES AND EQUITABLE RELIEF .....	35
K.	RELATIONSHIP OF PARTIES .....	37
L.	COMPLIANCE WITH LOCAL LAW.....	37
M.	SPOUSAL CONSENT .....	38
N.	ENTITY FRANCHISEES.....	38
O.	PERSONAL GUARANTIES .....	39
P.	STATUTE OF LIMITATIONS .....	39
Q.	SUCCESSION; THIRD PARTY BENEFICIARY .....	39
R.	REASONABLE BUSINESS JUDGMENT.....	39
S.	REPRESENTATIONS AND WARRANTIES .....	40
16.	ACKNOWLEDGMENTS .....	41

Exhibits

Exhibit A	Restaurant Location
Exhibit B	Spousal Consent
Exhibit C	Information Regarding Non-Individual Franchisees
Exhibit D	Guaranty and Assumption of Franchisee's Obligations

# POTATO CORNER®

## FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT is entered into as of \_\_\_\_\_, by and between PC Americas Franchising, Inc., a Delaware corporation (“**Franchisor**”), and \_\_\_\_\_, a(n) \_\_\_\_\_ (“**Franchisee**”), with reference to the following facts:

A. Franchisor has the right to operate and grant to others the right to operate “Potato Corner®” restaurants featuring classic and creative French fries in a variety of flavors as well as other potato snacks and other items, in accordance with certain proprietary practices and procedures (“**Proprietary Information**”) that are part of a system relating to the establishment, development, operation and management of such restaurants (“**System**”);

B. Franchisor has the right to license various trademarks, trade names, service marks, designs, emblems, logos, slogans, copyrights, it designates, Trade Dress, as defined below, trade secrets, commercial symbols and other indicia it designates including, without limitation, “Potato Corner®,” now or hereafter used or intended to be used in connection with the System, and any and all revisions, modifications and additions thereto, whether or not recorded or registered with the United States Patent and Trademark Office or any other local, state, federal or foreign agency, registrar or body (“**Marks**”); and

C. Franchisor licenses the right to use the System and the Marks in the operation of the Potato Corner® restaurants (“**Franchised Business**”). Franchisee is an independent business owner and desires to obtain the right to open and operate a Franchised Business. Franchisor is willing to grant Franchisee a franchise to operate a Franchised Business upon the terms and subject to the conditions set forth in this Agreement.

NOW THEREFORE, in consideration of these premises and of the mutual covenants contained herein, the receipt and sufficiency of which is acknowledged by the parties, the parties agree as follows:

### 1. **GRANT OF RIGHTS**

#### **A. NON-EXCLUSIVE LICENSE**

Subject to the terms and conditions of this Agreement, Franchisor hereby grants to Franchisee, and Franchisee accepts, a non-exclusive license to use the Marks and the System solely in the operation of the Franchised Business at one (1) location to be determined pursuant to the terms and conditions of this Agreement. The location of Franchisee’s Franchised Business is set forth in **Exhibit A**. If the parties have not yet identified the location of the Franchised Business, it shall be determined as described in Section 1C below. Franchisee acknowledges and agrees that it does not have any

territorial or exclusive rights whatsoever and that there may be other parties operating Franchised Businesses in the area in which Franchisee's Franchised Business is located.

## **B. FRANCHISOR'S RESERVATION OF RIGHTS**

Franchisor reserves any and all rights not specifically granted to Franchisee under this Agreement. Franchisee acknowledges that this Agreement does not restrict Franchisor or its affiliates from conducting businesses using marks or commercial symbols different from the Marks at any location whatsoever, nor does it preclude them from using the Marks or licensing the right to others to use the Marks for purposes other than operating a Franchised Business. Franchisor reserves the right to operate and franchise the right to operate Franchised Businesses. Franchisor also reserves the right to conduct all commerce over the Internet and other means of electronic commerce as may in the future be developed without any obligation to pay Franchisee. Franchisor reserves the right to sell and distribute the products and services offered by Franchisor at wholesale, and to sell and distribute such products and services through other channels of distribution such as grocery stores, supermarkets, box stores, convenience stores and similar locations. Franchisor also reserves the right to acquire, be acquired by or merge or combine with another company that operates or licenses others to operate restaurants that may be similar to the Franchised Restaurant and to continue to operate and expand such restaurant operations.

## **C. SITE SELECTION PROCEDURE AND SITE DEVELOPMENT**

(1) Franchisee's Obligation. Franchisee shall operate the Franchised Business at a site accepted in writing by Franchisor. Franchisor will provide criteria for locating a site for the Franchised Business but Franchisee is solely responsible for all cost, liability, expense, risk and obligation to locate, obtain financing for and develop the site of the Franchised Business and for constructing and equipping the Franchised Business at the site. Franchisee must obtain Franchisor's consent to the real estate broker that will assist Franchisee in selecting sites.

(2) Site Proposal. Franchisee shall submit to Franchisor, in the form prescribed by Franchisor, all relevant information concerning a proposed site including, without limitation, the general location and neighborhood, zoning of the site, demographic information about the surrounding area, locations of any other restaurants in the general area of the proposed site, any complementary businesses, traffic flow, parking, rent, size, layout, physical characteristics of the location, building restrictions, lease terms and such other information as Franchisor may require (collectively, "**Site Proposal**"). The Site Proposal shall include: (a) a property description; (b) a demographic profile of the site; (c) a rendering or design plan showing the preliminary proposed layout, including floor plans and prototype and construction drawings for the conceptual appearance of the Franchised Business; and (d) information about the community in which the proposed site is located. Franchisee must submit a Site Proposal and obtain Franchisor's consent to a site within ninety (90) days of signing this Agreement.

(3) Franchisor's Evaluation. No Site Proposal shall be deemed accepted unless acceptance is issued by Franchisor in writing. Franchisor will accept or reject the Site Proposal within twenty (20) business days after it receives Franchisee's notice and all relevant information that Franchisor requires or requests from Franchisee. Franchisor may reject the Site Proposal for any reason. If Franchisor rejects a Site Proposal, Franchisee must find another site and submit a new Site Proposal.

(4) Design and Plans. Franchisor will provide Franchisee input on the design or renovation of the site for the Franchised Business. Franchisee shall develop, at its own cost and subject to Franchisor's consent, a full set of plans and drawings for the Franchised Business. Franchisee shall obtain Franchisor's consent to the architect Franchisee hires to prepare construction drawings and floor plans for both the front and back of house areas as well as interior elevations of the Franchised Business. Once Franchisee has obtained Franchisor's written consent to such drawings and floor plans, Franchisee shall have its architect prepare construction plans showing site dimensions, topographical evaluations, building type and placement on site, proposed ingress and egress and access to utilities such as electricity and water. Franchisee's plans shall include any modifications required to comply with local governmental requirements and a proposed equipment list, as well as schedules showing all equipment and fixtures to be installed (collectively, "**Plans**"). The Plans will include specifications for surveillance cameras to be installed at the Franchised Business. Franchisee shall submit the Plans to Franchisor for Franchisor's review and shall not proceed until Franchisor provides its written consent to the Plans. It shall be Franchisee's sole responsibility to submit the Plans to the appropriate governmental entities for approval and permitting, in order to comply with local law regarding the securing of any local authority and permits, licenses, or other necessary governmental approvals. If any such governmental entities require modifications to the Plans, Franchisee shall submit such modifications to Franchisor for review and consent prior to commencement of construction, refurbishing, renovating or equipping the Franchised Business. Franchisee shall also submit to Franchisor for review and consent full engineering drawings, including, without limitation, electrical, plumbing, heating, ventilation and air conditioning (HVAC), refrigeration and restaurant drawings. Franchisee may not begin construction until Franchisor has provided its consent to the engineering drawings.

(5) Construction. Franchisee shall retain a contractor for the Franchised Business that is commercially licensed and insured and that has experience in building structures similar to the Franchised Business. Franchisor will provide standards and qualifications to assist Franchisee in identifying contractors, and upon request by Franchisee, evaluate the contractor Franchisee selects. The contractor selected by Franchisee shall name Franchisee and Franchisor as additional insureds under its insurance policies. Franchisee shall cause its contractor to adhere to the Plans to which Franchisor has consented and the contractor may not deviate from the Plans without Franchisor's prior written consent. Franchisor reserves the right to monitor the construction process, and Franchisee shall accord Franchisor complete access to its construction bids, progress and costs, and upon request by Franchisor, videos and photographs of the progress of the construction.

(6) Signage and Decorating Materials. All signage and decorating materials at the Franchised Business site shall conform to Franchisor's specifications which Franchisor will provide to Franchisee. In particular, Franchisee must post a prominent sign in the Franchised Business identifying Franchisee as a franchisee of Franchisor in a format that Franchisor deems acceptable, including an acknowledgement that Franchisee independently owns and operates the Franchised Business and that the Marks are owned by Franchisor and Franchisee's use is under a license Franchisor has issued to Franchisee.

(7) Lease. Franchisee will not sign a lease or contract for the location of the Franchised Business without receiving Franchisor's prior written consent. Franchisor may refuse to consent to a lease for any reason. The lease or contract must contain such additional terms and conditions as Franchisor may require to provide for the protection of Franchisor's rights and interests, including but not limited to a conditional lease assignment to Franchisor or its nominee in a form acceptable to Franchisor, and including the following:

- (a) the absolute and unconditional right of Franchisee to assign its interest in the lease to Franchisor or Franchisor's nominee at any time without the consent of the landlord and without rent increase or penalty;
- (b) the landlord's acknowledgment that Franchisee will not assign or transfer the lease or any of its rights thereunder or grant any sublease thereunder without the prior written consent of Franchisor;
- (c) the landlord's consent to Franchisee's use of such signage and other displays of the Marks as Franchisor may require;
- (d) the obligation of the landlord to notify Franchisor in writing of any default by Franchisee of any of the terms and conditions of the lease and to provide to Franchisor, at Franchisor's option, the right to cure any default under the lease within fifteen (15) days after expiration of the period in which Franchisee is required to cure the default, if Franchisee fails to do so; provided, however, that Franchisee shall reimburse Franchisor for any costs and expenses incurred to cure the default;
- (e) that no amendment, addition, or other modification or change be made to the lease without obtaining the prior written consent of Franchisor;
- (f) that upon expiration or termination for any reason of this Agreement, Franchisee's rights under the lease will, at the option of Franchisor, be transferred and assigned to Franchisor or its nominee without rent increase or penalty immediately upon notice to the landlord by Franchisor;
- (g) Franchisee's acknowledgment that the landlord may rely upon notice from Franchisor and will not be required to inquire into the due execution of such notice or the accuracy of the statements set forth in such notice;

- (h) that such notice will, without further act or formality, operate as an effective assignment of Franchisee's rights under the lease to Franchisor or its nominee without rent increase or penalty, and the assumption by Franchisor or its nominee of the covenants required to be observed or performed by Franchisee under the lease; provided, however, that landlord agrees and acknowledges that Franchisor and its nominee, if any, shall not assume, and shall have no obligation to the landlord for any liabilities arising from or relating to Franchisee's actions, failure to act or defaults prior to the assignment of the lease;
- (i) Franchisee's acknowledgment that the landlord will, upon the written request of Franchisor, disclose to Franchisor all reports, information or data in the landlord's possession respecting the premises and the operation of the Franchised Business, including, without limitation, revenue information;
- (j) the landlord's acknowledgment that the Franchise Agreement contains a right on the part of Franchisor, in the event of expiration or termination of the Franchise Agreement for any reason whatsoever, to enter the premises and to make any alterations to the exterior or interior decor and signage as Franchisor deems necessary to remove its identification with the System as required by this Agreement and, in the event of the exercise by Franchisor of such right, the landlord further acknowledges that such entry by Franchisor shall not constitute an assignment of the lease nor a subletting of the premises; and
- (k) that Franchisor will be a third party beneficiary under the lease.

Franchisee shall be responsible for all costs associated with the negotiation of the lease. Franchisee shall fully perform all obligations to be performed by Franchisee under the lease or contract and shall immediately upon receipt of any notice of violation from the lessor or other party to the contract deliver a copy of such notice to Franchisor together with a statement of the steps proposed to be taken by Franchisee in response to the notice. All amounts spent by Franchisor to cure any breach by Franchisee of the lease for the site of the Franchised Business shall be due to Franchisor from Franchisee upon Franchisor's written demand. Nothing herein shall create an obligation on the part of Franchisor to cure any breach by Franchisee.

(8) Opening. Franchisee shall not start operating the Franchised Business and open it to the public until Franchisor has given its consent in writing. Franchisee shall satisfy the conditions to commencement of operations, including, without limitation, the completion of the Initial Training Program, as defined below. Franchisor may require that Franchisor or its representative conduct an on-site inspection prior to giving its consent and from time to time during the term of this Agreement. Franchisee must open and begin operations within one hundred eighty (180) days after the date that Franchisor consents to the location.

FRANCHISEE ACKNOWLEDGES THAT ALTHOUGH FRANCHISOR MAY HAVE BEEN INVOLVED IN THE REVIEW OF THE SITE, THE SITE PROPOSAL, THE LEASE AND PLANS, AND IN OTHER ASPECTS OF THE DEVELOPMENT OF THE FRANCHISED BUSINESS, FRANCHISOR MAKES NO WARRANTY, REPRESENTATION OR GUARANTY OF ANY KIND WITH RESPECT TO THE LOCATION, THE LEASE, THE PLANS, OR THE SUCCESS OR PROFITABILITY OF THE FRANCHISED BUSINESS TO BE OPERATED AT A LOCATION.

(9) Relocation. Franchisee may not relocate the Franchised Business without Franchisor's prior written consent. Franchisee shall pay to Franchisor a relocation fee of three thousand dollars (\$3,000) and further reimburse Franchisor for any travel and other expenses incurred for Franchisor's assistance in relocating the Franchised Business, including, without limitation, evaluating the new site and reviewing and approving the design of the new facility. This fee is payable when Franchisee notifies Franchisor of its request to relocate. The relocation fee is deemed earned when paid and is non-refundable whether or not Franchisor consents to the relocation.

#### **D. TERM AND RENEWAL**

(1) Term. The term of this Agreement shall begin on the date it is executed by Franchisor and shall continue for five (5) years, subject to earlier termination as provided herein.

(2) Renewal. Subject to compliance with each and every one of the conditions set forth below, Franchisee shall have the option to renew the right to operate the Franchised Business for two (2) additional, consecutive periods of five (5) years each:

- (a) Franchisee must sign Franchisor's then-current form of Franchise Agreement which may contain terms that are materially different from those set forth in this Agreement provided, however, that the term of the Franchise Agreement will be the then-remaining term of this Agreement; and
- (b) At the expiration of the initial term or preceding renewal term, as applicable, Franchisee must be in full compliance with this Agreement, and all other contracts between Franchisee and Franchisor and its affiliates, and in particular, must have paid all sums owing to Franchisor and its affiliates as and when due; and
- (c) Franchisee must pay to Franchisor a successor agreement fee of fifty percent (50%) of the then-current non-discounted initial franchise fee; and
- (d) Franchisee and those of Franchisee's personnel that Franchisor designates, must complete re-training to Franchisor's satisfaction; and
- (e) Franchisee (and its principals and affiliates if Franchisee is a corporation or other entity) shall execute and deliver a general release in a form acceptable to Franchisor of any and all claims against Franchisor and its

affiliates and associates, officers, directors, managers, shareholders, members, employees, agents and representatives; and

- (f) Franchisee shall not have received three (3) or more notices of default during any twenty-four (24) month period during the initial term or preceding renewal term, as applicable; and
- (g) Franchisor must not have decided to withdraw from the geographic area in which Franchisee's Franchised Business is located; and
- (h) Franchisee's Franchised Business must meet Franchisor's then-current requirements or Franchisee must make all expenditures deemed necessary by Franchisor to update the Franchised Business' equipment, signage and decor to reflect Franchisor's then-current requirements and image; and
- (i) Franchisee must have the right to occupy the premises of its Franchised Business for the renewal term.

