

## FRANCHISE DISCLOSURE DOCUMENT

### ANOTHER BROKEN EGG OF AMERICA FRANCHISING, LLC



a Delaware limited liability company

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Orlando, FL 32822

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[www.anotherbrokeneggfranchise.com](http://www.anotherbrokeneggfranchise.com)

Another Broken Egg Cafes are distinctive, Cafe-style restaurants (each, a “Cafe”) featuring specialty breakfast, brunch and lunch items consisting of egg and omelet dishes, gourmet waffles, pancakes and French toast, salads, sandwiches, beverages and related menu items for eat-in and take-away service and, where practical, catering and/or home-delivery.

The total investment necessary to begin operation of an ANOTHER BROKEN EGG CAFE® franchise is \$802,400 to \$1,599,000. This includes \$55,000 that must be paid to us or our affiliate.

If you enter into a development agreement for the establishment of two or more Cafes, the total investment necessary to begin operation under your development agreement is \$92,000 to \$149,500 and \$20,000 (50% of the initial franchise fee) for each additional Cafe to be developed. This includes at least \$60,000 that must be paid to us or our affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and, if applicable, development 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 Jeff Sturgis at 5955 T.G. Lee Boulevard, Suite 100, Orlando, FL and (407) 440-0450.

The terms of your contract will govern your franchise relationship. Do not 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, DC 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: April 18, 2025

## How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit G includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Another Broken Egg Café business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be an Another Broken Egg Café franchisee?</b>	Item 20 or Exhibit F lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

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

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

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

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

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

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

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

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

### Some States Require Registration

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

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 Florida. 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 Florida 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.

## MICHIGAN NOTICE

To the extent the Michigan Franchise Investment Law, Mich. Comp. Laws §§445.1501 – 445.1546 applies, the terms of this Addendum apply.

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from

exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

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

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

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

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

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

**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.**

If the franchisee has any questions regarding this notice, those questions should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Attn.: Franchise, 670 Law Building, Lansing, Michigan 48913, telephone: (517) 373-7117.

**ANOTHER BROKEN EGG OF AMERICA FRANCHISING, LLC  
FRANCHISE DISCLOSURE DOCUMENT**

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- B – List of State Administrators and List of State Agencies/Agents for Service of Process
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## ITEM 1.

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

To simplify the language, this disclosure document uses “we”, “us” and/or “our” to mean Another Broken Egg of America Franchising, LLC (“ABEA”), the franchisor. “Franchisee” and “you” means the individual, corporation or other entity that buys a Cafe and includes all owners and partners if you are a corporation, partnership or other entity.

#### **The Franchisor**

We do business under our corporate name and as “Another Broken Egg Cafe”. We are a Delaware limited liability company organized on October 6, 2017. We changed our corporate name from Another Broken Egg of America, LLC to Another Broken Egg of America Franchising, LLC on August 14, 2018. Our principal business address is 5955 T.G. Lee Boulevard, Suite 100, Orlando, Florida 32822. Our agents for service of process are listed in Exhibit B to this disclosure document.

We began offering franchises for “Another Broken Egg Cafes” in November 2017. We do not currently operate businesses of the type being franchised or businesses in any other lines of business and have not offered franchises other than “Another Broken Egg Cafes” franchises, although we may do so in the future.

#### **Parents, Predecessors and Affiliates of the Franchisor**

Another Broken Egg of America, LLC (“ABEA-FL”), a Florida limited liability company, is our predecessor and affiliate. ABEA-FL was organized as a Florida corporation on September 20, 2000 and was converted to a Florida limited liability company on October 13, 2017. ABEA-FL’s principal business address is 5955 T.G. Lee Boulevard, Suite 100, Orlando, FL 32822 and its telephone number is (407) 440-0450. ABEA-FL is a wholly-owned subsidiary of ABEA Acquisition, Inc. (“Acquisition”), our direct corporate parent. ABEA-FL’s former principal owner, Ron E. Green, opened the first “Broken Egg Cafe” in Mandeville, Louisiana in November 1996 as a sole proprietor. Thereafter, Mr. Green formed The Broken Egg, Inc., a Louisiana corporation, under which the “Broken Egg Cafe” was owned and operated. The original “Broken Egg Cafe” is no longer in operation, and there are no other Cafes doing business under that name. The Broken Egg, Inc. did not offer or sell any franchises, and was dissolved in 2010. Effective November 6, 2017, ABEA-FL assigned all franchise agreements and development agreements governing franchised “Another Broken Egg Cafes” to us so that we could expand and administer the system (through new franchises and other means).

TBG ABEA Holdings, LLC (“TBG”) is a Delaware limited liability company. TBG is the majority owner of ABEA Master Holdings, Inc. (“Holdings”), a Delaware corporation, which in turn, is the sole owner of Acquisition, a Florida corporation. TBG, Holdings and Acquisition have their principal places of business at 489 Fifth Avenue, 19<sup>th</sup> Floor, New York, New York 10017, and their telephone number is (646) 502-3300. We are a wholly-owned subsidiary of Acquisition, making TBG, Holdings and Acquisition our indirect parents. TBG, Holdings and Acquisition have not offered franchises in any line of business, do not operate businesses of the type being franchised, and do not provide any products or services to our franchisees.

ABEA-FL owns the trademarks and other intellectual property associated with the Another Broken Egg System (as defined below) and has granted us a perpetual license to use and sublicense others to use the trademarks and intellectual property. ABEA-FL offered franchises for “Another Broken Egg Cafes” from 2002 to September 2017 but does not currently offer franchises in any line of business and does not operate businesses of the type being franchised.

We have certain affiliates that operate Cafes of the type being franchised. They have not offered franchises in any line of business, and do not provide any products or services to our franchisees. On December

18, 2020, Acquisition acquired 22 franchised Cafes from an existing franchisee group and its affiliates. Our affiliates operate the Cafes which continue to be of the type franchised in accordance with this disclosure document.

### **The Franchises**

We offer “Another Broken Egg Cafe” franchises. We offer development agreements (each, a “Development Agreement”) and franchise agreements (each, a “Franchise Agreement”) to qualified individuals and entities wishing to operate Cafes. The franchise contemplated by this disclosure document is offered under the terms of the Franchise Agreement (Exhibit C) and, if applicable, the Development Agreement (Exhibit E).

Under the Franchise Agreement, we will grant you the right (and you agree to assume the responsibility) to establish and operate a single Cafe. We currently offer one version of the standard Franchise Agreement that provides for a designated trade area defined in the agreement (typically a one to three-mile radius, but in some instances a smaller radius or a city delineation). You must operate the Cafe under the mark “Another Broken Egg Cafe” and other trademarks and service marks that we designate (collectively the “Proprietary Marks”). You must also operate the Cafe under our “Another Broken Egg Cafe” business and operating systems and procedures (collectively the “Another Broken Egg System” or “System”) that is described in our Confidential Operating Manual (the “Manual”). The Manual includes the documents called the ‘Cafe Operations Manual’ and the ‘Local Store Marketing and Advertising Manual’ and all other written, electronic, video, and audio recorded policies, procedures, techniques, memos, bulletins, newsletter, forms, guidelines, and other materials prepared by us in connection with the System or to assist you in the operation of your Cafe. The Another Broken Egg System consists of and includes: a distinctive building and interior design; interior and exterior layouts; trade dress; development and maintenance sources of supply; operating procedures for food preparation, food and beverage storage, food service, proprietary recipes, sauces, seasonings and mixes, sanitation and general maintenance; standards and specifications for equipment and equipment lay-out and procedures; products procedures and management programs, all of which we may change, improve and further develop in our sole discretion. Certain aspects of the Another Broken Egg System are more fully described in this disclosure document and the Manual, which we anticipate will evolve over time. The Another Broken Egg System is a uniquely designed and uniform business format for the operation of a distinctive Cafe under the Proprietary Marks.

If you agree to develop two or more Cafes you must sign a Development Agreement. We currently offer one version of our Development Agreement, under which you will be granted the right (and you will assume the responsibility) to develop and open a specified number of Cafes in the development area (“Development Area”). The Development Agreement also will set forth the schedule, pursuant to which the Cafes must be developed, opened and operating (the “Development Schedule”). Under the Development Agreement, when you sign a Franchise Agreement for each future Cafe, you may be required to sign a form of Franchise Agreement that is different from the form of Franchise Agreement included in this disclosure document.

### **The Cafes**

Cafes must be operated in accordance with the Another Broken Egg System. Cafes are generally located in freestanding buildings, though a mall or store-front location may also be acceptable provided that it is designed and decorated according to our quality control specifications. The Cafes can be situated in either urban or suburban settings and locations and must be conducted in accordance with uniform standards and methods of operations, marketing and advertising, which incorporate the experience and trade secrets developed and used by ABEA-FL and us.

## **Market and Competition**

The restaurant industry, in general, and the breakfast/brunch/lunch restaurant segment specifically, is highly competitive. Changes in the economy, taste, public perception and awareness, eating habits, population and traffic patterns all can affect the industry. You will sell our recommended menu items to the general public from the Cafe. The primary markets for our products and services include customers of all age and income levels.

You will compete with individual, national and international restaurant chains that offer a similar menu and related items. A critical basis of competition in the restaurant industry is the quality and price of the food products offered. Other factors include brand name identification, site location, quality and speed of service, consistency, advertising and attractiveness of the facilities. You should expect to compete with full-service, fast food, carry-out, dine-in and delivery competitors, particularly those featuring breakfast, brunch and lunch food items.

## **Industry-Specific Regulations**

In addition to laws that apply to all businesses, you must comply with all laws and regulations specific to the restaurant and food industry. The particular federal, state and local laws and regulations that may apply to the operation of your Cafe include, those relating to building construction; health and safety; alcohol re-sale; sanitation; “no smoking”; the storage, preparation, handling and sale of food products; and food content and menu labeling (such as nutritional and caloric information). We are not obligated to provide you with guidance about these laws and regulations, and you are solely responsible for knowing about and complying with all laws and regulations applicable to your Cafe. Therefore, you should consult with your attorney regarding these and other laws that may affect the operation of your Cafe.

## **ITEM 2.** **BUSINESS EXPERIENCE**

### **Chief Executive Officer: Jorge Salvat**

Mr. Salvat has been Chief Executive Officer since February 2025. Before joining us, Mr. Salvat served as Chief Executive Officer of TBG Food Investors from November 2023 to February 2025. From April 2018 to November 2023 he served as Regional Vice President at Inspire Brands in Atlanta, Georgia. Mr. Salvat is located in Orlando, Florida.

### **Chief Development Officer: Jeff Sturgis**

Mr. Sturgis has been our Chief Development Officer since July 2020. From January 2019 to June 2020, he was the Founder and President of Franchise System Advisors in Lauderdale by the Sea, Florida. Mr. Sturgis is located in Fort Lauderdale, Florida.

### **Chief Financial Officer: Casey Rees**

Mr. Rees has been our Chief Financial Officer since January 2025. From August 2023 to January 2025 Mr. Rees was the Senior Vice President-Finance for Tijuana Flats in Maitland, Florida. From February 2020 to August 2023, he served as the Vice President-Financial Planning & Analysis for Tijuana Flats in Maitland, Florida. Mr. Rees is located in Orlando, Florida.

**Vice President of Culinary and Beverage: Joel Reynders**

Mr. Reynders has been our Vice President of Culinary and Beverage since January 2025. Prior to that he was with Bar Louie in Addison, Texas and was Vice President, Culinary from May 2023 to January 2025 and a Culinary Consultant from January 2023 to May 2023. Mr. Reynders was Vice President of Culinary from July 2019 to December 2022 for Tijuana Flats in Maitland, Florida. Mr. Reynders is located in Orlando, Florida.

**Vice President of Franchise Operations & Training: Chris Sutton**

Mr. Sutton has been our Vice President of Franchise Operations & Training since January 2025. Prior to that he was our Senior Director of Training and Operations Services from January 2024 to January 2025. From April 2019 to January 2024, he served as our Director of Training. Mr. Sutton is located in Orlando, Florida.

**Vice President of Information Technology: Eben (“Trey”) W. Lewis**

Mr. Lewis has been our Vice President of Information Technology since February 2025. From August 2024 to January 2025 Mr. Lewis was an independent consultant in Orlando, Florida. Prior to that he was the Vice President of Information Technology for ABC Companies from June 2018 to July 2024 in Orlando, Florida.

**Director of Franchise Sales: Chris Eby**

Mr. Eby has been our Director of Franchise Sales since September 2021. From October 2017 to September 2021, he was the Owner and President of National Franchise Resales in Jacksonville, Florida. Mr. Eby is located in Orlando, Florida.

**ITEM 3.  
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4.  
BANKRUPTCY**

Casey Rees, our Chief Financial Officer, was formerly the Senior Vice President-Finance of Tijuana Flats Restaurants, LLC located in Maitland, Florida from August 2023 to January 2025. On April 19, 2024, Tijuana Flats Restaurants, LLC and an affiliated entity, Tijuana Flats #176, LLC filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the Middle District of Florida, Jacksonville Division, jointly administered under Case No. 3:24-bk-01128-BAJ. The Bankruptcy Court entered an Order confirming the debtors’ Joint Chapter 11 Plan of Reorganization on January 17, 2025, pursuant to which the debtors will emerge from bankruptcy and continue to operate the businesses as the reorganized debtors.

Other than as described above, no bankruptcy information is required to be disclosed in this Item.

**ITEM 5.  
INITIAL FEES**

You must pay an initial franchise fee when you sign the Franchise Agreement. The initial franchise fee is \$40,000. The initial franchise fees are uniform and not refundable under any circumstances.

During the period from 30 days before to 60 days after the opening of the Cafe, you must arrange a Grand Opening promotion, which may include a direct mail campaign, a public relations program, distribution of advertising novelties, specialty items, food and drinks, newspaper advertising and related campaigns. You must spend a minimum of \$15,000 for your Grand Opening promotion although we may recommend that you spend more. We will collect these funds when you sign the Franchise Agreement. You will present invoices from vendors for the Grand Opening to us and we will remit payments from these funds directly to the vendors until the balance of the funds has reached \$0. Following the depletion of the funds, you will pay any outstanding amounts owed to vendors for the Grand Opening directly. If the Franchise Agreement is terminated because the Cafe is not opened within the deadline provided in the Franchise Agreement, then any unused funds held by us will be returned to you.

If you sign a Development Agreement for the establishment of two or more Cafes, you must sign a Franchise Agreement and pay the full \$40,000 initial franchise fee for your first Cafe, and you must pay \$20,000 as a deposit towards the initial franchise fee for each additional Cafe when you sign the Development Agreement (collectively, the “Development Fee”). You must pay the balance of the then current initial franchise fee for each additional Cafe when you sign the Franchise Agreement for that Cafe. You must sign our then current form of Franchise Agreement for each additional Cafe within 20 days after receipt of written notice of our approval of the site on which the Cafe will be developed and before you begin construction, occupancy and/or operation of the Cafe.

For your first three Cafes (including Cafes owned by your affiliates) (the “Initial Cafes”), the initial franchise fee includes the cost of providing the on-site training at the Initial Cafes by our training professionals, our “Opening Team”. For your fourth or subsequent Cafes (including Cafes owned by your affiliates) (the “Subsequent Cafes”), if we require, or you elect, to receive on-site training from our Opening Team, you must pay us the then-current training fee, which is currently the greater of either (1) \$3,000 per person for all of your Required Trainees (as defined in Note 3 to Item 6) to attend the same session, or, (2) our actual costs to provide you on-site training from our Opening Team. We reserve the right to charge you a reasonable training fee (currently \$3,000 per person) if we permit you to bring additional trainees, other than the Required Trainees, to the on-site training, or if your Required Trainees are trained in separate sessions. On your request and depending on availability, we will provide supplemental trainers for a fee of \$3,000 per trainer or the amount of the wages and travel expenses for the supplemental trainer, whichever is higher.

Except as described in this paragraph, all initial fees are uniform. We sometimes vary initial fees, such as by permitting lower initial fees, or by permitting initial fees to be paid differently or in installments for larger or particularly desirable Development Areas or in other special circumstances. During the previous fiscal year, the initial franchise fee charged by us ranged from \$30,000 to \$40,000, with the lower initial franchise fee being the result of a discount provided to one or more franchisees who signed a Development Agreement for multiple locations.

**ITEM 6.**  
**OTHER FEES**

<b>Type of Fee<sup>1</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty	5% of Gross Sales <sup>2</sup>	Payable weekly on Friday by electronic funds transfer (if Friday is a national holiday, payment is due on the next business day).	You must use our designated software, which allows us to receive revenue reports directly from your Point-of-Sale computer system. Lower royalty rates may be applicable to existing franchisees.
National Advertising Fund Fee	Up to 3% of Gross Sales; currently 1.75% of Gross Sales	Payable weekly by electronic funds transfer at the same time as the Royalty.	We administer a system-wide National Advertising Fund. Lower National Advertising Fund fees may be applicable to existing franchisees and corporate store locations. (see Item 11)  On 90 days' prior written notice to you, we may increase the National Advertising Fund fee percentage by up to 0.25% per calendar year, provided that the required contribution will not exceed 3% of weekly Gross Sales.
Development Schedule Extension Fee	\$10,000 per each Cafe for which an extension is requested	On our approval of any Development Schedule extension. Payable by electronic funds transfer.	We reserve the right, in our sole discretion, to grant one Development Schedule extension per Cafe to be opened under a Development Agreement. Developers are limited to a single 6-month extension per Cafe.
Regional Marketing Fund Fee	If applicable, up to 1.5% of Gross Sales	Payable weekly by electronic funds transfer at the same time as the Royalty.	If we establish a regional marketing fund in a region in which the Cafe is located, you must pay us a regional marketing fee in an amount that we determine. We may increase the fee on 60 days' prior written notice to you, to an amount not exceeding 1.5% of your weekly Gross Sales. Any contributions will be credited toward your local marketing requirements. You will not be required to contribute to both a regional marketing fund and a cooperative at the same time. Lower (or no) regional marketing rates may be applicable to existing franchisees. (see Item 11)
Additional Training/ Conferences and Conventions <sup>3</sup>	The cost of your food, lodging, travel and other expenses  Additional training fee = minimum of \$3,000 per person	Before scheduled event	Initial management training for up to four people is included in the initial franchise fee. If you require or request additional training, the minimum fee is \$3,000 per person. For all training sessions, conferences and conventions, you must pay all travel, lodging, meal and other expenses for you and your attendees. (see Item 11)
Special Field Assistance, Including Visits to Cure Operational Issues	Currently \$200 per person, per day, plus our out-of-pocket expenses	Before scheduled assistance. Payable by electronic funds transfer.	This fee is for special field assistance you either specifically request or must receive because of a failed Brand Assessment.
Mystery Shopper <sup>4</sup>	Currently \$80-\$130 per shop	As incurred. Payable by electronic funds transfer.	See Note 4

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
Food Safety Assessment <sup>5</sup>	Currently \$215 per assessment	As incurred. Payable by electronic funds transfer.	See Note 5
Late Fee	\$250	When billed	You must pay a late fee for each past due payment in addition to interest.
Interest charge on late payments	All overdue amounts bear interest until paid at the lesser of 1.5% per month or the highest rate of interest allowed by law.	When billed	Interest accrues from the original due date until payment is received in full. If no due date is stated, interest begins to accrue 30 days after billing.
Transfer Fee	\$20,000	Before effective date of transfer of franchise or development grant.	There is no fee charged if franchise or development grant is transferred to a legal entity that you control, or upon your death or disability. All transfers must comply with the Franchise Agreement and transfer guidelines. In addition, the person to whom you transfer the franchised business (the “transferee”), if not then a current ABEA franchisee having at least one open and operating franchised business, and his or her manager, must complete any training programs then in effect for current franchisees. The transferee must pay for the expenses related to this training.
Audit Fee	Expenses we incur in performing audit.	When billed	Due only if the audit shows an understatement of 2% or more, or if the audit is made necessary by your failure to furnish required information or documents to us in a timely manner and format.
Monthly Financial Report Deviation Fee	Maximum of \$20 per hour.	As incurred	Incurred if we must correct your financial reports because they do not meet our designated format.
QSA Audit Fee	Expenses incurred by us in performing QSA audit.	When billed	Due only if you are unable to provide us with proof of compliance with required data security standards and we engage a Qualified Security Assessor to conduct an audit.
Insurance Coverage Reimbursement	Our actual costs, interest on the advanced funds and the administrative expenses.	When billed	If you fail to maintain the proper levels and types of insurance required by the Franchise Agreement, we may obtain the required insurance and charge you the cost plus our interest and administrative expenses.
Indemnification	Our actual cost	As incurred	If you do not satisfy your obligations under the Development/Franchise Agreement, we may perform your obligations for you. You must reimburse us for our costs in performing your obligations. You must defend and indemnify us for any third-party claims involving the operation of your business. Indemnification covers our members, officers, employees, and agents.

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
Renewal Fee	\$10,000	Due on signing the renewal Franchise Agreement, only if you would like to renew	You must pay a non-refundable renewal fee on the expiration of the initial term of the Franchise Agreement if you elect to renew the Franchise Agreement and we agree to renew per the terms of the renewal provisions of the Franchise Agreement.
Liquidated Damages	5% of average Gross Sales from preceding 3 years multiplied by remaining years of Franchise Agreement and discounted to present value at 8%.	Within 5 business days of termination	If we terminate your Franchise Agreement due to your default, you must pay us this liquidated damages amount. If your Cafe has not been open for 3 years, the average Gross Sales will be measured over the period that your Cafe has been open.

1. Except as described in the Remarks above, all fees described in this Item 6 are non-refundable and payable to us. Except as described in this footnote, all fees described in this Item 6 are uniform. Royalties are lower (generally 4%), and Advertising Fund Fees are lower (generally 0.5%), in most franchise agreements that ABEA-FL signed through October 2016. We have a policy of uniformly imposing and collecting royalties and Advertising Fund Fees under new franchise agreements, except for special circumstances.

2. “Gross Sales” means, during any measurement period, (i) the sum of (a) all income of every kind or nature generated, directly or indirectly, by, through or in connection with the Cafe or at the Accepted Location (as defined in your Franchise Agreement), including, but not limited to, receipts from the sale of goods, services or merchandise sold and from any approved amusement devices, video lottery terminals, games of chance, etc., whether for cash or credit, and regardless of collectability (the “Revenue Items”), and (b) the amount of any discounts or reductions provided by the Cafe or at the Accepted Location (whether in the form of coupons, complementary products and services, voided sales or otherwise) exceeding 3% of the full retail value of the Revenue Items, less (ii) the sum of (a) the sales price of goods returned by customers and (b) all sales tax or other taxes that Franchisee collects from customers and transmits to the appropriate taxing authority. Gross Sales includes the entire transaction amount of all sales, including third-party delivery fees, digital transaction fees and all other fees even if the fees are not received by you. We reserve the right to measure and calculate your Gross Sales directly through the POS system and debit your account for the royalty and advertising amounts due in accordance with the Franchise Agreement.

3. We will conduct an initial management training course (“Management Training”) at our home office, certified training cafes (each a “Certified Training Cafe”) and/or such other location(s) we designate, including your Cafe. Management Training will last a minimum of four to six weeks, depending on whether the trainee is an internal promotion or an external hire, and will cover various aspects of the Another Broken Egg System. The Management Training will be a combination of classroom and in-Cafe instruction. We will provide Management Training for (a) your on-site general manager (the “General Manager”), (b) the kitchen manager, (c) the assistant manager/assistant general manager (together with the persons listed in (a)-(b), the “Required Trainees”), and (d) if requested by you, beyond the 3 above stated managers, one of the holders of beneficial interest in the ownership approved by us at least 30 days before the Grand Opening free of charge. You will be responsible for all expenses incurred in completing such Management Training, including travel, accommodation, salaries and meals for the Required Trainees. These expenses will not be uniform, but will vary according to your location in relation to the Management Training facilities and other variables. We also may provide you and your employees with continuing education and training programs, workshops and seminars. We will only pay for mandatory training courses and you will be responsible for training fees for

optional training and all of the expenses incurred by you, your co-owners and employees in completing all training, including travel, accommodations, salaries and meals.

4. We have the right to evaluate the operation of your Cafe at any time, including sending mystery shoppers to your Cafe. We may hire various vendors who send the “mystery shoppers” into the Cafes. Any time you fail two consecutive evaluations by us or by a mystery shopper, you must pay for one additional mystery shop evaluation in addition to the regularly scheduled evaluations we send to your Cafe; these re-evaluations are in addition to the vendor’s regularly scheduled annual evaluations. The range of fees charged by the vendors are \$80-\$130 per visit, which you must pay to us. The fee per mystery shopper visit includes the reimbursement of the tab paid by the mystery shopper for the items consumed at your Cafe and, therefore, the actual fee for each visit may vary. We may change the mystery shop program, including with respect to timing of visits and required payments, as we determine necessary.

5. We also evaluate the operation of your Cafe from a food safety standpoint, and in that regard, utilize the services of a third-party food safety assessment vendor (Steritech) that will assess food safety operations at your Cafe approximately four times per year. If you fail Steritech’s evaluation, based upon criteria we establish, you will be reassessed within 30-45 days and the cost will be charged to you; this reassessment is in addition to the vendor’s regularly scheduled annual assessments. Steritech currently charges \$215 per assessment. We may change the food safety assessment program, including preferred vendor, timing of visits, scope of the assessment and required payments, as we determine necessary.

**ITEM 7.**  
**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	Low	High			
Franchise Fee (note 1)	\$40,000	\$40,000	Lump Sum	At Signing of Franchise Agreement and, if applicable, Development Agreement.	Us
Opening Team Training Fee (note 1)	\$0	\$20,000	Lump Sum	At Signing of Franchise Agreement, if applicable	Us
Rent, Deposits, Licenses and Permits (note 2)	\$14,900	\$47,500	As Arranged (refundability depends on negotiations with third parties)	Before Occupancy and/or at Signing of Lease; Payable Monthly	Lessor, Government Agencies
Leasehold Improvements (note 3)	\$450,000	\$900,000	As Arranged	As arranged; Before Occupancy	Lessors/Approved Vendors

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	Low	High			
Utility Deposits (note 4)	\$2,500	\$7,500	Lump Sum	As arranged; Per Lease or Utility Company's Requirements	Utility Companies, Lessors
Cafe Furniture, Fixtures and Equipment (note 5)	\$175,000	\$350,000	As Arranged	As arranged; Before Opening	Approved Vendors
Point of Sale Computer/Cash Register System, Software, Training and Installation (note 6)	\$35,000	\$45,000	As Arranged	As arranged; Before Opening	Approved Vendors
Signage (note 7)	\$15,000	\$30,000	As Arranged	Before Opening	Approved Vendor
Initial Inventory (note 8)	\$8,000	\$19,500	As Arranged	Before Opening	Approved Vendors
Travel, Living and Salary Expenses During Management Training (note 9)	\$12,000	\$37,500	As Incurred	Before Opening	Airlines, Hotels and Cafes
Pre-Opening Team Expenses (note 10)	\$0	\$5,000	As Incurred	Within 10 days after receiving invoice	Us
Insurance (note 11)	\$8,000	\$20,000	As Arranged	Before Opening	Insurance Companies
Grand Opening Advertising (note 12)	\$15,000	\$15,000	As Incurred	Before Opening	Approved Vendors and Third Parties
Legal and Accounting (note 13)	\$2,000	\$12,000	As Arranged	As Incurred	Third Parties
Additional Funds - 3 months (note 14)	\$25,000	\$50,000	As Needed	As Needed	Third Parties, Employees
Total Franchise Business Cost (Excluding Real Estate and Construction of Building on Leased Ground) (note 15)	\$802,400	\$1,599,000			

**YOUR ESTIMATED INITIAL INVESTMENT  
DEVELOPMENT AGREEMENT**

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	Low	High			
Development Fee (note 1)	\$60,000	\$80,000	Lump Sum	At Signing of Franchise Agreement and, if applicable, Development Agreement.	Us
Travel, Living and Salary Expenses For Management Training (note 9)	\$5,000	\$7,500	As Incurred	Before Opening	Airlines, Hotels and Cafes
Legal and Accounting (note 13)	\$2,000	\$12,000	As Arranged	As Incurred	Third Parties
Additional Funds - 3 months (note 14)	\$25,000	\$50,000	As Needed	As Needed	Third Parties, Employees
Total Franchise Business Cost (Excluding Real Estate and Construction of Building on Leased Ground) (note 15)	\$92,000	\$149,500			

NOTES

1. **Initial Franchise Fee and Opening Team Training Fee.** The initial franchise fee for your Cafe is \$40,000. The low end of the range for the Development Fee assumes you will develop a minimum of two Cafes under the Development Agreement and the high end of the range for the Development Fee assumes you will develop three Cafes under the Development Agreement. Some franchisees may open more than three Cafes under a Development Agreement. We describe the Initial Franchise Fee, the Development Fee, and Opening Team Training Fee in Item 5. The low end of the range for the Opening Team Training Fee assumes either that (a) you will provide the opening training yourself using existing personnel or (b) this Cafe is one of your first three Cafes, and the initial franchise fee would therefore cover this training. If we require it, or you elect to receive on-site training for your fourth or subsequent Cafes, then you must pay us the then-current training fee, which is currently the higher of (1) \$3,000 per person and (2) our actual costs to provide you on-site training from our Opening Team. Upon your request and depending on availability, we will provide supplemental trainers for a fee in the amount of \$3,000 per trainer or the amount of the wages and travel expenses for the supplemental trainer, whichever is higher.

2. **Rent, Deposits, Licenses and Permits.** We estimate the rent, deposits, licenses and permits for the Cafe to be \$14,900 to \$47,500 for the initial month. Various permits may be required and may include building inspection fees and occupational license fees. If you do not already own adequate Cafe space, you will have to purchase or lease land and a building for the Cafe. Typical locations for Cafes are shopping centers, urban commercial areas and suburban shopping areas. These typical Cafes range in size from 3,000 to 5,000 square feet, with seating capabilities of 100 – 200 guests. Freestanding Cafes in suburban locations will require from 35,000 to 45,000 square feet of land for the Cafe and adequate parking facilities depending on local design requirements. The cost of commercial land or Cafe space, whether you lease or buy, varies considerably depending on the location and conditions affecting the local market for commercial property. In the case of new construction, you may rarely be asked by your landlord to incur the cost of an environmental impact fee as part of your lease agreement. The cost of those fees can vary from \$5,000 to \$90,000 depending on the municipality. We estimate that monthly rent for leased space will range from \$7,500 to \$17,500 depending upon factors such as whether the Cafe is located within an existing retail business (e.g., shopping mall) and the extent of the menu to be offered.

You may be required to pay a security deposit for leased premises. Typically, the security deposit will be equal to one month's lease payment but this amount will vary depending upon negotiations with the landlord. Security deposits should not exceed an average of two months' rent on the property.

You must obtain and maintain a liquor license for your Cafe at your expense. The cost of a liquor license can be significantly higher than the averages included above in a few states and municipalities where the number of licenses is severely restricted or available from an existing holder. You should retain legal counsel specialized in obtaining and maintaining liquor licenses.

Local, municipal, parish/county, state and/or federal regulations vary on what licenses and permits are required by you to operate a Cafe. Such license and permit fees are paid to these respective governmental authorities. The figures included in the chart above include the estimated cost of these licenses, including the ServSafe certification. If this Agreement is for your first Cafe location or if in any previous franchise agreement executed between you or any of your affiliates and us, you and any of your affiliates have not met your obligations regarding the build out of any previous Cafes, we reserve the right to require you to retain the services of a company specialized in assisting restaurant operators during the construction process to assist you in submitting, processing, monitoring and obtaining in a timely manner all necessary construction documents, licenses and permits and to advise you throughout the construction of your Cafe.