Franchisee shall notify Franchisor no later than one hundred eighty (180) days prior to the expiration of the initial term or the preceding renewal term, as applicable, of this Agreement if Franchisee wishes to enter into a new Franchise Agreement with Franchisor at the expiration of the initial term or preceding renewal term, as applicable. Franchisee shall have no right to enter into a new agreement with Franchisor if Franchisee fails to do so or if Franchisee fails to comply with each of the conditions set forth above in a timely manner or if Franchisee fails to return to Franchisor any documents within thirty (30) days after Franchisor has delivered them to Franchisee.

## **2. TRAINING AND OPERATING ASSISTANCE**

### **A. TRAINING**

(1) Franchisee shall furnish to Franchisee and such personnel of Franchisee as Franchisor designates, an initial training program during such period of time as Franchisor designates ("**Initial Training Program**"). The Initial Training Program may be offered at Franchisor's headquarters or at another location designated by Franchisor in its discretion. Franchisee, and such personnel of Franchisee as Franchisor designates must complete the Initial Training Program to the sole satisfaction of Franchisor.

(2) Franchisor shall have the right, during the Initial Training Program, to further evaluate Franchisee's fitness to operate under this Agreement. In the event Franchisee, or such personnel of Franchisee as Franchisor designates, fail to complete the Initial Training Program to Franchisor's satisfaction before the opening of the Potato Corner restaurant, Franchisor shall have the right to terminate this Agreement.

(3) Franchisee shall not be charged an additional fee for the Initial Training Program for the individuals who attend at the same time. If Franchisee requests that Franchisor provide the Initial Training Program to additional personnel at a later date, Franchisor may charge its then-current fee to provide it.

(4) Franchisor may require Franchisee and those of Franchisee's personnel as Franchisor may designate to attend refresher and additional training courses. Franchisor may also require Franchisee to attend additional training if Franchisor deems it necessary or appropriate, or Franchisee may request additional on-site training or assistance and Franchisor will determine whether or not to provide it. If Franchisor provides additional training, whether required by Franchisor or requested by Franchisee, Franchisee agrees and acknowledges that Franchisor may designate the location for such training. Franchisee will pay Franchisor's then-current training fee. If Franchisor requires that such additional training be held at the Franchised Business location, Franchisee will also pay the expenses of the trainer or trainers, including lodging, transportation and food. Franchisee will pay the training fee to Franchisor before Franchisor conducts the training. Franchisor may also require Franchisee and certain of Franchisee's personnel to attend national or regional business meetings or conventions each year.

(5) Franchisee shall be solely responsible for all travel and living expenses, if any, that Franchisee and any of Franchisee's personnel may incur in connection with the Initial Training Program or refresher or additional training and in attending national business meetings or conventions.

(6) Franchisee shall be responsible for training Franchisee's employees.

**B. ADDITIONAL INITIAL OPERATING ASSISTANCE**

Franchisor shall provide Franchisee with on-site assistance with operating the Franchised Business for the amount of time it determines is necessary prior to opening and after opening of the Franchised Business.

**C. POTATO CORNER® STANDARDS MANUAL**

Franchisor will lend to Franchisee for use during the term of this Agreement a copy of Franchisor's proprietary and confidential system standards manual, which Franchisor may amend from time to time, containing mandatory and suggested specifications, standards, procedures and rules for the System designed to protect and maintain the value of the Marks and the System ("**Potato Corner® Standards Manual**"). All such mandatory specifications, standards, procedures and rules prescribed from time to time in the Potato Corner® Standards Manual or otherwise communicated to Franchisee in writing, shall constitute requirements of this Agreement and shall be confidential. Franchisee will not at any time copy any part of the Potato Corner® Standards Manual, disclose any information contained in the Potato Corner® Standards Manual to others or permit others access to the Potato Corner® Standards Manual. Franchisee acknowledges and agrees that the Potato Corner® Standards Manual may be modified from time to time to reflect changes in the standards of authorized products or services or the System. All modifications to the Potato Corner® Standards Manual shall be binding upon Franchisee upon being communicated or otherwise delivered to Franchisee. Franchisee agrees to accept, implement and adopt any such modifications at Franchisee's sole cost. The Potato Corner® Standards Manual will contain Proprietary Information belonging to Franchisor and Franchisee acknowledges that the Potato

Corner® Standards Manual is, and shall remain, the property of Franchisor. Franchisee shall promptly return the Potato Corner® Standards Manual to Franchisor upon termination or expiration of this Agreement. Franchisee understands and agrees that it is of substantial value to Franchisor and other franchisees of Franchisor, as well as to Franchisee, that the System establish and maintain a common identity. Franchisee agrees and acknowledges that full compliance with the mandatory requirements in the Potato Corner® Standards Manual is essential to preserve, maintain and enhance the reputation, trade demand and goodwill of the System and the Marks and that failure of Franchisee to operate the Franchised Business in accordance with the System and the Potato Corner® Standards Manual can cause damage to all of the other parties described above, as well as to Franchisee. Notwithstanding the foregoing and consistent with the goals of the System, Franchisee shall be responsible for the day-to-day operation of the Franchised Business.

#### **D. PERIODIC ADVICE AND CONSULTATION**

Franchisor shall, from time to time, to the extent it deems necessary, furnish Franchisee advice or consult with Franchisee on the operation of the Franchised Business in order to communicate new developments, techniques and services, which may include assisting in the preparation of annual business plans and conducting site visits. Franchisor will periodically, with such frequency as Franchisor shall determine in its sole discretion, consult with Franchisee in the development of its business. Any guidance, suggestions or advice provided to Franchisee in the course of such consultation shall be deemed suggestions only, and the decision to follow any such guidance, suggestions or advice shall be in Franchisee's sole discretion. In particular, and not in limitation of the foregoing, Franchisee shall be solely responsible for all policies and decisions concerning its employees and shall consult with its own independent advisors with respect to those policies and decisions.

### **3. OPERATION BY FRANCHISEE**

#### **A. PRODUCTS AND SERVICES**

(1) Franchisee shall offer to customers of the Franchised Business only those products and services designated by Franchisor from time to time and shall provide such products and services strictly in accordance with the standards and specifications described in the Potato Corner® Standards Manual and the Initial Training Program. Franchisee may not sell any products at wholesale.

(2) Franchisor will provide Franchisee with a menu for the Franchised Business including recommended prices, and Franchisee must offer the items (and only the items) designated on the menu. Franchisee agrees and acknowledges that Franchisor may make changes to the menu from time to time.

(3) Franchisor may, but is not obligated to, permit Franchisee to offer catering or delivery services. Franchisor may also develop or designate a catering or a delivery program. If it does so, Franchisor may require Franchisee to participate in the program.

Franchisee shall offer online ordering for customer pickup in accordance with Franchisor's requirements, as designated from time to time in the Potato Corner® Standards Manual.

(4) Franchisee shall at all times provide prompt, courteous, friendly and efficient service to all customers. Franchisee shall in all dealings with all customers and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee agrees not to deviate from the mandatory standards, specifications and operating procedures set forth in this Agreement and the Potato Corner® Standards Manual in order to ensure uniformity and quality of services offered to the public under the Marks.

(5) Franchisee must comply with Franchisor's policy on political statements and refrain from making any such statements or permitting its personnel to post signs, banners or other political symbols or to wear clothing, jewelry or other items endorsing a political candidate or movement.

#### **B. PURCHASE OF PRODUCTS AND SERVICES; APPROVED SUPPLIERS**

(1) Franchisee shall purchase any and all products (including, without limitation, products bearing the Marks), and any and all other equipment, supplies and services required or used in the operation of the Franchised Business only from: (a) manufacturers, suppliers or distributors from time to time designated in writing by Franchisor or its affiliate, if available; or (b) such other suppliers approved or designated by Franchisor. Prior to Franchisee's opening of the Franchised Business, Franchisor may designate and negotiate pricing with suppliers for merchandise, equipment, inventory, and supplies required in the operation of the Franchised Business. Franchisor may assist Franchisee in placing orders for its initial inventory and sell Franchisee the initial inventory of proprietary flavorings. Franchisee agrees and acknowledges that certain proprietary products, services and items used in the Franchised Business that are integral to the System may only be available from Franchisor or its designated supplier. Franchisor will assist Franchisee in placing orders for Franchisee's initial inventory.

(2) Until and unless Franchisor notifies Franchisee in writing that it has approved or designated another supplier, Franchisee must continue to purchase from the parties described in subsection (1) above.

(3) If Franchisor determines that a previously approved supplier no longer conforms to such standards, it shall so notify Franchisee and Franchisee shall thereupon discontinue making purchases from that supplier.

#### **C. ALTERATIONS AND REMODELING**

Franchisee shall not make any alterations to the Franchised Business premises, or to any improvements, layout, fixtures, and furnishings, signs, equipment, or appearance thereof or other elements of the Trade Dress, as defined below, without the prior written consent of Franchisor. Franchisor may periodically require Franchisee to update the design, furnishings, signs, equipment and appearance as well as the other elements of the Trade Dress. At all times during the term of this Agreement, Franchisee

shall maintain the Franchised Business to meet Franchisor's then-current specifications and standards for Potato Corner restaurants.

**D. SPECIFICATIONS, STANDARDS AND PROCEDURES**

Franchisee acknowledges that each and every detail of the design, layout, decor, color scheme, supplies utilized, services offered, appearance of the premises and personnel, and other elements of trade dress in the operation of the Franchised Business ("**Trade Dress**") is essential to Franchisor and the System. In order to protect the System, Franchisee shall comply with all mandatory specifications, standards and procedures relating to: (1) the type and quality of the products and services offered by the Franchised Business; (2) the appearance, color, indicia and signage of the Franchised Business premises; (3) the appearance of employees; (4) cleanliness, standards of services, and operation of the Franchised Business; (5) submission of requests for approval of materials, supplies, distributors and suppliers; and (6) safety procedures and programs prescribed by Franchisor. Franchisee also agrees to use all equipment, signage and services as have been approved for the System from time to time by Franchisor. Mandatory specifications, standards, and procedures may be prescribed from time to time by Franchisor in the Potato Corner® Standards Manual, or otherwise communicated to Franchisee in writing.

**E. SUPERVISION; DUTY TO DILIGENTLY CARRY OUT OBLIGATIONS**

Franchisor requires that the operation of the Franchised Business be under the direct supervision of Franchisee. Franchisee must also retain an operating manager for the Franchised Business and that operating manager must complete the Initial Training Program to Franchisor's satisfaction and execute a confidentiality and non-competition agreement in a form acceptable to Franchisor. If the operating manager is terminated or otherwise elects to end its relationship with Franchisee, Franchisee shall designate a new operating manager who must also complete the/ Initial Training Program to Franchisor's satisfaction within thirty (30) days.

**F. CHANGES TO SYSTEM OR MARKS**

Franchisee acknowledges that the System may continue to evolve in order to reflect changing markets and to meet new and changing business demands, and that accordingly Franchisor may make variations and additions to the System from time to time in order to preserve and enhance the System. Franchisee agrees that Franchisor may, from time to time, upon notice, add to, subtract from or otherwise modify or change Franchisee's obligations under the System, including, without limitation, changes reflecting Franchisor's adoption and use of new or modified Marks, services, equipment and new techniques. Franchisee agrees promptly to accept and implement all such additions, modifications and changes at Franchisee's sole cost and expense (e.g., changing signs, destroying or recalling advertising and promotional items). Franchisee agrees and acknowledges that if Franchisee develops any component of (or improvement to a component of) the System which Franchisor permits or adopts for use in the Franchised Business, such component and improvement will belong to Franchisor and

Franchisee shall have no ownership right or interest in such component. Franchisee agrees to take any action necessary to confirm that Franchisor owns such component or improvement.

**G. COMPLIANCE WITH LAW AND GOOD BUSINESS PRACTICES**

(1) Prior to beginning operations, Franchisee shall secure in Franchisee's name as the owner of an independent business all required licenses, permits and certificates relating to Franchisee's operation of the Franchised Business. Franchisee acknowledges that such licenses, certificates and permits may require the payment of security deposits and other fees. Franchisee shall maintain all such licenses, permits and certificates in full force and effect throughout the term of this Agreement.

(2) Franchisee shall operate in full compliance with all applicable laws, ordinances and regulations, including, without limitation, such laws, ordinances and regulations relating to the sale of food, occupational hazards and health, worker's compensation insurance, unemployment insurance and withholding and payment of federal and state income taxes and social security taxes, trade name and advertising restrictions, building codes and handicap access. In particular and not in limitation of the foregoing, Franchisee shall comply with the Americans with Disabilities Act and all applicable laws and regulations concerning data protection and privacy.

(3) Franchisee must also comply with all laws governing consumer data and privacy and employ all means to maintain the security of consumer data. If any data security incident occurs, Franchisee shall notify Franchisor immediately and shall take steps to address and remedy such incident. Franchisor is not obligated to remedy Franchisee's data security issue, but if Franchisor requires Franchisee to take certain steps including, without limitation, the retention of a remediation expert, Franchisee will do so. A data security incident includes an act originated within or outside Franchisee's organization affecting Franchisee's computer system or other technology that violates the law or Franchisor's policies and involves unauthorized access to view, copy or use the System, customer data, confidential information or trade secrets.

(4) Franchisee shall operate the Franchised Business in a safe and secure manner that optimizes public health and safety. Franchisee is solely responsible for determining and addressing all safety concerns relating to the condition of the premises and surrounding areas, the operation of any vehicles in connection with the Franchised Business and otherwise.

(5) Immediately upon receipt of any citation, notice, complaint or other indication that Franchisee or any of its personnel has violated any law or regulation, Franchisee shall immediately notify Franchisor and transmit copies of all such citations, notices, complaints or other such indications, along with all available information including, without limitation, Franchisee's proposal to contest or remedy the violation.