3. **Leasehold Improvements.** The cost of converting a leased facility to use as a Cafe may vary widely depending upon the location, previous use and condition of the property. These costs may also vary depending upon the availability and prices of labor and materials and whether certain costs will be borne by the landlord. The cost of land, if purchased, and site work vary depending upon the location and condition of the property. If you choose to build and own the Cafe's free-standing premises, the cost for your long-term real property investment obligations is significantly higher and will depend on many independent variables like location and size of the site, site improvement costs, union/non-union labor regions, soil and environmental conditions, entitlement fees, building and health codes and regulations and other factors. This estimate does not include land cost. Down payment requirements and initial financing or commitment expenses are negotiated individually and vary too widely to be predicted realistically. The figures in the chart above include the estimated cost for you to retain and employ an architect, engineer or other licensed and professionally qualified individual to assist with the improvements.

4. **Utility Deposits.** You may be required to pay deposits for certain utilities. The amount of these deposits and other utility costs may vary depending on the size and location of the Cafe.

5. **Cafe Furniture, Fixtures and Equipment.** You must purchase certain items of furniture, fixtures, equipment and smallwares. The Manual contains a complete list of the required equipment. As the above chart indicates, the cost of these items vary depending on the size and location of the Cafe. We have estimated the cost of these items for a typical Cafe to be from \$175,000 to \$350,000. The cost of this equipment may vary widely depending upon whether the equipment is purchased or leased.

6. **Point of Sale Computer/Cash Register System, Software, Training and Installation.** You must obtain at your expense specific computer hardware and software and training in its use. The figures in the chart above include the estimated cost of the Revel POS hardware (the components of the Revel POS hardware package may include, among others, a computer, iPads, operating software, monitor, printer, keyboard, modem, cash drawer, P2P credit card readers, and back-up system). There is also available online technical support for an annual fee as established by the software licensor. This also includes the estimated costs for network configuration and initial PCI compliance.

7. **Signage.** You must purchase certain interior and exterior signage for the identification of the Cafe based on ABEA's design criteria.

8. **Initial Inventory.** You must purchase initial inventory for the operation of the Cafe. The estimated range covers a supply of food and paper products for 1 to 2 weeks of Cafe operations.

9. **Travel, Living and Salary Expenses While Management Training.** You are responsible for all transportation, lodging, meals, salaries and other expenses associated with the initial management training program for you and/or your co-owner, managers and employees. Total costs for the 4-6 week training period are estimated at \$12,000 to \$37,500. These costs will depend, in part, on the distance you must travel and type of accommodations you choose. The estimate provided contemplates initial management training of 2-3 people.

10. **Opening Team Expenses.** You will reimburse us for the travel expenses and wages for the Opening Team members who assist you with the opening of your fourth or subsequent Cafes (see Item 11) which exceed the amount of the Opening Team Training Fee incurred for any such Cafe. If your opening is delayed for a fourth or subsequent Cafe for which you incur the Opening Team Training Fee, you will pay all costs associated with rescheduling the Opening Team, including airfare and related travel charges. Thus, your Opening Team Expenses may be higher than the stated range if you reschedule the pre-opening training. The low end of the range for the Opening Team Expenses assumes that for your fourth or subsequent Cafe you will provide the opening training yourself using existing personnel. Upon your request and depending on availability, we will provide supplemental trainers for a fee in the amount of \$3,000 per trainer or the amount of the wages and travel expenses for the supplemental trainer, whichever is higher.

11. **Insurance.** During the term of the Franchise Agreement and any renewal term, you are responsible for all insurance premiums set forth and specified in the Manual. You must name us as an additional insured at your expense and furnish us with certificates providing that the insurance is not cancelable without 30 days prior notice to us, along with evidence that the premiums have been paid. You are liable for any expense, including attorneys' fees, which we incur in connection with the insurance required under the Franchise Agreement. Required insurance includes general liability, employer's liability, workers' compensation, auto liability, and property insurance. Your costs will vary according to the risks associated with your business and your location. The cost of workers' compensation insurance will vary according to the number of employees of the Cafe and the requirements of state law. The figures included in the chart above reflect the approximate total cost of the estimated annual premiums.

12. **Grand Opening Advertising.** During the period from 30 days before to 60 days after the opening of the Cafe, you must arrange a Grand Opening promotion, which may include a direct mail campaign,

a public relations program, distribution of advertising novelties, specialty items, food and drinks, newspaper advertising and related campaigns. You are obligated to spend a minimum of \$15,000 for your Grand Opening promotion although we may recommend that you spend more. We will collect these funds upon the signing of the Franchise Agreement. You will present invoices from vendors for the Grand Opening to us and we will remit payments from these funds directly to such vendors until the balance of the funds has reached \$0. Following the depletion of the funds, you will pay any outstanding amounts owed to vendors for the Grand Opening directly. If the Franchise Agreement is terminated because the Cafe is not opened within the deadline provided in the Franchise Agreement, then any unused funds held by us will be returned to you.

13. **Legal and Accounting.** This item is the estimated cost of basic legal and accounting services provided to you by legal and accounting firms.

14. **Additional Funds.** This entry estimates additional funds you may need for the first 3 months of operation, including payroll costs and working capital for other expenses that could exceed receipts. These estimated amounts are based on our and our affiliate's experience operating and franchising Cafes. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the Cafe. Your costs will depend on factors such as: to what extent you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for our services; the prevailing wage rate; competition; and the sales level reached during the initial period.

15. **General Note.** These figures are estimates. We have relied on ABEA-FL's and our experience in the Cafe business to compile these estimates. The initial investment will also vary considerably depending on the method and amount of financing. The equipment and other items are shown in full, although they may be financed or leased. You should review these figures carefully with a business advisor or existing franchisees before making a decision regarding the purchase of a Cafe. You should allow for inflation, discretionary expenditure, fluctuating interest rates and other costs of financing and local market conditions, which can be highly variable and can result in substantial, rapid and unpredictable increases in costs. We do not offer, either directly or indirectly, financing to you as a Developer/Franchisee in connection with the initial investment. In general, none of the expenses listed in the above chart are refundable, unless otherwise stated in the notes to the chart and except for security deposits, which may be refundable.

Developers should expect to incur the estimated initial investment above for your first Cafe that is developed. You will also pay a one-time Development Fee as described in Item 5. This is the only additional initial investment under the Development Agreement. Your initial investment for your second and subsequent Cafes likely will be higher than the estimates listed in the chart for your first Cafe due to inflation and other economic factors that may vary over time.

## **ITEM 8.**

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

#### **A. REQUIRED PURCHASES**

To maintain the reputation, goodwill, high standards, quality and uniformity of our Another Broken Egg System, you must comply with all of our standards and specifications (including brand specifications) relating to the purchase of all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including Computer Systems) and other products used or offered for sale at the Cafe. During operations, we attempt to ensure that our specifications are met by designating or approving suppliers for most of your purchases in operating your Cafe, you must obtain those items from suppliers (including manufacturers, distributors, and other sources) who continue to demonstrate the ability to meet our then-current standards and specifications for food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment, and other items used or offered for sale at Cafes, who possess adequate quality controls and capacity to supply

your needs promptly and reliably, who we have approved in writing before you purchase anything from the supplier, and who we have not subsequently disapproved. If we or our affiliates negotiate group or volume purchase arrangements with approved suppliers, you must participate in such arrangements. Approved suppliers may make payments to us on account of your purchases. Neither we nor any of our affiliates are currently approved suppliers. While we require that you source products and services from suppliers we approve for the purpose of meeting our standards and specifications, we do not provide other material benefits (such as renewal and development rights) based on your purchase of particular products or services or use of approved suppliers.

You must use our approved process or our designated approved vendor for preliminary architectural services and the schematic and interior design package for your Cafe. The cost for us to prepare the preliminary plans and specifications is included in the initial franchise fee. If this Agreement is for your first Cafe or if in any previous franchise agreement executed between you or any of your affiliates and us, you and any of your affiliates have not met your obligations regarding the build out of any previous Cafes, we reserve the right to require you to retain the services of a company specialized in assisting restaurant operators during the construction process to assist you in submitting, processing, monitoring and obtaining in a timely manner all necessary construction documents, licenses and permits and to advise you throughout the construction of your Cafe. With respect to suppliers of all other goods, services, equipment, inventory, or real estate, you must purchase or lease in accordance with our specifications and guidelines or from suppliers that we approve. Specifications may include minimum standards for building size and style, zoning, signs, equipment, quality, quantity, delivery, performance, design, appearance, durability, style, warranties, price range and other related criteria. We consider these specifications to be of critical importance to the success of the Another Broken Egg System. The Manual sets forth these specifications. We may modify our specifications from time to time through the Manual or otherwise in writing. If a supplier does not meet the specifications outlined in the Manual, we may require you to stop using them.

None of our officers has an ownership interest in any approved supplier.

We require you to purchase and maintain specific types of insurance coverage as set forth in the Manual and as follows. You shall procure and thereafter maintain in full force and effect during the term of the Franchise Agreement at minimum all types and levels of insurance coverage as required by us and which currently are: Comprehensive General Liability: \$2,000,000 per occurrence, minimum of \$250,000 for property damage; Comprehensive Automobile Liability (including delivery driver coverage): \$1,000,000 combined, single limit on each owned, non-owned or hired vehicle used in the operation of the Cafe; All Risk: full replacement cost; Business Income/Interruption: actual loss, no dollar limit for 6 months; and Employer's Liability: \$1,000,000 for injury or death by accident for each accident; other legally required insurance (e.g., Workers Compensation) as per the statutory limits; and any additional types of insurance we specify with the minimum coverage amounts we require (e.g., Cyber Liability).

All insurance policies must name us and others we designate as additional insureds. You must, before opening of your Cafe and at such other times as we may require, provide us with certificates of insurance, insurance policy endorsements and other evidence of compliance with these requirements as we require. We periodically may, with prior written notice to you, increase the minimum liability protection requirements, modify policy, endorsement or other requirements, and require different or additional kinds of insurance. If you should, for any reason, not procure and maintain insurance coverage required by the Franchise Agreement, we have the right, but not the obligation, to procure such insurance and, upon notice, you will pay and reimburse us for all costs of such insurance.

We may designate a supplier to ensure quality control, uniformity, marketing, and advertising contribution benefits. Where we designate an approved supplier and such supplier agrees to make advertising contribution and/or other payment with respect to such approved product conditioned on use, sales or

otherwise by us or you, all such payments will be made to us or an entity approved by us and will be spent by us or such entity in a manner consistent with restrictions or conditions, if any, imposed by the supplier. We may benefit from the advertising contribution and other programs of approved suppliers.

We may derive revenue and rebates from franchisees' required purchases and leases of products and services. We may elect to deposit some or all of any rebate amounts revenues we receive into the National Advertising Fund described in this disclosure document, but we are not required to do so unless directed by the vendor. Rebates are generally calculated by multiplying agreed cent amounts by the number of cases, pounds, gallons, or other volumes purchased.

In the fiscal year ended December 29, 2024, we were entitled to receive rebates of approximately \$434,853.00 but chose to direct those contributions to the National Advertising Fund. Those contributions ABEA directed to the National Advertising Fund represent approximately 3.9% of ABEA's total revenues of \$11,124,531.00.

We estimate that the total purchases and leases of services and products which meet our specifications will represent about 60% to 80% of your total purchases in establishing your Cafe and about 30% to 45% of the costs to operate your Cafe.

## **B. PURCHASING OR DISTRIBUTION COOPERATIVES**

At this time, we have no purchasing or distribution cooperatives, although we may in the future establish such cooperatives and require you to participate in them. We currently have established multi-chain pricing with many of our vendors. Price discounts and other savings are passed on to franchisees through discounts.

## **C. ALTERNATIVE SUPPLIERS**

If you propose to purchase or lease any items that we have not approved in writing, but which you believe meet our quality control specifications, you must first notify us and strictly follow the requirements of the vendor certification program set forth in the Manual. We may require, among other things, submission of sufficient specifications, photographs, drawings, samples and other related information to determine whether such items meet our specifications. There is currently no fee charged for submitting a request for approval of a product or supplier. We apply the following general criteria, among others, in considering whether we will designate the supplier as an approved supplier:

1. Ability to produce the manufactured products, services, supplies or equipment and meet our standards and specifications for quality and uniformity;
2. Production and delivery capabilities and ability to meet supply commitments;
3. Integrity of ownership (to assure that its association with us would not be inconsistent with our image or damage our goodwill);
4. Financial stability; and
5. The negotiation of a mutually satisfactory license to protect our intellectual property.

You will be notified in writing, within 10 business days after our receipt of your notice and all required information, of our approval or disapproval of your proposed supplier. You will also be notified in writing if we revoke the approval of a supplier. Suppliers must maintain our standards in accordance with written

specifications and any modifications. Failure to correct a deviation from the Another Broken Egg System’s specifications will result in the termination of status as an approved supplier.

**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.**

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 1.B, 5.A and Exhibit B of Franchise Agreement. Sections 4 and 5 of the Development Agreement.	Items 6 and 11
b. Pre-opening purchases/leases	Section 5 of Franchise Agreement.	Items 7, 8, and 11
c. Site development and other pre-opening requirements	Sections 1.B, 3.A, 5.A, 5.B, 5.C, 5.J and 5.P, and Exhibit B of Franchise Agreement.	Items 6, 7 and 11
d. Initial and ongoing training	Sections 3.A, 3.B, 5.B and 5.E of Franchise Agreement.	Items 6, 7, and 11
e. Opening	Sections 1.B, 5.A and Exhibit B of Franchise Agreement.	Items 6, 7, and 11
f. Fees	Section 4 of Franchise Agreement. Section 3 and 4.D of Development Agreement.	Items 5, 6, and 7
g. Compliance with standards and policies/operating manual	Sections 5.C, 5.L and 7 of Franchise Agreement.	Items 7, 8, and 11
h. Trademarks and proprietary information	Sections 5.T and 6 of Franchise Agreement. Section 10 of Development Agreement.	Items 13 and 14
i. Restrictions on products/services offered	Section 5.D of Franchise Agreement.	Items 8 and 16
j. Warranty and customer service requirements	Sections 5.C and 5.F of Franchise Agreement.	Item 11
k. Territorial development and sales quotas	Section 1.B of Franchise Agreement. Sections 4 and 5 of Development Agreement.	Item 12
l. Ongoing product/service purchases	Section 5.D and 5.L of Franchise Agreement.	Item 8
m. Maintenance, appearance and remodeling requirements	Section 5. I of Franchise Agreement.	Item 11
n. Insurance	Sections 5.P and 10 of Franchise Agreement.	Item 7
o. Advertising	Sections 3.A, 4.A, 5.Q and 9 of Franchise Agreement.	Items 6, 7, 8 and 11
p. Indemnification	Section 17 of Franchise Agreement. Section 11(B) of Development Agreement.	Item 6
q. Owner’s participation/management/staffing	Section 5.C, 5.Q, 5.U and 14.A of Franchise Agreement.	Items 11 and 15
r. Records and reports	Sections 5.O of Franchise Agreement.	Item 6
s. Inspections and audits	Sections 3.B(1), 5.M and 5.O of Franchise Agreement.	Item 6

Obligation	Section in Agreement	Disclosure Document Item
t. Transfer	Section 11 of Franchise Agreement. Section 7 of Development Agreement.	Items 6 and 17
u. Renewal	Section 2 of Franchise Agreement.	Items 6 and 17
v. Post-termination obligations	Section 13 and 14.B of Franchise Agreement.	Item 17
w. Non-competition covenants	Section 14.B of Franchise Agreement. Section 9.B of Development Agreement.	Item 17
x. Dispute resolution	Sections 25 of Franchise Agreement. Section 20 of Development Agreement.	Item 17
y. Other – Guarantee of franchisee obligations (see Note 1)	Section 5.S and Exhibit A of Franchise Agreement.	Item 22

NOTES:

1. In our sole discretion, the Operating Partner and/or one or more of the other holders of beneficial interests in the securities of Franchisee, or of an entity holding beneficial interests in the securities of Franchisee, shall sign a Guaranty Agreement guaranteeing Franchisee’s performance under the Franchise Agreement.

**ITEM 10.  
FINANCING**

Neither we, nor any of our affiliates, either directly or indirectly, offer any financing arrangements. We do not guarantee your note, lease or obligation.

**ITEM 11.  
FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING**

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

**Pre-Opening Assistance**

Before you open your franchised Cafe, we will provide you with the following assistance:

1. Provide general site selection guidelines and consultation (Section 3.A.1 of the Franchise Agreement). We must accept your site for the Cafe but are not required to locate the site or negotiate your lease. You must give us a complete site evaluation questionnaire, a description of the proposed site, a letter of intent or other evidence that satisfactorily confirms to us that you have a favorable chance of obtaining the proposed site, and any other information we may reasonably require, all as set forth in the Franchise Agreement and Development Agreement. We must accept or reject any site you select within 30 days after we receive such information and materials. If a site is not accepted by us, you may not proceed to develop it as a Cafe.

2. Assist you in developing standard floor plans, construction plans for the interior and exterior design and the layout of signs and equipment of the Cafe, which you will need to adapt for your site (Section 3.A.2 of the Franchise Agreement).

3. Furnish general advertising materials, ideas and suggestions for the Grand Opening Advertising Campaign (Section 3.A.3 of the Franchise Agreement).

4. Provide the initial training programs as described below (Section 3.A.4 of the Franchise Agreement).

5. Provide to you one copy of the Manual, which includes the documents titled the 'Cafe Operations Manual' and the 'Local Store Marketing and Advertising Manual', and all other written, electronic, video, and audio recorded policies, procedures, techniques, memos, bulletins, newsletter, forms, guidelines, and other materials prepared by us in connection with the System or to assist you in the operation of your Cafe (Section 3.A.5 of the Franchise Agreement). The Manual is confidential and remains our property. The Manual contains the standards, specifications, operating procedures and techniques of the System. In the Manual, we will furnish you with names of our approved suppliers and/or written specifications for items including the Cafe equipment, design, signs, furnishing, fixtures, raw materials and supplies. We do not directly provide these items to you, nor do we deliver and install any of these items. We may modify the Manual from time to time, but these modifications will not alter your status and rights under the Franchise Agreement.

### **Site Selection**

Except as otherwise agreed by you and us, you will be required to submit your proposed site to us within 180 days after signing the Franchise Agreement. If you fail to submit the proposed site within such 180 day period or such other period agreed on by you and us, we have the right to terminate the Franchise Agreement and you will forfeit the initial franchise fee. Concurrently with our approval of the site, we will execute with you the Site Selection Addendum (Attachment D to the Franchise Agreement). The methods and factors we use to evaluate the location of your Cafe and others are based, in part, on the population of your targeted market within a given geographic area, site demographics, market demand for the products and services to be offered by a franchised business, national and local industry trends, the presence of competitors in the geographic area, sales volume in the area, consumer shopping patterns, experience of the owners, density of the market area, traffic flow and access. The length of time between the signing of a Franchise Agreement and opening the Cafe may vary from immediate, if you purchase an existing and operating Cafe, to never opening a Cafe, which could happen if you do not find a satisfactory site, do not complete our training, do not obtain a lease or do not obtain financing. The typical, though not average, length of time is 10 to 14 months from the time you sign the Franchise Agreement. Factors affecting this length of time include site selection, the ability to obtain a lease, financing arrangements, completing construction, obtaining licenses and permits, delivery and installation of equipment, hiring of staff and/or changes in personal circumstances. Except as otherwise agreed by you and us, you are required to open your Cafe within 18 months from the date you sign the Franchise Agreement.

You must use our in-house design professional for preliminary design services and the schematic and interior design package for your Cafe. You or your landlord must employ a qualified licensed general contractor to construct the Cafe and complete all improvements and employ a qualified architect, engineer or other licensed and professionally qualified individual to modify plans to conform with local legal requirements and specifications. In some instances, we may, but have no obligation to, recommend an architect and/or contractor to you. If this Agreement is for your first Cafe location or if in any previous franchise agreement executed between you or any of your affiliates and us, you and any of your affiliates have not met your obligations regarding the build out of any previous Cafe, we reserve the right to require you to retain the services of a company specialized in assisting restaurant operators during the construction process to assist you in submitting, processing, monitoring and obtaining in a timely manner all necessary construction documents, licenses and permits and to advise you throughout the construction of your Cafe. If you fail to meet any of the foregoing timelines for finding an Accepted Location or opening the Cafe, we may elect to terminate the Franchise Agreement or Development Agreement.

For any future Cafe developed under a Development Agreement, we will evaluate and approve the location for the Cafe based on our then-current site selection standards.

Neither we nor any of our affiliates typically own the premises where a franchised Cafe is located.

### **Post-Opening Assistance**

During the operation of your franchised Cafe, we will provide you with the following assistance:

1. Maintain high standards of quality, appearance, professionalism, and service in connection with the Another Broken Egg System, in both our conduct and in the conduct of all our franchisees. In an effort to accomplish these goals, we and/or our representative may conduct inspections and evaluations of the Cafe. Our visits may be announced or unannounced (Section 3.B.1 of the Franchise Agreement);
2. Maintain the National Advertising Fund (Section 9 of the Franchise Agreement) as described below;
3. We may conduct periodic training programs for our network of franchisees and approved General Managers to reflect further developments and changes in procedures, methods and operations. We will pay for materials and you must pay for all of your other expenses for all mandatory training. We may also offer additional optional training, for which you must pay for the training and all of your other expenses (Section 3.B.2 of the Franchise Agreement); and
4. We do not have any obligation to assist you in establishing prices, such as setting minimum or maximum prices at which you must sell products and services.

### **Grand Opening Advertising**

During the period from 30 days before to 60 days after the opening of the Cafe, the marketing team will arrange a Grand Opening promotion, which may include direct mail activations, public relations programs, distribution of advertising novelties, specialty items, food and drinks, local print advertising and related campaigns. You are obligated to spend a minimum of \$15,000 for your Grand Opening promotion although we may recommend that you spend more. We will collect the funds upon the signing of the Franchise Agreement. Approximately 60 days before your opening, our marketing team will develop a Grand Opening marketing plan utilizing these funds and you will have the opportunity for input and revisions up to the start of the campaigns, which will begin about 30 days prior to opening. Once approved, the marketing team will activate the plan on your behalf and we will pay any invoices directly submitted by you for approved vendors from your Grand Opening funds. Following the depletion of the funds, you will pay any outstanding amounts owed to vendors for the Grand Opening directly. If the Franchise Agreement is terminated because the Cafe is not opened within the deadline provided in the Franchise Agreement, then any unused funds held by us will be returned to you.

### **National Advertising Fund**

You must pay fees to us that are contributed to the advertising fund (the “National Advertising Fund”). The National Advertising Fund may provide advertising disseminated in various forms of print and electronic media, for example through radio, cable television, direct mail, billboards, the Internet and advertising at sporting or other events. The coverage of the media may be local, regional or national. We manage the preparation of advertisements, promotional materials and publicity in-house, but may use a regional or national advertising agency to produce materials.

Under our Franchise Agreement, we currently collect an advertising fund fee of 1.75% of Gross Sales (the “Advertising Fund Fee”). Upon 90 days’ prior written notice to you, we may increase the required Advertising Fund Fee percentage by up to 0.25% per calendar year, provided that the required contribution

will not exceed 3% of Gross Sales. Most franchisees with franchise agreements signed before November 2016 pay Advertising Fund Fees based on lower percentages of Gross Sales (generally 0.5%). Any corporate Cafes opened following the date of this disclosure document will be required to contribute 1.75% of Gross Sales to the National Advertising Fund.

We maintain the National Advertising Fund and direct all advertising, promotional and marketing programs with sole discretion over the concepts, materials and media used. The fund is not a trust or escrow account, and we have no fiduciary obligation to franchisees arising from the fund, although we will spend amounts in the fund in a manner that we determine is in the general best interests of the System. The Advertising Fund Fees that we collect are intended to maximize general public recognition and acceptance of the Proprietary Marks and the overall brand awareness of the “Another Broken Egg Cafe” name for the benefit of the System. In administering the National Advertising Fund, we are not obligated to ensure that you or any particular franchisee benefits directly or on a prorated basis from expenditures by the National Advertising Fund. We are not required to spend any amount on advertising, promotion or marketing in your area. We have not used any Advertising Fund Fees primarily to advertise the sale of new franchises, except for some incidental uses such as promoting franchise sales on our [www.anotherbrokenegg.com](http://www.anotherbrokenegg.com) website.

If all of the Advertising Fund Fees are not spent in the fiscal year in which they accrue, they remain in the National Advertising Fund for use in following years. Other than reimbursement for reasonable costs and overhead incurred to administer the National Advertising Fund, neither we nor any of our affiliates receive any payment for providing services or products to the National Advertising Fund. We are not required to audit the National Advertising Fund or maintain a separate bank account for the National Advertising Fund, but we currently maintain a separate bank account for the National Advertising Fund. We reserve the right to terminate the National Advertising Fund at any time, but we will not do so until all monies in the National Advertising Fund have been spent for the purposes described in our franchise agreements. We will prepare annually a statement of monies collected and costs incurred by the National Advertising Fund and furnish you a copy of the statement on your reasonable written request. This statement need not be audited.

During our last fiscal year ending December 29, 2024, our National Advertising Fund expenditures were 0.0% primarily for advertising the sale of new franchises, 28.1% for promotional advertising, 10.8% for creative design, 0.0% for Donations, 0.0% for new market development and brand awareness, 16.4% for marketing agencies, and 44.7% for marketing staff.

We have a Franchise Advisory Council (“FAC”) made up of franchisees either appointed by us or elected by the franchisee community. The FAC serves in an advisory capacity only, and provides input on advertising, promotional and marketing programs and policies. We have the power to form, dissolve or change the FAC at any time.

### **Regional Advertising**

If we establish a regional marketing fund (the “Regional Marketing Fund”) for the region in which the Cafe is located, you will pay to us for deposit in the Regional Marketing Fund a “Regional Marketing Fee.” We will determine the amount of the Regional Marketing Fee and reserve the right to increase such fee during the term of the Franchise Agreement and upon 60 days’ prior written notice to you, to an amount not exceeding 1.5% of your monthly Gross Sales. Any contributions to a Regional Marketing Fund will be credited toward your Local Store Marketing requirement described below.

### **Local Store Marketing**

You must spend 1.25% of your Gross Sales for local store marketing (“LSM”). You must provide to us documentation showing that you have made your LSM expenditures. You may only use outside advertising

or creative agencies on our prior written approval. You may not use your own local store marketing materials, unless we approve them, in writing and in advance of their dissemination. Any corporate Cafes opened following the date of this disclosure document will be required to contribute 1.25% to local store marketing.

### **Websites, Facebook, Twitter and Other Social Media Outlets**

Websites are considered as advertising under the Franchise Agreement and may not be established or used by you without our prior written consent. Presently, you may not operate your own Internet website for your Cafe. We operate a website for the Another Broken Egg Cafe franchise operation (the “ABEA Website”) and create a location page for each Cafe. We reserve the right, in our sole discretion, to determine the content of the ABEA Website and to discontinue the ABEA Website and require each franchisee to establish its own website. In addition to any other applicable requirements, you must comply with any standards and specifications we develop that are applicable to websites as set forth in the Manual or otherwise in writing. We reserve the right, at any time, to charge you a fee for developing and hosting the ABEA Website. In addition to the foregoing, you may not use or permit any third party to use any of the Proprietary Marks in connection with any Internet website or social media campaign and/or as part of any Internet domain name or electronic mail, social media or home page address, unless such use is expressly approved by us in writing.

You are also prohibited from promoting your Cafe or using the Proprietary Marks in any manner on any social and/or networking websites, such as Facebook, LinkedIn, Instagram and Twitter, unless such use is expressly approved by us in writing.

### **Advertising Cooperatives**

At this time, we have no advertising cooperatives, although we may in the future establish such cooperatives and require you to participate in them.

### **Computer and Point of Sale Systems**

To promote uniformity and quality in your operations and the services you render, we may require you to use certain designated computer components. We will require you to obtain and use a specified point of sale (“POS”) system and/or other computer systems (“POS/Computer System(s)”) that have been approved by us and which meet our specifications. We may modify the required POS/Computer Systems and other specifications from time to time. Our current POS is the Revel point of sale system. You must purchase all necessary POS/Computer System hardware and software components from our approved vendor or vendors designated by our approved vendor. These components may include, among others, a computer, iPads, operating software, monitor, printer, keyboard, modem, cash drawer, credit card readers, and back-up system. Although not currently required, we may in the future require that you subscribe to our approved and/or preferred vendor’s Software as Service contracts and/or annual maintenance and update contract. The POS/Computer System is used to record sales, accept payments and track inventory (additional module cost), among other functions related to the operation of the Cafe. While currently optional, in the future you may also be required to purchase, install, and use a “Back Office” system, currently RADAR, or another similar product designated in the future, to collect sales data, handle reporting, inventory management and labor management. We expect that the POS/Computer System hardware and implementation will cost \$25,000.

In addition to the POS, you will also be required to purchase at least one hardware set, which consists of an iPad, case and docking station. The estimated cost to purchase this hardware set is \$1,000. You will also be required to purchase one iPad, one iPad mini and one locking mount for the waitlist system. The estimated cost of the hardware is \$800 and the annual software license fee for the system is currently \$600. You also must participate in the integrated online ordering solution we designate and acquire the required equipment and software only from our designated supplier. The estimated costs for franchisees to participate in the online

ordering program currently include a onetime activation fee of \$250 and a onetime POS integration fee of \$60 as well as a monthly fee which ranges from \$300 to \$400 depending on which package you choose. Additionally, you must pay an annual software license fee of \$700, plus an additional \$300 for the one-time setup of the online learning and training platform.

The Franchise Agreement permits us to receive, via downloading, information from your POS/Computer System. The POS/Computer System allows us to have independent access to and freely retrieve the information and data generated and stored in your POS/Computer System, including, but not limited to, daily sales, menu mix and other data. This access will also permit electronic communication of information concerning the Another Broken Egg System and the Cafe including access to any intranet site. There is no contractual limitation on our right to access this information. You must use our designated POS and other software, which allows us to have access to revenue reporting and analytics. We may also require your compliance with our POS menu design including all discount and promotional items. We may also require that you comply with other best practices for the protection of the brand's proprietary information and the confidential information of our customers for proper functionality of the Revel POS System you are required to have secure WIFI and enhanced security protocols must be in place if you offer customers WIFI on the same network. You are not required to offer customers WIFI.

You will be required to maintain the following POS Network Software updates: Computer Operating System Updates, Anti-Virus, Malware and any network device firmware. To process credit cards through the POS System, you must be certified PCI Compliant. To be certified compliant, you must have a properly installed firewall from our designated provider that contains a cellular backup to continue POS transactions through an internet outage. A static IP address must be purchased through your ISP and configured onto the firewall. You must submit a Passing PCI Vulnerability Assessment Scan report along with a copy of the Self-Assessment Questionnaire before opening and once each following year. ABEA reserves the right to terminate your Franchise Agreement and/or suspend credit card processing at any Cafe which does not comply with the current PCI compliance requirements. We estimate that the cost to obtain and maintain your PCI Compliant certification will be a \$900 to \$1,500 set-up charge and annual fees from \$1,380 - \$2,000. These standards as defined by the PCI Security Standards Council can be found at the following web address: [https://www.pcisecuritystandards.org/security\\_standards/pci\\_dss.shtml](https://www.pcisecuritystandards.org/security_standards/pci_dss.shtml). ABEA recommends consulting a local IT professional with a full understanding of the PCI DSS and Networking configuration to advise you on specific setup and maintenance requirements. We require that you use an approved P2P solution (Revel Advantage) for credit card processing.

In connection with your PCI compliance requirements, you must purchase, install and use Cisco Meraki Firewall. The Cisco Meraki Firewall controls network traffic and collects traffic logs. You must also purchase, install and use Cisco Wireless Access Points for purposes of WIFI connectivity and facilitating your communications technology stack. We estimate the cost of purchasing, installing and implementing the Cisco Meraki Firewall, Wireless Access Points, and Cisco Managed Switch with licensing will cost approximately \$10,000.