## **H. INSURANCE**

Before beginning to operate the Franchised Business and during the operation of the Franchised Business, Franchisee must procure and maintain all insurance required by Franchisor from an insurer or insurers that meet Franchisor's criteria and which has a minimum AM Best Rating of A-VIII. Franchisee may not self-insure. Such insurance shall include coverage insuring against all loss and liability arising out of or in connection with the operation of the Franchised Business including, without limitation, worker's compensation and employers liability insurance, commercial general liability insurance and commercial umbrella insurance or commercial excess insurance, automobile liability insurance including business auto liability and commercial liability insurance, business interruption coverage, cyber insurance coverage, and any other specialty coverage Franchisor requires at coverage amounts required by Franchisor periodically in the Potato Corner® Standards Manual, and including, without limitation, such other limits and coverage as Franchisor may periodically require. Franchisee shall maintain such insurance coverage in full force and effect during the entire term of this Agreement. All such insurance must include coverage for losses that incur for two years after the expiration or termination of this Agreement. Franchisee shall cause Franchisor and any of its affiliates that Franchisor specifies to be named as additional insureds under all such policies. Franchisee shall further cause Franchisee's insurance agent to copy Franchisor on all insurance policies written and issued on behalf of Franchisee. In addition, all such policies shall provide for thirty (30) days' prior written notice to Franchisor of any material modification, cancellation or expiration. Upon request, Franchisee shall provide Franchisor with a certificate and any other documents Franchisor requires evidencing coverage for each policy and renewal policy Franchisee obtains. Franchisee may not self-insure and Franchisee must obtain Franchisor's consent in writing to the insurer or insurer(s). All amounts spent by Franchisor to secure any insurance coverage Franchisee fails to obtain shall be due to Franchisor by Franchisee upon Franchisor's written demand. Nothing herein shall create any obligation on the part of Franchisor to secure any insurance coverage for Franchisee. Franchisee also acknowledges that Franchisor may periodically adjust the amounts of coverage required under such insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in the law or standards of liability, higher damage awards, or other relevant changes in circumstances. Franchisee must also provide a waiver of subrogation in Franchisor's favor and provide that Franchisee's insurance policies are primary and non-contributory to any policies Franchisor may carry.

## **4. CONFIDENTIAL INFORMATION**

### **A. OWNERSHIP**

Franchisee acknowledges that there is information disclosed by Franchisor pursuant to this Agreement and ancillary agreements, during the Initial Training Program, in the Potato Corner® Standards Manual and otherwise (including, without limitation, the Proprietary Information, recipes, ingredients, manuals, methods of service, customer lists and databases, sources and suppliers of equipment and, in general, methods,

techniques, formulas, formats, specifications, standards, procedures, know-how, information systems and knowledge of the System and the entire contents of the Potato Corner® Standards Manual), that is proprietary, confidential or a trade secret of Franchisor whether or not designated by Franchisor as confidential (“**Confidential Information**”). Such Confidential Information includes customer information and data, all of which belongs to Franchisor. Franchisee acknowledges and agrees that Franchisor is the sole owner of all the Confidential Information, that the Confidential Information is being imparted to Franchisee in trust and confidence, and that the Confidential Information is not generally known to the trade or public and is not known to Franchisee except by reason of such disclosure. Franchisee acknowledges that the Confidential Information is economically valuable and that such value is derived from not being generally known to others. Franchisee agrees to maintain the absolute confidentiality of all Confidential Information during and after the term of this Agreement. Franchisee further acknowledges and agrees that Franchisee does not acquire any interest in the Confidential Information other than the right to utilize it in connection with the performance of Franchisee’s obligations hereunder and the operations of the Franchised Business. In addition, Franchisee acknowledges and agrees that the use, duplication or disclosure of the Confidential Information except as expressly permitted by this Agreement will constitute an unfair method of competition and that Franchisor will suffer irreparable injury thereby.

#### **B. WORK PRODUCT**

Franchisee acknowledges and agrees that all documents, papers, notes and other material and work product containing or derived from the Confidential Information or connected with Franchisee’s conduct of the Franchised Business shall be Confidential Information. Franchisee further acknowledges and agrees that Franchisee will have no proprietary interest in any work product developed or used by Franchisee and related to this Agreement and that all such work product is the sole property of Franchisor. Franchisee shall, upon Franchisor’s request, do all things that may be necessary to establish or document Franchisor’s ownership of any such work product.

#### **C. MAINTENANCE OF CONFIDENTIALITY**

Franchisee acknowledges and agrees that the Confidential Information is disclosed to Franchisee solely on the condition that Franchisee agrees, and Franchisee hereby agrees, that Franchisee:

- (1) will use the Confidential Information in strict accordance with the instructions and directions given by Franchisor from time to time;
- (2) will not use the Confidential Information, directly or indirectly, in any other business or capacity;
- (3) will not, at any time, in any manner or form, directly or indirectly, disclose, duplicate, license, sell, reveal, divulge, publish or communicate the Confidential Information, or any portion thereof, to any person or entity other than Franchisee’s

authorized employees or consultants who need to have such information in connection with their jobs and who first sign a confidentiality agreement (in a form acceptable to Franchisor);

(4) will not copy any materials containing the Confidential Information, including, without limitation, the Potato Corner® Standards Manual, without Franchisor's prior written consent;

(5) will observe and implement all procedures imposed from time to time by Franchisor to prevent the unauthorized use and disclosure of the Confidential Information;

(6) will keep the Potato Corner® Standards Manual and other written materials containing any portion of the Confidential Information in a secure manner and place and will maintain electronic versions protected by password; and

(7) if Franchisee is legally compelled by a court or government agency to disclose any of the Confidential Information, will do so only after providing prior written notice to Franchisor and only if Franchisee has used its best efforts to afford Franchisor the opportunity of obtaining appropriate protective orders or other assurances of confidentiality satisfactory to Franchisor.

## **5. FEES**

### **A. INITIAL FRANCHISE FEE**

Franchisee must pay to Franchisor, upon execution of this Agreement, a non-refundable initial franchise fee of Twenty Thousand Dollars (\$20,000.00). The initial franchise fee is fully earned immediately upon payment and is non-refundable.

### **B. ROYALTY FEE**

Franchisee shall pay to Franchisor a royalty equal to six percent (6%) of Gross Revenues ("**Royalty Fee**"). Franchisee shall pay the Royalty Fee on a weekly basis on a day designated by Franchisor for the preceding calendar week. "**Gross Revenues**" means all revenues Franchisee receives from the operation of the Franchised Business (including, without limitation, any payments under Franchisee's business interruption insurance coverage and any condemnation awards) and deducting only amounts paid to any governmental tax authority.

### **C. SYSTEM MARKETING FUND FEE**

Franchisor has a system marketing fund ("**System Marketing Fund**") to which Franchisee will be required to contribute one percent (1%) of Gross Revenues due weekly on a day designated by Franchisor for the preceding week ("**System Marketing Fee**").

### **D. TECHNOLOGY FEE**

Franchisee shall pay to Franchisor a technology fee of up to Five Hundred Dollars

(\$500.00) per week to cover Franchisee's point-of-sale or back-of-the-office management system and items such as licensing or help desk fees for point-of-sale and other software, mobile app, CRM software, a franchise portal, and exposure on Franchisor's website. ("**Technology Fee**"). As of the date of this Agreement, the Technology Fee is Five Hundred Dollars (\$500.00) per month and is subject to change as determined by Franchisor in its sole discretion. Franchisee shall pay the Technology Fee on a monthly basis on a day designated by Franchisor for the preceding calendar month.

**E. PAYMENT METHOD**

Franchisee must make payments by electronic funds transfer ("**EFT**"), and Franchisee shall execute and deliver such instruments as are necessary and appropriate to carry out such transfers. Franchisor shall have the right to vary the frequency of the due date of any payments (e.g., from weekly to monthly) and the method of payment from time to time.

**F. NONPAYMENT**

If Franchisor does not receive Franchisee's Royalty Fee, System Marketing Fee, Technology Fee, or any other payment hereunder by the dates they are due, Franchisee acknowledges that, in addition to exercising all other rights and remedies that Franchisor has, Franchisor may terminate this Agreement.

**G. CHARGE ON LATE PAYMENTS; DISHONORED PAYMENTS**

In addition to all other rights and remedies that accrue to Franchisor, if Franchisee does not pay an amount when due, then Franchisee must pay Franchisor a late fee equal to the lesser of two percent (2%) of the amount due per month or the highest applicable rate allowed by law. In the event any payment by Franchisee is made by check and is returned to Franchisor for insufficient funds, or is made by credit or debit card, by ACH payments or other form of payment, and such payment is dishonored, Franchisee will be assessed an administrative handling fee of Two Hundred Dollars (\$200.00) in addition to all other applicable late fees and administrative charges. In such event, Franchisor may also require Franchisee to make all future payments by money order, cashier's check or a similar method of payment of immediately available funds. Franchisee acknowledges that this provision does not constitute agreement by Franchisor to accept such payments after they are due or a commitment to extend credit to, or otherwise finance such amounts.

**H. NO WITHHOLDING OF PAYMENT**

Franchisee agrees that Franchisee will not, on the grounds of the alleged nonperformance by Franchisor of any of its obligations hereunder or for any other reason whatsoever, withhold payment of any amounts due, nor shall Franchisee have any right of offset.

**I. APPLICATION OF PAYMENTS; RIGHT OF OFFSET**

Notwithstanding any designation by Franchisee, Franchisor shall have discretion to apply any current or past due payments by Franchisee to any indebtedness of Franchisee. In addition, Franchisor shall have the right to offset any amounts due to it or its affiliates against any amounts to be paid to Franchisee.

**J. TAXES**

In the event Franchisee is required by local law to withhold or deduct any tax on behalf of Franchisor from any amount payable to Franchisor under this Agreement, then if Franchisor does not receive a refund or credit for such amount, Franchisee shall increase the payment made to Franchisor by that amount and shall provide Franchisor with the following: (1) documentation showing that Franchisor is being taxed at the lowest rate allowed under local law; and (2) written receipts from the appropriate taxing authority certifying that payments have been made on Franchisor's behalf at the rates previously communicated to Franchisor.

**K. NONREFUNDABILITY**

All fees required to be paid by Franchisee to Franchisor under this Agreement are non-refundable.

**6. REPORTING AND RECORD KEEPING**

**A. COMPUTER SYSTEM**

Franchisor has the right to designate the computer equipment and software Franchisee uses in the Franchised Business. Franchisee shall purchase and use computer hardware and software, including, without limitation, point-of-sale software, and maintain high-speed internet access, all of which meet or exceed Franchisor's specifications as set forth in the Potato Corner® Standards Manual. Franchisor may specify the supplier that Franchisee must use to purchase or lease such items for the operation of the Franchised Business. Franchisee must pay the Technology Fee for technology services Franchisor or a third-party provides and which may include items such as licensing or help desk fees for point-of-sale and other software, mobile app, CRM software, a franchise portal, and exposure on Franchisor's website. Franchisee shall maintain all programs and information specified in the Potato Corner® Standards Manual (and only such programs and information). Franchisee shall maintain, repair, upgrade or update any computer equipment used in the Franchised Business to maintain compatibility with any software Franchisor requires Franchisee to use, including, without limitation, point-of-sale software. Franchisee acknowledges and agrees that Franchisor shall have the right at any time to change or modify the computer system required and its components, including, without limitation, the required point-of-sale software. Franchisor has the right to develop proprietary computer software and to require Franchisee to use it. If Franchisor does so, Franchisee must sign a license agreement and pay a fee to use such software. Franchisor shall have independent access to the information on Franchisee's computer system, including the right to download any information.

Franchisee acknowledges that neither Franchisor nor any affiliate of Franchisor has any obligation to provide ongoing maintenance, repairs, upgrades or updates to any of the computer hardware or software used in the Franchised Business.

**B. RECORD KEEPING**

Franchisee must have bookkeeping and accounting services that accurately reflect the Gross Revenues, receipts and reports, costs of labor, semi-variables, fixed costs and advertising, and the financial results of the Franchised Business, and also such procedures as may be more particularly described in the Potato Corner® Standards Manual. Franchisee shall maintain an accounting system approved by Franchisor which fully and accurately reflects all aspects of the business conducted under this Agreement and which is compatible and consistent with the System. Franchisor may designate an accounting firm that Franchisee must use. If the Franchisor does so, Franchisee must retain such accounting firm to perform the tasks Franchisor requires.

**C. REPORTS**

With each payment of the Royalty Fee and System Marketing Fee, Franchisee shall also deliver to Franchisor a Gross Revenues report on a form designated or approved by Franchisor. Franchisee acknowledges that as of the date of this Agreement, Franchisor designates a third party accounting firm that Franchisee must use to generate its weekly profit and loss statements. Within thirty (30) days after the close of each calendar quarter and within one hundred twenty (120) days after the close of each fiscal year of Franchisee during the term of this Agreement, Franchisee shall provide to Franchisor a Gross Revenues report, profit and loss statement and, for the annual statement, a balance sheet, on such forms as Franchisor may require, prepared in accordance with U.S. generally accepted accounting principles. Within ten (10) days after filing with the Internal Revenue Service, Franchisee shall provide to Franchisor a copy of any and all tax returns. Franchisee shall also submit to Franchisor such other financial and non-financial reports and information as Franchisor may request. These statements and reports shall be certified as true and correct by Franchisee. Each such report shall be in the form and present the information required by Franchisor or described in the Potato Corner® Standards Manual.

**D. MAINTENANCE OF RECORDS AND REPORTS**

All such books, records and tax returns shall be kept and maintained for at least four (4) years after their creation at the Franchised Business or such other place as may be agreed to from time to time in writing by the parties.

**E. REQUIRED DISCLOSURE**

Franchisee acknowledges that Franchisor may be required by law, regulation or other legal requirement, or may deem it advisable, to disclose information regarding Franchisee or the operation of the Franchised Business, including, without limitation, costs, revenues, earnings or other financial performance information. Franchisee agrees that Franchisor shall be entitled to disclose such information and that Franchisor shall

have the right to determine the extent and manner in which such disclosure will be made. If Franchisor does not have the information necessary for the disclosure Franchisor determines it will make, Franchisee shall provide such information to Franchisor promptly upon Franchisor's request.

## **7. INSPECTION AND AUDIT RIGHTS**

### **A. TIMING AND SCOPE**

Franchisor and its representatives shall have the right, at any time, with or without notice, to monitor and observe the conduct of the Franchised Business for the purpose of determining compliance with the requirements of this Agreement, for conducting quality assurance audits which may include customer surveys, and for any other purpose connected with the System. Franchisor may advise Franchisee of operating problems it discovers as a result of such activities or other reports and Franchisee must correct all operations problems promptly on receipt of Franchisor's report.

### **B. MYSTERY SHOP PROGRAM**

Franchisor may, at its option, establish a mystery shop program, or retain a third party to conduct a mystery shop program. If Franchisor does so, Franchisee shall pay Franchisor a fee equal to the cost of the mystery shops conducted at the Franchised Business, which fee shall not exceed Five Hundred Dollars (\$500.00) per inspection.

### **C. INSPECTIONS AND AUDITS**

Franchisor's and its representatives shall have the right at all times during normal business hours to confer with employees and customers of the Franchised Business, to observe the manner in which Franchisee is rendering its services, and to inspect and audit Franchisee's books, records and tax returns, or such portions thereof as they pertain to the operation of the Franchised Business. Upon receipt of notice by Franchisor, Franchisee shall pay to Franchisor Royalty Fees, System Marketing Fees and late fees with respect to the amount by which actual Gross Revenues ascertained by Franchisor's inspection exceed reported Gross Revenues. In the event that any report or statement understates Gross Revenues by more than two percent (2%) of the actual Gross Revenues ascertained by Franchisor's inspection, Franchisee shall, in addition to making the payment provided for in the preceding sentence, and in addition to any other remedies and rights Franchisor may have, pay and reimburse Franchisor for any and all expenses incurred in connection with its inspection and audit, including, but not limited to, accounting and legal fees and travel expenses, room and board and compensation for Franchisor's representatives.