There is no contractual limitation on the frequency and cost of maintaining the POS/Computer System or our right to change the requirements or vendors. You are required to install and subscribe to high speed internet service from your local provider for data transfer. We have no contractual or other obligation to assist you with maintenance, repairs, updates, or upgrades to the POS/Computer System, and all maintenance, repairs, updates, or upgrades are your responsibility.

## **Training**

At least 30 days before the opening of the Cafe, the Required Trainees must attend and complete, to our satisfaction, our initial Cafe operations training (the “Operations Training”). The current Operations Training activities and schedule are described below.

### **TRAINING PROGRAM**

<b>SUBJECT</b>	<b>HOURS OF CLASSROOM TRAINING</b>	<b>HOURS OF ON-THE-JOB TRAINING</b>	<b>LOCATION</b>
Orientation	5	0	Certified Training Cafe
Initial Management Training	90	180	Certified Training Cafe
EGG U (optional)	16	0	Cafe Support Center in Orlando, Florida
Pre-Opening Training	14	36	Your Cafe
<b>TOTAL</b>	<b>125</b>	<b>216</b>	N/A

**Management Training:** You and your Required Trainees must attend and complete, to our satisfaction, the Management Training before you open a Cafe or acquire an existing Cafe. Management Training is mandatory for all Required Trainees and conducted in a Certified Training Cafe. You must attend the program after you complete site selection and the program must be completed at least 30 days before your scheduled opening date. Management Training is a minimum of 4 to 6 weeks, depending on whether the trainee is an internal promotion or an external hire, averaging 9-10 hours per day plus additional homework assignments. Instructional materials will include written training modules and online training modules. You must provide an iPad prior to training to be programmed for your training. You must attend and complete a ServSafe or similar food safety certification course. You may attend and complete any ServSafe course provided by a reputable third-party supplier in your local area. Management Training is scheduled as needed based on the projected opening date of the Cafe.

**Egg University:** You may attend a 2-day training course at our Cafe Support Center in Florida that will consist of classroom instruction and training with each department of the Support Center. This course is held approximately every other year, alternating with our annual conference.

**Pre-Opening Training:** After you and your management staff have successfully completed the Management Training, we will send 1 ABEA Lead Trainer, at no cost to you, for on-site training and assistance when you open your Cafe. For your Initial Cafes, the initial franchise fee includes the cost of providing the on-site training at the Initial Cafes from our Opening Team. For your Subsequent Cafes (4<sup>th</sup> and beyond), if we require, or you elect, to receive the on-site training from our Opening Team, you must pay us the then-current training fee, which is currently the higher of (1) \$3,000 per person, or (2) our actual costs to provide you on-site training from our Opening Team for all of your Required Trainees to attend the same session. We reserve the right to charge you a reasonable training fee (currently \$3,000 per person) if we permit you to bring additional trainees, other than the Required Trainees, to the on-site training, or if your Required Trainees are trained in separate sessions. You must also reimburse us for the travel expenses and wages for the Opening Team. Depending on our assessment of your specific needs, the Opening Team is expected to include a minimum of 5 trainers. The length of time the trainers are on site may vary, but it is expected that Pre-Opening Training will last for 9 days before opening. Furthermore, a minimum of 2 trainers will remain for up to the first 5 days of business (opening day, plus 4 additional days).

On-site training and assistance includes additional kitchen training, purchasing and inventory management, product promotion and merchandising, bookkeeping and reporting management, analysis of sales and product mix and other matters necessary to the opening and operation of the Cafe. This training is designed and intended to provide an operational framework for you to operate, and does not provide any guidance or training on employee relations issues, including without limitation, hiring or termination practices, training, wages, working conditions or hours. You have full responsibility, direct and indirect, for your employees, including without limitation, as to policies, wage, hours and working conditions. Pre-Opening Training is scheduled as needed based on the projected opening date of the Cafe. If we determine (in our sole judgement) when signing the Franchise Agreement, based on operations at your (or your affiliate's) other Cafes, that you are capable of training your own staff before your Cafe opens, then (1) you need not pay us the training fee or Opening Team expenses, (2) we will not provide the Opening Team for your Cafe, and (3) you must provide opening training to your Cafe staff according to our requirements. Upon your request and depending on availability, we will provide supplemental trainers for a fee in the amount of \$3,000 per trainer or the amount of the wages and travel expenses for the supplemental trainer, whichever is higher. We will send a Lead Trainer, at our expense, to every Cafe opening to provide materials and assistance and to ensure our requirements are met. In the event that we only send the Lead Trainer to a Cafe opening, it is expected that the Lead Trainer will arrive 9 days before opening and remain for up to the first 3 days of business (opening day, plus 2 additional days).

If a replacement is required for the Required Trainees, such person shall attend and successfully complete Management Training prior to assumption of the person's responsibilities. We will be responsible for the instruction and materials only for the Management Training (for up to a maximum of 4 people) and you and your employees will be responsible for all meals, travel, lodging and other expenses incurred in attending the training program. If all of the Required Trainees are not trained simultaneously with you or you hire a new Required Trainee, then we may charge a training fee for such person of not less than \$3,000 (Section 3.A.4. of the Franchise Agreement).

You and your employees (including any person subsequently acting as the manager of the Cafe) must attend and successfully complete, to our reasonable satisfaction, such additional training programs as we may require from time to time and that is scheduled as needed. We will only provide and pay for instruction and training materials in connection with such mandatory additional training and you will be responsible for all meals, travel, lodging and other expenses incurred by you and your employees in attending the training program. We may also offer optional additional training for which you will be responsible for a training fee for each person attending the training and all costs and expenses for you and your attendees.

Training is supervised by our Vice President of Franchise Operations & Training, Chris Sutton. Mr. Sutton has been with us since April 2019. He has over 16 years of restaurant training experience. All instructors will have at least 1 year of experience in the subject matter they teach.

Any training provided by us to any of your employees will be limited to training or guiding the employees regarding the delivery of approved services to customers in a manner that reflects the customer service standards of the System. You are, and will remain, the sole employer of your employees during all training programs, and you are solely responsible for all employment decisions and actions related to your employees. You must ensure that your employees receive adequate training.

### **Manual**

You must promptly comply with the Manual, which describes our comprehensive operating system, including a standardized design, décor, equipment system, color scheme, style of signage, uniform standards, specifications and procedures of operation, quality and uniformity of product and services offered. The provisions of the Manual are reasonable, necessary and essential to the image and success of all ABEA Cafes.

The Manual contains our mandatory operating standards as well as suggested “best practices”, specifications and procedures for the operation of a Cafe. Changes in the standards, specifications and procedures may become necessary, and you must comply with these modifications, revisions and additions to the Manual. Information and updates disseminated to franchisees via our Office365 technology are also considered to be part of our Manual, along with all other written, electronic, video, and audio recorded policies, procedures, techniques, memos, bulletins, newsletter, forms, guidelines, and other materials prepared by us in connection with the System or to assist you in the operation of your Cafe.

The Manual’s table of contents, as of the date of this disclosure document, is attached to this disclosure document as Exhibit I. Each section of the Manual will be provided as a separate electronic page, or series of pages, that may vary in size and number depending on the settings you select on your computer. As such, the total page numbers are estimated to be 29.

## **ITEM 12.** **TERRITORY**

### **Franchise Agreement**

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

Under the Franchise Agreement, you receive the right to operate one Cafe within a Designated Trade Area that consists of a designated mile radius around your Accepted Location. The radius of the Designated Trade Area will generally be between one and three miles, but in some instances, it may be a smaller radius or another delineation. As long as you comply with the terms of the Franchise Agreement and all other agreements with us or our affiliates, we will not establish or authorize anyone else to establish another Cafe under the Another Broken Egg System in your Designated Trade Area during the term of your Franchise Agreement. If you fail to comply with the Franchise Agreement or any other agreement, we may, in addition to other remedies, elect to terminate your rights in the Designated Trade Area. Without compensation to you, we, on behalf of ourselves and our affiliates, designees and assignees, reserve each of the following rights:

1. to establish and operate, and to grant to others the right to establish and operate, a Cafe at locations anywhere outside the Designated Trade Area, including locations near the Designated Trade Area’s boundaries;
2. to offer and sell products and services in or outside the Designated Trade Area that are the same as the products and services offered by Cafes, or different products and services, using different trademarks;
3. to establish and operate, and to grant others the right to establish and operate, Cafes that are located within non-traditional venues in or outside the Designated Trade Area, including convention centers, airports, hotels, sports facilities, theme parks, hospitals, transportation facilities, venues in which master concessionaires provide foodservice, and similar captive market locations;
4. to sell any products or services, using the Proprietary Marks or different trademarks, through alternative channels of distribution, such as grocery stores, convenience stores, mobile vans or trucks and the Internet, in or outside the Designated Trade Area;
5. to acquire and continue to operate, directly or indirectly, any business operating under different trademarks in or outside the Designated Trade Area;

6. to acquire and retain, directly or indirectly, the rights and obligations of any franchisor or licensor of any business operating under different trademarks in or outside the Designated Trade Area;

7. to establish and promote other franchise systems involving different products or services using different trademarks, and to establish company-owned or franchised outlets for those systems, in or outside the Designated Trade Area;

8. to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by any other person, including a competing business, even if such person operates, franchises and/or licenses businesses in the Designated Trade Area; and

9. to engage in other activities not expressly prohibited by the Franchise Agreement.

You may only operate the Cafe at the Accepted Location and may not relocate the Cafe without our express prior written consent. We will not approve any location or relocation that infringes the Designated Trade Area of any other franchisee.

You are not permitted to offer or sell goods or services through other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, or solicit and/or make sales outside of the Designated Trade Area without obtaining our prior written approval.

### **Development Agreement**

If you enter into a Development Agreement, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You will receive a Development Area set forth in Exhibit B of the Development Agreement. The size of your Development Area is negotiated and varies by population, business counts and types, general demographics, geographic boundaries, national and local industry trends, market demand for our products and services, consumer shopping patterns, sales volume, traffic flow and access, the number of Cafes you agree to develop and other similar criteria. So long as you are in compliance with the Development Agreement and with any Franchise Agreements or other agreements with us or our affiliates, we will not establish or authorize anyone else to establish any Traditional Cafes under the Another Broken Egg System within your Development Area until after you commence operation of the final Cafe to be developed under the Development Agreement. Notwithstanding the expiration of your development rights in the Development Area, once you have opened a Cafe under the Development Agreement, it will have the protection of the Designated Trade Area defined in its Franchise Agreement. Without compensation to you, we, on behalf of ourselves and our affiliates, designees and assignees, reserve the following rights:

1. to establish and operate, and to grant to others the right to establish and operate, Cafes at locations anywhere outside the Development Area, including locations near the Development Area's boundaries;

2. in or outside the Development Area, to offer and sell products and services that are the same as the products and services offered by Cafes, or different products and services, using different trademarks;

3. in or outside the Development Area, to establish and operate, and to grant others the right to establish and operate, Cafes that are located within non-traditional venues, such as shopping malls, food courts, kiosks, airports, hotels, sports facilities, stadiums, theme parks, hospitals, convention centers, military bases, public transportation facilities, toll road plazas, interstate rest

stops/crossovers/overpasses, colleges/universities, government buildings, recreational theme parks, and venues in which master concessionaires provide foodservice, and similar captive market locations (“Non-Traditional Venues”);

4. in or outside the Development Area, to sell any products or services, using the Proprietary Marks or different trademarks, through alternative channels of distribution, such as grocery stores, convenience stores, mobile vans or trucks and e-commerce/world wide web/internet solicitations and offerings;

5. to acquire and continue to operate, directly or indirectly, any business operating under different trademarks in or outside the Development Area;

6. to acquire and retain, directly or indirectly, the rights and obligations of any franchisor or licensor of any business operating under different trademarks in or outside the Development Area;

7. in or outside the Development Area, to establish and promote other franchise systems involving different products or services using different trademarks, and to establish company-owned or franchised outlets for those systems;

8. to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by any other person, including a competing business, even if such person operates, franchises and/or licenses businesses in close proximity to the Development Area; and/or

9. to engage in other activities not expressly prohibited by the Development Agreement.

You may lose all rights to your Development Area if you fail to comply with the Development Agreement, including the terms of the Development Schedule set forth in Exhibit C to the Development Agreement, or fail to comply with any Franchise Agreement or other agreement between you and us or any of our affiliates. In such case, we may terminate the Development Agreement or reduce the Development Area.

For any future Cafe developed under a Development Agreement, we will approve a Designated Trade Area for the Cafe based on our then-current Designated Trade Area standards.

Except as provided by any Development Agreement you may have, you do not receive any right to buy or open additional franchises at any location. We determine when, where and whether to grant you additional franchises in our sole discretion.

We have not established and do not presently intend to establish a competing franchise system offering similar products and services under a different trade name or trademark, but we reserve the right to do so in the future without obtaining your consent.

### **ITEM 13.** **TRADEMARKS**

ABEA-FL is the owner of the following federally registered trademarks and service marks, which are registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”), and which are some of the Proprietary Marks:

Mark	Registration Date	Registration Number
BROKEN EGG	April 10, 1979	1116493
ANOTHER BROKEN EGG CAFE	April 19, 2016	4939062
	February 23, 2016	4903741
	January 10, 2023	6949876

ABEA-FL has filed all of the required affidavits of use required to maintain each of the above registrations. The registration for BROKEN EGG (Reg. No. 1,116,493) was most recently renewed in 2019, and the registrations for ANOTHER BROKEN EGG CAFE (Reg. No. 4,939,062) and the older medallion design mark (Reg. No. 4,903,741) were renewed in 2022. The listed registration for the other medallion design mark (Reg. No. 6,949,876) has not been registered long enough to require the filing of any affidavits of use or renewal applications.

ABEA-FL has granted us an exclusive license to use and sublicense the use of the Proprietary Marks in the United States. The term of the license is perpetual unless terminated in accordance with the provisions of the license agreement. The license agreement can be terminated by ABEA-FL if, after a 6-month cure period, we fail to correct the unauthorized use by ourselves or any sub-licensees of the Proprietary Marks; or we become insolvent; or we challenge the validity or ownership of the Proprietary Marks. We pay ABEA-FL an annual license fee under the terms of the license agreement. If the license is terminated for any reason, you will still have the right to continue to use the Proprietary Marks during the term of your franchise.

ABEA-FL has an agreement with Broken Egg Enterprises, Inc., the prior owner of the “Broken Egg” trademark, under which it is permitted the exclusive right to use and display the “Broken Egg” tradename and trademark in the state of California and a non-exclusive right to use and display the “Broken Egg” tradename and trademark on the Internet. The agreement is in effect until it is mutually terminated by the parties or ABEA-FL terminates it based on Broken Egg Enterprises, Inc. failing to meet ABEA-FL’s quality standards and failing to cure such deficiency. The agreement may only be modified by mutual agreement in writing. Broken Egg Enterprises, Inc. is not authorized to use the mark “Another Broken Egg Cafe,” and the agreement does not limit our right to use or license the use of that mark to you. Unless you operate in California, the agreement does not affect you except to the extent that you may encounter references to the “Broken Egg” tradename and trademark in California or on the Internet that are unrelated to the Another Broken Egg System. There are no other agreements currently in effect that limit our right to use or license the use of the Proprietary Marks in any manner material to you.

Other than the above, there are no agreements currently in effect that significantly limit our rights to use or to license the use by franchisees of the Proprietary Marks in any manner that is material to your Cafe.

There is no presently effective material determination of the USPTO, the Trademark Trial and Appeal Board, or the trademark administrator of any state, or any court, and no pending opposition, cancellation or infringement proceeding or any pending material litigation involving the principal trademarks and service marks.

If there are any claims of infringement or unfair competition, or challenge to, your use of any name, mark or symbol that we authorize or require you to use, you must immediately notify us, and we may, but are not required to, take appropriate action to preserve and protect the ownership, identity and validity of the Proprietary Marks. You must cooperate in defending or settling such matter. If we do not take action, then you must protect yourself at your expense. If we modify or discontinue a Proprietary Mark or use additional or substitute names or marks, you must pay the costs (such as replacing signs and materials) associated with such a change.

You may not contest, directly or indirectly, ABEA-FL's or our ownership, title, right or interest in the Proprietary Marks, names, trade secrets, methods, procedures and advertising techniques which are part of the Another Broken Egg System, nor contest ABEA-FL's or our right to register, use or license others to use those Proprietary Marks, names, trade secrets, methods, procedures or techniques.

BYC, Inc. filed a federal trademark application for 'THE ORIGINAL BROKEN YOLK CAFE "WE'VE GOT HUEVOS!" (for cafe and restaurant services) citing a first use date of 1979 and a first use in commerce date of 2006. The mark registered on April 8, 2008. BYC, Inc. filed for BROKEN YOLK CAFE on September 25, 2008 for cafe/restaurant services. It registered on May 5, 2009. BYC, Inc. filed for BROKEN YOLK on July 28, 2011 for coffee mugs/mugs/shot glasses restaurant services, hats, tank tops, etc. That mark registered on March 13, 2012. There are at least 20 Broken Yolk locations, primarily located in Southern California although there are three other locations in Mesa, Arizona, Carrollwood (Tampa, Dale Mabry Blvd), Florida, and Plainfield, Illinois.

It is possible that the BROKEN EGG mark previously registered in 1979 was abandoned by Broken Egg Enterprises, Inc. at some point which would have allowed a third party to start using the mark during the abandonment and acquire rights in its geographic area that would have priority, although we are not aware of such use. Other than the third-party uses of "Broken Egg" or variations thereof that are noted in this Franchise Disclosure Document, including those that may claim priority in their geographic area if Broken Egg Enterprises were in fact determined to have abandoned its use of the mark, we are not aware of any third parties that could claim superior prior rights that could materially affect your use of the Proprietary Marks. We are aware of other users of the name "Broken Egg," or a variation thereof, in Michigan, Idaho, and West Virginia but, to our knowledge, none of those parties owns any rights in the mark superior to ours.

We do not know of any infringing uses of the Proprietary Marks that could materially affect your use of the Proprietary Marks.

#### **ITEM 14.** **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

No patents are material to the franchised business.

Our Manual, operational materials, and other proprietary materials specifically created by us in connection with the Another Broken Egg System, including the proprietary advertisements, printed materials and forms are and will be protected under the U.S. Copyright Act, whether or not registrations are obtained. One copy of the Manual will be loaned to you (either physically or by electronic access) by us for the term of the Franchise Agreement. You must use the Manual and other copyrighted materials in a manner consistent

with ABEA-FL's and our ownership rights and solely for the promotion of your franchised Cafe and must treat the Manual and the information contained therein as proprietary and confidential. The Manual remains ABEA-FL's and/or our sole property and if retained in paper copy, must be retained in a secure location on the Cafe premises. You also must promptly tell us when you learn about any unauthorized disclosure or use of ABEA-FL's and/or our copyrighted or proprietary information. We are not obligated to protect your rights to use ABEA-FL's and/or our copyrighted or proprietary materials.

We do not know of any infringing uses of ABEA-FL's or our copyrighted materials which materially affect your use of those materials.

There are no currently pending copyright applications relating to ABEA-FL's or our copyrighted materials. There are no effective determinations of the U.S. Copyright Office or any court, nor are there any pending infringements, opposition or cancellation proceedings or material litigation involving the copyrighted materials which are relevant to their use by you.

To the extent that ABEA-FL owns any copyrighted or proprietary materials relevant to the Another Broken Egg System, ABEA-FL has granted us a license to use and sublicense the use of the copyrighted and proprietary materials in the United States. The term of the license is perpetual unless terminated in accordance with the provisions of the license agreement. The license agreement can be terminated by ABEA-FL if, after a 6-month cure period, we fail to correct the unauthorized use by ourselves or any sub-licensees of the copyrighted and proprietary materials; or we become insolvent; or we challenge the validity or ownership of the copyrighted and proprietary materials. We pay ABEA-FL an annual license fee under the terms of the license agreement.

If the license is terminated for any reason, you will still have the right to continue to use the copyrighted and proprietary materials during the term of your franchise.

Other than the above, there are no agreements currently in effect that significantly limit our rights to use or to license the use by franchisees of the ABEA-FL's or our copyrighted or proprietary materials in any manner material to your Cafe.

**ITEM 15.**  
**OBLIGATION TO PARTICIPATE IN THE**  
**ACTUAL OPERATION OF THE FRANCHISED BUSINESS**

Your Cafe must be operated either by you or by a designated Operating Partner. We recommend that you personally supervise the operation of your Cafe. At least one beneficial owner of the ownership interests in you and any Operating Partner must attend and successfully complete our Operations Training. Either you or your Operating Partner must devote his or her full time and energy during business hours to the supervision and management of the Cafe. We believe that the success of the franchised Cafe will depend upon the personal and continued efforts, supervision and attention of this person.

The person directing and supervising the operation of the franchised business at the Cafe, any other person that received or will have access to our training and all holders of a beneficial interest in the franchisee and of all entities that hold more than a 20% beneficial interest in the ownership interests in you must sign the non-competition and non-disclosure agreements we require.

**ITEM 16.**  
**RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must offer and sell all products and services that we authorize in the Manual, menus or updates that we send to you. You must offer and sell only the products and services that we authorize in the Manual, menus or updates that we send to you. We reserve the right to change the menu items, products and services to be offered by you at the Cafe at any time and without limitation. If you want to sell unapproved products or services, you must request our approval in writing and send to us information on your proposed products. In addition, you may not use the premises of the Cafe for any purpose other than the operation of an Another Broken Egg Cafe. We do not limit the persons to whom you may provide products and services, except such as are imposed by the nature of the Another Broken Egg System itself, as described in the Franchise Agreement.

**ITEM 17.**  
**RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

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

**Franchise Agreement**

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 2.A	10 years from the opening of your Cafe to the public.
b. Renewal or extension	Section 2.B	If you are in good standing you may renew for two additional 10-year terms.
c. Requirement for franchisee to renew or extend	Section 2.B	For each renewal period, you must provide written notice not more than 180 days and not less than 90 days prior to the expiration of any initial or renewal term, not be in default, execute the current form of franchise agreement and a release, secure premises, complete modifications, comply with our then-current qualification and training requirements and pay a renewal fee. In addition, you must attain, during the last 12 months of the then-current term of the Franchise Agreement, Gross Sales of not less than 75% of the System average (including both company or affiliate owned and franchised outlets) over the same period, and receive an average score of at least 80% on audits and mystery clients/shoppers at your Cafe over the prior 3 year period, as permitted by state and/or local laws and regulations. The terms and conditions of the renewal franchise agreement may differ materially from those of your initial agreement.
d. Termination by franchisee	None	Franchisees may only terminate the Franchise Agreement under grounds permitted by applicable law.
e. Termination by franchisor without cause	None	Not applicable.
f. Termination by franchisor with cause	Section 12	We can only terminate if you default and fail to cure.

Provision	Section in Franchise Agreement	Summary
g. "Cause" defined – curable defaults	Section 12.B	We may terminate your Franchise Agreement if you default under your Franchise Agreement and do not cure the default within 5 days after notice from us, for non-payment of fees or other amounts due to us. We may also terminate your Franchise Agreement if you default under your Franchise Agreement and do not cure the default within 30 days after notice from us, for defaults such as: non-approval of advertising, failure to follow the Manuals, violation of government law or ordinance, and any other default not listed in Section 12.A. In this regard, we may terminate your Franchise Agreement if you or any of your affiliates default under any other development, franchise or other agreement with us, any entity associated with us or any approved supplier, or fail to pay your suppliers or vendors when due, and do not cure the default within 30 days after notice from us.
h. "Cause" defined – non-curable defaults	Section 12.A	Non-curable defaults: conviction of felony, repeated defaults even if cured, abandonment, trademark or trade secret misuse, unapproved transfer, fails to complete training, fails to locate and obtain site approval, loss of liquor license, maintain false books or records and insolvency. In addition, a default by you or any of your affiliates under one agreement with us may result in termination of all of your agreements with us.
i. Franchisee's obligations on termination/non-renewal	Section 13	Obligations include: stop operating the Cafe and using the Proprietary Marks and Another Broken Egg System, complete de-identification, cease use of related social media and online business directories, return of Manual and other materials and payment of amounts due (also see "r" below).
j. Assignment of contract by franchisor	Section 11.A	No restriction on our right to assign, provided the assignee is economically capable of performing and assumes our obligations.
k. "Transfer" by franchisee - defined	Section 11.B	Includes transfer, pledge, mortgage or other encumbrance of any interest of franchise agreement or assets, or ownership change.
l. Franchisor's approval of transfer by franchisee	Section 11.B	We have the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	Section 11.B	Conditions include: you must pay all amounts due, not be in default, sign a general release; the transferee must qualify and sign current franchise agreement and guaranty, pay a transfer fee, upgrade Cafe and complete training.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 11.B(5)	Within 30 days after you provide us with notice, we may elect to match or designate a third party to match an offer for your business. If we elect to match the offer, we will have 60 days to conduct due diligence, during which time you must cooperate with us in good faith. If we do not elect to match the offer, or we revoke our offer to match during the due diligence period, you will be free to consummate the sale, subject to the terms of the Franchise Agreement.
o. Franchisor's option to purchase franchisee's business	Section 13.D	We may purchase upon termination.

Provision	Section in Franchise Agreement	Summary
p. Death or disability of franchisee	Section 11.C	Proposed transferee must be approved by us within 90 days of death or permanent incapacity.
q. Non-competition covenants during the term of the franchise	Section 14.B	No involvement in competing business anywhere in U.S.
r. Non-competition covenants after the franchise is terminated or expires	Section 14.B	No competing business for 2 years.
s. Modification of the agreement	Sections 15 and 22	Franchise agreement may not be modified unless mutually agreed to in writing; Manual, Another Broken Egg System (including products and services) and Proprietary Marks may be changed.
t. Integration/merger clause	Section 22	Only the terms of the franchise agreement and other related written agreements are binding (subject to state law). Any representations or promises made outside the disclosure and franchise agreement may not be enforceable. The merger and integration provision does not disclaim or require you to waive reliance on any of the representations contained in this disclosure document. Notwithstanding the foregoing, nothing in any franchise agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section 25	All disputes must be arbitrated or litigated in Florida (subject to state law).
v. Choice of forum	Section 24.D	Litigation must be in State or Federal courts in Orange County, Florida. In the event that we elect to arbitrate any dispute, the arbitration hearing shall take place in Fort Orange Beach, Florida. These provisions are subject to state law.
w. Choice of law	Section 24.D	Florida law applies (subject to state law).

## Development Agreement

Provision	Section in Development Agreement	Summary
a. Term of the Development Agreement	Section 2	Either length of the development schedule or 5 years.
b. Renewal or extension	Section 4.D.	ABEA can permit an extension of a deadline of the development schedule in its sole right and discretion, if you have complied with the Development Agreement and are pursuing construction in good faith.
c. Requirements for you to renew or extend	Section 4.D.	To be eligible for an extension you must apply in writing to ABEA, specifying the reasons for the requested extension and a proposed revised opening date for the affected Cafe. Also, you may be required to pay a fee in the amount equal to \$10,000 for a six-month extension.
d. Termination by you	None	Not applicable (subject to applicable state law).
e. Termination by us without cause	None	Not applicable.
f. Termination by us with cause	Section 6	We may terminate your Development Agreement if you default under your Development Agreement, or if we terminate any Franchise Agreement for a Cafe established under your Development Agreement due to your default under that other agreement. Upon termination of the Development Agreement, you will have no right to develop, establish or operate any Café for which a Franchise Agreement has not been executed at the time of termination, and we will be entitled to develop, establish and operate Cafes, and to license others to develop, establish and operate franchised Cafes in the Development Area, except as may be provided under any Franchise Agreement that is then in effect between you and us.
g. “Cause” defined – defaults which can be cured	Section 6.C	You have a 10-day opportunity to cure defaults that are not specified in Sections 6.B and 6.C.
h. “Cause” defined – defaults which cannot be cured	Sections 6.B and 6.C	Under Section 6.B, your Development Agreement will automatically terminate if you become insolvent, bankrupt or dissolved, or if similar events occur. Under Section 6.C, we may terminate your Development Agreement on notice if you commit a specified default under your Development Agreement, or if we terminate any Franchise Agreement for a Cafe established under your Development Agreement due to your default under that other agreement. Alternatively, we may: reduce the number of Cafes that you may establish; terminate your exclusivity in your development area; withhold evaluation or approval of site proposal packages and refuse to permit the opening of any Cafe then under construction or otherwise not ready to commence operations; or accelerate your development schedule.
i. Your obligations on termination/non-renewal	Sections 6 and 8	Forfeiture of development rights, nondisclosure of confidential information, cease use of related social media and online business directories, payment of unpaid fees. (See also “r” below).
j. Assignment of contract by us	Section 7	No restriction on our right to assign, provided the assignee is economically capable of performing and assumes our obligations.

Provision	Section in Development Agreement	Summary
k. "Transfer" by you – definition	Section 7	Includes transfer, pledge, mortgage or other encumbrance of any interest in Development Agreement or assets, or change in ownership, but excludes transfer of the Development Agreement to an entity that is wholly-owned by you or upon your death or disability.
l. Our approval of transfer by you	Section 7	Not applicable, the Development Agreement may not be transferred.
m. Conditions for our approval of transfer	Section 7	Not applicable, the Development Agreement may not be transferred.
n. Our right of first refusal to acquire your business	Section 7	Not applicable, the Development Agreement may not be transferred
o. Our option to purchase your development rights	Section 7	Not applicable
p. Your death or disability	Section 7.C	Proposed transferee must be approved by us within 90 days of death or permanent incapacity.
q. Non-competition covenants during the term of the development agreement	Section 9.B	No involvement in competing business anywhere in U.S.
r. Non-competition covenants after the development agreement is terminated or expires	Section 9.B	No competing business for 2 years.
s. Modification of the agreement	Section 10	Development Agreement may not be modified unless mutually agreed to in writing; Manual, Another Broken Egg System (including products and services) and Proprietary Marks may be changed.
t. Integration/merger clause	Section 17	Only the terms of the Development Agreement are binding (subject to state law). Any representations or promises made outside the disclosure and Development Agreement may not be enforceable. The merger and integration provision does not disclaim or require you to waive reliance on any of the representations contained in this disclosure document. Notwithstanding the foregoing, nothing in any franchise agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section 20	All disputes must be arbitrated or litigated in Florida (subject to state law).
v. Choice of forum	Section 19	Litigation must be in State or Federal courts in Orange County, Florida. In the event that we elect to arbitrate any dispute, the arbitration hearing shall take place in Fort Orange Beach, Florida. These provisions are subject to state law.
w. Choice of law	Section 19	Florida law applies (subject to state law).

**ITEM 18.**  
**PUBLIC FIGURES**

We do not use any public figure to promote our franchise. There are no public figures who manage us or who have invested in us.

**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.

All Cafes offer substantially the same products and services to the public. New franchisees will receive substantially the same services as those offered to existing franchisees. The following tables provide historical sales information that was calculated using information that our affiliates and franchisees provided. Neither we nor an independent certified public accountant independently audited or verified the information.

**A. Statement of 2024 Average Gross Sales for Cafes**

The table below provides information on the average Gross Sales of Cafes operating during the fiscal year 2024. The Cafes are limited to Cafes that were open as corporate and franchised Cafes for at least 12 months as of the date the fiscal year began for each respective year.

As of December 29, 2024, there were 61 Cafes operated by franchisees and 40 Cafes that were operated by our affiliates as corporate locations. Of the 101 Cafes, 52 Cafes operated by franchisees and 31 Cafes operated as corporate locations had been open for at least 12 months as of December 29, 2024. Of the 83 Cafes referenced in the below tables, all reported sufficient financial performance information to be included in this financial performance representation.