## **8. ADVERTISING AND MARKETING**

### **A. SYSTEM MARKETING FUND**

Franchisee agrees and acknowledges that the System Marketing Fee will be deposited in Franchisor's general operating account, may be commingled with

Franchisor's general operating funds and may be deemed an asset of Franchisor. Franchisor will administratively segregate the System Marketing Fund on its books and records. Franchisor will use the System Marketing Fund for the purpose of promoting the System as a whole and increasing the goodwill of the Marks. Franchisor will conduct such advertising and marketing of the System and its services as Franchisor deems desirable to promote and enhance the reputation of the System, including, without limitation, the use of the System Marketing Fund on website design and optimization and other resources to increase web traffic to Franchisor's website. Franchisee understands, acknowledges and agrees that all decisions regarding advertising and marketing, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies shall be made by Franchisor and shall be final and binding. Franchisee agrees and acknowledges that all costs of the formulation, development and production of any advertising and promotion (including, without limitation, the proportionate compensation of Franchisor's employees who devote time and render services in connection with such advertising and promotional programs and the administration, accounting and collection of the System Marketing Fee, the employment of an outside consultant or advertising agency to assist with such advertising and promotional programs or of a website management firm to manage Franchisor's website and optimization) will be paid from the System Marketing Fund. Franchisor does not have any obligation to make expenditures that are proportionate or equivalent to Franchisee's System Marketing Fees in Franchisee's market area, nor does Franchisor represent that Franchisee will benefit directly or pro rata from the placement of advertising. The decision to commence, conduct, discontinue or re-establish the System Marketing Fund shall be made in the sole discretion of Franchisor. If Franchisor decides to terminate the System Marketing Fund, Franchisor will distribute any amounts remaining in the System Marketing Fund after its termination, if any, to then-existing franchisees pro rata based on System Marketing Fees paid by franchisees over the previous three (3) years.

#### **B. GRAND OPENING MARKETING**

Franchisee acknowledges and agrees that adequate opening marketing is essential to the success of the Franchised Business and agrees to conduct such marketing in connection with the opening of the Franchised Business in accordance with Franchisor's directions. Franchisor will consult with Franchisee on marketing and advertising for this period. Franchisee agrees and acknowledges that grand opening marketing required by Franchisor will cost an amount designated by Franchisor between Five Thousand Dollars (\$5,000.00) and Ten Thousand Dollars (\$10,000.00).

#### **C. APPROVAL OF ADVERTISING**

All advertising copy and other marketing materials Franchisee proposes to use shall be consistent with quality and general overall advertising and promotional campaigns used in the System. Franchisor shall advise Franchisee from time to time on marketing and advertising issues. Franchisor may periodically provide Franchisee with materials. If Franchisee wishes to develop advertising materials, Franchisee shall submit the proposed material to Franchisor at least fifteen (15) days in advance of publication or

use and shall use only such advertising copy and materials as have been approved in writing by Franchisor. Franchisee agrees and acknowledges that the copyright for any advertising or other marketing materials that Franchisee develops for the Franchised Business shall belong to Franchisor without any further action by the parties required.

**D. LOCAL ADVERTISING EXPENDITURES**

As of the date of this Agreement, Franchisee is required to spend one percent (1%) of Gross Revenues on local advertising and promotions. Such local advertising and promotions are subject to Franchisor's prior review and consent. Franchisee must submit to Franchisor receipts evidencing expenditures for approved local advertising during the preceding calendar month. Franchisee agrees and acknowledges that Franchisor has the right to establish a local or regional marketing cooperative, and agrees to participate in such a cooperative if required to do so by Franchisor. Franchisor may require Franchisee to contribute all or a portion of revenues allocated to local advertising to such a cooperative.

**E. GIFT CARDS, DISCOUNTS AND COUPONS**

From time to time as part of the advertising and promotional activities conducted by Franchisor or a vendor designated by Franchisor, Franchisor may institute discount programs, hire a vendor to administer the discount program, and issue or permit franchisees to issue coupons and gift cards or certificates. Franchisee agrees to accept such coupons and gift cards or certificates from customers and to redeem them in accordance with Franchisor's policies then in effect and to participate in such discount programs, subject to compliance with applicable law. Franchisee shall not offer any discounts or coupon or gift cards or certificate programs without Franchisor's prior written consent.

**9. MARKS**

**A. OWNERSHIP OF MARKS AND GOODWILL**

Franchisee's right to use the Marks is derived solely from, and is subject to, the terms and conditions of this Agreement. Such right is limited to the operation of the Franchised Business in accordance with this Agreement and all mandatory standards, specifications and operating procedures prescribed from time to time by Franchisor. Franchisee acknowledges that Franchisor has the right to use and license the use of the Marks and that they are valid trademarks. Franchisee agrees not to contest or oppose, nor to assist anyone else to contest or oppose, directly or indirectly, Franchisor's or its affiliates' ownership or use of, application for, registration of, or the validity or enforceability of, any of the Marks, its or its affiliate's applications for registration, or registration of, or the validity or enforceability of, any of the Marks. Franchisee also agrees not to acquire or use any trademarks that are similar or identical to the Marks. Franchisee agrees that its usage of the Marks and any goodwill established thereby shall inure to the exclusive benefit of Franchisor.

## **B. LIMITATIONS ON FRANCHISEE'S USE OF MARKS**

If local laws require that Franchisee file a registration stating that Franchisee is conducting business under an assumed name or trade name, Franchisee shall state in such document that it is conducting such business as a franchisee of Franchisor. Franchisee shall not use any of the Marks or similar words or colorable imitations thereof as part of any name of any corporation, partnership, limited liability company or other business entity, or with any other prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form or as part of any domain name, web address or similar electronic use; nor may Franchisee use any of the Marks in connection with the sale of any unauthorized products or service or in any other manner not explicitly authorized in writing by Franchisor. Franchisee will not use or display, or permit the use or display, of the trademarks, trade names, service marks, insignias, logotypes or any other commercial symbols or trade dress of any other person or entity in connection with the Franchised Business without the prior written consent of Franchisor, or as expressly permitted in the Potato Corner® Standards Manual.

## **C. COPYRIGHT**

Franchisee acknowledges that Franchisor or its affiliate has developed, and may further develop during the term of this Agreement, certain artistic designs, and certain other word combinations and other materials designated for use by Franchisee. Franchisee acknowledges that Franchisor or its affiliate retains all right, title and interest thereto as provided by copyright law to the originator of works and, further, that Franchisee is licensed to use such copyrighted materials solely in accordance with the terms and during the term of this Agreement. Franchisee agrees and acknowledges that, if Franchisee develops any materials for use in the Franchised Business that Franchisor approves, Franchisor may incorporate such materials in the System and the copyright for any such materials shall belong to Franchisor without any further action required by the parties.

## **D. DEFENSE OF MARKS**

(1) In the event that Franchisee receives notice or learns of a claim, suit, demand or proceeding against Franchisee on account of any alleged infringement, unfair competition, or similar matter relating to Franchisee's use of the Marks or copyrights, Franchisee shall promptly notify Franchisor of such claim, suit, demand or proceeding. Franchisee shall have no power, right, or authority to litigate, settle or compromise any such claim by a third party without the prior written consent of Franchisor. Provided that Franchisee is in full compliance with this Agreement, Franchisor shall defend and indemnify Franchisee against any claim by a third party against Franchisee for Franchisee's use of the Marks in accordance with this Agreement, using attorneys of Franchisor's choosing. Franchisor may elect to compromise or settle any such claim, at its sole discretion. Franchisee agrees to cooperate fully with Franchisor in connection with any such defense and any claim by Franchisor, at Franchisor's expense. Franchisee irrevocably grants Franchisor authority and power of attorney to defend, litigate or settle such claims, demands, suits or proceedings.

(2) In the event that Franchisee receives notice or is informed or learns that any third party, that Franchisee believes to be unauthorized to use the Marks or copyrights, is using the Marks or copyrights or any variants thereof, Franchisee shall promptly notify Franchisor. Thereupon, Franchisor shall, in its sole discretion, determine whether or not it wishes to undertake any action against such third party on account of said person's alleged infringement of the Marks or copyrights. In the event Franchisor undertakes such action, it shall have the authority and power of attorney to defend or settle such action. Franchisee agrees to render such assistance as Franchisor shall require to carry out the prosecution of any such action at Franchisor's expense. Franchisee shall have no right to prosecute any claim of any kind or nature whatsoever against such alleged infringer for or on account of said alleged infringement.

#### **E. DISCONTINUANCE OF USE OF MARKS**

If it becomes advisable at any time in Franchisor's sole discretion for Franchisee to modify or discontinue use of any Mark or to use one or more additional or substitute marks or items, Franchisee agrees to comply with Franchisor's directions to modify or otherwise discontinue the use of such Mark and to accept, use and display such additional or modified marks within a reasonable time after notice thereof by Franchisor but in no event more than thirty (30) days after receiving notice from Franchisor. Franchisor shall not be obligated to compensate Franchisee for any costs incurred by Franchisee in connection with any such addition, modification or discontinuance.

#### **F. SOCIAL MEDIA POLICY**

Franchisee shall not register a domain name, create or maintain a website, social media page or electronic mail address utilizing the Marks or any name similar to the Marks or relating in any way to the Franchised Business without Franchisor's prior written consent. Franchisee also agrees to observe Franchisor's policy on on-line communications including, without limitation, communications on social and professional networking sites such as Facebook, Twitter, LinkedIn, Snapchat, Instagram, TikTok, YouTube, and other sites or blogs. Franchisee acknowledges that it may not mention or discuss the Franchised Business, Franchisor or the System without Franchisor's prior written consent. Franchisee agrees and acknowledges that Franchisor has the right to review all on-line content involving the Marks or the System, and to require Franchisee to remove or change any content or usage, in Franchisor's sole discretion.

### **10. COMPETITION**

#### **A. FRANCHISEE'S COVENANT NOT TO COMPETE**

(1) Franchisee acknowledges that Franchisor could not protect its trade secrets or the Confidential Information against unauthorized use or disclosure and could not achieve a free exchange of ideas and information among owners of Franchised Businesses if Franchisee held interests in any competitive business. Franchisee acknowledges that Franchisor grants the rights to operate the Franchised Business to Franchisee in part in consideration of, and in reliance upon, Franchisee's agreement to

deal exclusively with Franchisor. Therefore, Franchisee shall not at any time during the term of this Agreement, individually or in conjunction with any person or entity, have any interest as an owner, investor, shareholder, partner, member, lender, director, officer, manager, employee, consultant, guarantor, representative, or agent or in any other manner whatsoever, directly or indirectly, carry on or be engaged in, financially or otherwise, or advise in the establishment or operation of any business offering French fries or other food items that are on the Potato Corner restaurant menu, or any similar business.

(2) In addition, for two (2) years after the termination or expiration of this Agreement, Franchisee shall not carry on, engage in or advise in the establishment or operation of any business offering French fries or other food items that are on the Potato Corner restaurant menu or similar businesses except: (a) pursuant to Franchise Agreements with Franchisor, or (b) if Franchisee is not then a party to any other Franchise Agreement with Franchisor, only at a site that is at least twenty-five (25) miles from the county in which the Franchised Business is located. Franchisee agrees and acknowledges that this restriction represents only a limited one on Franchisee's ability to conduct a business and that the purpose of this covenant is not to deprive Franchisee of a means of livelihood, and will not do so, but is rather to protect the goodwill and interest of the Marks and the System. In the event that Franchisee does not comply with this provision and Franchisor is required to enforce it, the two (2)-year period is tolled for the period of noncompliance.

## **B. ACTIVITIES OF OTHER PERSONS**

The activities of Franchisee's immediate family, Franchisee's owners, officers, directors, shareholders, members, trusts, trustees, subsidiaries, parent companies, partners, agents and employees or any enterprise in which any of them owns, directly or indirectly, any equity interest (except for investments totaling less than one percent (1%) of the stock of publicly held corporations), for purposes of this Section, shall be deemed to be activities of Franchisee. Upon Franchisor's request, Franchisee shall obtain the signature of any such persons on Franchisee's form of non-disclosure and non-competition agreement (in a form acceptable to Franchisor). Franchisee shall use its best efforts to cause such other persons to observe the terms of those agreements.

## **11. TERMINATION**

The following provisions are in addition to and not in limitation of any other rights and remedies Franchisor may have at law or in equity, all of which are expressly reserved. The exercise by Franchisor of any right or remedy shall not be deemed an election of remedies.

### **A. WITH NOTICE AND NO OPPORTUNITY TO CURE**

This Agreement shall immediately terminate on delivery of notice of termination to Franchisee by Franchisor upon the occurrence of any of the following events, each of

which is deemed to be an incurable breach of this Agreement and each of which is deemed to be "good cause." If Franchisee:

(1) becomes insolvent or admits in writing Franchisee's inability to pay its debts as they mature, or makes an assignment for the benefit of creditors, files a petition under any foreign, state or United States bankruptcy act, receivership statute, or the like or if such a petition is filed by a third party, or if an application for a receiver is made by anyone and such petition or application is not resolved favorably to Franchisee within ninety (90) days;

(2) abandons the Franchised Business by failing to operate it for five (5) consecutive business days, or for any shorter period in such circumstances that render reasonable the conclusion that Franchisee does not intend to continue operating the Franchised Business, unless such failure is due to disaster or similar reasons beyond Franchisee's control;

(3) has made any material misrepresentation or omission in the application for the Franchised Business or in any report that Franchisee submits to Franchisor;

(4) fails to open and begin operating the Franchised Business according to Section 1C(8) of this Agreement;

(5) attempts to make or makes an unauthorized assignment, encumbrance or other transfer of Franchisee's rights or obligations under this Agreement;

(6) is a party to any other agreement with Franchisor or its affiliates that is terminated for Franchisee's breach thereof;

(7) makes any unauthorized use of the Marks or Confidential Information or makes any duplication or disclosure of any Confidential Information including, but not limited to, any portion of the Potato Corner® Standards Manual;

(8) fails to complete the Initial Training Program to Franchisor's satisfaction;

(9) intentionally under-reports its Gross Revenues to Franchisor;

(10) offers unauthorized goods or services;

(11) incurs insufficient funds fees on three (3) or more separate occasions within any twelve (12) month period;

(12) has its right to operate under any license or permit suspended, terminated or interrupted;

(13) is convicted by a trial court of or pleads no contest to a felony or other crime or offense or engages in conduct that reflects materially and unfavorably upon the operation and reputation of Franchisor, the System, or the Franchised Business, or if any

principal of Franchisee is convicted of or pleads no contest to a felony or other crime or offense or engages in such conduct;

(14) fails, for a period of three (3) days after notification of noncompliance, to comply with any federal, state or local law or regulations applicable to the operation of the Franchised Business including, without limitation, the Americans with Disabilities Act; provided, however, that if compliance requires more than three (3) days, Franchisee may have such additional time (not to exceed ten (10) days in the aggregate) to comply: (a) if Franchisee immediately takes steps to begin compliance upon receipt of Franchisor's notice; and (b) if Franchisor does not determine that noncompliance would result in imminent danger to public health and safety;

(15) fails on three (3) or more separate occasions during the term of this Agreement to comply with this Agreement, whether or not such failures to comply are corrected after notice is delivered to Franchisee and whether or not such failures to comply relate to the same or different requirements of this Agreement;

(16) shall at any time have the Franchised Business or its assets or premises seized, taken over or foreclosed by a government official in the exercise of such official's duties, or by a creditor, lien holder or lessor of Franchisee, or a writ or levy of execution shall issue against the franchise granted hereunder or the goods and chattels of Franchisee;

(17) is evicted by the lessor for any reason, if Franchisee leases the site;

(18) has a judgment against it issued in the amount of more than Five Thousand Dollars (\$5,000.00) that remains unsatisfied (unless an appeal is filed or a supersedeas bond is secured) for a period of more than thirty (30) days;

(19) has an undischarged levy of execution on the Franchised Business;

(20) is subject to a determination by Franchisor, in its sole discretion, that continued operation of the Franchised Business by Franchisee may result in danger to public health or safety; or

(21) is designated, or any person described in Section 10.B is designated, by the United States government as a Specially Designated National or Blocked Person, as defined below.

## **B. WITH NOTICE AND OPPORTUNITY TO CURE**

This Agreement shall terminate upon Franchisee's failure to cure any of the following, each of which is deemed to be "good cause":

(1) noncompliance with any requirement in this Agreement not listed in subsection A above within thirty (30) days after notice thereof is delivered to Franchisee; or

(2) failure to make payments to Franchisor for any amounts due within five (5) days after notice thereof is delivered to Franchisee.

**C. NO WAIVER**

The description of any default in any notice served upon Franchisee shall in no way preclude Franchisor from specifying additional or supplemental defaults in any action, arbitration, hearing or suit relating to this Agreement or the termination hereof.

**D. ENFORCEMENT**

Franchisee acknowledges that Franchisor's decision to enforce or not to enforce compliance with its rules and regulations by other franchisees shall not affect Franchisor's right to enforce such rules and regulations against Franchisee, even under similar circumstances.

**12. RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION**

**A. PAYMENT OF AMOUNTS OWED TO FRANCHISOR**

Franchisee agrees to pay Franchisor and its affiliates immediately after the effective date of termination or expiration of this Agreement, all amounts due to Franchisor and its affiliates and all other amounts owed to Franchisor and its affiliates which are then unpaid.

**B. MARKS**

After the termination or expiration of this Agreement, Franchisee will:

(1) not directly or indirectly at any time or in any manner identify Franchisee or any business with which Franchisee is affiliated as a current or former franchisee or licensee of Franchisor, or as otherwise associated with Franchisor, or use any Mark, Trade Dress, or any imitation thereof or other indicia of the Franchised Business in any manner or for any purpose, or utilize for any purpose any trade name, trade or service mark, trade dress or other commercial symbol that suggests or indicates a connection or association, or former connection or association, with Franchisor;

(2) take such steps as are necessary to discontinue using and change the décor, color scheme, uniforms, signage, flooring, fixtures, furniture and equipment, and other elements of décor and Trade Dress so that the premises no longer resemble the Franchised Business;

(3) at Franchisor's option, return or destroy (and if destroyed, Franchisee must set forth with particularity in a writing signed by Franchisee or a principal thereof the items destroyed) all products bearing any Marks;

(4) stop using the Marks and the System and return to Franchisor all copies of the Potato Corner® Standards Manual and all other Confidential Information, including, without limitation, customer information;

(5) assist in the smooth transition of the business to any successor franchisee or to Franchisor;

(6) refrain from soliciting customers of the Franchised Business, Franchisor or other of Franchisor's franchisees, and turn over all customer information and data to Franchisor;

(7) refrain from making any disparaging comments regarding Franchisor, the System or other franchisees;

(8) stop all use of all telephone numbers, facsimile numbers, e-mail addresses, home pages, domain and subdomain names, social media pages, web sites and the like that are associated with the Franchised Business and cooperate with Franchisor in causing all applicable telephone companies and other service and communications providers to assign such numbers and addresses and names to Franchisor or its nominee including, without limitation, signing transfer forms upon the execution of this Agreement or upon demand by Franchisor for use by Franchisor upon expiration or termination of this Agreement;

(9) take such action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to Franchisee's use of any Marks; and

(10) refrain from engaging in a competing business as provided in Section 10 above.

### **C. CONTINUING OBLIGATIONS**

All obligations of the parties that expressly or by nature survive the expiration or termination of this Agreement, including, without limitation, Sections 4, 9, 10, 12, 14, 15F, 15.J, 15O and 15.P, shall continue in full force and effect subsequent to and notwithstanding its expiration or termination until they are satisfied in full or by nature expire.

### **D. OPTION TO PURCHASE**

Upon termination or expiration of this Agreement, Franchisor or its nominee shall have the option, exercisable for sixty (60) days following the effective date of termination or expiration, to purchase some or all of the assets of the Franchised Business. The purchase price for the assets will be the fair market value as determined by the parties. If the parties are unable to agree upon the fair market value of the assets, they shall jointly select an independent appraiser to do so. Franchisee and Franchisor shall each pay one-half (½) of the cost of appraisal. The fair market value of the assets shall be determined without giving effect to goodwill. Franchisor may deduct any amounts Franchisee owes to Franchisor, any liabilities relating to the assets, and, if Franchisor has not complied

with the requirements of this Agreement to upgrade and renovate the Franchised Business, the amount necessary to upgrade and renovate the Franchised Business to reflect Franchisor's then-current image. The purchase price will be payable fifty percent (50%) at the time of closing and the balance in three (3) equal annual installments of principal plus interest at a rate per annum equal to the prime lending rate charged by Franchisor's bank determined as of the closing date.

### **13. ASSIGNMENT, TRANSFER AND ENCUMBRANCE**

#### **A. BY FRANCHISOR**

This Agreement is fully transferable and assignable by Franchisor, in whole or in part, and shall inure to the benefit of any assignee, transferee or other legal successor to its interest herein.

#### **B. BY FRANCHISEE**

(1) The rights granted to Franchisee in this Agreement are personal and Franchisee acknowledges that Franchisor is entering into this Agreement in reliance upon and in consideration of the individual character, skill, attitude, business ability and financial capacity of Franchisee or, if Franchisee is a corporation, partnership, limited liability company or other entity, of its principal owners. Accordingly, Franchisee shall not transfer, as defined below, this Agreement or any interest therein without Franchisor's prior written consent and without offering Franchisor a right of first refusal as provided below. Any attempt at a transfer that violates the provisions of this Section shall convey no right or interest in this Agreement. A transfer by an individual franchisee to an entity that is wholly owned by Franchisee and the sole business of which is the operation of the business contemplated by this Agreement shall not be subject to Franchisor's right of first refusal nor shall Franchisee be required to pay the transfer fee set forth in subsection (3)(g) below; provided that Franchisee notifies Franchisor in advance of the transfer and provides Franchisor with all documents Franchisor deems necessary or advisable, including, without limitation, a personal service agreement, an assumption agreement and personal guaranty by Franchisee as an individual. Franchisee shall reimburse Franchisor for its expenses in documenting such a transfer.

(2) For purposes hereof, "**transfer**" means any voluntary, involuntary, direct or indirect assignment, sale, division, encumbrance, hypothecation, mortgage, pledge or other transfer by Franchisee, in whole or in part, of any interest in this Agreement, any interest in the Franchised Business or more than twenty-five percent (25%) of the ownership of Franchisee (either by one or by a series of transfers), if Franchisee is a corporation, partnership, limited liability company or other entity. "**Transfer**" also includes a transfer to the surviving spouse, heirs, estate or other representative of Franchisee in the event of Franchisee's or its owner's death ("**Survivor**").

(3) Franchisor may require fulfillment of any or all of the following conditions precedent to the granting of consent to any transfer:

- (a) there shall be no existing default in the performance of Franchisee's obligations under this Agreement or under any other agreement with Franchisor or any of its affiliates;
- (b) the Franchised Business must meet Franchisor's then-current standards;
- (c) the lessor of the premises of the Franchised Business has consented to Franchisee's sublease or transfer of the lease or sublease for the premises to the proposed transferee;
- (d) the proposed transferee shall be qualified according to Franchisor's then-current standards for new franchisees;
- (e) the proposed transferee shall have executed Franchisor's then-current form of franchise agreement for a term of years equal to the remaining term of this Agreement, the proposed transferee shall have executed all ancillary agreements then required by Franchisor and all holders of an equity interest in the proposed transferee (if an entity) shall have executed Franchisor's then-current form of guaranty, and any other documents Franchisor deems necessary;
- (f) the proposed transferee shall have successfully completed Franchisor's Initial Training Program;
- (g) Franchisee shall have paid to Franchisor a transfer fee when Franchisee submits a request to transfer to Franchisor. The transfer fee will be fifty percent (50%) of the then-current initial franchise fee. Franchisee must pay to Franchisor the transfer fee upon submission of an application to transfer. If Franchisor does not consent to the transfer, Franchisor will return the transfer fee to Franchisee after deducting any expenses Franchisor may have incurred in evaluating the proposed transfer. If the proposed transfer is by an individual to a business entity, Franchisee shall not be required to pay the transfer fee, but shall reimburse Franchisor for expenses Franchisor incurs in evaluating the proposed transfer;
- (h) Franchisee (and its principals and affiliates if Franchisee is a corporation or other entity) shall have executed a general release in a form acceptable to Franchisor of any and all claims against Franchisor and its affiliates, associates, officers, directors, managers, shareholders, members, employees, agents and representatives;
- (i) any obligations of the transferee to Franchisee shall be subrogated to the transferee's obligations to Franchisor;
- (j) at Franchisor's option, Franchisee must transfer this Agreement together with all other agreements it and its affiliates have entered into with Franchisor or its affiliates and all rights thereunder to the transferee; and

- (k) neither the transferee or any of its owners are: (i) a person designated by the U.S. Department of Treasury's Office of Foreign Assets Control from time to time as a "specially designated national or blocked person" or similar status; (ii) a person described in Section 1 of U.S. Executive Order 13224, issued on September 23, 2001; or (iii) a person otherwise identified by government or legal authority as a person with whom Franchisor is prohibited from transacting business ("**Specially Designated National or Blocked Person**") or a person in which a Specially Designated National or Blocked Person has an interest.

(4) Franchisor's consent to any transfer shall not constitute a waiver of any claim that Franchisor may have against Franchisee or its owner(s), or of Franchisor's right to demand strict compliance with this Agreement.

(5) No interest in this Agreement or the franchise shall be the subject of a lien, security interest or pledge either in favor of Franchisee as part of a transfer, or otherwise.

### **C. RIGHT OF FIRST REFUSAL**

Franchisee shall provide Franchisor with complete information on the proposed transferee and terms of the transfer. Within sixty (60) days of receipt of complete information and documents by Franchisor, Franchisor will inform Franchisee: (1) whether it or its nominee will exercise its right of first refusal; and (2) if not, whether it will consent to the transfer. In the event that Franchisor notifies Franchisee that it or its nominee will exercise its right of first refusal, except as provided below, Franchisor or its nominee will accept the transfer upon the same terms and conditions as set forth in the instruments and documents which embodied the proposed transfer. Franchisor shall not be required, by exercise of its right of first refusal, to perform obligations of the proposed transferee which are merely incidental to the transfer (e.g., employment agreements in favor of individuals, and broker's or finder's fees to be paid by the proposed transferee to or on behalf of Franchisee or any principal of Franchisee). Moreover, Franchisor shall have not less than sixty (60) days from the delivery of Franchisor's notice of exercise to consummate the transfer. If Franchisor elects not to exercise its right of first refusal and consents to the proposed transfer, Franchisee may consummate the proposed transfer, but only upon the terms and conditions set forth in the notice submitted to Franchisor. Franchisee must close the proposed transfer within ninety (90) days after receipt of Franchisor's notice that it will not exercise its right of first refusal and that it will consent to the transfer.

### **D. DEATH OR PERMANENT DISABILITY**

If Franchisee, or the principal of a Franchisee that is not an individual, dies or is permanently disabled in a manner that prohibits operation of the Franchised Business, in Franchisor's judgment, the Survivor or, in the case of permanent disability, the representative of Franchisee shall, within sixty (60) days of such death or determination of permanent disability, either meet all of Franchisor's then-current standards for new franchisees or transfer this Agreement in accordance with the requirements of this

Section. Franchisee must pay all of the Franchisor's expenses incurred in connection with Franchisor's evaluation and training for Franchisor's Survivor or representative.

#### **14. INDEMNIFICATION OF FRANCHISOR**

Franchisee shall, during the term of this Agreement and after the termination or expiration of this Agreement, protect, defend, indemnify and hold Franchisor, and its affiliates, associates, officers, directors, managers, shareholders, members, employees, agents, representatives and assignees harmless against any and all liability for all claims of every kind or nature arising in any way out of or relating to Franchisee's actions or failure to act, whether personal or in connection with the operation of the Franchised Business, any other actions or failure to act by Franchisee, its agents or representatives or any breach of this Agreement, including, without limitation, the obligation to comply with applicable law. For purposes of this indemnification, "**claims**" means and includes all obligations, actual and consequential damages, losses, claims, demands, liens, reckonings, accounts and costs incurred in the defense of any claim (such as, by way of illustration, but not limitation, accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses). Franchisor shall have the right to defend any such claim against it with counsel of its own choosing and Franchisee agrees to cooperate fully with Franchisor in connection with the defense of any claim. Franchisee shall have no right to settle or refuse to settle any claim; Franchisor shall retain all right to do so. In addition, Franchisee agrees to cooperate fully with Franchisor in any other claims brought by or against Franchisor.

#### **15. MISCELLANEOUS**

##### **A. FORCE MAJEURE**

In the event of a natural disaster such as an earthquake, flood, hurricane or fire or a strike, lockout or labor controversy or the happening of any extraordinary event beyond the control of one of the parties which results in the inability of that party to operate or to provide the services contemplated by this Agreement, there shall be no obligation on the part of that party to operate or to provide such services during the period when such party is unable to do so; provided, however, that this provision shall not affect a party's obligation to make payments required by this Agreement; and provided, further, that in no event shall such postponement last longer than six (6) months.

##### **B. GRAMMAR**

References to any gender in this Agreement shall include any other gender. The singular of any noun or pronoun shall include the plural, or vice versa, wherever the context requires.

##### **C. INTERPRETATION**

When calculating the date upon which or the time within which any act is to be done, the date which is the reference date in calculating such period shall be excluded.

If the last day of such period is not a business day, the period in question shall end on the next business day. The terms of this Agreement shall not be interpreted or construed in favor of or against any party on the ground that one party was the purported draftsman hereof.

**D. SECTION HEADINGS**

Section headings are for convenience of reference only and should not be construed as part of this Agreement nor should they limit or define the meaning of any provision herein.

**E. NONWAIVER**

No failure by either party to take action on account of any default of the other party, whether in a single instance or repeatedly, and no course of dealing of the parties in variance with the terms hereof, constitutes a waiver of any such default or of the performance required of either party by this Agreement. No express waiver by either party of any provision or performance hereunder or of any default by the other party constitutes a waiver of any other or future provision, performance or default. No waiver or extension of time shall be effective unless expressly contained in a writing signed by the waiving party. The parties may in their sole respective discretion elect from time to time to waive obligations of one another under this Agreement upon such terms and conditions as they may, in their sole respective discretion, set forth in such written waiver.