	Average Gross Sales	Number and Percent that Met or Exceeded Average Sales	Median Gross Sales	Number and Percent that Met or Exceeded Median Sales	High / Low Range
<b>2024</b>					
Corporate	1,570,159	15/31 (48%)	1,558,530	16/31 (52%)	\$971,362- \$2,476,838
Franchised	1,822,493	26/52 (50%)	1,836,575	26/52 (50%)	\$691,979- \$2,923,912
System	1,728,248	37/83 (45%)	1,628,430	42/83 (51%)	\$691,979- \$2,923,912

**B. Corporate Cafes Statement of Average and Median Cost of Goods Sold and Average and Median Labor Cost Stated as a Percentage of Gross Sales for Fiscal Year 2024**

As of December 29, 2024, there were 40 Cafes that were operated by our affiliates as corporate locations. Of the 40 Cafes, 31 Cafes operated as corporate locations had been open for at least 12 months as of December 29, 2024. Of the 31 Cafes referenced in the table, all reported sufficient financial performance information to be included in this financial performance representation. The data below has been taken from our unaudited internal financial reports and information submitted by our affiliates.

Total Corporate Cafes in Sample	Average Cost of Goods Sold*	Median Cost of Goods Sold	Number and % of Cafes with Cost of Goods Sold that met or exceeded the Average Shown	High/Low Range Cost of Goods Sold	Average Labor Cost**	Median Labor Cost	Number and % of Cafes with Labor that met or exceeded the Average Shown	High/Low Range Labor Cost
31	23.97%	23.96%	16/52%	21.95%-25.89%	34.66%	34.72%	15/48%	27.09%-42.67%

\*The term Cost of Goods (“COGS”) includes the delivered cost of food, beverages, paper and promotional items to the Cafes. Delivered costs include distribution and freight costs. The calculation of COGS is primarily a function of the mix of products sold and the cost of commodities that comprise the products. We negotiate contracts for quantity and price for both beverages and food products for the System to take advantage of volume discounts.

\*\*The term “Labor” includes hourly wages, both regular and overtime (including team members, assistant managers, shift leaders), for food preparation and service. The amount of hourly labor necessary to operate a Cafe will vary from unit to unit, but should incrementally increase or decrease with the sales volume of the Cafe. Hourly wages may vary significantly by geographic location, the supply of and demand on the local labor pool, and mandated minimum wage laws. Labor also includes management costs including payroll expenses (salaries, bonuses for meeting performance objectives and vacation) for the Cafe management. The number of managers may vary based on sales volume and your requirements may differ. In some cases, a franchise owner serves as the General Manager and draws little or no salary. Labor also includes unemployment taxes (both federal and state) FICA, employee injury insurance or workers’ compensation where required as well as medical insurance and 401(k) plan contributions.

You should conduct an independent investigation of the expenses in operating a Café. Franchisees and former franchisees listed in Exhibit F to this Disclosure Document may be one source for obtaining additional information on expenses in operating a Cafe.

**C. Cafes Statement of Average and Median Alcohol Sales as a Percentage of Dine-In Sales, and Average and Median Off-Premise Sales Stated as a Percentage of Gross Sales for Fiscal Year 2024**

As of December 29, 2024, there were 40 Cafes that were operated by our affiliates as corporate locations. Of the 40 Cafes, 31 Cafes operated as corporate locations had been open for at least 12 months as of December 31, 2023. Of the 31 Cafes referenced in the table, all reported sufficient financial performance information to be included in this financial performance representation. The data below has been taken from our unaudited internal financial reports and information submitted by our affiliates.

Total Corporate Cafes in Sample	Average BWL (Alcohol) Sales as a % of Dine-In Sales	Median BWL (Alcohol) Sales as a % of Dine-In Sales	Number and % of Cafes with BWL Sales that met or exceeded the Average Shown	High/Low Range BWL (Alcohol) Sales as a % of Dine-In Sales	Average Off-Premise Sales*	Median Off-Premise Sales*	Number and % of Cafes with Off-Premise Sales that met or exceeded the Average Shown	High/Low Range Off-Premise Sales
31	11.2%	11.0%	15/48%	5.9%-16.0%	9.0%	8.6%	14/45%	2.1%-24.7%

As of December 29, 2024, there were 61 Cafes that were operated as franchise locations. Of the 61 Cafes, 52 Cafes had been open for at least 12 months as of December 29, 2024. Of the 52 Cafes referenced in the table, all reported sufficient financial performance information to be included in this financial performance representation. The data below has been taken from our unaudited internal financial reports and information submitted by our franchisees.

Total Franchise Cafes in Sample	Average BWL (Alcohol) Sales as a % of Dine-In Sales	Median BWL (Alcohol) Sales as a % of Dine-In Sales	Number and % of Cafes with BWL Sales that met or exceeded the Average Shown	High/Low Range BWL (Alcohol) Sales as a % of Dine-In Sales	Average Off-Premise Sales*	Median Off-Premise Sales*	Number and % of Cafes with Off-Premise Sales that met or exceeded the Average Shown	High/Low Range Off-Premise Sales
52	11.6%	11.5%	24/46%	5.2%-17.4%	8.9%	8.7%	25/48%	0.3%-16.5%

As of December 29, 2024, there were 61 Cafes operated by franchisees and 40 Cafes that were operated by our affiliates as corporate locations. Of the 101 Cafes, 52 Cafes operated by franchisees and 31 Cafes operated as corporate locations had been open for at least 12 months as of December 29, 2024. Of the 83 Cafes referenced in the table, all reported sufficient financial performance information to be included in this financial performance representation. The above data has been taken from our unaudited internal financial reports and information submitted by our affiliates and franchisees.

Total System Cafes in Sample	Average BWL (Alcohol) Sales as a % of Dine-In Sales	Median BWL (Alcohol) Sales as a % of Dine-In Sales	Number and % of Cafes with BWL Sales that met or exceeded the Average Shown	High/Low Range BWL (Alcohol) Sales as a % of Dine-In Sales	Average Off-Premise Sales*	Median Off-Premise Sales*	Number and % of Cafes with Off-Premise Sales that met or exceeded the Average Shown	High/Low Range Off-Premise Sales
83	11.5%	11.5%	39/47%	5.2%-17.4%	9.0%	8.6%	36/43%	0.3%-24.7%

\*Off-Premise Sales are sourced from online ordering and third-party delivery partners and do not include in-person or direct call to-go orders.

#### D. Statement of Operating Revenue for Corporate, Franchise and System Cafes During the 2024 Fiscal Year

Below are operating revenues broken out by revenue quartile, which we prepared based on the actual experience of the 35 corporate Cafes and 52 franchise Cafes (87 total system Cafes) that were in operation for the entire fiscal year ending December 29, 2024. Independent auditors have not audited or reviewed the following tables.

##### Total Revenue by Quartile - Corporate

	Average	% of Net Sales	# of Stores at or Above Average	% of Stores at or Above Average	Median	# of Stores at or Above Median	% of Stores at or Above Median	High / Low Range
<b>First Quartile</b>	\$2,089,913	100.0%	4	44.4%	\$2,053,986	5	55.6%	\$1,860,015 - \$2,475,647
<b>Second Quartile</b>	\$1,675,006	100.0%	3	37.5%	\$1,627,105	4	50.0%	\$1,558,423 - \$1,850,692
<b>Third Quartile</b>	\$1,349,775	100.0%	4	44.4%	\$1,325,682	5	55.6%	\$1,226,259 - \$1,483,609
<b>Fourth Quartile</b>	\$1,085,592	100.0%	5	55.6%	\$1,132,880	5	55.6%	\$971,294 - \$1,168,282

##### Total Revenue by Quartile - Franchise

	Average	% of Net Sales	# of Stores at or Above Average	% of Stores at or Above Average	Median	# of Stores at or Above Median	% of Stores at or Above Median	High / Low Range
<b>First Quartile</b>	\$2,411,166	100.0%	5	38.5%	\$2,304,284	7	53.8%	\$2,152,955 - \$2,923,912
<b>Second Quartile</b>	\$2,013,177	100.0%	6	46.2%	\$2,007,755	7	53.8%	\$1,871,341 - \$2,141,646
<b>Third Quartile</b>	\$1,595,158	100.0%	5	38.5%	\$1,561,098	7	53.8%	\$1,458,011 - \$1,801,809
<b>Fourth Quartile</b>	\$1,270,472	100.0%	8	61.5%	\$1,327,870	7	53.8%	\$691,979 - \$1,440,741

**Total Revenue by Quartile – System**

	Average	% of Net Sales	# of Stores at or Above Average	% of Stores at or Above Average	Median	# of Stores at or Above Median	% of Stores at or Above Median	High / Low Range
<b>First Quartile</b>	\$2,330,267	100.0%	6	28.6%	\$2,243,713	11	52.4%	\$2,056,427 - \$2,923,912
<b>Second Quartile</b>	\$1,891,961	100.0%	10	47.6%	\$1,903,712	10	47.6%	\$1,682,257 - \$2,053,964
<b>Third Quartile</b>	\$1,518,837	100.0%	11	52.4%	\$1,545,728	11	52.4%	\$1,405,225 - \$1,628,430
<b>Fourth Quartile</b>	\$1,179,722	100.0%	11	52.4%	\$1,219,687	11	52.4%	\$691,979 - \$1,370,377

**Some Cafes have sold this amount. Your individual results may differ. There is no assurance that you'll sell as much.**

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than what is included in this Item 19, we do not make any financial performance representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised Cafes. 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 revenue and/or income, you should report it to the franchisor's management by contacting Jorge Salvat at 5955 T.G. Lee Boulevard, Suite 100, Orlando, FL 32822, (407) 440-0450, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20.**  
**OUTLETS AND FRANCHISEE INFORMATION**

**TABLE 1**  
**System-wide Outlet Summary**  
**For Years 2022 to 2024**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	46	47	+1
	2023	47	56	+9
	2024	56	61	+5
Company-Owned <sup>(1)</sup>	2022	33	35	+2
	2023	35	41	+6
	2024	41	40	-1
Total Outlets	2022	79	82	+3
	2023	82	97	+15
	2024	97	101	+4

Notes:

- <sup>(1)</sup> Our parent, ABEA Acquisition, Inc. holds a majority ownership interests in the entities which own the Company-Owned units and thus they, and all additional Company-Owned units are affiliates, but we do not operate any of the Cafes.

**TABLE 2**  
**Transfers of Outlets from Franchisees to New Owners**  
**(Other than the Franchisor)**  
**For Years 2022 to 2024**

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

**TABLE 3**

**Status of Franchise Outlets  
For Years 2022 to 2024**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
ALABAMA	2022	8	1	0	0	0	0	9
	2023	9	0	0	0	0	0	9
	2024	9	0	0	0	0	0	9
ARIZONA	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
CALIFORNIA	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
FLORIDA	2022	4	0	0	0	0	0	4
	2023	4	1	0	0	0	0	5
	2024	5	0	0	0	1	0	4
GEORGIA	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
INDIANA	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
KANSAS	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	2	0	0
	2024	0	1	0	0	0	0	1
LOUISIANA	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	0	7
	2024	7	0	0	0	0	0	7
MARYLAND	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
MISSISSIPPI	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
NORTH CAROLINA	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
OHIO	2022	6	1	0	0	3	0	4
	2023	4	2	0	0	0	0	6
	2024	6	1	0	0	0	0	7

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
SOUTH CAROLINA	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
TENNESSEE	2022	4	0	0	0	0	0	4
	2023	4	1	0	0	0	0	5
	2024	5	1	0	0	0	0	6
TEXAS	2022	6	2	0	0	0	0	8
	2023	8	4	0	0	0	0	12
	2024	12	3	0	0	0	1	14
VIRGINIA	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
<b>TOTALS</b>	2022	46	4	0	0	3	0	47
	2023	47	11	0	0	2	0	56
	2024	56	7	0	0	1	1	61

**TABLE 4**  
**Status of Company-Owned Outlets<sup>(1)</sup>**  
**For Years 2022 to 2024**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
FLORIDA	2022	18	0	0	1	0	17
	2023	17	2	0	0	0	19
	2024	19	0	1	0	0	20
GEORGIA	2022	5	1	0	0	0	6
	2023	6	1	0	1	0	6
	2024	6	1	0	1	0	6
KANSAS	2022	0	0	0	0	0	0
	2023	0	0	2	0	0	2
	2024	2	0	0	0	0	2
OHIO	2022	0	0	3	0	0	3
	2023	3	0	0	0	0	3
	2024	3	0	0	0	0	3
NORTH CAROLINA	2022	4	0	0	0	0	4
	2023	4	0	0	0	0	4
	2024	4	0	0	0	2	2
SOUTH CAROLINA	2022	4	1	0	0	0	5
	2023	5	2	0	0	0	7
	2024	7	1	0	1	0	7
TEXAS	2022	2	0	0	0	2	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
<b>TOTALS</b>	2022	33	2	3	1	2	35
	2023	35	5	2	1	0	41
	2024	41	2	1	2	2	40

Notes:

- (1) Our parent, ABEA Acquisition, Inc. holds a majority ownership interests in the entities that own the Company-Owned units and thus they, and all additional Company-Owned units are affiliates, but we do not operate any of the Cafes.

**TABLE 5**  
**Projected Openings**  
**As of December 29, 2024**

State	Franchise Agreements Signed But Businesses Not Opened as of December 29, 2024	Projected New Franchised Business Openings in 2025 Fiscal Year	Projected New Company-Owned Business Openings in 2025 Fiscal Year
COLORADO	1	1	0
FLORIDA	6	3	0
INDIANA	1	1	0
MARYLAND	2	2	0
MISSISSIPPI	2	0	0
NORTH CAROLINA	2	1	0
OHIO	0	2	0
GEORGIA	1	0	0
TEXAS	2	1	0
TENNESSEE	1	0	0
VIRGINIA	1	1	0
<b>TOTALS</b>	19	12	0

Exhibits F-1 contains the names of franchisees with open Cafes, and the addresses and telephone numbers of their Cafes, as of December 29, 2024.

Exhibit F-2 contains the name, address and telephone number of the franchisees who had a signed franchise agreement, but whose Cafe had not yet opened, as of December 29, 2024.

Exhibit F-3 contains the names, cities and states, and the current business telephone numbers or email addresses (or, if unknown, the last known telephone numbers or email addresses) of franchisees or licensees who had franchises or licenses terminated or not renewed in the last year; who had franchised businesses that were re-acquired by us in the last year; who otherwise voluntarily or involuntarily ceased to do business under franchise or license agreements in the last year; who transferred franchises in the last year; or who did not communicate with us within the 10-week period before the date of this disclosure document.

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

Exhibit F-4 identifies the addresses and telephone numbers of Cafes owned by entities controlled by our parent as of December 29, 2024. We consider these company-owned Cafes.

During the last 3 years, neither ABEA-FL nor we have signed any confidentiality clauses with current or former franchisees which would restrict them from speaking openly with you about their experience with the Another Broken Egg Cafe System.

There are no trademark-specific franchisee associations associated with the franchise system being offered in this Franchise Disclosure Document.

**ITEM 21.**  
**FINANCIAL STATEMENTS**

Exhibit G includes our audited financial statements as of December 29, 2024 and December 31, 2023, and for the fiscal years ended December 29, 2024, December 31, 2023, and December 25, 2022.

**ITEM 22.**  
**CONTRACTS**

Exhibit C includes the Franchise Agreement and all related agreements, as follows:

- Exhibit A - Guaranty Agreement
- Exhibit B - Designated Trade Area
- Exhibit C - Statement of Prospective Franchisee
- Exhibit D - Site Selection Addendum
- Exhibit E - Option For Assignment Of Lease
- Exhibit F - Supplement to Franchisee Agreement for Corporations and Limited Liability Companies Franchisee Resolutions
- Exhibit G - Incumbency Certificate
- Exhibit H - Form of Confidentiality and Non-Competition Agreement

Exhibit E includes the Development Agreement and all related agreements, as follows:

- Exhibit A - Guaranty Agreement
- Exhibit B - Territory – Description of Area
- Exhibit C - Development Schedule
- Exhibit D - Franchise Agreement
- Exhibit E - Incumbency Certificate
- Exhibit F - Supplement to Another Broken Egg Of America Franchising, LLC Development Agreement For Corporations And Limited Liability Companies

The Electronic Transfer of Funds Authorization form attached as Exhibit J to this FDD.

**ITEM 23.**  
**RECEIPTS**

The last two pages of this disclosure document are detachable receipts.

**EXHIBIT A**

**STATE ADDENDUM TO THIS FRANCHISE DISCLOSURE DOCUMENT**

**(See attached)**

## CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. and Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

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.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AND COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

### Item 3, Additional Disclosure:

Neither we nor any person described in Item 2 of the Disclosure Document is subject to any currently effective order of any National Securities Association or National Securities Exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq. suspending or expelling such persons from membership in such association or exchange.

### Item 6, Additional Disclosure:

The highest interest rate allowed by law in California is 10% annually.

### Item 17, Additional Disclosures:

The franchise agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The franchise agreement requires application of the laws of Florida. This provision may not be enforceable under California law.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. §101 et seq.)

The franchise agreement requires binding arbitration. The arbitration will occur in Orange County, Florida with the cost being borne by the parties as determined by the arbitrator. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under 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.

## ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Illinois law governs the franchise agreements.

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.

Franchisees' rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void.

For info about Food Handler Safety and Training in Illinois, see <https://www.dph.illinois.gov/topics-services/food-safety/food-handler-training>

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under 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.

**MARYLAND ADDENDUM  
TO FRANCHISE DISCLOSURE DOCUMENT**

**THIS ADDENDUM** (the “**Addendum**”) amends the Franchise Disclosure Document of Another Broken Egg of America Franchising, LLC for its Another Broken Egg franchise.

The following is added to Item 5 of the Franchise Disclosure Document:

Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

Sections (c) and (m) of the Franchise Agreement table and section (m) of the Development Agreement table in Item 17 are amended by adding the following language:

Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment or transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Item 17 is amended by adding the following language after the Development Agreement table:

You may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under Federal Bankruptcy Law (11 U.S.C. Section 1010 et seq.)

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under 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.

## MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

1. Items 5 and 7 are modified to provide that payment of the Initial Franchise Fee as contemplated in Section 4.A.1 of the Franchise Agreement is deferred until your business has opened.

2. Item 13 of this disclosure document is modified to include the following additional disclosure:

The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. ABEA does not indemnify against the consequences of your use of our Marks except in accordance with the requirements of the Franchise Agreement, and as the condition to an indemnification, you must provide notice to use of any such claim immediately and tender the defense of the claim to ABEA. If we accept tender of defense, we have the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

3. Item 17(m) of this disclosure document is modified to include the following language after "general release":

"(for claims except those arising under the Minnesota Franchise Act)."

4. Item 17 of this disclosure document is modified to include the following paragraphs at the end of the chart:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or franchise agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

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 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.

## NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

- A. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT B OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

- B. Item 3 is amended by added the following at the beginning of the Item.

Other than those actions listed below, neither the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

- C. Items 17 (c) and (m) are amended to add the following:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

- D. Item 17(d) is amended to add the following sentence: The franchisee may terminate the agreement on any grounds available by law.
- E. Items 17(v) and (w) are amended to add the following sentence: The forgoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business law of the state of New York.
- F. Item 17 is amended to add the following at the end: No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under 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.

## NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

The following information applies to franchises and franchisees subject to North Dakota statutes and regulations and modified information stated in the main body of the FDD.

The following is added to Item 5 of the Franchise Disclosure Document:

The State of North Dakota has imposed a deferral condition on us; therefore, no fees are payable by you to us until all of our pre-opening obligations are completed and your business has opened.

The following is added to Item 17 of the Franchise Disclosure Document:

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under 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 NORTH DAKOTA SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09) AND THE FOLLOWING MAY NOT BE ENFORCEABLE UNDER NORTH DAKOTA LAW:

Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.

1. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
2. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
3. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
4. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.
5. Waiver of Trial by Jury: Requiring North Dakota Franchisees to consent to the waiver of a trial by jury.
6. Waiver of Exemplary and Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damages.
7. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
8. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

9. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

## VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

Virginia requires that the following risk be highlighted:

1. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Another Broken Egg of America Franchising, LLC for use in the Commonwealth of Virginia shall be amended as follows:

2. Additional Disclosure: The following statements are added to Item 17.h:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement and development agreement does not constitute "reasonable cause," as that the term may be defined in the Virginia Retail Franchising Act or the Laws of Virginia, the provision may not be enforceable.

3. The following language is added to the end of Item 17:

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under 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.

## WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT

The following information applies to franchises and franchisees subject to Washington statutes and regulations and modified information stated in the main body of the FDD.

### Item 17, Additional Disclosure:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

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 provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

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.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under 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.

**EXHIBIT B**  
**List of State Administrators and**  
**List of State Agencies/**  
**Agents for Service of Process**

We may decide to register this disclosure document as a “franchise” in some or all of the following states, in accordance with the applicable state laws. If and when we pursue franchise registrations (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration and oversight of the franchises in the states:

<p><b><u>CALIFORNIA</u></b>  Commissioner of Department of Financial Protection &amp; Innovation  (866) 275-2677  <i>Los Angeles</i>  320 West 4<sup>th</sup> Street  Suite 750  Los Angeles, CA 90013-2344  (213) 897-2085  <i>Los Angeles</i>  300 S. Spring Street  Suite 15513  Los Angeles, CA 90013-1259  (213) 897-2085  <i>Sacramento</i>  2101 Arena Boulevard  Sacramento, CA 95834  (916) 445-7205  <i>San Diego</i>  1455 Frazee Road  Suite 315  San Diego, CA 92108  (619) 610-2093  <i>San Francisco</i>  One Sansome Street, Suite 600  San Francisco, CA 94104-4428  (415) 972-8565</p>	<p><b><u>HAWAII</u></b>  Department of Commerce and Consumer Affairs  Business Registration Division  Commissioner of Securities  335 Merchant Street  Room 205  Honolulu, Hawaii 96813  (808) 586-2722</p>
<p><b><u>ILLINOIS</u></b>  Franchise Bureau  Office of the Attorney General  500 South Second Street  Springfield, Illinois 62706  (217) 782-4465</p>	<p><b><u>INDIANA</u></b>  Indiana Secretary of State  Securities Division  Franchise Section  Room E-111  302 West Washington Street  Indianapolis, Indiana 46204  (317) 232-6681</p>
<p><b><u>MARYLAND</u></b></p>	<p><b><u>MICHIGAN</u></b></p>

<p>Office of the Attorney General  Division of Securities  200 St. Paul Place  Baltimore, Maryland 21202-2021  (410) 576-6360</p>	<p>Michigan Attorney General's  Office  Consumer Protection Division  Attn: Franchise Section  525 W. Ottawa Street  Williams Building, 1st Floor  Lansing, MI 48909  (517) 373-7117</p>
<p><b><u>MINNESOTA</u></b>  Department of Commerce  85 7<sup>th</sup> Place East, Suite 280  St. Paul, Minnesota 55101  (651) 539-1600  Minnesota Department of Commerce  Market Assurance Division  85 7<sup>th</sup> Place East, Suite 280  St. Paul, Minnesota 55101-2198  (651) 539-1500  (800) 657-3602</p>	<p><b><u>NEW YORK</u></b>  NYS Department of Law  Investor Protection Bureau  28 Liberty Street, 21<sup>st</sup> Floor  New York, New York 10005  (212) 416-8236</p>
<p><b><u>NORTH DAKOTA</u></b>  North Dakota Securities Department  600 East Boulevard, Suite 414  Bismarck, ND 58505  (701) 328-2910</p>	<p><b><u>OREGON</u></b>  Oregon Division of Financial Regulation  350 Winter Street NE, Suite 410  Salem, Oregon 97301  (503) 378-4140</p>
<p><b><u>RHODE ISLAND</u></b>  Department of Business Regulation  Securities Division  1511 Pontiac Avenue  John O. Pastore Complex-69-1  Cranston, RI 02920-4407  (401) 462-9500</p>	<p><b><u>SOUTH DAKOTA</u></b>  Division of Insurance  Securities Regulation  124 South Euclid Suite 104  Pierre, South Dakota 57501-3185  (605) 773-3563</p>
<p><b><u>VIRGINIA</u></b>  State Corporation Commission  Division of Securities &amp; Retail Franchising  Tyler Building  1300 East Main Street, 9<sup>th</sup> Floor  Richmond, Virginia 23219  (804) 371-9051</p>	<p><b><u>WASHINGTON</u></b>  Department of Financial Institutions  Securities Division  P.O. Box 41200  Olympia, WA 98504-1200  (360) 902-8700</p>
<p><b><u>WISCONSIN</u></b>  Division of Securities  Department of Financial Institutions  4822 Madison Yards Way, North Tower  Madison, Wisconsin 53705  (608) 266-0448</p>	

Listed below are the names and addresses for our agents for service of process. We may not yet be registered to sell franchises in any or all of these states.

There may also be additional agents appointed in some of the states listed or in other states.

<p><b><u>CALIFORNIA</u></b>          Commissioner of Department of Financial Protection &amp; Innovation          (866) 275-2677  <i>Los Angeles</i>          320 West 4<sup>th</sup> Street          Suite 750          Los Angeles, CA 90013-2344          (213) 897-2085  <i>Los Angeles</i>          300 S. Spring Street          Suite 15513          Los Angeles, CA 90013-1259          (213) 897-2085  <i>Sacramento</i>          2101 Arena Boulevard          Sacramento, CA 95834          (916) 445-7205  <i>San Diego</i>          1455 Frazee Road          Suite 315          San Diego, CA 92108          (619) 610-2093  <i>San Francisco</i>          One Sansome Street, Suite 600          San Francisco, CA 94104-4428          (415) 972-8565</p>	<p><b><u>HAWAII</u></b>          Commissioner of Securities          Department of Commerce and Consumer Affairs          Business Registration Division          Securities Compliance Branch          335 Merchant Street, Room 203          Honolulu, Hawaii 96813          (808) 586-2722</p>
<p><b><u>ILLINOIS</u></b>          Illinois Attorney General          Franchise Division          500 South Second Street          Springfield, Illinois 62706          (217) 782-4465</p>	<p><b><u>INDIANA</u></b>          Indiana Secretary of State          201 State House          200 West Washington Street          Indianapolis, Indiana 46204          (317) 232-6531</p>
<p><b><u>MARYLAND</u></b>          Maryland Securities Commissioner          Securities Division          200 St. Paul Place          Baltimore, Maryland 21202-2021          (410) 576-6360</p>	<p><b><u>MICHIGAN</u></b>          Michigan Attorney General's Office          Consumer Protection Division          Attn: Franchise Section          525 W. Ottawa Street          Williams Building, 1st Floor          Lansing, MI 48909          (517) 373-7117</p>

<p><b><u>MINNESOTA</u></b>  Minnesota Department of Commerce  Market Assurance Division  85 7<sup>th</sup> Place East, Suite 280  St. Paul, Minnesota 55101-2198  (651) 539-1500</p>	<p><b><u>NEW YORK</u></b>  Secretary of State  New York Department of State  One Commerce Plaza  99 Washington Avenue, 6<sup>th</sup> Floor  Albany, NY 12231</p>
<p><b><u>NORTH DAKOTA</u></b>  North Dakota Securities Department  600 East Boulevard, Suite 414  Bismarck, ND 58505  (701) 328-2910</p>	<p><b><u>OREGON</u></b>  Oregon Division of Financial Regulation  350 Winter Street NE, Suite 410  Salem, Oregon 97301  (503) 378-4140</p>
<p><b><u>RHODE ISLAND</u></b>  Department of Business Regulation  Securities Division  1511 Pontiac Avenue  John O. Pastore Complex-69-1  Cranston, RI 02920-4407  (401) 462-9500</p>	<p><b><u>SOUTH DAKOTA</u></b>  Division of Insurance  Securities Regulation  124 South Euclid Suite 104  Pierre, South Dakota 57501-3185  (605) 773-3563</p>
<p><b><u>VIRGINIA</u></b>  Clerk of the State Corporation Commission  1300 East Main Street, 1st Floor  Richmond, Virginia 23219  (804) 371-9733</p>	<p><b><u>WASHINGTON</u></b>  Director, Department of Financial Institutions  Securities Division  150 Israel Road S.W.  Tumwater, Washington 98501  1 (877) 746-4334</p>
<p><b><u>WISCONSIN</u></b>  Administrator, Division of Securities  Department of Financial Institutions  4822 Madison Yards Way, North Tower  Madison, Wisconsin 53705  (608) 266-2139</p>	

**EXHIBIT C**  
**Franchise Agreement**  
**(See attached)**



ANOTHER  
*Broken Egg Cafe*

*ANOTHER BROKEN EGG OF AMERICA FRANCHISING, LLC*  
*d/b/a*  
*ANOTHER BROKEN EGG CAFE*

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*FRANCHISE AGREEMENT*

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*(Single Cafe)*

**Corporate Offices:**

5955 T.G. Lee Blvd, Suite 100, Orlando, FL 32822

Phone: (407) 440-0450 Fax: (504) 324-0223

Website: <http://www.anotherbrokenegg.com>

E-mail address: [abeadmin@anotherbrokenegg.com](mailto:abeadmin@anotherbrokenegg.com)

Franchisee's Name, Address: and Telephone Number:	Address and Telephone Number of Accepted Location:

**ANOTHER BROKEN EGG OF AMERICA FRANCHISING, LLC  
FRANCHISE AGREEMENT**

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EXHIBITS

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EXHIBIT B - DESIGNATED TRADE AREA

EXHIBIT C - STATEMENT OF PROSPECTIVE FRANCHISEE

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EXHIBIT G - INCUMBENCY CERTIFICATE

EXHIBIT H – FORM OF CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

**ANOTHER BROKEN EGG OF AMERICA FRANCHISING, LLC**

**d/b/a  
“Another Broken Egg Cafe”**

**FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (the “Agreement”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the “Effective Date”), by and between **ANOTHER BROKEN EGG OF AMERICA FRANCHISING, LLC d/b/a “ANOTHER BROKEN EGG CAFE,”** a limited liability company incorporated under the laws of the State of Delaware and having its executive offices at 5955 T.G. Lee Blvd, Suite 100, Orlando, FL 32822 (“ABEA”) and \_\_\_\_\_, a \_\_\_\_\_, formed under the laws of the State of \_\_\_\_\_ located at \_\_\_\_\_ (the “Franchisee”).

**WITNESSETH:**

WHEREAS, ABEA has, as the result of the expenditure of time, skill, effort and money, developed a proprietary system (the “System”), the elements of which are owned by ABEA, relating to the establishment, development and operation of an Another Broken Egg Cafe (the “Cafe”) specializing in a Cafe-style restaurant establishment featuring the offering and sale of specialty breakfast, lunch and brunch items, beverages (including alcoholic beverages) and related menu items for eat-in and take-away service and, where practical, catering and/or home-delivery;

WHEREAS, the distinguishing characteristics of the System include, without limitation, proprietary recipes, sauces, seasonings, mixes and products, apparel and merchandise, specially designed improvements, interior and exterior layouts, menu items and menu formats, signs, marketing and advertising materials, programs, procedures and methods, training and supervision, all of which may be changed, improved, and further developed by ABEA from time to time;

WHEREAS, ABEA further identifies the System by means of certain trademarks, service marks, logos, emblems, and indicia of origin, including, but not limited to, the marks and slogans “Broken Egg®,” “Another Broken Egg Cafe®,” and the “Another Broken Egg Cafe” distinctive logo and such other trade names, service marks and trademarks as may be designated now or hereafter by ABEA, in the Confidential Operating Manual, as hereinafter defined, or otherwise in writing, for use in connection with the System (the “Proprietary Marks” or “Marks”);

WHEREAS, ABEA continues to develop, expand, use, control and add to the Proprietary Marks and System for its benefit and exclusive use as well as its franchisees in order to reflect the changing restaurant industry and related markets and changing consumer demands and business opportunities; and

WHEREAS, Franchisee desires to enter into the business of operating a Cafe in accordance with ABEA’s System, and wishes to obtain a franchise from ABEA for that purpose, as well as to receive the training and other assistance provided by ABEA in connection therewith and Franchisee has warranted that Franchisee has adequate capital and organizational facilities to perform the obligations set forth hereunder.