**F. NO EXEMPLARY DAMAGES**

Neither party to this Agreement shall assert against the other party any claim for special, exemplary or punitive damages arising out of the Franchisor-Franchisee relationship, the formation or performance of this Agreement, any breach of this Agreement, or the operation of the Franchised Business.

**G. INVALIDITY AND SEVERABILITY**

If any provision or portion of a provision of this Agreement is determined to be invalid or unenforceable, either in its entirety or by virtue of its scope or application to given circumstances, such provision or portion thereof shall be deemed modified to the extent necessary to render the same valid, or as not applicable to the given circumstances, or shall be excised from this Agreement, as the situation may require, and this Agreement shall be construed and enforced as if such provision or portion thereof had been included herein as so modified in scope or application, or had not been included herein, as the case may be. The stated intention of the parties is that had they known of such invalidity or unenforceability at the time of entering into this Agreement, they would have nevertheless contracted upon the terms contained herein, either excluding such provisions, or portions thereof, or including such provisions or portions thereof only to the maximum scope and application permitted by law, as the case may be. In the event such total or partial invalidity or unenforceability of any provision or portion thereof of this Agreement exists only with respect to the laws of a particular jurisdiction, this Section will

operate upon such provision or portion thereof only to the extent that the laws of such jurisdiction are applicable.

**H. NOTICES**

Any notice or demand given or made pursuant to the terms of this Agreement will be made in writing and delivered by personal service, e-mail, overnight delivery, or certified mail (postage prepaid) to such address as may be designated from time to time by the relevant party, and which will initially be as set forth as follows:

If given to Franchisor:

PC Americas Franchising, Inc.  
13925 City Center Drive, Suite 200  
Chino Hills, California 91709  
Telephone: (909) 870-7150  
Email: USfranchising@potatocorner.biz

If given to Franchisee:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Telephone: \_\_\_\_\_  
E-mail: \_\_\_\_\_

Any notice sent by certified mail will be deemed to have been given three (3) business days after the date on which it is mailed. Notices will be deemed given when sent if sent by e-mail or personal delivery, and one (1) business day after being sent by overnight mail. No objection may be made to the manner of delivery of any notice actually received in writing by an authorized agent of a party.

**I. ENTIRE AGREEMENT; MODIFICATION**

This Agreement, any documents executed contemporaneously herewith that expressly reference this Agreement and any documents referred to herein constitute and contain the entire agreement and understanding of the parties with respect to the subject matter hereof. There are no representations, undertakings, agreements, terms, or conditions not contained or referred to herein; provided, however, that nothing in this Agreement is intended to disclaim the representations made in the Franchise Disclosure Document furnished to Franchisee. This Agreement supersedes and extinguishes any prior written agreement between the parties or any of them relating to the subject matter hereof. This Agreement may not be modified or amended except by a written amendment executed by both parties.

**J. CONTROLLING LAW; DISPUTE RESOLUTION; ATTORNEYS' FEES AND EQUITABLE RELIEF**

(1) This Agreement, including all matters relating to the validity, construction, performance, and enforcement thereof, shall be governed by the laws of Delaware without giving effect to its provision regarding choice of laws. Nothing in this Section is intended, or shall be deemed, to make the Delaware Franchise Security Law or any other law apply to this Agreement, or the transactions or relationships contemplated hereby, if such law would not otherwise be applicable.

(2) Upon the occurrence of any dispute or disagreement between the parties hereto arising out of or in connection with any term or provision of this Agreement, the subject matter hereof, or the interpretation or enforcement hereof (in each case, a “**Dispute**”), the Dispute shall first be submitted to mediation on an expedited basis in or nearest to the city in which Franchisor’s headquarters is then located, administered by JAMS, or its successor, in accordance with JAMS rules and procedures then in effect. Either party may commence mediation by providing to JAMS and the other party a written request for mediation, setting forth the subject of the Dispute and the relief requested, with the expectation that the first mediation session shall occur within thirty (30) days of such written request. The party seeking the mediation must submit the following in addition to any demand or filing required by JAMS: a full and specific description of the claims under this Agreement, including, without limitation, an identification of the specific provisions that the other party has breached, documentary evidence of the facts alleged by the complaining party and a declaration under penalty of perjury that all facts stated in the claims and documentation are true and correct and do not fail to state facts known to the complaining party that are material to the determination of the Dispute. The parties will cooperate with JAMS and with one another in selecting a neutral mediator from the JAMS panel of neutrals and in scheduling the mediation proceedings. The mediator must be a retired judge or an attorney experienced in complex commercial transactions. If the parties are unable to select the mediator within ten (10) days after receipt of the mediation notice by JAMS, then JAMS shall designate the mediator. The parties covenant that they will: (a) participate in the mediation in good faith; (b) share equally in the costs of the mediator and related JAMS administrative costs; and (c) pay in advance the estimated fees and costs of the mediation, as may be specified in advance by the mediator. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by any of the parties, their agents, employees, experts and attorneys, and by the mediator and any JAMS employees, are confidential, privileged and inadmissible for any purpose, including impeachment, in any reference, arbitration, litigation or other proceeding involving the parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation. In the event it is necessary, any party may file a motion to compel the other party to participate in the mediation and the prevailing party shall be awarded its costs and expenses, including attorneys’ fees in connection with such motion. If the Dispute is not resolved within ten (10) days after the first mediation session, either party may: (i) give written notice to JAMS and the other party that the mediation is terminated; and (ii) submit any remaining Disputes to binding arbitration pursuant to Section 15J(3) below.

(3) If the parties are unable to resolve the Dispute pursuant to Section 15J(2) above, then the parties shall submit the Dispute to final and binding arbitration in or nearest to the city in which Franchisor's headquarters is then located, administered by JAMS, or its successor, in accordance with the rules and procedures of JAMS then in effect. Any party may commence the arbitration by filing a written demand for arbitration with JAMS, with a copy to the other party, setting forth the subject of the Dispute and the relief requested, with the expectation that the first arbitration session shall occur within thirty (30) days of such written demand. The party seeking arbitration must submit the following in addition to any demand or filing required by JAMS: a full and specific description of the claims under this Agreement including, without limitation, an identification of the specific provisions that the other party has breached, documentary evidence of the facts alleged by the complaining party and a declaration under penalty of perjury that all facts stated in the claims and documentation are true and correct and do not fail to state facts known to the complaining party that are material to the determination of the Dispute. The parties agree that any and all Disputes that are submitted to arbitration in accordance with this Agreement shall be decided by one (1) neutral arbitrator who is a retired judge or attorney who is experienced in complex commercial transactions. If the parties are unable to agree on an arbitrator, JAMS shall designate the arbitrator. The parties will cooperate with JAMS and with one another in selecting the arbitrator and in scheduling the arbitration proceedings in accordance with applicable JAMS procedures. The arbitration shall be conducted in accordance with the JAMS Comprehensive Rules. Any award issued as a result of such arbitration shall be final and binding between the parties thereto and shall be enforceable by any court having jurisdiction over the party against whom enforcement is sought. The parties expressly acknowledge and understand that by entering into this Agreement, they each are waiving their respective rights to have any Dispute between the parties hereto adjudicated by a court or by a jury.

(4) The parties recognize that their relationship is unique and that each franchisee is situated differently from all other franchisees, and that no one franchisee can adequately represent the interest of others. Therefore, the parties agree that any mediation, arbitration, suit, action or other legal proceeding shall be conducted and resolved on an individual basis only and not on a class-wide, multiple plaintiff, consolidated or similar basis.

(5) The prevailing party in any legal proceeding will be entitled to recover its costs and, as an element of such party's cost of arbitration, suit or proceeding, and not as damages, attorneys' fees to be fixed by the arbitrator or by the court. Nothing in this Agreement shall be construed as limiting or precluding either party from bringing any action in any court of competent jurisdiction for injunctive or other extraordinary relief, without the necessity of posting a bond (and if bond shall nevertheless be required, the parties agree that the sum of One Hundred Dollars (\$100.00) shall be sufficient bond), in connection with the Marks, Trade Dress, Proprietary Information or Confidential Information. The parties shall have the immediate right to seek such injunctive or other extraordinary relief at any time, including, without limitation, during the pendency of an arbitration or other proceeding. This covenant shall be independent, severable and enforceable notwithstanding any other rights or remedies which such party may have.

## **K. RELATIONSHIP OF PARTIES**

(1) Nothing herein contained shall be deemed or construed to create the relationship of principal and agent, partnership, joint venture or employment, or a fiduciary or trust relationship, and neither party shall hold itself out as an agent, legal representative, partner, subsidiary, joint venturer, servant or employee of the other party or its affiliate. With respect to all matters pertaining to the operation of the business conducted hereunder, Franchisee is, and shall be, an independent contractor. Neither Franchisor nor Franchisee has the right to bind or obligate the other to any obligations or debts.

(2) It is acknowledged that Franchisee is the sole and independent owner of its business, shall be in full control thereof, and shall conduct such business solely in accordance with its own judgment and discretion, subject only to the provisions of this Agreement. Franchisee shall conspicuously identify itself as the independent owner of its business. No party hereto shall be obligated by, or have any liability for, any agreements, representations or warranties made by the other nor shall Franchisor be liable for any damages to any person or property, directly or indirectly, arising out of the operation of Franchisee's business, whether caused by Franchisee's negligent or willful action or failure to act. Neither party shall have liability for any sale, use, excise, income, property or other tax levied upon the business conducted by the other party or in connection with the services performed or business conducted by it or any expenses incurred by it.

(3) Franchisee's employees are under Franchisee's sole control. Franchisor is not the employer or joint employer of Franchisee's employees. Franchisor will not exercise direct or indirect control of Franchisee's employees' working conditions. Franchisor does not share or codetermine the terms and conditions of employment of Franchisee's employees or participate in matters relating to the employment relationship between Franchisee and its employees, such as hiring, promotion, demotion, termination, hours or schedule worked, rate of pay, benefits, work assigned, discipline, response to grievances and complaints or working conditions. Franchisee has sole responsibility and authority for these terms and conditions of employment. Franchisee must notify and communicate clearly with its employees in all dealings, including, without limitation, its written and electronic correspondence, paychecks, and other materials, that Franchisee (and only Franchisee) is their employer and that Franchisor is not their employer.

(4) Nothing anywhere in this Agreement creates a fiduciary relationship between the parties nor shall anything herein be deemed to create any trust duties between the parties. No covenant shall be implied to vary or interpret the terms of this provision.

## **L. COMPLIANCE WITH LOCAL LAW**

If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of, or refusal to renew this Agreement than is required hereunder, the prior notice or other action required by such law or rule shall be substituted for the

notice or other requirements hereof. Such modifications to this Agreement shall be effective only in such jurisdiction and shall be enforced as originally made and entered into in all other jurisdictions. Franchisor reserves the right to challenge the applicability of any such law or rule.

**M. SPOUSAL CONSENT**

Franchisee's spouse or the spouses of all owners of Franchisee if Franchisee is an entity, shall execute a spousal consent in the form attached hereto as **Exhibit B**.

**N. ENTITY FRANCHISEES**

(1) If Franchisee is a partnership, Franchisee shall deliver to Franchisor a copy of its current partnership agreement prior to the execution of this Agreement. Thereafter, Franchisee shall deliver to Franchisor copies of all restated partnership agreements and any amendments to the partnership agreement marked to indicate changes since the date of the partnership agreement previously delivered to Franchisor. If Franchisee is a corporation, Franchisee shall deliver to Franchisor a copy of its certificate or articles of incorporation, or other charter documents and all amendments thereto, and a copy of its current bylaws and a copy of any shareholders' agreement and all amendments thereto, prior to the execution of this Agreement. Thereafter, Franchisee shall deliver to Franchisor copies of all subsequent amendments to its certificate or articles of incorporation or other charter documents and its current bylaws, and any shareholders' agreement, marked to indicate changes since the date of the certificate or articles, bylaws, shareholders' agreement, or other charter documents previously delivered to Franchisor. If Franchisee is a limited liability company, Franchisee shall deliver to Franchisor copies of its certificate of formation or articles of organization, its operating agreement and other charter documents, and all amendments thereto. Thereafter, Franchisee shall deliver to Franchisor copies of all subsequent amendments to its certificate of formation or articles of organization, operating agreement and other charter documents, marked to indicate changes since the date of the articles, agreement or other documents previously delivered to Franchisor.

(2) If Franchisee is a corporation, partnership, limited liability company or other entity, Franchisee shall complete and deliver to Franchisor **Exhibit C** together with this Agreement. Franchisee shall notify Franchisor in writing within ten (10) days of any change in the information contained in **Exhibit C**.

(3) If Franchisee is a corporation or otherwise issues ownership certificates, all securities shall be affixed with the following legend conspicuously on the face of the certificate evidencing the issuance thereof:

"The transfer of the shares/ownership interest represented by this certificate is subject to the terms and conditions of a Franchise Agreement entered into with \_\_\_\_\_, dated

\_\_\_\_\_, a copy of which is on file with the Secretary of this corporation/entity.”

**O. PERSONAL GUARANTIES**

If Franchisee is a corporation, a partnership, a limited liability company or other entity, Franchisor shall not be bound unless all shareholders, general partners or members of Franchisee, as applicable, have read and approved this Agreement and further agree that any restriction applicable to the corporation, partnership, limited liability company or other entity shall also apply to them individually and collectively (including the prohibition on their ability to transfer their interests in Franchisee) and further agree, if Franchisor so requires, to personally, jointly and severally, guarantee the performance of Franchisee under the terms of this Agreement by executing the form of Guaranty and Assumption of Franchisee’s Obligations set forth in **Exhibit D** attached hereto.

**P. STATUTE OF LIMITATIONS**

The parties hereby acknowledge and agree that any suit, action or other proceeding relating to this Agreement must be brought within one (1) year after the occurrence of the act or omission that is the subject of the suit, action or other legal proceeding.

**Q. SUCCESSION; THIRD PARTY BENEFICIARY**

Franchisor’s right to sublicense Franchisee to use the Marks is pursuant to a Trademark License Agreements with SPAVI International USA, Inc. SPAVI International USA, Inc. has the right to license Franchisor to sublicense Franchisee to use the Marks pursuant to Trademark License Agreements with Shakey’s Pizza Asia Ventures, Inc. and PC International Pte. Ltd. In the event Franchisor ceases for any reason to receive the right from SPAVI International USA, Inc. to license Franchisee to use the Marks, Franchisee agrees that any of these affiliates shall at its option succeed to all of the rights and assume all of the obligations of Franchisor under this Agreement. SPAVI International USA, Inc, Shakey’s Pizza Asia Ventures, Inc. and PC International Pte. Ltd. are third party beneficiaries of this Agreement. If required by applicable law, Franchisee agrees to enter into a novation agreement with any or all of these entities.

**R. REASONABLE BUSINESS JUDGMENT**

When a provision in this Agreement requires Franchisor to make a decision or determination, and the provision does not state otherwise, Franchisor shall make such decision or determination utilizing reasonable business judgment. Reasonable business judgment means that Franchisor’s action or inaction has a business basis that is intended to benefit the System or the profitability of franchised businesses and Franchisor, regardless of whether some individual franchisees may be unfavorably affected; or to increase the value of the Marks; or to increase or enhance overall customer or franchisee satisfaction; or to minimize possible brand inconsistencies or customer confusion. In the event that such obligation or exercise of discretion is unrelated to franchised businesses or the Marks, reasonable business judgment means that Franchisor has a business basis

and has not acted in bad faith. Franchisee shall have the burden of establishing that Franchisor failed to exercise reasonable business judgment, and neither the fact that Franchisor benefited economically from an action nor the existence of other “reasonable” alternatives will, by themselves, establish such failure.