NOW, THEREFORE, the parties, in consideration of the foregoing premises and the undertakings and commitments of each party to the other party set forth herein, hereby mutually agree as follows:

## 1. GRANT OF FRANCHISE

- A. Franchise.** ABEA hereby grants to Franchisee, upon the terms and conditions herein contained, the non-exclusive right and license, and Franchisee undertakes the obligation, to operate the Cafe in strict conformance with ABEA's quality control standards and specifications that are a material part of the System, as it may be changed, improved and further developed from time to time, only at the accepted location specified in Paragraph 1.B and more particularly described in Exhibit B attached hereto.
- B. Designated Trade Area.** The designated trade area of the Cafe franchised under this Agreement shall be the area surrounding the Cafe that constitutes Franchisee's targeted market within its boundaries, as determined by ABEA and as described in Exhibit B which is incorporated herein by reference (the "Designated Trade Area"). Franchisee is hereby granted the right to operate one (1) Cafe in one (1) location within the Designated Trade Area, the specific address for which is set forth in Exhibit B or will be set forth in the Site Selection Addendum at Exhibit D (hereinafter the "Accepted Location"). If, at the time of execution of this Agreement, a location for the Cafe has not been secured by Franchisee and accepted by ABEA, Franchisee shall select and present a site and all information and materials relating thereto for ABEA's approval, within the period set forth in Exhibit B. ABEA will accept or reject your proposed site within thirty (30) days after ABEA receives all relevant information and materials. Once Franchisee has secured an Accepted Location, Franchisee must develop and open the Cafe in accordance with the schedule set forth in Exhibit B. In the event Franchisee is required or desires to relocate the Cafe from its Accepted Location, then, in such event, Franchisee shall submit the proposed relocation site to ABEA for ABEA's acceptance or rejection. In no event shall such relocation site be located outside the Designated Trade Area or within the Designated Trade Area in a site that, in ABEA's opinion, adversely impacts the Designated Trade Area of any other franchisee. Franchisee shall not relocate the Cafe without the prior written approval of ABEA.
- C. Franchisee's Rights in Trade Area.** During the term of this Agreement and any renewal thereof, ABEA shall not establish, nor license another to establish, a Cafe under the System within Franchisee's Designated Trade Area without Franchisee's prior written consent, subject to its reservation of rights described below.
- D. ABEA's Reservation of Rights.** ABEA, on behalf of itself and its affiliates, designees and assignees, without offering Franchisee the right to participate, reserves the sole and absolute right:
1. to establish and operate, and to grant to others the right to establish and operate, a Cafe at locations anywhere outside the Designated Trade Area, including locations near the Designated Trade Area's boundaries;
  2. to offer and sell products and services in or outside the Designated Trade Area that are the same as the products and services offered by Cafes, or different products and services, using different trademarks;
  3. to establish and operate, and to grant others the right to establish and operate, Cafes that are located within non-traditional venues in or outside the Designated Trade Area, including convention centers, airports, hotels, sports facilities, theme parks, hospitals, transportation facilities, venues in which master concessionaires provide foodservice, and similar captive market locations;

4. to sell any products or services, using the Proprietary Marks or different trademarks, through alternative channels of distribution, such as grocery stores, convenience stores, mobile vans or trucks and the Internet, in or outside the Designated Trade Area;
5. to acquire and continue to operate, directly or indirectly, any business operating under different trademarks in or outside the Designated Trade Area;
6. to acquire and retain, directly or indirectly, the rights and obligations of any franchisor or licensor of any business operating under different trademarks in or outside the Designated Trade Area;
7. to establish and promote other franchise systems involving different products or services using different trademarks, and to establish company-owned or franchised outlets for those systems, in or outside the Designated Trade Area;
8. to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by any other person, including a competing business, even if such person operates, franchises and/or licenses businesses in the Designated Trade Area; and/or
9. to engage in other activities not expressly prohibited by this Agreement.

## **2. TERM AND RENEWAL**

**A. Term.** Except as otherwise provided herein, the initial term of this Agreement shall be ten (10) years from the date of the opening of the Café to the public.

**B. Options and Conditions to Renew.** Provided that Franchisee has attained, during the last twelve (12) months of the initial or then current renewal term of this Agreement, as applicable, Gross Sales of not less than 75% of the System average (including both company or affiliate owned and franchised cafes) over the same period, as permitted by state law, Franchisee shall have the option of renewing its rights and obligations under this Agreement for two (2) additional periods of ten (10) years each, subject to the following conditions which must be met prior to renewal, unless to the extent otherwise waived by ABEA:

1. Franchisee shall not be in default of any provisions of this Agreement, any amendment hereof or successor thereto, or any other agreement between Franchisee and ABEA, or its subsidiaries and affiliates, and shall have substantially complied with all the terms and conditions of such agreements during the terms thereof;

2. Franchisee shall deliver to ABEA written notice of its intention to renew not more than one hundred and eighty (180) days and not less than ninety (90) days prior to the expiration of the then-current initial term or renewal term;

3. Franchisee shall execute ABEA's then-current form of Franchise Agreement, which agreement shall supersede in all respects this Agreement and the terms of which may differ from the terms of this Agreement, including, but not limited to, different economic terms; provided, however, that in lieu of any initial franchise fee set forth in the newly executed Franchise Agreement, Franchisee shall be required to pay a renewal fee of Ten Thousand Dollars (\$10,000) for each renewal term;

4. Franchisee shall remodel and modernize the Cafe, including without limitation, new interior and exterior design, signs, equipment and decor as required to conform to ABEA's then-current standards and specifications for new Cafes;

5. Franchisee shall have satisfied all monetary obligations owed by Franchisee to ABEA and its subsidiaries and affiliates and shall have timely met those obligations throughout the initial term and all renewal terms of this Agreement;

6. Franchisee shall comply with ABEA's then-current qualification and training requirements;

7. Franchisee, its owners, directors, managers and officers shall execute a general and unlimited release, in a form prescribed by ABEA, of any and all known and unknown claims against ABEA and its subsidiaries and affiliates, and their respective current and former owners, officers, directors, managers, agents, and employees;

8. Franchisee shall present evidence satisfactory to ABEA that it has the right to remain in possession of the premises at the Accepted Location for the duration of the renewal term; and

9. Franchisee shall have received an average score of at least 80% on audits and mystery clients/shoppers at the Accepted Location over the prior three- (3) year period.

**C. Obligation of ABEA.** In the event that any of the conditions to renewal set forth in this Agreement have not been met, ABEA shall have no obligation to renew this Agreement, it being understood that any such renewal right shall be deemed to have been waived by Franchisee, void and of no force and effect.

**D. Operations Beyond Term.** If Franchisee continues to operate its restaurant as an "Another Broken Egg Cafe" after the initial term or any renewal term of this Agreement without exercising its option to renew and ABEA does not object, Franchisee shall be deemed to be operating on a month-to-month basis (terminable by either party on thirty (30) days written notice) and will be bound by the terms and conditions of this Agreement until either party terminates or Franchisee and ABEA execute the then-current form of franchise agreement, which may have different economic and other terms than the terms of this Agreement.

### **3. DUTIES OF ABEA**

**A. Initial Obligations.** Prior to and through the date of the opening of the Cafe (the "Grand Opening"), ABEA shall provide the services listed below:

1. Site Selection Assistance. ABEA shall provide general site selection guidelines and consultation.

2. Design and Construction of the Cafe. ABEA shall assist Franchisee in developing standard floor plans, construction plans for the interior and exterior design, and the layout of signage and equipment for the Cafe.

3. Opening Advertising Assistance. ABEA shall furnish such general advertising materials, ideas and suggestions for the Grand Opening advertising campaign as it deems appropriate.

4. Cafe Operations Training. ABEA shall provide Cafe operations training (the "Operations Training") for the period of time specified in the Confidential Operations Manual, which shall be conducted at either a certified training cafe (each, a "Certified Training Café"), ABEA's home office and/or

another location(s) designated by ABEA. The training must be successfully completed, to ABEA's satisfaction, by (a) Franchisee's on-site general manager (the "General Manager"), (b) the kitchen manager, (c) the assistant manager/assistant general manager (together with the persons listed in (a)-(b), the "Required Trainees"), and, (d) if requested by Franchisee, beyond the 3 above stated managers, one of the holders of beneficial interest in the ownership approved by ABEA at least thirty (30) days prior to the Grand Opening. ABEA shall be responsible only for the cost of its instructors and the materials for the training. Franchisee shall be responsible for all meals, travel, lodging and other costs and expenses incurred by Franchisee, its Operating Partner and other personnel attending ABEA's Operations Training. If one of the Required Trainees is replaced at any time during the term of this Agreement, such person shall attend and successfully complete the Operations Training prior to assuming such Required Trainee's responsibilities. If the replacement of a Required Trainee occurs prior to the Grand Opening, but after completion of the Operations Training, ABEA reserves the right to delay the Grand Opening for up to thirty (30) days after successful completion of the training of the replacements. If Required Trainees or another person approved for training by ABEA do not attend the initial training together, if a replacement for one of the Required Trainees is required after completion of the initial Operations Training, or if Franchisee requests any additional training for any of the Required Trainees, ABEA may charge a training fee, which is currently the greater of either (1) Three Thousand Dollars (\$3,000) for each person attending the training, or (2) ABEA'S actual costs to provide you on-site training from ABEA's Opening Team, and Franchisee shall be responsible for all meals, travel, lodging and other costs and expenses incurred by Franchisee and the individuals being trained. This training is designed and intended to provide operational framework for Franchisee to operate, and does not provide any guidance or training on employee relations issues, including without limitation, as to hiring or termination practices, training, wages, working conditions or hours. Franchisee has full responsibility, direct and indirect, for its employees, including without limitation, as to policies, wage, hours and working conditions.

Franchisee agrees that ABEA is not obligated to provide any training or assistance to Franchisee's particular level of satisfaction, but as a function of ABEA's experience, knowledge, and judgment. If Franchisee believes ABEA has failed to adequately provide any training, Franchisee must notify ABEA in writing within thirty (30) days following the provided training or Franchisee will be deemed to conclusively acknowledge that all training services provided by ABEA were sufficient and satisfactory in Franchisee's judgment, and complied with all representations made to Franchisee.

5. Confidential Operations Manual. ABEA shall provide to Franchisee one (1) copy of, or electronic access to, the ABEA Confidential Operations Manual (the "Manual"), subject to the conditions described in Section 5 herein below. The Manual includes the documents called the 'Cafe Operations Manual' and the 'Local Store Marketing and Advertising Manual' and all other written, electronic, video, and audio recorded policies, procedures, techniques, memos, bulletins, newsletter, forms, guidelines, and other materials prepared by ABEA in connection with the System or to assist Franchisee in the operation of the Cafe. The Manual will contain mandatory and suggested specifications, standards and operating procedures that ABEA develops for Another Broken Egg Cafes and information relating to other obligations of Franchisee. Any required specifications, standards and operating procedures exist to protect ABEA's interest in the System and the Marks and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over those matters that are reserved to Franchisee. ABEA may add to, and otherwise modify, the Manual to reflect changes in authorized products and services, and specifications, standards and operating procedures for Another Broken Egg Cafes. The master copy of the Manual that ABEA maintains at its principal office or on its website, and makes available to Franchisee by electronic access, will control if there is a dispute involving the contents of the Manual.

**B. Continuing Obligations.** ABEA shall provide the services listed below subsequent to the Grand Opening throughout the term of this Agreement:

1. Inspections and Evaluations of the Cafe. ABEA shall continue its efforts to maintain high standards of quality, appearance, professionalism, and service in connection with the System, in both ABEA conduct and in the conduct of all franchisees, and to that end ABEA and/or its representative has the right to conduct, as it deems advisable, inspections and evaluations of the Cafe. Such visits may be announced or unannounced.

2. On-going Training. ABEA may, in its sole discretion, conduct periodic training programs for its network of franchisees and their Operations Partners and/or General Managers to reflect further developments and changes in procedures, methods and operations. If offered, ABEA shall be responsible for the cost of the instruction and materials only for all mandatory training and Franchisee shall be responsible for all meals, travel, lodging and other expenses incurred by the individuals being trained. ABEA may also offer additional optional training for which Franchisee shall be responsible to pay ABEA a training fee of Three Thousand Dollars (\$3,000) for each person attending the training on behalf of Franchisee and for all expenses incurred by the individuals being trained.

#### 4. **FEES**

**A. Initial and Ongoing Fees.** In consideration of the right and license to operate the Cafe granted herein, Franchisee shall pay to ABEA (or the applicable vendor or supplier, as applicable) the following fees, all in U.S. dollars:

1. Franchise Fee. If this Agreement is not being signed as part of a renewal or transfer of this Agreement, then upon execution of this Agreement, Franchisee must pay to ABEA a nonrefundable initial franchise fee of Forty Thousand Dollars (\$40,000). If Franchisee has entered into a Development Agreement, fifty percent (50%) of the initial franchise fee will be credited from the Development Fee. The initial franchise fee(s), whether paid for one Cafe or more than one Cafe in connection with the execution of a Development Agreement, shall be deemed fully earned by ABEA upon payment thereof and are nonrefundable.

Purchases of additional franchises shall require the execution of another Franchise Agreement in the form then being used by ABEA, which may be materially different from this Agreement in its terms and conditions. Nothing in the foregoing provisions shall obligate ABEA to offer or sell additional franchises to Franchisee.

2. Royalty Fees. Franchisee shall pay to ABEA a continuing non-refundable weekly royalty fee equal to five percent (5%) of Gross Sales (as defined in Section 4.C) for the preceding week. Payment of fees shall be made by electronic payment transactions through automated clearing house (ACH) associations. This service is offered by financial institutions belonging to the National Automated Clearing House Association (NACHA) (hereinafter known as "AUTODRAFT").

3. Grand Opening Advertising Campaign. Pursuant to Section 9.B hereof, during the period from thirty (30) days in advance of the Grand Opening of the Cafe to sixty (60) days following such Grand Opening, Franchisee shall spend not less than Fifteen Thousand Dollars (\$15,000) on advertising, promotions and/or publicity approved by ABEA in connection with the Grand Opening (the "Grand Opening Spend"). ABEA will collect the Grand Opening Spend at the time the initial franchise fee is paid. ABEA's marketing team will develop a Grand Opening marketing plan utilizing the Grand Opening Spend and Franchisee will have the opportunity for input and revisions up to the start of the campaigns, which will begin about 30 days prior to opening. Once approved, the marketing team will activate the plan on Franchisee's behalf. Franchisee will present invoices from vendors for the Grand Opening to ABEA and ABEA will remit payments from the Grand Opening Spend directly to such vendors until the balance of the Grand Opening Spend has reached \$0. Following the depletion of the Grand Opening Spend, Franchisee will pay any outstanding amounts owed to vendors for the Grand Opening directly. If this Franchise Agreement is

terminated because the Cafe is not opened within the deadline provided in Exhibit B, then any unused funds held by ABEA will be returned to Franchisee.

4. National Advertising Fund Fees. Franchisee shall pay to ABEA a fee equal to one and three-quarters percent (1.75%) of Gross Sales in the preceding week, on a continuing non-refundable weekly basis, as a contribution to the National Advertising Fund (as defined in Section 9.C) via AUTODRAFT. Upon 90 days' prior written notice to Franchisee, ABEA may increase the required fee up to 0.25% per calendar year, provided that the required fee shall not exceed 3% of Gross Sales. ABEA shall maintain the National Advertising Fund in accordance with the provisions of Section 9 hereof and any other guidelines or standards that ABEA may adopt. ABEA has the sole discretion, which is hereby acknowledged by Franchisee, to determine how the contributions to the National Advertising Fund will be spent, and does not guarantee that all contributions will be spent in the geographic area within which the franchised Cafe is located or that the advertising will increase sales or Franchisee's profitability. Franchisee acknowledges that not all franchisees may pay the same amount and that some existing franchisees may pay less or no National Advertising Fund fees. National Advertising Fund fee payments are not refundable upon termination, expiration or non-renewal of this Agreement, transfer of the Cafe or under any other circumstance.

5. Local Store Marketing. Franchisee shall be responsible to spend one and one-quarter percent (1.25%) of its Gross Sales for local store marketing ("Local Store Marketing"). Franchisee shall provide to ABEA documentation showing that it has made its required Local Store Marketing expenditures. Franchisee may only use outside advertising or creative agencies upon ABEA's prior written approval. Franchisee may not use its own local store marketing materials, unless approved, in writing, by ABEA prior to their dissemination.

6. Opening Team Training Fee and Expenses. For the Franchisee's first three Cafes (including Cafes owned by Franchisee's affiliates) (the "Initial Cafes"), the initial franchise fee includes the cost of providing the on-site training at the Initial Cafes from ABEA's training professionals, the "Opening Team". For Franchisee's fourth or subsequent Cafes (including Cafes owned by your affiliates) (the "Subsequent Cafes"), if ABEA requires, or Franchisee elects, to receive on-site training from ABEA's Opening Team, Franchisee must pay ABEA the then-current training fee, which is currently the higher of (1) \$3,000 per person and (2) our actual costs to provide you on-site training from our Opening Team for all of Franchisee's Required Trainees to attend the same session. ABEA reserves the right to charge Franchisee a reasonable training fee (currently \$3,000 per person) if ABEA permits Franchisee to bring additional trainees, other than the Required Trainees, to the on-site training, or if your Required Trainees are trained in separate sessions. For Franchisee's Subsequent Cafes, if ABEA requires, or Franchisee elects to receive on-site training, Franchisee must also reimburse ABEA for the travel expenses and wages for the Opening Team members who provide Franchisee training in connection with the opening of Franchisee's Subsequent Cafes in excess of the amount of the then-current training fee per person. ABEA will remit an invoice to Franchisee within 30 days of the Cafe's opening date, and Franchisee agrees to pay the invoice within ten days of its receipt of the invoice.

Notwithstanding the foregoing, if ABEA determines (in its sole judgement) on the date of this Agreement, based on operations at Franchisee's (or Franchisee's affiliate's) other Cafes, that Franchisee is capable of training Franchisee's own staff prior to the opening of Franchisee's Initial Cafes or Subsequent Cafes, as applicable, then (1) Franchisee need not pay ABEA the training fee (for the Subsequent Cafes) or Opening Team expenses (for the Initial Cafes or the Subsequent Cafes), (2) ABEA will not provide the Opening Team for Franchisee's Initial Cafes or Subsequent Cafes, and (3) Franchisee must provide opening training to Franchisee's Initial Cafes and Subsequent Cafes according to ABEA's requirements. Upon Franchisee's request and depending on availability, ABEA will provide supplemental trainers for a fee in the amount of \$3,000 per trainer or the amount of the wages and travel expenses for the supplemental trainer, whichever is higher. ABEA will remit an invoice to Franchisee within 30 days of the Cafe's opening date, and Franchisee agrees to pay the invoice within ten days of Franchisee's receipt of the invoice.

**B. Payment Procedures.** For payment purposes, each week shall begin on Monday and end on Sunday. AUTODRAFT payments are due on Friday of each week for the preceding business week. In the event that any payments are due on a national holiday, payment shall be due on the first business day following such holiday. A late payment fee of Two Hundred Fifty Dollars (\$250) shall be assessed for each week that a weekly fee is delinquent. A non-sufficient fund fee of Fifty Dollars (\$50) shall be assessed for any uncollected AUTODRAFT that may result from insufficient or uncollected funds. If any payment is overdue, Franchisee shall pay to ABEA, in addition to the late payment fee and the overdue amount, interest on such amount from the date it was due until paid at the lesser of one and one half percent (1.5%) per month of the overdue amount or the highest rate of interest permitted by applicable state law. Such interest, which shall be calculated on a daily basis, shall be in addition to any other remedies ABEA may have.

**C. Definition of Gross Sales.** “Gross Sales,” as used in this Agreement, during any measurement period, is defined as (1) the sum of (i) all income of every kind or nature generated, directly or indirectly, by, through or in connection with the Cafe or at the Accepted Location, including, but not limited to, receipts from the sale of goods, services or merchandise sold and from any approved amusement devices, video lottery terminals, games of chance, etc., whether for cash or credit, and regardless of collectability (the “Revenue Items”), and (ii) the amount of any discounts or reductions provided by the Cafe or at the Accepted Location (whether in the form of coupons, complimentary products and services, voided sales or otherwise) exceeding three percent (3%) of the full retail value of the Revenue Items, less (2) the sum of (i) the sales price of goods returned by customers and (ii) all sales tax or other taxes that Franchisee collects from customers and transmits to the appropriate taxing authority. Gross Sales includes the entire transaction amount of all sales, including third-party delivery fees, digital transaction fees and all other fees even if the fees are not received by Franchisee. ABEA reserves the right to measure and calculate Franchisee’s “Gross Sales” directly through the POS system and to debit Franchisee’s account for the royalty and advertising amounts due in accordance with this Agreement.

Franchisee shall not enter into any barter or counter-trade sales transactions with respect to the Cafe without ABEA’s prior written consent. If ABEA gives such written consent, Franchisee shall record all such barter and counter-trade sales and include them in the reported Gross Sales for purposes of calculating and paying the royalty fee, National Advertising Fund fees and Local Store Marketing expenditures in accordance with Sections 4.A.2, 4.A.4 and 4.A.5.

## **5. DUTIES OF FRANCHISEE**

### **A. Initial Construction and Opening Schedule.**

1. Site Selection. If, at the time of execution of this Agreement, a location for the Cafe has not been secured by Franchisee and accepted by ABEA, Franchisee shall initiate a diligent and continuous search for a location for the Cafe. Franchisee shall select and present a site and all information and materials relating thereto for ABEA’s acceptance or rejection (which may include, but not be limited to, a completed site evaluation questionnaire, a description of the proposed site, such other information as ABEA may reasonably require and a letter of intent or other evidence satisfactory to ABEA which confirms Franchisee’s favorable prospects for obtaining the proposed site) within the period set forth in Exhibit B. Concurrent with ABEA’s acceptance of the site, Franchisee and ABEA shall execute the Site Selection Addendum attached hereto as Exhibit D. Concurrent with the Franchisee’s execution of a lease at the Accepted Location, Franchisee and ABEA shall execute the Option for Assignment of Lease attached hereto as Exhibit E.

**SITE SELECTION APPROVAL BY ABEA SHALL IN NO WAY BE DEEMED A REPRESENTATION, WARRANTY OR GUARANTY OF THE FINANCIAL SUCCESS OF THE CAFE AT THE ACCEPTED LOCATION.**

2. Architect/Contractor. Franchisee shall work with ABEA or its designated approved vendor to prepare preliminary plans and specifications for site improvement and construction of the Cafe. The cost for ABEA to prepare the preliminary plans and specifications is included in the initial franchise fee. The Franchisee shall employ a qualified architect, engineer or other licensed and professionally qualified individual, reasonably acceptable to ABEA, to conform the plans to local legal requirements and specifications. Franchisee shall submit these plans to ABEA for review and acceptance. Once accepted by ABEA, the final plans may not be changed or modified without prior written consent of ABEA. Franchisee shall also employ a qualified licensed general contractor, reasonably acceptable to ABEA, to either construct the Cafe and/or to complete all leasehold improvements in accordance with approved plans. If this Agreement is for Franchisee's first Another Broken Egg Cafe location or if in any previous franchise agreement executed between Franchisee or any of Franchisee's affiliates and ABEA, Franchisee and any of Franchisee's affiliates have not met Franchisee's obligations regarding the build out of any previous Another Broken Egg Cafe location, ABEA reserves the right to require Franchisee to retain the services of a company specialized in assisting restaurant operators during the construction process to assist Franchisee in submitting, processing, monitoring and obtaining in a timely manner all necessary construction documents, licenses and permits and to advise Franchisee throughout the construction of Franchisee's Cafe.

3. Completion of Construction/Improvements. Franchisee shall complete construction (including all exterior and interior improvements of carpentry, electrical, painting, and finishing work, and installation of all furniture, fixtures, equipment, and signs) in accordance with the approved final plans, at Franchisee's expense, within the period outlined in Exhibit B or sooner if required by Franchisee's lease (exclusive of time lost by reason of strikes, lockouts, fire, other casualties beyond the control of Franchisee and acts of God).

4. Final Inspection. Franchisee shall be responsible for obtaining all permits and certifications required for the lawful construction, remodeling, and operation of the Cafe, and shall certify to ABEA that all permits and certifications have been obtained. Franchisee shall not open the Cafe for business to the general public until ABEA has granted written authorization to open and all necessary governmental licenses and permits have been issued.

5. Opening. If the Franchisee fails to open the Cafe within the period outlined in Exhibit B, ABEA shall have the right to terminate this Franchise Agreement pursuant to Section 12.A.12 hereof.

**B. Training.** Franchisee acknowledges and agrees that it is critical to the operation of the System and the business franchised hereunder that the training requirements be completed for a minimum of three salaried managers, or in the case where an Operating Partner is elected instead of a General Manager, the Operating Partner and two other salaried managers. Accordingly, the Required Trainees, and, if Franchisee elects, another person approved by ABEA, shall attend and successfully complete to ABEA's satisfaction the Operations Training program conducted by ABEA. If one of the Required Trainees is replaced at any time during the term of this Agreement, such person shall attend and successfully complete the Operations Training prior to assuming such Required Trainee's responsibilities. Franchisee shall be responsible for all meals, travel, lodging and other costs and expenses incurred by Franchisee and its personnel attending ABEA's Operations Training. ABEA may charge a training fee of Three Thousand Dollars (\$3,000) for each person attending the training if the Required Trainees or another person approved for training by ABEA do not attend the initial training together, if a replacement Required Trainee is required after completion of the initial Operations Training or if Franchisee requests any additional training for any of its personnel.

**C. Compliance With Uniform Standards.** Franchisee shall operate the Cafe in conformity with such mandatory methods, standards and specifications as contained in the then-current Manual and as ABEA may from time to time prescribe to ensure that the highest degree of quality for the products and services

offered is uniformly maintained. Any required standards exist to protect ABEA's interests in the System and the Trademarks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to Franchisee. The Manual and other written materials also will include recommendations or guidelines to meet required standards. Franchisee may follow the recommendations or guidelines or some other suitable alternative, provided that Franchisee meets and complies with the required standard. In other instances, no suitable alternative may exist. In order to protect ABEA's interests in the System and Proprietary Marks, ABEA reserves the right to determine if Franchisee is meeting a required standard and whether an alternative is suitable to any recommendation or guideline. Franchisee shall conduct its business in a manner that reflects favorably at all times on the System, the Trade Secret Products (defined for purposes of this Agreement as products designated by ABEA and required to be used in or sold from the Cafe and which are produced by or for ABEA from ABEA's proprietary trade secret formulations or recipes), and the Proprietary Marks. Franchisee shall at no time engage in deceptive, misleading or unethical practices or conduct any other act which may have a negative impact on the reputation and goodwill of ABEA or any other franchisee operating under the System. Pursuant to this ongoing responsibility, Franchisee agrees to:

1. Use, at all times, only such mandatory methods, standards and specifications contained in the Manual, or otherwise provided to Franchisee by ABEA and to refrain from deviating therefrom without ABEA's prior written consent;

2. Sell or offer for sale only such products and services as meet ABEA's uniform standards of quality and quantity, as have been expressly approved for sale as prescribed in the Manual or in writing by ABEA in accordance with ABEA's methods and techniques; to refrain from any deviation from ABEA's methods, techniques, standards and specifications; and to discontinue such products or services as ABEA may, in its sole discretion, disapprove in writing at any time;

3. Purchase and install, at Franchisee's expense, all fixtures, furnishings, computers, POS systems and dedicated telephone lines, signs and equipment as ABEA may reasonably specify from time to time in the Manual or otherwise in writing; and to refrain from installing or permitting to be installed on or about the Cafe without ABEA's prior written consent any fixtures, furnishings, signs, cards, vending machines, games, promotional literature, equipment or other items not previously specifically approved as meeting ABEA's standards and conforming to ABEA's specifications;

4. Offer all catering and delivery services as ABEA may specify from time to time in the Manual or otherwise in writing, including catering and delivery services that may require Franchisee to incur additional costs and expenses related to third-party delivery providers, platforms, subscriptions and equipment;

5. Employ such minimum number of employees necessary to successfully operate the Cafe and to comply with all applicable federal, state and local laws, rules and regulations with respect to such employees, and be solely responsible for making all employment decisions related to and on behalf of all of Franchisee's employees, including without limitation, promulgating policies, supervisions, overseeing work, setting wages and exercising direct and indirect control over all of Franchisee's employees;

6. Maintain a competent, conscientious staff and take such steps as are necessary to ensure that its employees keep a neat, clean and professional appearance and comply with such uniform attire, health, safety and hygiene standards as ABEA may require in the Manual and from time to time;

7. Ensure that all third parties, with which the Franchisee conducts business, are properly insured; and

8. Establish and maintain, at all times, an electronic mail address dedicated to the business of the Cafe.

**D. Product and Service Assortment.** Franchisee shall offer to customers only the product and service assortment, as outlined in the then-current standard menu format, prescribed from time to time by ABEA in the Manual or approved in writing by ABEA. In the event that Franchisee desires to sell products or offer services not previously approved by ABEA, Franchisee shall request, in writing, ABEA's written approval and shall provide all materials and information relating to such products to ABEA. ABEA's approval may be granted or withheld in ABEA's sole discretion. ABEA's response to such request will not be unreasonably delayed. ABEA will revise the product and service assortment periodically to meet changing conditions of retail operation in the best interest of Cafes operating under the Proprietary Marks and Franchisee agrees to comply with any modifications.

**E. Additional Training.** Franchisee shall cause its employees (including, but not limited to, any replacement General Manager or kitchen manager) to attend and successfully complete, to ABEA's reasonable satisfaction, such additional training programs as ABEA may require in writing from time to time. ABEA shall only provide and pay for its instructors and training materials in connection with such mandatory additional training and Franchisee shall be responsible for any and all other costs and expenses incurred in connection with such training, including, without limitation, the costs of meals, entertainment, lodging, travel and wages. ABEA may also offer optional additional training for which Franchisee shall be responsible to pay (1) to ABEA a training fee of Three Thousand Dollars (\$3,000) for each person attending the training on behalf of Franchisee and (2) all costs and expenses incurred by Franchisee and the individuals being trained.

**F. Operation of Facility.** Franchisee shall use the location of the Cafe solely for the operation of the business in conformance with the System, shall keep the Cafe open and in normal operation for such minimum hours and days as ABEA may from time to time prescribe in the Manual or otherwise, and shall refrain from using or permitting the use of the premises of the Cafe for any other purpose or activity at any time without first obtaining the written consent of ABEA. Franchisee acknowledges and agrees that if the Cafe is closed for a period of three (3) consecutive days or six (6) or more days in any 12-month period without ABEA's prior written consent, such closure constitutes Franchisee's voluntary abandonment of the franchise and business and ABEA has the right, in addition to other remedies provided for herein, to terminate this Agreement. Acts of force majeure, as defined in Section 12.A.3, temporarily making it impossible for Franchisee to comply with the foregoing, will suspend compliance for the duration of such interference so long as Franchisee has provided ABEA with written notice of the force majeure event.

**G. Promotion of Products.** Franchisee shall at all times actively promote the products and services offered by the Cafe, and will devote its efforts on a full-time basis to cultivate, develop and expand the market for these products and services at its Accepted Location within its Designated Trade Area.

**H. Use of Standard Forms and Reports.** Franchisee shall use in the Cafe only those forms and reports that conform to the standards prescribed by ABEA in the Manual or otherwise in writing.

**I. Maintenance and Refurbishment.** Franchisee agrees to maintain the condition and appearance of the Cafe (including adjacent parking areas and grounds), and refurbish and modify its layout, decor and general theme, as ABEA may require to maintain the condition, appearance, efficient operation, ambience and overall image of Another Broken Egg Cafes, as ABEA may modify. Franchisee will replace worn out or obsolete fixtures, equipment, furniture, or signs, repair the interior and exterior of the Cafe, adjacent parking areas and grounds, and periodically clean and redecorate the Cafe. If at any time in ABEA's reasonable judgment, the general state of repair, appearance or cleanliness of the Cafe premises (including parking areas and grounds) or its fixtures, equipment, furniture or signs do not meet ABEA's then-current standards, ABEA will so notify Franchisee, specifying the action Franchisee must take to correct the deficiency. If Franchisee fails, within ten (10) days after receipt of notice, to commence action and continue in good faith and with due diligence, to undertake and complete any required maintenance or refurbishing, ABEA may (in addition to

ABEA's other rights under this Agreement) enter the Cafe premises and correct the deficiencies on Franchisee's behalf, and at Franchisee's expense.

Franchisee will, at Franchisee's expense, make such reasonable capital expenditures necessary to remodel, modernize and redecorate the Cafe premises and to replace and modernize the supplies, fixtures, signs, and equipment used in Franchisee's Cafe so that the Cafe reflects the then-current physical appearance of new Another Broken Egg Cafes. ABEA may require Franchisee to take such action: (1) five (5) or more years after the date of this Agreement; (2) as a condition to the transfer of any interest as further described in Section 11; and (3) as a condition of renewal. Franchisee acknowledges and agrees that the requirements of this Section are both reasonable and necessary to ensure continued public acceptance and patronage of Another Broken Egg Cafes and to avoid deterioration or obsolescence in connection with the operation of the Cafe.

**J. Compliance with Local and State Regulations.** As between ABEA and Franchisee, Franchisee is solely responsible for the safety and well-being of Franchisee's employees and customers of the franchised business. Accordingly, Franchisee must at all times maintain its premises and conduct its Cafe operations in compliance with all applicable laws, regulations, codes and ordinances. This obligation further pertains to all federal, state, or local governmental declarations during a state of emergency or pandemic. Franchisee shall obtain all business licenses, permits and certificates required for lawful construction and ongoing operation of the Cafe (including, without limitation, zoning, access, variances, health and safety, sign and fire requirements) and shall certify, in writing, to ABEA that all such licenses, permits and certifications have been obtained. Franchisee must also secure and maintain in force a full liquor license that permits alcohol sales 7 days a week. If Franchisee's Cafe is open and operating and a change occurs in applicable state or local law that restricts Franchisee's liquor sales, it will not be deemed a breach of this Agreement. In the event Franchisee's liquor license is suspended or revoked, in addition to ABEA's right to terminate this Agreement pursuant to Section 12.A, ABEA reserves the right to charge Franchisee the royalty fee on the Gross Sales Franchisee would have received on the lost liquor sales during the license suspension. ABEA will estimate the Gross Sales based on the prior year's Gross Sales for the suspension period.

**K. Working Capital.** Franchisee shall meet and maintain sufficient levels of working capital for use in connection with the management and operation of the Cafe as ABEA may reasonably require.

**L. Product and Supply Standards.** Franchisee shall purchase all food, beverage and paper products, equipment, supplies, services, and other materials required for the operation of the Cafe from ABEA's designated and approved suppliers who shall have proved, to the continuing reasonable satisfaction of ABEA, the ability to meet ABEA's standards and specifications for such products, services and related items. Franchisee shall purchase the Trade Secret Products only from ABEA or its approved designee. Franchisee shall strictly comply with the procedures set forth in the Manual to obtain the prior approval of ABEA of a proposed vendor or supplier that is not on the list of approved suppliers. ABEA shall have the ability to designate alternative suppliers in exigent circumstances which may include regional variations.

**M. Inspections.** Franchisee shall permit ABEA or its agents or representatives to enter upon the premises of the Cafe at any reasonable time for purposes of determining compliance with the standards, specifications, requirements and procedures contained in this Agreement and in the Manual and for any other related purpose; shall cooperate fully with ABEA's agents or representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from ABEA or its agents or representatives, and without limiting ABEA's other rights under this Agreement, take such steps as may be necessary to immediately and diligently correct any deficiencies detected during such inspections, including, without limitation, immediately desisting from the further use of any methods, equipment, advertising materials, programs, supplies, products, services or other items that do not conform to ABEA's then-current specifications, standards or requirements. In the event Franchisee fails or refuses to correct such deficiencies, ABEA shall have the right to enter upon the premises of the Cafe, without being guilty of trespass or any other

tort, for the purpose of making or causing to be made such corrections as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand.

ABEA has the right to evaluate the operation of Franchisee's Cafe at any time, including sending mystery shoppers to Franchisee's Cafe. ABEA may hire various vendors who send the "mystery shoppers" into the Cafes. Any time Franchisee fails two consecutive evaluations a mystery shopper, Franchisee must pay for the next three mystery shoppers ABEA sends to Franchisee's Cafe; these re-evaluations are in addition to the vendor's regularly scheduled annual evaluations. The range of fees charged by the vendors are \$80-\$130 per visit, which Franchisee must pay to ABEA. The fee per mystery shopper visit includes the reimbursement of the tab paid by the mystery shopper for the items consumed at Franchisee's Cafe and, therefore, the actual fee for each visit may vary. ABEA may change the mystery shop program, including with respect to timing of visits and required payments, as ABEA determines necessary.

ABEA also evaluates the operation of Franchisee's Cafe from a food safety standpoint, and in that regard, utilize the services of a third-party food safety assessment vendor (Steritech) that will assess food safety operations at Franchisee's Cafe approximately four times per year. If Franchisee fails Steritech's evaluation, based upon criteria ABEA establishes, Franchisee will be reassessed within 30-45 days and the cost will be charged to Franchisee; this reassessment is in addition to the vendor's regularly scheduled annual assessments. Steritech currently charges \$215 per assessment. ABEA may change the food safety assessment program, including preferred vendor, timing of visits, scope of the assessment and required payments, as ABEA determines necessary.

**N. Modifications to System.** Franchisee acknowledges and agrees that ABEA has developed and shall continue to develop new and improved methods, services, programs, operational systems, management techniques and products (including Trade Secret Products) and may continue to develop additional products, services, and proprietary methods and techniques for use in the operation of the Cafe which are all highly confidential and which are trade secrets of ABEA. Because of the importance of quality control and uniformity of products and services and the significance of such proprietary methods in the System, it is to the mutual benefit of the parties that ABEA closely control the dissemination of this proprietary information. Accordingly, Franchisee agrees that it shall comply and strictly follow these techniques in the operation of its business and shall purchase from ABEA or from an approved source designated by ABEA any products, supplies, services or materials necessary to protect and implement such techniques.

**O. Maintenance of Books and Records.** Franchisee agrees to maintain, during the term of this Agreement, complete and accurate books, records and accounts including records of all Gross Sales, in the manner prescribed in this Agreement, the Manual and as otherwise directed from time to time by ABEA in writing. Additionally, Franchisee shall prepare and submit to ABEA monthly and annual financial reports, in forms and formats as ABEA may prescribe in the Manual which shall include a balance sheet and income statement and shall be prepared in accordance with generally accepted accounting principles and shall also submit copies of all sales tax reports. Such reports shall be presented to ABEA within twenty (20) days after the end of each month. ABEA may, at its option, require that all financial statements be audited. If any inspection reveals that Gross Sales were underreported to ABEA, then Franchisee shall be required to pay the additional royalty and advertising fund fees together with interest from the date payment was due at the highest rate then allowed by applicable law. In the event that any accounting period or annual report or statement understates Gross Sales of the Cafe by more than two percent (2%) for the actual Gross Sales ascertained by ABEA's inspection, Franchisee shall, in addition to making the payment provided for herein, pay and reimburse ABEA for any and all expenses incurred in connection with its inspection, including, but not limited to, reasonable travel, lodging, accounting, legal and other professional costs and fees. Such payments shall be made without prejudice to any other rights or remedies ABEA may have under this Agreement or otherwise.

**P. Insurance.** Franchisee shall procure insurance policies as further described in Section 10 of this Agreement.

**Q. Full-Time Efforts.** Franchisee agrees during the term of this Agreement to diligently develop the business and market and promote the Cafe and to meet performance standards as may be set forth in the Manual. Franchisee's Operating Partner and/or the General Manager must devote their efforts on a full-time basis to manage, promote and operate the business in accordance with the requirements set forth in the Manual. ABEA may require, in its sole discretion, that the Operating Partner own at least 10% of the outstanding equity interests of Franchisee, if Franchisee is an entity. Franchisee's Operating Partner may replace the General Manager at only one Cafe. All subsequent Cafes opened by Franchisee must have a General Manager. The Operating Partner's and General Manager's efforts shall be evaluated on, but not be limited to, the amount of time devoted to the Cafe and the number of shifts worked per week at the Cafe. The appointment of a General Manager shall not relieve the Operating Partner of any duties and obligations under this Agreement.

**R. Notifications of Actions.** Franchisee shall notify ABEA in writing within three (3) days of the receipt of any complaint of any nature relating, directly or indirectly, to the operation of the Cafe or of the commencement of any action, suit or proceeding against Franchisee, and of the issuance of any inquiry, subpoena, order, writ, injunction, award, or decree of any court, agency or other governmental instrumentality, which arises out of, concerns, or may affect the operation or financial condition of the Cafe, including without limitation, any criminal action or proceeding brought by Franchisee against employees, customers, or other persons and shall within ten (10) days of receipt by ABEA or counsel, provide ABEA with copies of all pleadings and other documents. Without limiting the foregoing, Franchisee agrees to provide prior written notice to ABEA of its intent to initiate any civil or criminal action against a customer or employee relating to the operation of the Cafe.

**S. Ownership Register.** Franchisee shall maintain an accurate register of the names and addresses of all owners and beneficial owners of its ownership interests. The list of all owners of record and all beneficial owners of the ownership interests of Franchisee as of the Effective Date, and if Franchisee is owned by one or more entities, the owners of record and beneficial owners of the ownership interests of such entities as of the Effective Date, is set forth in Exhibit F attached hereto. Any and all changes to this list shall be promptly provided to ABEA. ABEA shall have the right at any time upon request to Franchisee to examine the ownership register and any list of beneficial owners and to reproduce all or any part thereof. In ABEA's sole discretion, the Operating Partner and/or one or more of the other holders of more than a twenty percent (20%) of the beneficial interests in the ownership interests of Franchisee, or if Franchisee is owned by one or more entities, one or more of the holders of more than a twenty percent (20%) of the beneficial interests in the ownership interests of such entities, shall jointly and severally guarantee the full and faithful performance of all duties and obligations required to be performed, fulfilled, or observed by the Franchisee under this Agreement and shall execute the Guaranty Agreement set forth in Exhibit A attached hereto contemporaneously with the execution of this Agreement.

**T. Display and Use of Proprietary Marks.** Franchisee shall display the Proprietary Marks and Franchisee's business address and telephone number for the Cafe on all promotional, sales and advertising materials, including, without limitation, all printed advertising of every kind and nature, stationery cards, signs and decals.

**U. Employment of Group Manager.** If Franchisee and its affiliated entities (the "Franchisee Group") operate three (3) or more Cafes, ABEA may, in its sole discretion, suggest that the Franchisee Group employ one or more group managers to oversee, supervise and coordinate the operations of the Franchisee Group Cafes in accordance with requirements established by ABEA. The group manager shall complete ABEA training, serve as group manager on a full-time basis and not serve as the on-site General Manager for any Cafe.

**V. Vending Machines and Other Devices.** No vending machines, pool tables, amusement devices, video machines, video lottery machines or gaming devices, or any other devices, including pay telephones, whether or not coin operated, shall be installed or used at the Cafe without ABEA's prior written consent. If ABEA gives such written consent, Franchisee shall record all such sales, receipts and proceeds and included them in the reported Gross Sales for purposes of calculating and paying the royalty fee, National Advertising Fund fees and Local Store Marketing expenditures in accordance with Sections 4.A.2, 4.A.4 and 4.A.5.

**W. Computer System.** Franchisee will use in the Cafe the point-of-sale system and computer system ABEA designates, including all existing or future communication or data storage systems, components thereof and associated service, which ABEA has developed and/or selected for the System (the "Computer System"). The Computer System developed for use in Franchisee's Cafe may include one or more proprietary software programs developed for ABEA (the "Proprietary Software") and other software programs that ABEA designates for use in the Cafe ("Computer Software"). Franchisee must use any Proprietary Software and Computer Software that ABEA designates. The Proprietary Software will remain the confidential property of ABEA or ABEA's third party supplier. Franchisee may be required to enter into ABEA's or a third-party supplier's standard form computer software access or license agreements in connection with Franchisee's use of the Proprietary Software or Computer Software. Franchisee may be required to pay ABEA or ABEA's third party suppliers the then-current license or support fees related to Franchisee's use of any Proprietary Software and Computer Software. Franchisee will pay the then-current initial fees for the Proprietary Software and Computer Software (if applicable) before Franchisee opens the Cafe for business. Franchisee must also pay any ongoing license, support or other fees associated with the Proprietary Software and Computer Software. ABEA reserves the right to assign its rights, title and interest in any Proprietary Software or any software license agreement to a third-party ABEA designates, or to replace the Proprietary Software or Computer Software. In such event, Franchisee may be required to enter into a separate computer software license agreement specified by ABEA or the third-party supplier of the Proprietary Software or Computer Software. Franchisee must replace the Computer System, including the Proprietary Software or Computer Software, as ABEA designates. ABEA may require Franchisee to make certain updates and modifications to the Computer System more frequently. ABEA also may access financial information and customer data produced by or otherwise located on Franchisee's Computer System. ABEA has the right to designate a single source from which Franchisee must purchase the Computer System, any software or hardware components thereof or associated service, and ABEA or its affiliates may be that single source. Franchisee will be required to use and, at ABEA's direction, pay for all future updates, supplements and modifications to the Computer System. Franchisee is solely responsible for protecting itself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and Franchisee waives any and all claims Franchisee may have against ABEA as the direct or indirect result of such disruptions, failures or attacks.

**X. PCI Compliance.** Franchisee agrees to implement and maintain appropriate security measures, consistent with the Payment Card Industry ("PCI") Data Security Standards ("PCI DSS"), Payment Application Data Security Standards ("PA DSS"), and such other standards as may be required by ABEA (collectively, "Data Security Standards"), as further described in the Manual. Upon request, Franchisee shall provide ABEA proof of compliance with all Data Security Standards in a form acceptable to ABEA. Franchisee covenants and agrees to be and remain in compliance with all Data Security Standards and will notify ABEA immediately should Franchisee: (i) learn or have reason to believe that it is no longer in compliance with the Data Security Standards; (ii) reasonably anticipate that it is or will be noncompliant with the Data Security Standards; or (iii) undergoes an adverse change in its certification or compliance status with respect to the Data Security Standards. Upon the occurrence of either, (i), (ii), or (iii), as set forth above, Franchisee will immediately provide ABEA with a detailed plan to remediate non-compliance. In connection with Data Security Standards, Franchisee must purchase, install and use Franchisor's preferred vendor for managed firewalls.

In the event Franchisee cannot provide validation of compliance with all required Data Security Standards in a form acceptable to ABEA, ABEA shall have the right to engage a Qualified Security Assessor (“QSA”) to conduct an audit, to determine Franchisee’s compliance with the Data Security Standards. All costs of such an audit shall be paid by Franchisee. Franchisee shall as soon as reasonably possible implement any remediation measures recommended by the QSA in order to either remain compliant with all required Data Security Standards. Franchisee acknowledges that it is solely responsible at all times for the security of any payment account information or cardholder data in transit, at rest or in its possession. A failure of Franchisee to maintain compliance with all required Data Security Standards shall be considered a material breach and an event of default under this Agreement and ABEA shall have the right to terminate this Agreement for cause.

## **6. PROPRIETARY MARKS**

**A. Grant of License.** Subject to Franchisee’s compliance with the terms and conditions of this Agreement, ABEA hereby grants to Franchisee a non-exclusive and non-transferable right and license to use the “Another Broken Egg Cafe” trademark and the other Proprietary Marks required for use by ABEA, as set forth in the Manual, in connection with the operation of the Cafe and the provision of services and products to customers of the Cafe. ABEA represents that, to its actual knowledge, it has all right, title and interest in and to the Proprietary Marks necessary for Franchisee to operate the Cafe.

**B. Obligations of Franchisee.** With respect to Franchisee’s use of the Proprietary Marks pursuant to the license granted under this Agreement, Franchisee agrees that:

1. Franchisee shall use only the Proprietary Marks designated by ABEA in this Agreement and shall use them only in the manner required or authorized and permitted by ABEA.

2. Franchisee shall use the Proprietary Marks only in connection with the right and license to operate the Cafe granted hereunder.

3. During the term of this Agreement and any renewals hereof, Franchisee shall identify itself as a licensee and not the owner of the Proprietary Marks and, subject to ABEA’s prior written approval, shall make any necessary filings under state law to reflect such status. In addition, Franchisee shall display any notices, in such form and content and at such conspicuous locations at the premises of the Cafe, as ABEA may designate and require from time to time, in its Manual or otherwise.

4. Franchisee’s right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement or in the Manual, and any unauthorized use thereof shall constitute an infringement of ABEA’s rights and a material default under this Agreement for which ABEA may terminate this Agreement.

5. Franchisee shall not use the Proprietary Marks to incur or secure or otherwise in connection with any obligation or indebtedness.

6. Franchisee shall not use the Proprietary Marks as part of its corporate or other legal name.

7. Franchisee shall be responsible for compliance with any local laws applicable to the use of the fictitious name “Another Broken Egg Cafe” in connection with the Cafe, but shall not make any fictitious name filing for any Proprietary Mark without the prior written consent of ABEA.

8. Franchisee shall execute any documents deemed necessary by ABEA or its counsel in connection with ABEA’s protection, maintenance and enforcement of the Proprietary Marks.

9. In the event any claim or litigation is asserted, instituted or threatened against Franchisee related to Franchisee's use of any Proprietary Marks, Franchisee shall promptly notify ABEA and shall cooperate fully in defending or settling such claim or litigation.

10. Franchisee shall not register any mark incorporating any Proprietary Mark, in whole or in part, for use on any electronic medium, including, but not limited to, in connection with any internet domain name, social media site, e-mail address or any other use without the prior written consent of ABEA. Franchisee may not create, operate or maintain a web site in connection with or related to the Cafe without ABEA's prior written consent. Presently, ABEA operates a website for the Another Broken Egg Cafe franchise operation (the "ABEA Website") and creates a location page for each Cafe. ABEA reserves the right, in its sole discretion, to determine the content of the ABEA Website and to discontinue the ABEA Website and require Franchisee to establish its own website, subject to such requirements as ABEA may reasonably establish from time to time. In addition to any other applicable requirements, Franchisee must comply with any standards, specifications and requirements established by ABEA applicable to websites, social media sites or other electronic medium, as set forth in the Manual or otherwise by ABEA in writing. ABEA also reserves the right to charge Franchisee a fee for developing and hosting the ABEA Website, social media sites or other electronic medium. In addition to the foregoing, Franchisee may not use or permit any third party to use any of the Proprietary Marks in connection with any internet website and/or as part of any internet domain name or electronic mail or home page address, unless such use is expressly approved by ABEA in writing. Franchisee is also prohibited from promoting its Cafe or using the Proprietary Marks in any manner on any social and/or networking websites, such as Facebook, LinkedIn, Instagram and Twitter, unless such use is expressly approved by ABEA in writing.

11. Franchisee further agrees that when any Proprietary Mark is affixed to any packaging or point-of-sale display, or is used in advertising or promotional materials, the Proprietary Marks will be accompanied by the symbols "©", "®" and/or "™" required by ABEA and will contain the statement "Another Broken Egg Cafe and Broken Egg are trademarks of Another Broken Egg of America, LLC (or Another Broken Egg of America Franchising, LLC)" and/or such other statements as may be required by ABEA from time to time.

**C. Acknowledgement of Franchisee.** Franchisee expressly understands and acknowledges that:

1. ABEA or its affiliates are the owners of all right, title and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them.

2. The Proprietary Marks are valid and serve to identify the System and those who are licensed to operate a Cafe in accordance with the System.

3. Franchisee shall not directly or indirectly contest the validity or the ownership of the Proprietary Marks.

4. Franchisee's use of the Proprietary Marks pursuant to this Agreement does not give Franchisee any ownership interest or other interest in or to the Proprietary Marks, except the limited non-exclusive license granted herein.

5. Any and all goodwill arising from Franchisee's use of the Proprietary Marks shall inure solely and exclusively to ABEA's benefit, and upon expiration or termination of this Agreement no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Proprietary Marks.

6. The license and rights to use the Proprietary Marks granted hereunder to Franchisee are non-exclusive, and ABEA thus may: (a) itself use, and grant franchises and licenses to others to use, the Proprietary Marks and the System; (b) establish, develop and franchise other systems, different from the System licensed to Franchisee herein, without offering or providing Franchisee any rights in, to or under such other systems; and (c) modify or change, in whole or in part, any aspect of the Proprietary Marks or the System.

7. ABEA reserves the right to substitute different names and Proprietary Marks for use in identifying the System, the Cafe and other Cafes using or operating under the System.

8. ABEA shall have no liability to Franchisee for any senior users that may claim rights to the Proprietary Marks.

9. The Franchisee shall not register or attempt to register the Proprietary Marks in Franchisee's name or that of any other person, firm, entity or corporation.

## 7. **CONFIDENTIAL OPERATING MANUAL**

**A. Operate Business in Accordance With Manual.** In order to protect the reputation and goodwill of ABEA and to maintain uniform operating standards under the Proprietary Marks, Franchisee shall conduct its business in accordance with the mandatory standards, specifications and operating procedures prescribed in the Manual and any supplemental bulletins, notices, revisions, modifications or amendments thereof and such other electronic or written directives of ABEA containing mandatory standards, specifications and operating procedures.

**B. Confidentiality.** Franchisee acknowledges and agrees that designated portions of the Manual contain trade secrets owned and treated as such by ABEA. Franchisee shall, therefore, at all times treat the Manual, any other manuals created for or approved for use in the operation of the Cafe, and the information contained therein as confidential, and shall use reasonable efforts to maintain such information as secret and confidential. Franchisee shall not at any time, without ABEA's prior written consent, disclose any materials contained in the Manual or any other materials created for or approved for use in the operation of the Cafe, in whole or in part, nor otherwise make the same available to any person not employed by Franchisee nor shall Franchisee copy, duplicate, record or otherwise reproduce in any manner any part of the Manual or any of the updates, supplements or amendments thereto. The Manual shall at all times remain the sole property of ABEA and, upon termination or expiration of this Agreement, Franchisee shall return the Manual and all updates, supplements and amendments thereto, to ABEA, or, if kept electronically, delete any such electronic copies of the Manual and updates, supplements and amendments thereto.

**C. Updating the Manual.** Franchisee shall at all times ensure that its copy of the Manual is kept current and up-to-date.

## 8. **CONFIDENTIAL INFORMATION**

**A. Non-Disclosure.** Franchisee shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, association, or corporation any confidential information, knowledge or know-how concerning ABEA, the development and methods of operation of the Cafe, the Manual or the System ("Confidential Information?"), whether such Confidential Information is communicated to Franchisee by or on behalf of ABEA or Franchisee may be apprised of such Confidential Information as a result of Franchisee's establishment and operation of the Cafe under the terms of this Agreement. Franchisee shall divulge such Confidential Information only to such of its employees as must have access to it in order to operate the Cafe. Any and all Confidential Information, including, without limitation, Trade Secret Products, drawings, materials, equipment, specifications, techniques

and other data, which ABEA designates as confidential shall be deemed Confidential Information for purposes of this Agreement, except information which (1) Franchisee can demonstrate came to its attention prior to disclosure thereof by ABEA from a person or entity who was under no obligation of confidentiality to ABEA or its affiliates, (2) at the time of disclosure by ABEA to Franchisee, had become a part of the public domain, through publication or communication by others, or (3) after disclosure to Franchisee by ABEA, becomes a part of the public domain, through publication or communication by others.

**B. Confidentiality Agreement.** Franchisee shall require all employees that will have access to any Confidential Information to execute a confidentiality agreement that prohibits them during the term of their employment and for two (2) years thereafter or for so long as the information is entitled to trade secret protection under the law, from communicating, divulging, or using for the benefit of another party any Confidential Information which may be acquired during the term of their employment. Franchisee shall disclose Confidential Information to contractors or consultants only to extent necessary to fulfill the purpose of this Agreement and only if such contractors or consultants agree to execute a confidentiality agreement.

**C. Franchisee Developments.** ABEA shall have the exclusive right to use and incorporate in the System for the benefit of other franchisees and ABEA, any modifications, additions, changes, and improvements to the System, in whole or in part, developed or discovered by Franchisee or Franchisee's employees or agents in connection with the System or the operation of the Cafe ("Improvements"), without any liability or obligation to the Franchisee or the Franchisee thereof. Improvements will include, but are not limited to, discoveries or developments of products, recipes, menu items, systems, techniques, management practices or procedures, architectural designs and philosophies and names or groups of words relating to the Proprietary Marks and/or the System. Franchisee agrees that: (1) all Improvements made by Franchisee are the property of ABEA, and Franchisee agrees to assign and hereby assigns all of its rights, title and interest in and to the Improvements to ABEA; (2) Franchisee will execute and deliver any documents or instruments required by ABEA to evidence or establish ABEA's ownership of the Improvements; (3) ABEA will have the right to incorporate any or all of the Improvements into the System and/or Proprietary Marks; and (4) ABEA will have the right to use and authorize its franchisees and developers to use any or all Improvements in the development and/or operations of any or all Cafes owned, operated or licensed by ABEA, without any compensation to Franchisee.

## **9. NATIONAL AND LOCAL ADVERTISING**

Recognizing the value of advertising to the System, and the importance of the standardization of advertising programs to the furtherance and protection of the goodwill and public image of the System, the parties agree as follows:

**A. Submission and Approval of Advertising.** All advertising by Franchisee in any medium shall be conducted in a dignified manner and shall conform to such standards and requirements as ABEA may specify from time to time in the Manual or otherwise. Franchisee shall submit to ABEA for its prior written approval, samples of all advertising and promotional plans and materials in whatever form that Franchisee desires to use and that have not been previously approved in writing within the last six (6) months by ABEA. ABEA shall use reasonable commercial efforts to notify Franchisee of ABEA's approval or disapproval thereof within fifteen (15) days from the date of receipt by ABEA of such materials. Franchisee shall comply with all revisions to said advertising that ABEA may require prior to proceeding with such advertising. Franchisee shall not use any advertising or promotional plans or materials that have not been approved by ABEA and shall cease to use any plans or materials promptly upon notice by ABEA. Failure by the Franchisee to obtain the approval of ABEA prior to the use of any advertising shall be deemed a default of this Agreement in accordance with Section 12.B hereof.

**B. Grand Opening Advertising Campaign.** In connection with the Grand Opening advertising campaign for the opening of the Cafe, Franchisee shall spend not less than \$15,000 on advertising, promotions and/or publicity, referred to as the Grand Opening Spend. Franchisee will pay the Grand Opening Spend at the same time as the initial franchise fee to ABEA. Franchisee shall spend this amount on advertising materials, approved in writing by ABEA, during the period of thirty (30) days prior to the Grand Opening of the Cafe to sixty (60) days following the Grand Opening. Franchisee will present vendor invoices to ABEA, and ABEA will remit those funds to such third parties for the purchase and placement of such Grand Opening advertising, until the balance of the Grand Opening Spend reaches \$0. Following the depletion of the Grand Opening Spend, Franchisee will pay any outstanding amounts owed to vendors for the Grand Opening directly. If this Franchise Agreement is terminated because the Cafe is not opened within the deadline provided in Exhibit B, then any unused funds held by ABEA will be returned to Franchisee. All Grand Opening advertising must be approved, in advance of purchase, by ABEA.

**C. National Advertising Fund, Etc.** ABEA has established an advertising fund to enhance consumer awareness on both national and regional levels of the Cafes, the System and the Proprietary Marks (“National Advertising Fund”). ABEA is not obligated to ensure that the general expenditures from the National Advertising Fund are proportionate or equivalent to Franchisee’s contributions and does not guarantee that any or all contributions will be spent in the geographic area within which Franchisee’s Cafe is located or that the advertising will increase Franchisee’s gross sales or profitability. Franchisee acknowledges that other franchisees may not be required to contribute to the National Advertising Fund, may be required to contribute to the National Advertising Fund at a different rate than Franchisee or may be required to contribute to a different advertising fund.

ABEA shall administer and use the National Advertising Fund as determined by ABEA. ABEA shall have sole authority to direct all advertising programs and promotions and uses of the National Advertising Fund, with sole control over the creative concepts, materials, and media used in the programs, and the placement and allocation of advertising. ABEA reserves the right to use any media, create any programs, and allocate any advertising and promotional expenditures to any regions or locales ABEA deems appropriate. ABEA may use the National Advertising Fund to meet the costs of administering, preparing, and conducting national, local, or regional advertising, promotional, or brand building programs of any kind, including, without limitation, the cost of (i) preparing and conducting televisions, radio, magazine, newspaper, and digital advertising (including for purposes of brand management), (ii) employing public relations firms and advertising agencies to assist in these activities, and (iii) conducting other activities that are directly or indirectly designed to promote the System, its franchisees, and/or increase System sales, such as limited-time menu offerings, franchisee incentives, customized or branded materials, up-sell programs, guest response programs, manager/employee recognition programs, quality assurance and food safety programs, mystery shop programs, brand website and ordering platforms, brand applications, social media account administration and promotion, and in-store equipment and technologies related to such marketing programs. ABEA may use the National Advertising Fund to cover the administrative costs and overhead ABEA incurs in administering the National Advertising Fund and in activities related to advertising and promotional programs, including new product development; market research; preparing advertising and promotional materials; digital marketing (e.g., websites, social media accounts, applications, keyword or adword purchasing programs, accounts with websites featuring gift certificates and discounted coupons, mobile applications, online videos, display banner campaigns, SMS and e-mail marketing campaigns, or other means of digital advertising on the internet or any other means of digital or electronic communication); working with public relations firms, advertising agencies, advertising placement services, and creative talent; reimbursing franchisees advisory council meeting expenses; developing and maintaining, and paying third parties for the development and maintenance of, websites, applications, and other equipment and technologies related to marketing programs.

Franchisee agrees that (i) ABEA need not maintain the National Advertising Fund or Franchisee’s Advertising Fund Fees, or income earned from contributions to the National Advertising Fund in a separate

account from ABEA's other funds; (ii) ABEA is not a fiduciary with respect to Franchisee's National Advertising Fund Fees or the National Advertising Fund; and (iii) the National Advertising Fund is not a "trust." ABEA is not required to have an independent audit of the National Advertising Fund completed. ABEA may treat any amounts that it contributes to the National Advertising Fund and any spending on advertising that ABEA makes in excess of the amounts then available in the National Advertising Fund as a loan from ABEA to the National Advertising Fund. ABEA will have the right to be reimbursed from the National Advertising Fund any amounts that ABEA loans to the National Advertising Fund. If any contributions to the National Advertising Fund, including any associated earnings, are not spent in the fiscal year in which they accrue, they remain set aside in the National Advertising Fund for use in later years.

In addition, Franchisee shall spend one and one-quarter percent (1.25%) of its Gross Sales for Local Store Marketing. Upon ABEA's request, Franchisee shall provide to ABEA documentation evidencing Franchisee's required Local Store Marketing expenditures. Franchisee may only use outside advertising or creative agencies upon our prior written approval. Franchisee may not use its own marketing materials unless approved, in writing, by ABEA prior to their dissemination.

If ABEA establishes a regional marketing fund (the "Regional Marketing Fund") for a region in which the Cafe is located, Franchisee will pay to ABEA for deposit in the Regional Marketing Fund a "Regional Marketing Fund Fee." ABEA will determine the amount of the Regional Marketing Fund Fee and reserves the right to increase such fee during the term of this Agreement and upon sixty (60) days' prior written notice to Franchisee, to an amount not exceeding one and one-half percent (1.5%) of Franchisee's weekly Gross Sales. Franchisee will not be required to contribute to both a Regional Marketing Fund and a cooperative at the same time. Any contributions to a Regional Marketing Fund will be credited towards Franchisee's Local Store Marketing expenditures required above in Section 4.A.5.