## **S. REPRESENTATIONS AND WARRANTIES**

(1) Franchisee represents and warrants to Franchisor that neither Franchisee (including, without limitation, any and all of its directors, officers and managers), nor any of its affiliates or the funding sources for either is a Specially Designated National or Blocked Person. Neither Franchisee nor any of its affiliates is directly or indirectly owned or controlled by the government of any country that is subject to an embargo by the United States government. Neither Franchisee nor any of its affiliates is acting on behalf of a government of any country that is subject to such an embargo. Franchisee further represents and warrants that it is in compliance with any applicable anti-money laundering law, including, without limitation, the USA Patriot Act.

(2) Franchisee (on behalf of itself and all of the holders of: (a) an equity interest in Franchisee; and (b) an equity interest in holders of equity interests in Franchisee) represents and warrants to Franchisor that execution and delivery of this Agreement and the performance of Franchisee’s obligations hereunder, does not: (i) conflict with, violate, result in a breach of or constitute a default (or an event which, with notice or passage of time or both, would constitute a default) under, or result in the termination or in a right of termination or cancellation of, any other agreement to which Franchisee or any such holder is party or by which Franchisee or any such holder, or any of their respective assets may be bound; (ii) violate any order, writ, injunction, decree, judgment or ruling of any court or governmental authority; or (iii) violate any applicable law.

(3) Franchisee represents and warrants to Franchisor that neither Franchisor nor any of its representatives has made any of the following representations:

- (a) that Franchisor guarantees, conditionally or unconditionally, or makes a written or oral representation: (i) that would cause a reasonable person in Franchisee’s position to believe that income is assured; (ii) that Franchisee will derive income from the Franchised Business; (iii) that Franchisee’s investment is protected from loss; or (iv) that Franchisee can earn a profit in excess of its initial payment;
- (b) that Franchisor will refund all or part of the fees paid by Franchisee (including, without limitation, a representation that Franchisor will refund Franchisee’s initial payment or return any promissory note upon termination or non-renewal of the Franchised Business) or repurchase any of the products, equipment, supplies, goods or chattels supplied by Franchisor or its affiliate to Franchisee;
- (c) that Franchisee will be provided with retail outlets or accounts, or assistance in establishing retail outlets or accounts, for the sale or distribution of goods

or services; or

- (d) that there is a market for the goods or services to be offered, sold or distributed by Franchisee.

(4) Franchisee agrees that it will notify Franchisor in writing immediately upon the occurrence of any event that would render the foregoing representations and warranties of this Section incorrect.

## **16. ACKNOWLEDGMENTS**

Franchisee acknowledges and represents the following to Franchisor to induce it to enter into this Agreement:

- A. FRANCHISEE HAS READ THIS AGREEMENT AND THE FRANCHISE DISCLOSURE DOCUMENT AND ALL OTHER RELATED AGREEMENTS AND DOCUMENTS AND UNDERSTANDS AND ACCEPTS THE TERMS, CONDITIONS, AND COVENANTS CONTAINED IN THIS AGREEMENT AS BEING REASONABLY NECESSARY TO MAINTAIN THE SYSTEM'S HIGH STANDARDS OF QUALITY AND SERVICE AND THE UNIFORMITY OF THOSE HIGH STANDARDS IN ORDER TO PROTECT AND PRESERVE THE GOODWILL OF THE MARKS. FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR OR ITS REPRESENTATIVES HAS FULLY AND ADEQUATELY EXPLAINED THE PROVISIONS OF SUCH DOCUMENTS TO THE SATISFACTION OF FRANCHISEE;
- B. FRANCHISEE HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE FRANCHISED BUSINESS. FRANCHISEE RECOGNIZES THAT THE NATURE OF THIS BUSINESS MAY EVOLVE AND CHANGE OVER TIME, THAT IT INVOLVES BUSINESS RISKS AND THAT THE SUCCESS OF THE VENTURE DEPENDS PRIMARILY UPON FRANCHISEE'S INDIVIDUAL AND INDEPENDENT BUSINESS ABILITY AND EFFORTS. FRANCHISEE UNDERSTANDS THAT THE FRANCHISED BUSINESS IS A RELATIVELY NEW CONCEPT THAT ENTAILS BUSINESS RISKS. FRANCHISEE HAS CONSULTED WITH SUCH PROFESSIONAL ADVISORS OF FRANCHISEE'S CHOOSING AS FRANCHISEE DEEMS NECESSARY, INCLUDING LEGAL COUNSEL, REGARDING ALL ASPECTS OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT, ALL RELATED AGREEMENTS AND THE BUSINESS RELATIONSHIP CREATED THEREBY, AND TO DETERMINE THAT FRANCHISEE IS FINANCIALLY PREPARED TO ASSUME THE RISKS THAT MAY BE INVOLVED IN SUCH A BUSINESS VENTURE;
- C. FRANCHISEE HAS NOT RECEIVED OR RELIED UPON ANY PROMISE, REPRESENTATION, GUARANTY OR WARRANTY, EXPRESSED OR IMPLIED, ABOUT THE POTENTIAL VOLUME, REVENUES, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY

THIS AGREEMENT;

- D. FRANCHISEE IS AWARE OF THE FACT THAT SOME PRESENT OR FUTURE FRANCHISEES MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS, AND CONSEQUENTLY, THAT FRANCHISOR'S OBLIGATIONS AND RIGHTS WITH RESPECT TO ITS VARIOUS FRANCHISEES MAY DIFFER MATERIALLY;
- E. NO REPRESENTATIONS HAVE BEEN MADE OR AUTHORIZED BY FRANCHISOR, OR BY ITS OFFICERS, DIRECTORS, MANAGERS, SHAREHOLDERS, MEMBERS, EMPLOYEES, SALES PERSONNEL, AGENTS OR OTHER REPRESENTATIVES, THAT ARE CONTRARY TO THE STATEMENTS MADE IN THE FRANCHISE DISCLOSURE DOCUMENT HERETOFORE RECEIVED BY FRANCHISEE OR TO THE TERMS CONTAINED IN THIS AGREEMENT, AND FRANCHISEE HAS NOT RELIED UPON ANY OTHER SUCH REPRESENTATIONS;
- F. IN ALL OF THEIR DEALINGS WITH FRANCHISEE, THE OFFICERS, DIRECTORS, MANAGERS, SHAREHOLDERS, MEMBERS, EMPLOYEES, SALES PERSONNEL, AGENTS AND REPRESENTATIVES OF FRANCHISOR ACT ONLY IN A REPRESENTATIVE CAPACITY, NOT IN AN INDIVIDUAL CAPACITY, AND THIS AGREEMENT, AND ALL BUSINESS DEALINGS BETWEEN FRANCHISEE AND SUCH INDIVIDUALS AS A RESULT OF THIS AGREEMENT, ARE SOLELY BETWEEN FRANCHISEE AND FRANCHISOR;
- G. FRANCHISEE ACKNOWLEDGES THAT IN EACH CASE IN WHICH FRANCHISOR MAY EXERCISE ANY OPTION OR OTHER RIGHT UNDER THIS AGREEMENT OR UNDER ANY AGREEMENT CONTEMPLATED HEREBY, FRANCHISOR MAY DO SO IN ITS DISCRETION, WITHOUT LIABILITY OR OTHER OBLIGATION. SO AS TO PRESERVE THE FLEXIBILITY TO DEAL WITH PRACTICAL SITUATIONS, FRANCHISOR MAY, IN ITS DISCRETION, ELECT TO NOT ENFORCE (OR TO SELECTIVELY ENFORCE) ANY PROVISION OF THIS AGREEMENT, OR ANY OTHER AGREEMENT, ANY POLICY OR OTHERWISE, WHETHER WITH RESPECT TO FRANCHISEE OR ANY OTHER FRANCHISEE OR OTHERWISE, AND FRANCHISOR MAY APPLY DIFFERENT POLICIES TO ANY FRANCHISEE, ALL WITHOUT LIABILITY OR OTHER OBLIGATION, AND ANY SUCH ACTS OR OMISSIONS WILL NOT LIMIT OR OTHERWISE AFFECT FRANCHISOR'S RIGHTS, WHETHER TO STRICTLY ENFORCE THIS AGREEMENT OR OTHERWISE; AND
- H. THE APPLICATION MADE BY FRANCHISEE IS TRUE AND CORRECT. FRANCHISEE HAS MADE NO INCORRECT STATEMENT IN THE APPLICATION OR IN THIS AGREEMENT, OR FAILED TO MAKE ANY

STATEMENT THAT WOULD BE NECESSARY TO MAKE THE STATEMENTS IN THE APPLICATION OR IN THIS AGREEMENT, NOT MISLEADING.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date stated on the first page hereof.

**Franchisor:**

PC AMERICAS FRANCHISING, INC.  
a Delaware corporation

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

Title: \_\_\_\_\_

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

**Franchisee:**

\_\_\_\_\_

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name and Title, if applicable)

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

EXHIBIT A  
RESTAURANT LOCATION

Location of Franchised Business:

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Franchisor:

PC AMERICAS FRANCHISING, INC.

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

Name & Title: \_\_\_\_\_

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

Franchisee:

\_\_\_\_\_

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

Name & Title: \_\_\_\_\_

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

EXHIBIT B

SPOUSAL CONSENT

The undersigned each being the spouse of Franchisee (or the spouse of an owner of Franchisee) hereby states

1) That he or she has read and understands the Potato Corner Franchise Agreement and the Franchise Disclosure Document; and

2) That he or she consents to the terms and conditions of the Franchise Agreement, including but not limited to those concerning transfer; and

3) That he or she consents to execution of the Franchise Agreement by Franchisee; and

4) That he or she consents to execution of the Guaranty and Assumption of Franchisee's Obligations.

Dated: \_\_\_\_\_

Signature: \_\_\_\_\_

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

By his or her signature below, Franchisee hereby states that he or she is not married and does not have a spouse.

Dated: \_\_\_\_\_

Signature: \_\_\_\_\_

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

Dated: \_\_\_\_\_

Signature: \_\_\_\_\_

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

EXHIBIT C

INFORMATION REGARDING NON-INDIVIDUAL FRANCHISEES

(1) If Franchisee is a corporation or partnership or other entity, there is set forth below the name, address, title and percentage ownership of each shareholder, partner or member of Franchisee:

<u>NAME</u>	<u>ADDRESS</u>	<u>TITLE</u>	<u>PERCENTAGE OWNERSHIP</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

(2) If Franchisee is a corporation or limited liability company, there is set forth below the name, address and title of each officer and director or manager of Franchisee:

<u>NAME</u>	<u>ADDRESS</u>	<u>TITLE</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

(3) The address where Franchisee's records are maintained is:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(4) There is set forth below the name, address and title of each of Franchisee's principal officers or partners who will be devoting their full time efforts to the operation of the Franchised Business.

<u>NAME</u>	<u>ADDRESS</u>	<u>TITLE</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

DATE: \_\_\_\_\_

\_\_\_\_\_  
Name and Title of Person Completing Exhibit

\_\_\_\_\_  
Signature

## EXHIBIT D

### GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement ("**Agreement**") with PC Americas Franchising, Inc., a Delaware corporation ("**Franchisor**"), of even date herewith, each of the undersigned hereby personally and unconditionally: (1) guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that \_\_\_\_\_, a(n) \_\_\_\_\_ ("**Franchisee**") shall punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement; and (2) agrees to be personally bound by and personally liable for the breach of each and every provision in the Agreement, including but not limited to monetary obligations and dispute resolution procedures.

Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (4) any right he/she may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) any and all other notices and demands and legal and equitable defenses to which he/she may be entitled.

Each of the undersigned consents and agrees that: (1) his/her liability under this guaranty shall be joint and several; (2) he/she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) he/she will individually comply with all the provisions and subsections of the Agreement and any renewals and amendments thereto; (4) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (5) such liability shall not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which Franchisor may, from time to time, grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall, in any way, modify or amend this Guaranty which shall be continuing and irrevocable during the term of the Agreement and thereafter.

If any provision of this Guaranty is deemed to be invalid or inoperative, for any reason, that part shall be deemed modified to the extent necessary to make it valid and operative or if it cannot be so modified, then severed, and the remainder of the Guaranty shall continue in full force and effect as if it had been executed and entered into with the invalid portion so modified or eliminated.

This Guaranty will continue in effect as to each of the undersigned until the date that Franchisee fully performs all its obligations under the Agreement, or until one or more of the undersigned fully perform them in Franchisee's stead, or until Franchisor agrees in writing to release such person from his or her obligations hereunder.

Each of the undersigned waives claim for exemplary or punitive damages arising out of this Guaranty, the Franchisor-Franchisee relationship, the performance of the Agreement, any breach of the Agreement, or the development or operation of any Potato Corner restaurant.

IN WITNESS WHEREOF, each of the undersigned hereto affixed his/her signature effective on the same day and year as the executed Agreement.

GUARANTOR(S)

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Print Name: \_\_\_\_\_

**ADDENDUM  
TO THE FRANCHISE AGREEMENT OF  
PC AMERICAS FRANCHISING, INC.  
REQUIRED BY THE STATE OF ILLINOIS**

1. Illinois law governs the Franchise Agreement.
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. Your rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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.

The provisions of this Addendum only apply if the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

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

PC AMERICAS FRANCHISING, INC.  
a Delaware corporation

FRANCHISEE:

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

Name: Jorge Concepcion  
Title: U.S. Managing Director

13925 City Center Drive, Suite 200  
Chino Hills, California 91709

\_\_\_\_\_

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

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

Title: \_\_\_\_\_

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

**ADDENDUM  
TO THE FRANCHISE AGREEMENT OF  
PC AMERICAS FRANCHISING, INC.  
REQUIRED BY THE STATE OF MINNESOTA**

Minnesota Statutes, Section 80C.21 and Minnesota Rules 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 Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5 which require (except in certain specified cases) (i) 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 (2) that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

Any limitations of claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 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.

Any provisions in the Franchise Agreement that constitute Acknowledgements, as defined in the NASAA Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgements adopted on September 18, 2022 and effective January 1, 2023 ("SOP"), shall not apply to prospective franchisees who are subject to the anti-waiver provision of the Minnesota Franchises Law.

The provisions of this Addendum only apply if the jurisdictional requirements of the Minnesota Franchises Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

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

FRANCHISEE:

\_\_\_\_\_

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

Title: \_\_\_\_\_

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

**ADDENDUM  
TO THE FRANCHISE AGREEMENT OF  
PC AMERICAS FRANCHISING, INC.  
REQUIRED BY THE STATE OF WASHINGTON**

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements 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.

The provisions of this Addendum only apply if the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

The undersigned does hereby acknowledge receipt of this addendum.