ABEA may establish multiple advertising funds, and may allocate the advertising fund fees received among the advertising funds established and change those allocations from time to time in its sole discretion without prior notice. This right to distribute the advertising fund fees among different funds includes the right, among others, to create new advertising funds, modify the National Advertising Fund and the Regional Marketing Fund (if established), eliminate one or more of the National Advertising Fund or the Regional Marketing Fund (if established) and redirect amounts held in one advertising fund to another.

ABEA may also require Franchisee to participate in regional and/or local advertising cooperatives, in its sole discretion.

**D. Participation.** Franchisee agrees to participate in any and all existing advertising, promotional and public relations programs, including, without limitation, rewards programs, system fundraisers, and other promotional activities applicable to all ABEA franchisees, beginning the week of the Grand Opening of the Cafe and continuously thereafter. ABEA will provide Franchisee with a summary of any such programs upon Franchisee's request.

**E. Supplier Advertising Contributions.** Where ABEA has designated an approved brand name supplier and such supplier has agreed to make payments with respect to such approved products or services conditioned on use, sales or otherwise by ABEA or affiliated entities, all such payments by the supplier shall be made to ABEA or an entity appointed by it and shall be spent by ABEA or such entity in accordance with any restrictions or conditions imposed by the supplier. If no conditions are placed on the use of such funds, they shall be deposited in the National Advertising Fund. Any non-cash consideration, which is given to ABEA by any supplier, shall not be subject to any restrictions on use by ABEA.

## 10. INSURANCE

Franchisee shall obtain and maintain insurance policies as set forth in the Manual and as follows. Franchisee shall procure and thereafter maintain in full force and effect during the term of this Agreement at minimum all types and levels of insurance coverage as required by ABEA and which currently are: Comprehensive General Liability: Two Million Dollars (\$2,000,000) per occurrence, minimum of Two Hundred Fifty Thousand Dollars (\$250,000) for property damage; Comprehensive Automobile Liability (including delivery driver coverage): One Million Dollars (\$1,000,000) combined, single limit on each owned, non-owned or hired vehicle used in the operation of the Cafe; All Risk: full replacement cost; Business Income/Interruption: actual loss, no dollar limit for six (6) months; and Employer's Liability: One Million Dollars (\$1,000,000) for injury or death by accident for each accident; other legally required insurance (e.g., Workers Compensation) as per the statutory limits; and any additional types of insurance ABEA specifies with the minimum coverage amounts ABEA requires (e.g., Cyber Liability). All insurance policies will: (a) be issued only through insurers approved in writing in advance by ABEA; (b) name ABEA and its affiliates and their respective officers, directors and employees as an additional insured following such format and using such endorsements as ABEA periodically may direct; (c) contain a waiver of the insurance company's right of subrogation against ABEA; (d) provide that ABEA will receive thirty (30) days' prior written notice of a material change in or termination, expiration or cancellation of any policy (or such shorter period as required by the insurance carrier and approved by ABEA); and (e) as applicable, include primary and non-contributory endorsement or language in form and content as ABEA periodically requires. Such insurance must be obtained prior to the opening of the Cafe. Franchisee shall be obligated, prior to opening and at such other times as ABEA may require, to provide ABEA with certificates of insurance, insurance policy endorsements and other evidence of compliance with these requirements as ABEA requires. ABEA periodically may, with prior written notice to Franchisee, increase the minimum liability protection requirements, modify policy, endorsement or other requirements, and require different or additional kinds of insurance.

Should Franchisee, for any reason, not procure and maintain insurance coverage required by this Agreement, ABEA will have the right, but not the obligation, to procure such insurance and, upon notice, Franchisee will pay and reimburse ABEA for all costs of such insurance, plus interest and administrative expenses.

Franchisee's obligation to obtain and maintain these insurance policies in the minimum amounts specified shall not be limited in any way by reason of any insurance that ABEA may maintain, nor does Franchisee's procurement or required insurance relieve Franchisee of liability under the indemnity obligations described in Section 17(B). Franchisee's insurance procurement obligations under this Section are separate and independent of Franchisee's indemnity obligations. ABEA does not represent or warrant that any insurance that Franchisee is required to purchase will provide adequate coverage for Franchisee. The requirements of insurance specified in this Agreement and the Manual are for ABEA's protection. Franchisee should consult with its own insurance agents, brokers, attorneys and other insurance advisors to determine the level of insurance protection it needs and desires, in addition to the coverage and limits required by ABEA.

## 11. TRANSFERABILITY OF INTEREST

**A. Transfer by ABEA.** ABEA shall have the right to assign this Agreement, and all of its rights and privileges hereunder, to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of the functions of ABEA: (1) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing the obligations of ABEA hereunder, and (2) the assignee shall expressly assume and agree to perform such obligations. Specifically, and without limitation to the foregoing, Franchisee expressly affirms and agrees that ABEA may sell all or a portion of its assets, its Trade Secret Products, Proprietary Marks, and/or its System to a third party; may go public; may engage in a private placement of some or all of its securities; may merge,

acquire other entities, or be acquired by another entity; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and may engage in one or more other transactions with third parties resulting in the sale, disposition, restructuring or change in control of ABEA, its business and/or its assets. With regard to any or all of the above transactions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of said Trade Secret Products or Proprietary Marks (or any variation thereof), the loss of association with or identification of Another Broken Egg Cafe hereunder and/or any impact that such transaction may have on Franchisee or the Cafe.

Nothing contained in this Agreement requires ABEA to remain in the Cafe/food service business or to offer services similar to those currently being offered by it or any related company, whether or not bearing the Proprietary Marks, in the event ABEA exercises its rights hereunder to assign its rights in this Agreement.

## **B. Transfer by Franchisee.**

1. Prior Approval of Transfers. Franchisee understands and acknowledges that ABEA has granted the rights under this Agreement in reliance on the business skill, financial capacity and personal character of Franchisee and its principals and, therefore, the rights and duties set forth in this Agreement are personal to Franchisee. Accordingly, (a) Franchisee shall not assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any interest in this Agreement and (b) no more than twenty percent (20%) of the beneficial interests in the ownership interests of Franchisee may be sold, assigned, transferred, conveyed, given away, pledged, mortgaged, or otherwise encumbered during the Term of this Agreement, in each case without the prior written consent of ABEA. Any purported assignment or transfer by operation of law or otherwise, not having the written consent of ABEA, shall be null and void and shall constitute a material breach of this Agreement for which ABEA may terminate this Agreement without opportunity to cure pursuant to Section 12 of this Agreement.

2. Conditions to Transfer. ABEA shall not unreasonably withhold its consent to a transfer of any interest in Franchisee, this Agreement, or all or a substantial portion of the assets of the Cafe, subject to the satisfaction of one or more of the following conditions that ABEA may, in its sole discretion, impose:

a. All of Franchisee's accrued monetary obligations and all other outstanding obligations to ABEA, its subsidiaries, affiliates and suppliers shall be up to date, fully paid and satisfied;

b. Franchisee shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, any other franchise agreement or other agreement between Franchisee and ABEA, or its subsidiaries, affiliates or suppliers;

c. Franchisee and each of its managers, officers, directors and the holders of the beneficial interests in the ownership interests of Franchisee and of any entity that holds any beneficial interest in the ownership interests of Franchisee shall have executed a general release under seal, in a form satisfactory to ABEA, of any and all claims against ABEA and its current and former officers, directors, shareholders and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, provided, however, that Franchisee shall not be required to release ABEA for violations of federal and state franchise registration and disclosure laws;

d. The transferee shall enter into a written assignment, in a form satisfactory to ABEA, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement and, in ABEA's sole discretion, one or more of the other holders of beneficial interests in the ownership interests of the transferee, or if the transferee is owned by one or entities, one or more of the holders of beneficial interests in

the ownership interests of such entities, shall jointly and severally guarantee the performance of all such obligations in writing in a form satisfactory to ABEA;

e. The transferee shall demonstrate to ABEA's satisfaction that the transferee meets ABEA's educational, managerial and business standards, possesses a good moral character, business reputation and credit rating, has the aptitude and ability to operate the Cafe herein (as may be evidenced by prior related experience or otherwise), has at least the same managerial and financial criteria required of new franchisees and shall have sufficient equity capital to operate the Cafe;

f. At ABEA's option, the transferee shall execute (and/or, upon ABEA's request, shall cause all holders of beneficial interests in the ownership interests of the transferee, or if the transferee is owned by one or entities, one or more of the holders of beneficial interests in the ownership interests of such entities, to execute) for a term ending on the expiration date of this Agreement and with such renewal term as may be provided by this Agreement, the standard form of Franchise Agreement then being offered to new franchisees and such other ancillary agreements as ABEA may require for the Cafe, which agreements shall supersede this Agreement in all respects and the terms of which agreements may differ from the terms of this Agreement, including, without limitation, a higher percentage royalty fee, higher National Advertising Fund fee and additional fees;

g. The transferee shall upgrade, at the transferee's expense, the Cafe to conform to the current specifications then being used in new Cafes, and shall complete the upgrading and other requirements within the time specified by ABEA;

h. If the Franchise Agreement was signed in connection with a Development Agreement, ABEA may require that all Franchise Agreements signed in connection with such Development Agreement, and the Development Agreement itself, also be transferred to the proposed transferee;

i. Unless the transferee is a legal entity solely owned by Franchisee, that owns all of ownership interests of Franchisee or a member of the transferor's immediate family, the transferee shall pay to ABEA a nonrefundable transfer fee of Twenty Thousand Dollars (\$20,000) to cover ABEA's expenses in connection thereof, including, but not limited to, orientation, training, due diligence and other administrative tasks;

j. Franchisee shall remain liable for all direct and indirect obligations to ABEA in connection with the Cafe prior to the effective date of the transfer and shall continue to remain responsible for its obligations of nondisclosure, non-competition and indemnification as provided elsewhere in this Agreement and shall execute any and all instruments reasonably requested by ABEA to further evidence such liability;

k. At the transferee's expense, one of the holders of the beneficial interests in the ownership interests of transferee, or if transferee is owned by one or entities, one of the holders of the beneficial interests in the ownership interests of such entities, and/or transferee's General Manager, kitchen manager, and assistant manager shall successfully complete any and all training programs then in effect for current franchisees upon such terms and conditions as ABEA may reasonably require (except for those individuals that have previously successfully completed such training programs); and

l. The transferee shall have signed an Acknowledgement of Receipt of all required legal documents, such as the Franchise Disclosure Document and the then-current Franchise Agreement and ancillary agreements.

ABEA may expand upon, and provide more details related to, the conditions for transfer and ABEA's consent as described in this Section 11(B), and may do so in the Manual or otherwise in writing.

3. Security Interest. Franchisee shall grant no security interest in the Cafe or in any of its assets unless approved, in writing, by ABEA pursuant to Section 11.B.1 and the secured party agrees that in the event of any default by Franchisee under any documents related to the security interest, ABEA shall have the right and option, but shall not have the obligation, to be substituted as obligor to the secured party and to cure any default of Franchisee. Notwithstanding the foregoing, ABEA shall not be construed as a guarantor or surety for the Franchisee. Under no circumstances shall Franchisee grant a security interest in this Agreement or any of the rights thereunder.

4. Conditions. Franchisee acknowledges and agrees that each of the foregoing conditions of transfer that must be met by the Franchisee and the transferee are necessary and reasonable to assure such transferee's full performance of the obligations hereunder.

5. ABEA's Right of First Refusal. Anything contained herein to the contrary notwithstanding, if Franchisee desires to transfer its rights to the Cafe hereunder, Franchisee shall, within five (5) business days of receiving an acceptable offer or reaching acceptable terms, submit a bona fide written letter of intent, agreement or offer signed by the potential transferee to ABEA (the "Franchisee Offer Notice"). The Franchisee Offer Notice must specify, at a minimum: (i) the name of the potential transferee, (ii) the proposed purchase price, (iii) any material terms and conditions of the potential transfer, and (iv) the proposed closing date for the potential transfer. The Franchisee Offer Notice shall constitute Franchisee's offer to sell the Cafe on the terms of the Franchisee Offer Notice to ABEA or to a third party designated by ABEA, which offer will be irrevocable until the end of the Notice Period (as defined below). Upon receipt of the Franchisee Offer Notice, ABEA will have thirty (30) days (the "Notice Period") to elect to purchase the Cafe on the terms of the Franchisee Offer Notice by delivering a written notice to Franchisee (the "ROFR Notice").

If ABEA provides the ROFR Notice during the Notice Period, ABEA will have a period of sixty (60) days from the date the ROFR Notice is sent to Franchisee (the "Diligence Period") to close the transfer. During the Diligence Period ABEA may conduct due diligence on the Cafe, including without limitation inspecting the premises, communicating with the landlord of the Cafe regarding transfer of the lease or execution of a new lease and reviewing Franchisee's books, records, and any other information reasonably requested by ABEA. If ABEA is unable to come to an agreement with the landlord of the Cafe concerning a new lease or transfer of the existing lease during the Diligence Period or ABEA has other reasonable grounds for not consummating the transfer, including without limitation identification of concerns related to your books and records, identification of needed repairs or replacements related to the premises of the Cafe, or the failure of any contingencies in the Franchisee Offer Notice, then ABEA may revoke its ROFR Notice. During the Diligence Period, Franchisee shall cooperate in good faith with ABEA and take all actions as may be reasonably necessary to allow ABEA to conduct due diligence on the Cafe.

If ABEA does not provide a ROFR Notice during the Notice Period or revokes the ROFR Notice during the Diligence Period, Franchisee will be free to consummate the transfer of the Cafe with the proposed transferee on the terms of the Franchisee Offer Notice, so long as such proposed transfer otherwise complies with all requirements set forth herein with respect to a transfer by Franchisee, and such transfer is completed within sixty (60) days of the expiration of the Notice Period or the date of ABEA's revocation of the ROFR Notice, whichever is later. If Franchisee does not complete the transfer of the Cafe within such sixty (60) day period, or the terms of the sale materially change, the rights under this section will be revived and Franchisee may not sell the Cafe without once more complying with the terms of this section.

**C. Transfer Upon Death or Permanent Incapacity.** Upon the death or permanent incapacity of any person owning, directly or indirectly, more than twenty percent (20%) of the beneficial interests in the

ownership interests of Franchisee, the executor, administrator, personal representative, or trustee of such person shall transfer such person's interest in Franchisee to a third party approved by ABEA within one hundred eighty (180) days of such death or permanent incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any transfer pursuant to Paragraph 11.B. hereof.

**D. Non-Waiver of Claims.** ABEA's consent to a transfer of any interest in Franchisee, this Agreement, or all or a substantial portion of the assets of Franchisee or the Cafe shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of ABEA's right to demand exact compliance with any of the terms of this Agreement by the transferee.

## **12. DEFAULT AND TERMINATION**

**A. Immediate Termination upon Notice to the Franchisee and No Opportunity to Cure.** Franchisee shall be deemed to be in default and ABEA may, at its option, upon written notice to Franchisee, immediately terminate this Agreement and all rights granted hereunder without opportunity to cure (except as otherwise required by law), if:

1. Franchisee dissolves, becomes insolvent or makes a general assignment for the benefit or creditors, a petition in bankruptcy is filed by Franchisee, or such a petition is filed against Franchisee and not discharged within sixty (60) days, Franchisee is adjudicated as bankrupt, a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed or consented to by Franchisee, a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction, proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee, a final judgment remains unsatisfied or of record for sixty (60) days or longer (unless supersedeas bond is filed), execution is levied against Franchisee's business or property, or a suit to foreclose any lien or mortgage against the Accepted Location, equipment, or inventory is instituted against Franchisee and not dismissed within sixty (60) days, or the real or personal property of Franchisee's franchise shall be sold after levy thereupon by any sheriff, marshal, or constable;

2. Franchisee has received from ABEA two (2) or more notices of default pursuant to Section 12.B. hereof within any one (1) year period, whether such notices are for the same or different defaults, in which event a Notice of Termination may be sent in lieu of any subsequent Notice to Cure;

3. Franchisee ceases to do business at the Accepted Location for a period of more than three (3) consecutive days or six (6) or more days in any 12-month period without ABEA's prior written consent, otherwise abandons the business franchised hereunder, fails to remedy any default under any note, lease or sublease for the Accepted Location or for the equipment or inventory therein within the applicable cure period in such note, lease or sublease (or within thirty (30) days if no cure period is specified in such note, lease or sublease), loses the right to possession of the Accepted Location or otherwise forfeits the right to do or transact business in the jurisdiction where the Cafe is located; provided, however, that if Franchisee's inability to do business at the Accepted Location or loss of possession of the Accepted Location is a result of fire, terrorism, acts of war, acts of any governmental agency, department or entity, natural disasters, such as floods, hurricanes or earthquakes, strikes and other labor disputes (other than of or by Franchisee's employees), or other events or circumstances beyond Franchisee's control that are not attributable to the negligence or willful misconduct of Franchisee and could not have been avoided by Franchisee exercising reasonable diligence (each a "Force Majeure Event"), then Franchisee shall not be deemed to be in default provided that Franchisee uses every effort to mitigate the effect of such Force Majeure Event on the performance of its obligations and resumes performance of its obligations under this Agreement as soon as possible. If such cessation of business at or loss of possession of the Accepted Location due to a Force Majeure Event continues for more than sixty

(60) days and the premises are damaged or destroyed such that they cannot, in ABEA's judgment, reasonably be restored, or Franchisee is not permitted under the lease or sublease for the Accepted Location to restore, ABEA may, in its sole discretion, immediately terminate this Agreement by written notice of termination to Franchisee, unless ABEA, prior the expiration of such sixty (60) day period, has accepted (i) a site within that time to which Franchisee shall relocate for the remainder of the term of this Agreement and (ii) Franchisee's schedule for reopening the Cafe, which approval shall not be unreasonably withheld. Upon termination pursuant to this Section 12.A.3 due to a Force Majeure Event, Franchisee shall have no obligation to make any liquidated payment to ABEA pursuant to Section 13.G;

4. Franchisee's Required Trainees fail to successfully complete training at least thirty (30) days prior to the Grand Opening, as determined by ABEA, in its sole discretion;

5. Franchisee purports to transfer any rights or obligations arising from this Agreement to any third party without ABEA's prior written consent, contrary to the requirements of Section 11 hereinabove;

6. Franchisee is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that will, in the sole opinion of ABEA, adversely affect the System, the Trade Secret Products and/or the Proprietary Marks, the goodwill associated therewith, or ABEA's interest therein;

7. Franchisee fails to comply with any of the covenants contained in Section 14;

8. Franchisee uses the Trade Secret Products and/or Proprietary Marks in an unauthorized manner contrary to Section 6 or any other provision of this Agreement or otherwise impairs the goodwill associated therewith or ABEA's rights therein;

9. Franchisee discloses or divulges the contents of the Manual or other trade secret or Confidential Information provided Franchisee by ABEA contrary to Sections 7 and 8 above;

10. Franchisee fails to comply with the provisions for transfer upon death or disability set forth in Section 11.C;

11. Franchisee knowingly maintains false books or records or submits any false or misleading statements, applications or reports to ABEA;

12. Franchisee fails to find a site for the Cafe and submit it to ABEA for approval or open the Cafe within the periods set forth in Exhibit B;

13. Franchisee fails or refuses to obtain ABEA's approval or consent as required by this Agreement;

14. A threat to public health or safety results from the construction, maintenance or operation of the Cafe or from the material violation of any health and safety laws, rules, or regulations which poses a significant public health and safety concern, or if the Cafe is closed as a result of a failed inspection by the health department and in such event ABEA determines, in its sole discretion, that critical violations of applicable health codes are the result of repeated or material failure by Franchisee to comply with the requirements of the Franchise Agreement or the health department. Notwithstanding anything in this paragraph to the contrary, ABEA shall have the right, in lieu of exercising any right of termination, to require that the Cafe be closed to the public and/or remain closed until the applicable food, health, or safety matters are cured; or

15. The loss or revocation of Franchisee's liquor license or suspensions totaling 90 days over any 5 year period.

**B. Default Notice of Termination With Notice and Opportunity to Cure.** ABEA, at its option, may terminate this Agreement, effective immediately upon written notice to Franchisee, if Franchisee fails to timely pay any fees or other amounts due and owing to ABEA or its affiliates within five (5) days after its receipt from ABEA of written notice of such default. Additionally, ABEA, at its option, may terminate this Agreement, effective immediately upon written notice to Franchisee, if Franchisee fails to cure any of the following defaults (excluding defaults having no opportunity to cure identified in Section 12.A) within thirty (30) days (or such longer period as applicable law may require) after its receipt from ABEA of written notice of such default:

1. If Franchisee fails to comply with any of its requirements imposed by this Agreement;
2. If Franchisee, by act or omission, suffers a violation, in connection with the operation of the franchise, of any law, ordinance, rule or regulation of a government agency, in the absence of a good faith dispute over its application or legality and without promptly resorting to an appropriate administration or judicial forum for resolution thereof;
3. If Franchisee fails to operate the Cafe in strict accordance with the Manual, as it may be supplemented and modified from time to time;
4. If Franchisee fails to obtain the prior approval of ABEA of any and all advertising or promotional plans and materials in whatever form used by Franchisee in connection with its promotion of the Cafe; or
5. If Franchisee or any of its affiliates refuses, neglects, fails to perform, or breaches any provision of this Agreement or any other development, franchise or other agreement with ABEA and/or any entity associated with ABEA or any agreement between Franchisee or any of its affiliates and any ABEA approved supplier, or fails to timely pay any of Franchisee's suppliers or vendors when due.

**C. No Limitation on Remedy.** No right or remedy herein conferred upon or reserved to ABEA is exclusive of any other right or remedy provided or permitted by law or equity.

**D. Non-Exclusivity.** The events of default and grounds for termination described in this Section 12 shall be in addition to any other grounds for termination contained elsewhere in this Agreement.

### **13. OBLIGATIONS UPON TERMINATION**

Upon termination or expiration, this Agreement, and all rights granted hereunder to Franchisee, shall immediately terminate and Franchisee shall be required to immediately comply with the following obligations and any and all other obligations contained in the Manual or otherwise provided in writing by ABEA:

**A. Cessation of Operation.** Franchisee must immediately cease to operate the Cafe franchised herein, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present franchisee of ABEA.

**B. Cessation of Use of System.** Franchisee must immediately and permanently cease to use, by advertising or in any manner whatsoever, confidential methods, procedures, and techniques associated with the System, the Trade Secrets, the Proprietary Marks including, without limitation, the name Another Broken Egg Cafe any other distinctive trade dress, forms, slogans, signs, symbols, logo or devices associated with the System

or confusingly similar to the Proprietary Marks. In particular, Franchisee shall cease to use, without limitation, all signs, fixtures, furniture, equipment, advertising materials or promotional displays, stationery, forms and other sections that display the Proprietary Marks associated with the System.

**C. Cessation of Use of Marks.** Franchisee must take such action as may be necessary to cancel or assign to ABEA or ABEA's designee any assumed name or equivalent registration which contains the Proprietary Marks or any other service mark, trade name or trademark of ABEA, and Franchisee shall furnish ABEA with evidence satisfactory to ABEA of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement.

**D. Right to Acquire Cafe Assets and Leases.** ABEA shall have the right and option, but not the obligation, to purchase Franchisee's interest in the tangible assets of the Cafe, including, but not limited to, inventory, signs, advertising materials, promotional displays, supplies, forms, inventory or other items bearing ABEA's Proprietary Marks, at fair market value less any amounts owed by Franchisee to ABEA. In the event that ABEA and Franchisee are unable to agree on the fair market value of said tangible assets, an independent appraiser shall be appointed to determine the fair market value and the determination of said appraiser shall be binding upon the parties. The costs and expenses of such appraiser shall be borne by Franchisee. In addition, ABEA shall have the right and option, but not the obligation, to assume Franchisee's interest in any premises, equipment or other lease. In the event ABEA or its parent, subsidiaries, affiliates or related parties (an "ABEA Entity") elects to exercise its option to acquire any such lease, the ABEA Entity shall pay the fair market value of any equipment or leasehold improvements acquired by the ABEA Entity as a result of such assignment, less (1) any sums of money owed by Franchisee to ABEA, (2) any sums of money necessary to upgrade and renovate the premises/equipment to meet ABEA's then-current standards for its Cafe and (3) any sums necessary to acquire clear title to the lease interest. In the event that ABEA and Franchisee are unable to agree on the fair market value of said improvements, equipment, upgrades and renovations, an independent appraiser shall be appointed to determine the fair market value and the determination of such appraiser shall be binding upon the parties. The costs and expenses of such appraiser shall be paid by the Franchisee. In the event that an ABEA Entity does not elect to exercise its option to acquire the lease to the premises or to continue to operate the Cafe pursuant to Section 13.E and Franchisee desires to operate another business at the premises, Franchisee agrees to comply with its non-competition obligations under Section 14.B and to make such modifications or alterations to the premises of the Cafe immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of said premises from that of the franchised Cafe and other Cafes under the System and shall make such additional changes thereto as ABEA may reasonably request for that purpose. In the event Franchisee fails or refuses to comply with the requirements of this Section 13.D, ABEA shall have the right to enter upon the premises of the Cafe, without any charge or liability of trespass or any other tort for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand.

**E. Option to Continue Operations.** An ABEA Entity may, at its option, immediately enter the premises of the Cafe and continue to provide services to clients or customers of the Cafe and apply receipts therefrom to debts owed to ABEA by the Franchisee. Franchisee hereby assigns all accounts receivables of the Cafe to ABEA, with recourse. ABEA shall have no other obligations to the Franchisee in connection with the ABEA Entity's operation of the Cafe following said termination.

**F. Non-usage of Marks.** Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Trade Secret Products and/or Proprietary Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute ABEA's exclusive rights in and to the Trade Secret Products and/or Proprietary Marks, and agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with ABEA so as to constitute unfair competition.

**G. Acceleration Upon Default.** Franchisee shall, within five (5) business days of termination, pay all sums owing to ABEA and its subsidiaries, affiliates and suppliers. Franchisee shall also pay to ABEA, as liquidated damages, five percent (5%) of the average Gross Sales from the preceding three (3) years (or any lesser number of full years that the Cafe was open and operating) multiplied by the remaining years of the Agreement and then discounted to the present value using an interest rate of eight percent (8%). In the event of termination for any default of Franchisee, such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by ABEA as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of ABEA against any and all of the personal property, fixtures, equipment and inventory owned by Franchisee and on the premises of the Cafe at the time of default.

**H. Payment of Costs.** Franchisee shall pay to ABEA all damages, costs and expenses, including reasonable attorneys' fees (including interest on such damages, costs, expenses and fees), incurred by ABEA subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section 13.

**I. Return of Materials.** Franchisee shall immediately turn over to ABEA all copies of materials in Franchisee's possession relating to the Cafe, including, but not limited to, the Manual, all records, files, instructions, correspondence, brochures, agreements, disclosure statements, any and all computer data bases, customer lists, telephone numbers and listings, websites, and any and all other materials relating to the operation of the Cafe, and all copies thereof (all of which are acknowledged to be ABEA's property), and shall retain no copy or record of any of the foregoing, except for Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents which Franchisee reasonably needs for compliance with any provision of law. In addition to the foregoing, Franchisee shall deliver to ABEA a complete list of all persons employed or engaged by Franchisee during the three (3) years immediately preceding termination, together with all employment files of each employee on such list. All costs of delivering the materials required by this Section 13.I shall be borne by Franchisee.

**J. Stop Using Related Social Media and Online Business Directories.** Franchisee must immediately cease operating all social media pages within Franchisee's control associated with, or previously associated at any time with, the Cafe or Another Broken Egg Cafe including but not limited to Facebook, Instagram, YouTube, TikTok, and X (f/k/a Twitter). Franchisee must also immediately cease operating all online business directory listings within Franchisee's control associated with, or previously associated with, the Cafe or Another Broken Egg Cafe, including but not limited to Yelp, NextDoor, LinkedIn, Google, YP (Yellow Pages), or Angi. Franchisee must promptly provide ABEA with all login credentials or other information necessary for Franchisee to assume exclusive control over each social media and business directory account, page or listing. To the extent that Franchisee is aware of or becomes aware of any social media or business directory account, page or listing associated with the Cafe that is not within Franchisee's control, Franchisee shall promptly notify ABEA thereof in writing. Notwithstanding the foregoing, ABEA may, in its exclusive discretion, demand that Franchisee delete, deactivate or otherwise modify such social media or business directory account or listing at any time. Franchisee must comply with any such demand immediately upon receipt. Franchisee further acknowledges and agrees that all consumer or other published reviews of the Cafe and/or any goods or services provided by the Cafe, are the exclusive property of ABEA and/or its affiliates. Franchisee's right to use such reviews in any manner terminates concurrently with the expiration or termination of this Agreement. Franchisee is prohibited from advertising, promoting, quoting, or otherwise referring to such reviews in connection with any business or offer to conduct business upon expiration or termination of this Agreement. Franchisee further acknowledges and agrees that any violation of this Section 13.J. constitutes trademark infringement, service mark infringement, unfair competition, false advertising, and/or deceptive trade practices pursuant to federal, state, and common law, that such violation encroaches on the goodwill associated with ABEA's brand, and that such violation is likely to cause confusion among reasonably prudent consumers.

**K. Notifications.** Franchisee shall promptly notify the appropriate World Wide Web/Internet website administrators/registrars and telephone company and all telephone directory listing agencies of the termination or expiration of its right to use any telephone number and any regular, classified or other telephone directory listings associated with the Cafe and any Proprietary Marks and authorize transfer of same to or at the direction of ABEA. Franchisee agrees to execute updated letters of direction to any appropriate World Wide Web/Internet website administrators/registrars and telephone companies and telephone directory listing agencies directing termination and/or transfer of Franchisee's right to use any websites and telephone numbers associated with the Cafes and the Proprietary Marks, which ABEA may hold until termination or expiration hereof. Franchisee acknowledges that as between ABEA and Franchisee, ABEA has the sole right to and interest in all websites, telephone numbers and directory listings associated with the Cafe and the Proprietary Marks. Franchisee authorizes ABEA, and hereby appoints ABEA and any officer of ABEA as its attorney in fact, to direct the appropriate World Wide Web/Internet website administrators/registrars, telephone companies and all listing agencies to transfer all such listings to ABEA upon expiration or termination of this Agreement.

**L. Covenant of Further Assurances.** Franchisee shall execute any legal document that may be necessary to effectuate the termination hereunder and shall furnish to ABEA, within thirty (30) days after the effective date of expiration or termination, written evidence satisfactory to ABEA of Franchisee's compliance with the foregoing obligations.

**M. Compliance with Covenants.** Franchisee shall comply with all applicable covenants contained in Section 14 of this Agreement.

**N. No Further Interest.** Other than as specifically set forth above, Franchisee shall have no interest in the Cafe upon termination or expiration of this Agreement.

#### **14. COVENANTS**

**A. Full-Time Efforts.** The Operating Partner shall devote its energy and efforts on a full-time basis to the management and operation of the Cafe.

**B. Confidentiality and Non-Competition.**

1. Franchisee acknowledges that the holders of beneficial interests in the ownership interests of Franchisee, or if Franchisee is owned by one or more entities, the holders of beneficial interests in the ownership interests of such entities, and certain employees and other representatives will receive valuable specialized training and Confidential Information regarding the business, promotional, sales, marketing and operational methods and techniques of the Cafe, ABEA and the System. Accordingly, Franchisee covenants that, during the term of this Agreement and for a period of two (2) years (the "Restrictive Period") after the termination or expiration of the Franchise Agreement, or the date upon which any owner ceases to have such ownership interest in the Cafe franchised hereunder (collectively, a "Triggering Event"), neither Franchisee, owners of any of the beneficial interests in the ownership interests of Franchisee and of all entities that hold any of the beneficial interest in the ownership interests of Franchisee, nor Franchisee's management personnel involved in the development or operation of the Cafe shall, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons or entity:

a. Divert or attempt to divert any customer of the Cafe franchised hereunder, any Cafe or any other franchised Cafe to any competitor or do or perform any other act injurious or prejudicial to the goodwill associated with ABEA's Proprietary Marks and the System; or

b. Own, manage, supervise, train, control, advise, invest in, franchise, make loans to, lease any property to, or have any interest in any business, other than the Cafe franchised hereunder, which is the same as or substantially similar to the Cafe (i.e. a restaurant establishment featuring the offering and sale of specialty breakfast, lunch and brunch items, beverages (including alcoholic beverages) and related menu items for eat-in and take-away service and, where practical, catering and/or home-delivery).