Dated: \_\_\_\_\_

PC AMERICAS FRANCHISING, INC.  
a Delaware corporation

FRANCHISEE:

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

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

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_

# **EXHIBIT E**

## CONVERSION ADDENDUM TO FRANCHISE AGREEMENT

This Addendum is made and entered into as of \_\_\_\_\_, 20\_\_\_\_ by and between PC Americas Franchising, Inc., a Delaware corporation ("**Franchisor**") and \_\_\_\_\_, a(n) \_\_\_\_\_ ("**Franchisee**"), with reference to the following facts:

- A. Franchisee was previously party to a Franchise Agreement with PCJV USA, LLC ("**PCJV**") dated \_\_\_\_\_ with an expiration date of \_\_\_\_\_ ("**Expiration Date**") for the operation of a Potato Corner restaurant at \_\_\_\_\_ ("**Location**").
- B. Franchisor's parent, Shakey's Pacific Asia Ventures, Inc. ("**SPAVI**"), succeeded to an oral license agreement with PCJV whereby PCJV had the right to license the name and trademark "Potato Corner" and related trademarks ("**Marks**") in the United States and Franchisor's parent terminated that oral license agreement on May 31, 2024.
- C. Franchisee entered into an Intellectual Property License Agreement with SPAVI dated \_\_\_\_\_ pursuant to which Franchisee was granted right to continue to use the Marks at the Location ("**License Agreement**").
- D. The parties are contemporaneously entering into a Franchise Agreement for the operation of a Potato Corner franchised business ("**Franchise Agreement**").
- E. The parties hereto desire to amend the Franchise Agreement as set forth herein. Unless defined herein all capitalized terms used herein shall have the meaning provided in the Franchise Agreement.

NOW, THEREFORE, for and in consideration of the covenants, warranties and mutual agreements contained herein, the receipt and sufficiency of which is acknowledged by the parties, the parties hereto agree as follows:

- 1. Section 1D(1) (Term) is deleted and is amended to the following sentence:  
"Term. The term of this Agreement shall begin on the date it is executed by Franchisor and shall continue until the Expiration Date."
- 2. Franchisee shall not be required to attend the Initial Training Program required by Section 2A(1).
- 3. Section 5A (Initial Franchise Fee) is deleted.
- 4. The first sentence of Section 5(B) (Royalty Fee) is amended to add the following sentence:

"Franchisee shall pay to Franchisor a royalty equal to four percent (4%) of Gross Revenues."

5. Section 6(A) (Computer System) is amended to add the following sentence:

"Notwithstanding the foregoing, if Franchisor deems Franchisee's existing computer system acceptable, in Franchisor's sole discretion, Franchisee may continue to use such existing computer system for one (1) year. If Franchisor does not deem Franchisee's existing computer system acceptable, Franchisee shall acquire the computer system then-currently required by Franchisor within three (3) months after Franchisor delivers notice to Franchisee requiring Franchisee to do so."

6. Except as set forth in this Addendum, the provisions of the Franchise Agreement have and shall continue in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum as of the day and year first written above.

_____	PC AMERICAS FRANCHISING, INC.
(“Franchisee”)	
_____	_____
(Signature)	(Signature)
By: _____	By: _____
(Print Name)	(Print Name)
Title: _____	Title: _____
Date: _____	Date: _____

# **EXHIBIT F**

**ADDENDUM  
TO THE FRANCHISE DISCLOSURE DOCUMENT OF  
PC AMERICAS FRANCHISING, INC.  
REQUIRED BY THE STATE OF CALIFORNIA**

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.

1. Neither PC Americas Franchising, Inc. nor any other person listed in Item 2 of the Franchise 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 such persons from membership in such association or exchange.

2. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

3. 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.).

4. 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.

5. The Franchise Agreement requires application of the laws of Delaware. This provision may not be enforceable under California law.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable: (a) representations made by the franchisor or its personnel or agents to a prospective franchisee; (b) reliance by a franchisee on any representations made by the franchisor or its personnel or agents; (c) reliance by a franchisee on the franchise disclosure document, including any exhibit thereto; or (d) violations of any provision of this division.

Notwithstanding anything disclosed in this Addendum, the parties have a meeting of the minds and agree upon the terms of the Franchise Agreement.

The provisions of this Addendum only apply if the jurisdictional requirements of the California Franchise Investment Law and the California Franchise Relations Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**ADDENDUM  
TO THE FRANCHISE DISCLOSURE DOCUMENT OF  
PC AMERICAS FRANCHISING, INC.  
REQUIRED BY THE STATE OF HAWAII**

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 COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS 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 DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT 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.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities  
335 Merchant Street  
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: California, Hawaii and Minnesota.
2. A proposed registration or filing is or will be shortly on file in the following states: None.
3. No states have refused, by order or otherwise to register these franchises.
4. No states have revoked or suspended the right to offer these franchises.

5. The proposed registration of these franchises has not been withdrawn in any state.

The provisions of this Addendum only apply if the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**ADDENDUM  
TO THE FRANCHISE DISCLOSURE DOCUMENT OF  
PC AMERICAS FRANCHISING, INC.  
REQUIRED BY THE STATE OF ILLINOIS**

Illinois law governs the Franchise Agreement.

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.

Your rights upon termination and non-renewal 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.

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.

The provisions of this Addendum only apply if the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**ADDENDUM  
TO THE FRANCHISE DISCLOSURE DOCUMENT OF  
PC AMERICAS FRANCHISING, INC.  
REQUIRED BY THE STATE OF MINNESOTA**

Minnesota Statutes, Section 80C.21 and Minnesota Rules 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 Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5 which require (except in certain specified cases) (i) 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 (2) that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

Any limitations of claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

Any provisions in the Franchise Agreement that constitute Acknowledgements, as defined in the NASAA Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgements adopted on September 18, 2022 and effective January 1, 2023 ("SOP"), shall not apply to prospective franchisees who are subject to the anti-waiver provision of the Minnesota Franchises Law.

The provision of this Addendum only apply if the jurisdictional requirements of the Minnesota Franchises Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**ADDENDUM  
TO THE FRANCHISE DISCLOSURE DOCUMENT OF  
PC AMERICAS FRANCHISING, INC.  
REQUIRED BY THE STATE OF WASHINGTON**

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements 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.

The provisions of this Addendum only apply if the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

The undersigned does hereby acknowledge receipt of this addendum.

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

PC AMERICAS FRANCHISING, INC.  
a Delaware corporation

FRANCHISEE:

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

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

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_

# **EXHIBIT G**



## POTATO CORNER – OPERATIONS MANUAL

### TABLE OF CONTENTS

<b>WELCOME TO POTATO CORNER!</b> .....	3
<b>ABOUT THIS MANUAL</b> .....	4
<b>I. INTRODUCTION TO POTATO CORNER</b> .....	5
<b>II. PRE-OPENING GUIDELINES</b> .....	6
<b>III. OPERATIONS PROCEDURE &amp; CUSTOMER SERVICE</b> .....	7
<b>IV. CORE PRODUCT COMPONENTS</b> .....	14
<b>V. CORE EQUIPMENT &amp; SMALL WARES</b> .....	17
<b>VI. CORE COOKING &amp; SERVING PROCEDURES</b> .....	21
<b>VII. PRODUCT MENU LINE-UP &amp; PREPARATION</b> .....	24
<b>VIII. MANAGEMENT STORE MANAGEMENT &amp; STANDARDS</b> .....	31
<b>IX. REPORTS, AUDITS, AND INSPECTIONS</b> .....	34
<b>X. BRAND MARKETING &amp; LOCAL ENGAGEMENT</b> .....	36
<b>XI. STORE RELOCATION POLICY</b> .....	39
<b>APPENDICES</b> .....	41

# **EXHIBIT H**

## LEASE ADDENDUM

This Addendum is entered into as of \_\_\_\_\_ by and among \_\_\_\_\_, a(n) \_\_\_\_\_ (“**Landlord**”), \_\_\_\_\_, a(n) \_\_\_\_\_ (“**Tenant**”) and PC Americas Franchising, Inc., a Delaware corporation (“**Franchisor**”), with respect to the following:

### RECITALS

- A. Landlord and Tenant are entering into a lease of today’s date for the operation of a Potato Corner® restaurant at \_\_\_\_\_ (“**Lease**”).
- B. Franchisor and Tenant have entered into a Franchise Agreement dated \_\_\_\_\_ (“**Franchise Agreement**”) that requires that certain provisions be included in the Lease.

NOW, THEREFORE, in consideration of these premises and of the mutual covenants contained herein, the receipt and sufficiency of which is acknowledged by the parties, the parties agree as follows:

(1) Tenant has the absolute and unconditional right to assign its interest in the Lease to Franchisor or Franchisor’s nominee at any time without the consent of Landlord and without rent increase or penalty;

(2) Landlord acknowledges that Tenant shall not assign or transfer the Lease or any of its rights thereunder or grant any sublease thereunder without the prior written consent of Franchisor;

(3) Landlord consents to Tenant’s use of such signage and other displays of Franchisor’s trademarks and storage of such equipment and materials as Franchisor may require;

(4) Landlord will notify Franchisor in writing of any default by Tenant of any of the terms and conditions of the Lease and will provide to Franchisor, at Franchisor’s option, the right to cure any default under the Lease within fifteen (15) days after expiration of the period in which Tenant is required to cure the default, if Tenant fails to do so;

(5) that no amendment or addition, or other modification or change may be made to the Lease without obtaining the prior written consent of Franchisor;

(6) that upon expiration or termination for any reason of the Franchise Agreement, Tenant’s rights under the Lease will, at the option of Franchisor, be transferred and assigned to Franchisor or its nominee without rent increase or penalty immediately upon notice by Franchisor;

(7) Tenant acknowledges that Landlord may rely upon such notice and will not be required to inquire into the due execution of such notice or the accuracy of the statements set forth in such notice;

(8) that such notice will, without further act or formality, operate as an effective assignment of Tenant’s rights under the Lease to Franchisor or its nominee without rent

increase or penalty, and the assumption by Franchisor or its nominee of the covenants required to be observed or performed by Tenant under the Lease; provided, however, that Landlord agrees and acknowledges that Franchisor and its nominee, if any, shall not assume, and shall have no obligation to Landlord, with respect to any liabilities arising from or relating to Tenant's actions, failure to act or defaults prior to the assignment of the Lease;

(9) Tenant acknowledges that Landlord will, upon the written request of Franchisor, disclose to Franchisor all reports, information or data in Landlord's possession respecting the premises and the operation of the franchised business, including, without limitation, revenue information;

(10) Landlord acknowledges that the Franchise Agreement contains a right on the part of Franchisor, in the event of expiration or termination of the Franchise Agreement for any reason whatsoever, to enter the premises and to make any alterations to the exterior or interior decor and signage as Franchisor deems necessary to remove its identification with Franchisor's system and, in the event of the exercise by Franchisor of such right, Landlord further acknowledges that such entry by Franchisor shall not constitute an assignment of the Lease nor a subletting of the premises; and

(11) that Franchisor is a third party beneficiary under the Lease.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum on the date stated on the first page hereof.

**Landlord:** \_\_\_\_\_

**Tenant:** \_\_\_\_\_

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

**Franchisor: PC Americas Franchising, Inc.**

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

Title: \_\_\_\_\_

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

# **EXHIBIT I**

## EXHIBIT A

### INFORMATION ON AFFILIATES THAT OFFER FRANCHISES

Following is a list of affiliates of PC Americas Franchising, Inc. that offer franchises, including their principal addresses, franchise brand, and number of franchisees as of December 31, 2024:

1. **Shakeys Pizza Asia Ventures, Inc.** or SPAVI has a principal business address of Wow Center, 15 Km East Service Road Corner, San Martin De Porres, Paranaque City 1700, Philippines and has offered franchises in the following lines of business:
  - **Potato Corner.** SPAVI has offered franchises for Potato Corner restaurants for over three years and, as of December 31, 2024, has 853 franchisees in the Philippines and 15 franchisees outside of the Philippines (Canada, United Kingdom, Saudi Arabia, United Arab Emirates, Myanmar, Thailand, Cambodia Indonesia, Hong Kong, Malaysia, and New Zealand).
  - **Shakey's.** SPAVI has offered franchises for Shakey's pizza restaurants for 50 years and, as of December 31, 2024, has 141 franchisees in the Philippines.
  - **Peri-Peri Charcoal Chicken & Sauce Bar.** SPAVI has offered franchises for Peri-Peri Charcoal Chicken & Sauce Bar restaurants for six years and, as of December 31, 2024 has 13 franchisees in the Philippines.
  - **R&B Tea.** SPAVI has offered franchises for R&B Tea shops for five years and, as of December 31, 2024, has two franchisees in the Philippines.
  - **Project Pie.** SPAVI has offered franchises for Project Pie restaurants for six years and, as of December 31, 2024, has one franchisee in the Philippines.
2. **PC International Pte Ltd.** has a principal business address of 36 Robinson Road, #20-01, City House, Singapore 068877 and has offered Potato Corner franchises in Australia for over two years. As of December 31, 2024, it has six franchisees in Australia.
3. **Shanghai MiaoMiao Potato Catering Co., Ltd.** has a principal business address of Room 102, Building 19, Tianlin Fang, 130 Tianlin Road, Xuhui District, Shanghai 200235, China and has offered franchises for Potato Corner restaurants in China for over two years. As of December 31, 2024, it has one franchisee in China.
4. **Shakey's International Limited** has a principal business address of WOW Center, Km. 15, East Service Road, Brgy. San Martine De Porres, Paranaque

City 1700, the Philippines and has offered franchises for Shakey's pizza restaurants in Singapore for over four years. As of December 31, 2024, it has one franchisee in Singapore.

5. **Shakey's Pizza Regional Foods Limited** has a principal business address of WOW Center, Km. 15, East Service Road, Brgy. San Martine De Porres, Paranaque City 1700, the Philippines and has offered franchises for Shakey's pizza restaurants in the United Arab Emirates for over eight years. As of December 31, 2024, it has one franchisee in the United Arab Emirates.

### 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
Minnesota	Pending
Washington	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.

**RECEIPT**

The Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If PC Americas 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.

**New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.**

**Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.**

If PC Americas 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 applicable state agency listed in Exhibit A.

Following is information about the franchise seller involved in this transaction:

Jorge Concepcion, 13925 City Center Drive, Suite 200, Chino Hills, California 91709; (909) 970-7150

\_\_\_\_\_

Issuance Date: September 8, 2025

PC Americas Franchising, Inc. authorizes the respective state agencies listed on Exhibit B to receive service of process in the particular state.

I received a Disclosure Document dated September 8, 2025 included the following Exhibits:

- A. List of State Franchise Administrators
- B. List of Agents for Service of Process
- C. Financial Statements
- D. Franchise Agreement and State-Specific Addenda
- E. Conversion Addendum
- F. State-Specific Addenda to Franchise Disclosure Document
- G. The Potato Corner® Standards Manual Table of Contents
- H. Lease Addendum
- I. Information on Affiliates

State Effective Dates Page

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

Franchisee: \_\_\_\_\_

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

Individually and as an officer, partner or member of

\_\_\_\_\_,

a \_\_\_\_\_,

which has been or will be formed to act as franchisee

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

\_\_\_\_\_

Telephone: \_\_\_\_\_

Keep this form for your records.

**RECEIPT**

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

Franchisee: \_\_\_\_\_

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

Individually and as an officer, partner or member of

\_\_\_\_\_,

a \_\_\_\_\_,

which has been or will be formed to act as franchisee

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

Telephone: \_\_\_\_\_

Please sign and date this form the date you receive it and return it to Jorge Concepcion at 13925 City Center Drive, Suite 200, Chino Hills, California 91709.