2. Franchisee shall require (a) all owners of any of the beneficial interests in the ownership interests of Franchisee and of all entities that hold any of the beneficial interest in the ownership interests of Franchisee, to execute a Confidentiality and Non-Competition Agreement in the form attached hereto as Exhibit I, and (b) Franchisee management personnel involved in the development or operation of the Cafe to execute a Confidentiality and Non-Competition Agreement containing the restrictive covenants set forth in this Section 14.B; provided, however, the provisions of Section 14.B.1.b shall only apply to management personnel that do not own any of the beneficial interests in the ownership interests of Franchisee or of any entity that holds any beneficial interest in the ownership interests of Franchisee for a period of one (1) year following the termination of their employment or engagement with Franchisee. The Confidentiality and Non-Competition Agreement shall be in a form satisfactory to ABEA and shall include specific identification of ABEA as a third-party beneficiary of the covenants in such agreement with the independent right to enforce them. Failure by Franchisee to obtain execution of the Confidentiality and Non-Competition Agreements required by this Section 14.B shall constitute a default under Section 12.A.

**C. Fairness and Reasonableness.** Franchisee acknowledges and agrees that the covenants not to compete set forth above are fair and reasonable and will not impose any undue hardship on Franchisee, the owners of any of the beneficial interests in the ownership interests of Franchisee and of all entities that hold any beneficial interest in the ownership interests of Franchisee or Franchisee's management personnel involved in the development or operation of the Cafe since Franchisee and such owners and management personnel have other considerable skills, experience, education and capabilities which afford it or them the opportunity to derive income from other endeavors.

**D. Exclusion from Covenants.** Section 14.B.1.c shall not apply to ownership by Franchisee of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly-held corporation.

**E. Equitable Relief.** Franchisee acknowledges that violation of the non-disclosure, non-solicitation and non-competition covenants contained in this Agreement would result in immediate and irreparable injury to ABEA for which no adequate remedy at law will be available. Accordingly, Franchisee hereby consents to the entry of an injunction prohibiting any conduct by Franchisee in violation of those covenants. Franchisee expressly agrees that it may conclusively be presumed that any violation of the terms of the covenants not to solicit or compete was accomplished by and through Franchisee's unlawful utilization of ABEA's Confidential Information, know-how, methods and procedures. Franchisee further agrees to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by ABEA in connection with the enforcement of the covenants set forth in Section 14.B of this Agreement. In the event ABEA initiates a court or arbitration action against Franchisee during the Restrictive Period to enforce the terms of Section 14.B, then the Restrictive Period will be extended to two (2) years from the date the court or arbitrator issues an order enforcing any of the terms of Section 14.B.

**F. Independence of Covenants.** The various covenants and provisions in Section 14 are intended to be severable and to constitute independent and distinct binding obligations. If any covenant or provision is determined to be unenforceable, in whole or in part, it will not be deemed to affect or impair the validity of any other covenant or provision or part thereof, and such unenforceable covenant or provision or part thereof shall be deemed modified to the minimum extent required to permit enforcement. Without limiting the generality of the foregoing, if the scope of any covenant in this Section 14 is too broad to permit

enforcement to its full extent, such covenant will be enforced to the maximum extent permitted by law, and Franchisee agrees that such scope may be judicially modified accordingly.

**G. Modification of Covenants.** Franchisee understands and acknowledges that the covenants of this Section 14 may only be modified in a written agreement executed by ABEA and Franchisee.

**H. No Defense.** Franchisee expressly agrees that the existence of any claims it may have against ABEA, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by ABEA of the covenants in this Section 14.

**I. Assignment of Work Product.** Franchisee shall require all employees and independent contractors employed or engaged by Franchisee to execute agreements (1) acknowledging and agreeing that all intellectual property created, made or conceived by them (solely or jointly) during their employment or engagement by the Franchisee that relates to the actual or anticipated businesses of the Franchisee or ABEA (“Work Product”) shall be deemed “work made for hire” and (2) irrevocably and unconditionally assigning all rights, title, and interest in such Work Product to the Franchisee and agreeing that neither the Franchisee nor ABEA is under any further obligation to them for such assignment. Work Product includes, but is not limited to, discoveries or developments of products, recipes, menu items, systems, techniques, management practices or procedures, architectural designs and philosophies and names or groups of words relating to the Proprietary Marks and/or the System.

## **15. CHANGES AND MODIFICATIONS**

ABEA reserves and shall have the sole right to make changes in the Manual, the System, the Trade Secret Products and the Proprietary Marks at any time and without prior notice to Franchisee. Franchisee understands and agrees that due to changes in competitive circumstances, needs of customers and/or technological innovations, ABEA’s System may not remain static, in order that it best serve the interests of ABEA, franchisees and the System. Accordingly, Franchisee acknowledges and agrees that ABEA may from time to time change the components of the System, including, but not limited to, altering the products, menus, menu items, recipes, suppliers, programs, services, methods, standards, forms, policies and procedures of the System, adding to, deleting from or modifying those programs, products and services which the Cafe is authorized to offer, and changing, improving or modifying the Trade Secret Products or Proprietary Marks. Subject to the other provisions of this Agreement, Franchisee expressly agrees to abide by any such modifications, changes, additions, deletions and alterations.

## **16. TAXES, INDEBTEDNESS AND APPROVALS**

**A. Payment.** Franchisee shall promptly pay, when due, all taxes levied or assessed by any federal, state or local tax authority and any and all other indebtedness incurred by Franchisee in the operation of the Cafe. Franchisee shall pay to ABEA an amount equal to any sales tax, gross receipts tax or similar tax imposed on ABEA with respect to any payments to ABEA required under this Agreement, unless the tax is credited against income tax otherwise payable by ABEA.

**B. Dispute.** In the event of any bona fide dispute as to liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; provided, however, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Cafe or any improvements thereon.

**C. Compliance.** Franchisee shall comply with all federal, state, and local laws, rules and regulations (including, but not limited to, all local, state and/or federal employment and labor laws and

regulations and data privacy laws), and shall timely obtain any and all permits, certificates, licenses and bonds necessary for the full and proper operation and management of the Cafe, including, without limitation, a license to do business and provide services, fictitious name registration, certification of compliance from the PCI Security Standards Council, and sales tax permits. Copies of all subsequent inspection reports, warnings, certificates and ratings, issued by any governmental entity during the term of this Agreement in connection with the conduct of the Cafe which indicate Franchisee's failure to meet or maintain the highest governmental standards or less than full compliance by Franchisee with any applicable law, rule or regulation, shall be forwarded to ABEA by Franchisee within three (3) days of Franchisee's receipt thereof.

**D. Modification.** Franchisee shall notify ABEA in writing within three (3) days of the commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of the Cafe. Additionally, any and all consumer related complaints shall be answered by the Franchisee within fifteen (15) days after receipt thereof or such shorter period of time as may be provided in said complaint. A copy of such answer shall be forwarded to ABEA within three (3) days of the date that said answer is forwarded to the complainant.

## **17. INDEPENDENT CONTRACTOR, INDEMNIFICATION, AND REPRESENTATIONS AND WARRANTIES**

**A. No Agency Relationship or Joint Employment Created.** It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that Franchisee shall be an independent contractor, and that nothing in this Agreement is intended to make either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose whatsoever. The Parties expressly agree that Franchisee shall at all times be the sole and exclusive employer of any employees of Franchisee. Franchisee maintains sole and exclusive responsibility for all aspects of the employment relationship with its employees, including without limitation, maintaining applicable insurance in accordance with local, state and federal law, setting wage rates, payment of all compensation to Franchisee employees, including all state and federal withholdings and reporting requirements, the day to day supervision and direction of, and control over, Franchisee employees, development, implementation and enforcement of all personnel policies, all training, on-site supervision, meal and rest break compliance, assignment and direction of work activity, discipline, hiring, transfer, termination, investigation, injury and scheduling and all other employment related decisions as to the Franchisee employees. ABEA shall not have the power to supervise, train, hire or fire Franchisee's employees, and except as herein expressly provided, ABEA may not control or have access to Franchisee's funds or the expenditures thereof, or in any other way exercise dominion or control over the Cafe, directly or indirectly. ABEA is not responsible for Franchisee's employment decisions and ABEA lacks authority to control Franchisee's employment decisions. Without limiting the generality of the foregoing, the Parties each specifically represent and warrant that ABEA will not be responsible for, nor have, direct control over the Franchisee employees, who at all times are and shall remain employees of Franchisee. Franchisee further explicitly represents and warrants that it shall be the employer in all aspects of the relationship, and specifically disclaims any joint employment relationship with ABEA. Except as otherwise expressly authorized by this Agreement, neither party hereto will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between ABEA and Franchisee is other than that of franchisor and franchisee. ABEA does not assume any liability, and will not be deemed liable, for any agreements, representations or warranties made by Franchisee which are not expressly required under this Agreement, nor will ABEA be obligated for any damages to any person or property which, directly or indirectly, arise from or relate to the establishment or operation of the Cafe franchised hereby. Without limiting the generality of the foregoing, the Parties each specifically represent and warrant that ABEA will not be responsible for, nor have, direct control over the Franchisee employees, who at all times are and shall remain employees of

Franchisee. Franchisee further explicitly represents and warrants that it shall be the employer in all aspects of the relationship, and specifically disclaims any joint employment relationship with ABEA.

**B. Indemnification by Franchisee.** Franchisee agrees at all times to defend at its own cost, and to indemnify and hold harmless to the fullest extent permitted by law, ABEA, its corporate subsidiaries, affiliates, successors, assigns and designees of either entity, and the respective members, directors, officers, employees, agents, shareholders, designees, and representatives of each (ABEA and all other hereinafter referred to collectively as “Indemnities”) from all losses and expenses incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises out of or is based upon any of the following: (1) Franchisee’s alleged infringement or any other violation or any other alleged violation of any patent, trademark or copyright or other proprietary right owned or controlled by third parties; (2) Franchisee’s alleged violation or breach of any contract, federal, state or local law, regulation, ruling, standard or directive of any industry standard; (3) any claim by or related to any employee, contractor, officer, director, manager, owner, partner, affiliate or representative of Franchisee (including, but not limited to, all local, state and/or federal employment and labor laws and regulations and data privacy laws); (4) any claim of libel, slander or any other form of defamation or injury against Franchisee or any of its employees, contractors, officers, directors, managers, owners, partners, affiliates, or representatives; (5) Franchisee’s alleged violation or breach of any warranty, representation, agreement or obligation in this Agreement; (6) latent or other defects in the development of the franchised Cafe, whether or not discoverable by ABEA or Franchisee; (7) any services or products provided by Franchisee at, from or related to the operation of the franchised Cafe; (8) any claim or action by any customer of the franchised Cafe; (9) any damage to the property of Franchisee or its employees, contractors, officers, directors, managers, owners, partners, affiliates, or representatives; (10) any claim for payment of compensation or salary asserted by any employee, agent or subcontractor of Franchisee, or any obligation of ABEA to pay such compensation; (11) a finding or allegation that ABEA is a joint employer with Franchisee by any agency, in any suit, threatened suit, as to collective bargaining obligations or in any or other proceeding, of any kind or nature; and (12) any other act, error or omission of Franchisee or any of its employees, contractors, officers, directors, managers, owners, partners, affiliates, or representatives; provided, however, Franchisee shall have no obligation to defend or indemnify any Indemnities if such action, suit, proceeding, claim, demand, investigation, or inquiry arises solely as a result of ABEA’s willful misconduct or Franchisee’s use of the Proprietary Marks in accordance with this Agreement and the Manual.

**C. Notice to Public.** Franchisee shall conspicuously identify itself and the Cafe and in all dealings with its customers, contractors, suppliers, government authorities and others, as an independent Franchisee of ABEA, and shall place such notice of independent ownership on all forms, business cards, stationery, advertising, signs and other materials and in such fashion as ABEA may, in its sole discretion, specify and require from time to time in its Manual (as same may be amended from time to time) or otherwise.

**D. Franchisee Representations and Warranties.** Franchisee hereby represents and warrants unto ABEA that the following statements are true, complete and correct in all material respects as of the Effective Date:

1. Franchisee is duly organized, validly existing, and in good standing under the laws of its state of formation, and has all requisite power and authority to enter into and carry out and perform the terms and provisions of this Agreement;

2. True and correct copies of Franchisee’s articles of formation, resolutions authorizing entry into this Agreement (including those set forth in the Incumbency Certificate in Exhibit G) and, to the extent they exist, Bylaws, Shareholders’ Agreement, Operating Agreement, Partnership Agreement and other governing documents, including any and all amendments thereto, have been furnished to ABEA. Any and all amendments to the foregoing documents shall be promptly provided to ABEA;

3. The list of all owners of record and all beneficial owners of the ownership interests of Franchisee as of the Effective Date, and if Franchisee is owned by one or more entities, the owners of record and beneficial owners of the ownership interests of such entities as of the Effective Date, is set forth in Exhibit F attached hereto. Any and all changes to this list at any time during the Term of this Agreement shall be promptly provided to ABEA;

4. The execution and delivery of this Agreement and the carrying out of the transactions contemplated hereby have been duly authorized by the owners and directors or managers of Franchisee and, upon execution of this Agreement, this Agreement and the transactions, covenants and promises contemplated hereby shall be a valid binding obligation of Franchisee. No consent, approval, waiver, order or authorization of, or registration, declaration or filing with, any governmental authority or any other person or entity is required in connection with the execution and delivery by Franchisee of this Agreement, or the consummation by Franchisee of the transactions contemplated hereby and thereby;

5. That neither the execution and delivery of this Agreement nor the carrying out of the transactions contemplated hereby will result in any violation, termination or modification of, or be in conflict with, any term of any contract or other instrument to which Franchisee is a party, or of any judgment, decree or order applicable to it, or result in the creation of any lien, charge or encumbrance upon Franchisee or any of its assets, including, but not limited to, a Cafe established hereunder;

6. There is no litigation, proceeding, or governmental investigation pending or threatened or probable of assertion, against or relating to Franchisee or its assets, nor does Franchisee know or have reasonable grounds to know of any basis for any such action, and Franchisee is not subject to any order of any court, regulatory commission, board or administrative body, and has not entered in any proceeding to which it is or was a party;

7. Franchisee has not previously been in default of any provision of any agreement between Franchisee and any vendor, supplier, lender or service provider, including, but not limited to, utility providers, and all of Franchisee's liabilities and obligations to its vendors, suppliers, lenders and service providers have been or will be fully paid and satisfied; and

8. Franchisee has complied in all material respects with all applicable laws, rules, regulations and ordinances applicable to Franchisee and has not received any notice of any violation of any such laws, rules, regulations or ordinances.

## **18. APPROVALS AND WAIVER**

**A. Written Consent.** Whenever this Agreement requires the prior approval or consent of ABEA, Franchisee shall make a timely written request to ABEA thereof and such approval or consent shall be obtained in writing.

**B. No Waiver.** No failure of ABEA to exercise any power or right reserved to it by this Agreement, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of ABEA's right to demand exact compliance with any of the terms herein. Waiver by ABEA of any particular default by Franchisee shall not affect or impair ABEA's rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission of ABEA to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions or covenants hereof affect or impair ABEA's right to exercise the same, nor shall such constitute a waiver by ABEA of any right hereunder or the right to declare any subsequent breach or default and to terminate this Franchisee prior to the expiration of its

term. Subsequent acceptance by ABEA of any payments due to it hereunder shall not be deemed to be a waiver by ABEA of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

**C. Right to Jury Trial.** The Franchisee hereby waives any right to a jury trial with respect to this Agreement and/or any matters arising hereunder.

**19. NOTICE**

All notices or communications required or permitted hereunder shall be deemed duly given if delivered, in writing, personally, or by recognized overnight carrier (such as United Parcel Service or Federal Express) to ABEA or Franchisee at the addresses set out below.

A. If to ABEA:

Another Broken Egg of America Franchising, LLC  
5955 T.G. Lee Blvd, Suite 100  
Orlando, FL 32822  
Attention: General Counsel  
Electronic Mail: abeadmin@anotherbrokenegg.com

B. If to Franchisee:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_  
Electronic Mail: “ \_\_\_\_\_ ”

Notices shall be deemed delivered upon the date of receipt or refusal of delivery. Change of address by either party may be provided to the other party in the same manner as required above or by electronic mail (with confirmation of receipt).

**20. RELEASE OF PRIOR CLAIMS**

By executing this Agreement, Franchisee, on behalf of itself, its affiliates and their respective owners, officers, directors, managers, heirs, legal representatives, successors and assigns, and each transferee and assignee of this Agreement by accepting transfer and assignment thereof, hereby forever releases and discharges ABEA, its affiliates and their respective current and former owners, officers, directors, managers, employees, agents and servants, from any and all claims relating to or arising under any development or franchise agreement or any other agreement between the parties executed prior to the date of this Agreement including, but not limited to, any and all claims, whether presently known or unknown, suspected or unsuspected, accrued or unaccrued or contingent or non-contingent, arising under the franchise, securities or antitrust laws of the United States or of any state, province or territory thereof. Nothing in this Section 20 is requiring Franchisee to disclaim reliance on the representations made by ABEA in the Franchise Disclosure Document (including exhibits) that was furnished to Franchisee by ABEA.

## 21. DISCLOSURE STATEMENT AND DISCLAIMER

**A. Compliance with Applicable Laws.** Franchisee acknowledges, by its signature hereto and the execution of Exhibit C, that it received from ABEA (1) a Franchise Disclosure Document for the State in which the Cafe will be located, or Franchisee's place of residence, as appropriate, at least fourteen (14) calendar days prior to the execution of this Agreement, and (2) this Agreement with all material information completed in at least seven (7) calendar days prior to the execution of this Agreement.

**B. Acknowledgement.** Franchisee acknowledges and accepts the following:

THIS OFFERING IS NOT A SECURITY AS THAT TERM IS DEFINED UNDER APPLICABLE FEDERAL AND STATE SECURITIES LAWS. THE OBLIGATION TO TRAIN, MANAGE, PAY, RECRUIT AND SUPERVISE EMPLOYEES OF THE CAFE RESTS SOLELY WITH FRANCHISEE.

## 22. ENTIRE AGREEMENT

This Agreement, the documents referred to herein and the Exhibits hereto constitute the entire agreement between ABEA and Franchisee concerning the subject matter hereof and supersede all prior negotiations, understandings, representations and agreements between ABEA and Franchisee; provided, however, that nothing in this or any related agreement is intended to require Franchisee to disclaim the representations made by ABEA in the Franchise Disclosure Document (including exhibits) that was furnished to Franchisee by ABEA. This Agreement may only be amended by the execution of a written agreement by ABEA and Franchisee.

## 23. SEVERABILITY AND CONSTRUCTION

**A. Severability.** Except as expressly provided to the contrary herein, each covenant, condition, term, or provision of this Agreement shall be considered severable and if any covenant, condition, term, or provision contained in this Agreement is held to be invalid, illegal, or unenforceable in any respect, in whole or in part, by judgment, order, or decree of any court or other judicial tribunal of competent jurisdiction, from which judgment, order, or decree no further appeal or petition for review is available, subject to any modifications permitted under Section 14.F, such covenant, condition, term, or provision will be severed from this Agreement, and the validity of the remaining covenants, conditions, terms, and provisions contained in this Agreement, and the validity of the remaining part of any term or provision held to be partially invalid, illegal, or unenforceable, will in no way be affected, prejudiced, or disturbed thereby.

**B. No Third-Party Rights.** Anything to the contrary herein notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than ABEA or Franchisee any rights or remedies under or by reason of this Agreement.

**C. Captions.** All captions in the agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provisions hereof.

**D. References.** All references herein to the masculine, feminine, neuter, or singular shall be construed to include the masculine, feminine, neuter, or plural, where applicable, and all acknowledgements, promises, covenants, agreements, and obligations herein made or undertaken by Franchisee shall be deemed jointly and severally undertaken by all the parties hereto on behalf of Franchisee.

**E. Counterparts.** This Agreement may be executed separately in one or more counterparts, each of which shall constitute one and the same instrument. In the event that any signature is delivered by facsimile transmission or by the signature page being sent via e-mail to the other party as a portable data format (.pdf)

file or image file attachment, such signature shall create a valid and binding obligation of the party executing such signature page (or on whose behalf such signature is executed) with the same force and effect as if such signature page were an original thereof.

**F. Time.** Time is of the essence in this Agreement.

## **24. APPLICABLE LAW; VENUE**

**A. Rights Not Exclusive.** No right or remedy conferred upon or reserved to ABEA or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

**B. Injunctive Relief.** Nothing herein contained shall bar ABEA's right to obtain injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions. Franchisee acknowledges that any failure to comply with the requirements of this Agreement, including, but not limited to, Sections 8.A., 13 and 14, will cause ABEA irreparable injury, and Franchisee agrees to pay all court costs and reasonable attorney's fees incurred by ABEA, in obtaining specific performance of, or an injunction against violation of, the requirements of this Agreement.

**C. Attorneys' Fees.** In the event that any action or proceedings is filed by one party against the other party to enforce or defend any of the covenants or conditions hereto, the party in whose favor final judgment shall be entered shall be entitled to recover from the other reasonable attorneys' fees and related litigation costs and expenses (including interest on such costs, expenses and fees), to be set and ordered by the court in which the judgment is entered.

**D. Governing Law and Venue.** This Agreement takes effect upon its acceptance and execution by ABEA. This Agreement shall be interpreted and construed under the laws of the State of Florida, which laws shall prevail in the event of any conflict of law, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Section 1051 et seq.) or the Federal Arbitration Act. All actions or proceedings instituted by any party relating to this Agreement and/or the Cafe shall be instituted in the state or federal courts located in Orange County, Florida, and the parties each submit to the jurisdiction at the state and federal courts in and for Orange County, Florida and hereby irrevocably and unconditionally (1) accepts the exclusive personal jurisdiction of such courts for the purpose of any action, suit or proceeding arising out of or relating to this Agreement, (2) waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of venue of any action, suit or proceeding arising out of or relating to this Agreement or any judgment entered by any court in respect thereof brought in such courts, and (3) waives any claim that any action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

## **25. DISPUTE RESOLUTION**

Except as specifically otherwise provided in this Agreement, the parties agree that any and all disputes between them and any claim by either party that cannot be amicably settled shall be determined, in the sole discretion of ABEA, either by Arbitration or in the state courts located in Orange County, Florida or the federal courts for the United States District Court for the Middle District of Florida. Any claim arising from, relating to, or concerning the franchised business, the Cafe or this Agreement or any related agreement will be barred unless an arbitration or an action is commenced within 1 year from the date on which Franchisee or ABEA knew or should have known, in the exercise of reasonable diligence, of the claim or facts giving rise to the claim. If Arbitration is selected as a method of resolution, the rules of the American Arbitration Association shall apply. Judgment upon the award of the Arbitrator shall be binding and shall be entered in a court of competent jurisdiction. Franchisee knows, understands and agrees that it is the intent of the parties that any

arbitration between ABEA and Franchisee shall be of Franchisee's individual claims and that the claims subject to arbitration shall not be arbitrated on a class wide basis. In many instances, arbitration may be the sole proceeding available to the parties, who may also be required by the Arbitrator to pay a filing fee.

Notwithstanding any provision contained in this Section 25, ABEA may at its option institute an appropriate court action or actions for temporary, preliminary, or permanent injunctive relief or seeking any other equitable relief against Franchisee in addition to any other rights and remedies provided herein.

**IN NO EVENT SHALL FRANCHISEE BE ENTITLED TO MAKE, NOR SHALL FRANCHISEE MAKE, ANY CLAIM, AND FRANCHISEE HEREBY WAIVES ANY CLAIM FOR MONEY DAMAGES, NOR SHALL FRANCHISEE CLAIM ANY MONEY DAMAGES BY WAY OF SET-OFF, COUNTERCLAIM OR DEFENSE, BASED UPON ANY CLAIM OR ASSERTION BY FRANCHISEE THAT ABEA HAS UNREASONABLY WITHHELD OR UNREASONABLY DELAYED ANY CONSENT OR APPROVAL TO A PROPOSED ACT BY FRANCHISEE UNDER ANY OF THE TERMS OF THIS AGREEMENT. FRANCHISEE'S SOLE REMEDY FOR ANY SUCH CLAIM SHALL BE AN ACTION OR PROCEEDING TO ENFORCE ANY SUCH PROVISIONS, OR FOR SPECIFIC PERFORMANCE, OR DECLARATORY JUDGMENT.**

**26. ACKNOWLEDGEMENTS**

**A. Independent Investigation.** Franchisee acknowledges that it has conducted an independent investigation of the business franchised hereunder.

**B. Terms of Agreement.** Franchisee acknowledges that it has received this Agreement and the Exhibits or Addenda hereto, if any, that ABEA has fully and adequately explained the provisions of each to Franchisee's satisfaction.

**C. Receipt of Copy.** Franchisee acknowledges that it received a complete copy of this Agreement, with all Exhibits and material terms completed, at least seven (7) calendar days prior to the date on which this Agreement was executed. Franchisee further acknowledges that it received the Franchise Disclosure Document for the Cafe franchised hereunder at least fourteen (14) calendar days prior to the date on which this Agreement was executed.

**[Signature Page Follows]**

**IN WITNESS WHEREOF**, the parties hereto have duly executed, sealed, and delivered this Agreement on the day and year first above written.

**ANOTHER BROKEN EGG OF AMERICA  
FRANCHISING, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## **CALIFORNIA RIDER TO FRANCHISE AGREEMENT**

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of Franchisee's rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of Franchisee's rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

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

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. The Federal Bankruptcy Code also provides rights to franchisee concerning termination of the Franchise Agreement upon certain bankruptcy-related events. If the Franchise Agreement is inconsistent with the law, the law will control.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Orange County, Florida with the cost being borne by the parties as determined by the arbitrator. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under 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.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS CALIFORNIA RIDER TO BE EXECUTED EFFECTIVE AS OF THE DATE OF THE FRANCHISE AGREEMENT.

**Another Broken Egg of America Franchising, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE**

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ILLINOIS RIDER  
TO FRANCHISE AGREEMENT**

1 Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Illinois law governs the franchise agreements.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under 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.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois, provided that the Franchise Agreement may provide for arbitration in a forum outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provide rights to franchisee concerning nonrenewal and termination of this Agreement.

For info about Food Handler Safety and Training in Illinois, see <https://www.dph.illinois.gov/topics-services/food-safety/food-handler-training>

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS ILLINOIS RIDER TO BE EXECUTED EFFECTIVE AS OF THE DATE OF THE FRANCHISE AGREEMENT.

**Another Broken Egg of America Franchising, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**MARYLAND RIDER  
TO FRANCHISE AGREEMENT**

**THIS RIDER** (the “**Rider**”) is effective as of \_\_\_\_\_, 20\_\_\_\_ (the “**Agreement Date**”), and amends the Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “**Agreement**”), between Another Broken Egg of America Franchising, LLC (the “**Franchisor**”) and (the “**Franchisee**”).

1. **Precedence and Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.
2. **Initial Franchise Fee.** Based upon the Franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by Franchisee shall be deferred until the Franchisor completes its pre-opening obligations under the Agreement.
3. **General Release.** Pursuant to COMAR 02.02.08.16L, the general release otherwise required by the Agreement as a condition of renewal, sale and/or assignment/transfer does not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
4. **Limitation of Claims.** Any limitations of claims provisions will not act to reduce the 3-year statute of limitations afforded Franchisee for bringing a claim arising under Maryland Franchise Registration and Disclosure Law. All claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise to Franchisee.
5. **Jurisdiction and Venue.** Franchisee may bring a lawsuit against us in Maryland for any claims arising under the Maryland Franchise Registration and Disclosure Law.
6. **No Waiver.** Nothing in this Agreement is intended to nor will it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law, including, but not limited to, any acknowledgments or representations made by Franchisee which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law.
7. **Acknowledgments.** Section 26 of the Franchise Agreement is deleted in its entirety.
8. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under 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.
9. **Effective Date.** This Rider is effective on the Agreement Date regardless of the actual date of signature.

Intending to be bound, the Parties sign and deliver this Rider to each other as shown below.

**FRANCHISOR**

**FRANCHISEE**

**ANOTHER BROKEN EGG OF AMERICA  
FRANCHISING, LLC**

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Dated: \_\_\_\_\_

## **MINNESOTA RIDER TO FRANCHISE AGREEMENT**

This Rider shall pertain to franchises sold in the State of Minnesota and shall be for the purpose of complying with Minnesota statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, shall be amended as follows:

1. Minnesota law provides franchisee with certain termination and nonrenewal rights. As of the date of this Agreement, Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of nonrenewal of the Franchise rights.

2. The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. ABEA does not indemnify against the consequences of Franchisee's use of ABEA's Marks except in accordance with the requirements of the Franchise Agreement, and as the condition to an indemnification, Franchisee must provide notice to use of any such claim immediately and tender the defense of the claim to ABEA. If ABEA accepts tender of defense, ABEA has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

3. Minn. Stat. § 80.C.21 and Minn. Rule 2860.4400J prohibits ABEA 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. However, ABEA may seek to obtain injunctive relief without the posting of a bond, if permitted by the court. In addition, nothing in the franchise disclosure document or agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

4. To the extent Franchisee is required to execute a general release in ABEA's favor, such release shall exclude liabilities arising under the Minnesota Franchises Act, Minn. Stat. § 80C.01 et seq. as provided by Minn. Rule 2860.4400J.

5. Any claims brought under to the Minnesota Franchises Act, § 80.C.01 et seq. must be brought within 3 years after the cause of action accrues. To the extent that any provision of the Franchise Agreement imposes a different limitations period, the provision of the Act shall control.

6. The payment of the initial franchise fee as contemplated in Section 4.A.1 of the Franchise Agreement is deferred until Franchisee's business has opened.

7. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.8. Section 24.B of the Franchise Agreement shall have no further force or effect and the following shall be substituted in lieu thereof:

Nothing herein contained shall prevent ABEA from applying to and seeking to obtain from any court having jurisdiction a writ of attachment, a temporary

injunction, preliminary injunction, and/or other emergency relief available to safeguard and protect ABEA's interests.

**IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS MINNESOTA RIDER TO BE EXECUTED EFFECTIVE AS OF THE DATE OF THE FRANCHISE AGREEMENT.**

**Another Broken Egg of America Franchising, LLC**

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

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

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

**FRANCHISEE:**

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

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

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

## NORTH DAKOTA RIDER TO FRANCHISE AGREEMENT

This Addendum relates to franchises sold in North Dakota and is intended to comply with North Dakota statutes and regulations. In consideration of the execution of the Franchise Agreement, ABEA and Franchisee agree to amend the Franchise Agreement as follows:

**Initial Franchise Fee.** The payment of the initial franchise fee as contemplated in Section 4.A.1 of the Franchise Agreement is deferred until all of ABEA's pre-opening obligations to Franchisee are completed and Franchisee's business has opened.

**THE NORTH DAKOTA SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09) AND THE FOLLOWING MAY NOT BE ENFORCEABLE UNDER NORTH DAKOTA LAW:**

1. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
2. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
3. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
4. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.
5. Waiver of Trial by Jury: Requiring North Dakota Franchisees to consent to the waiver of a trial by jury.
6. Waiver of Exemplary & Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damages.
7. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
8. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
9. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under 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 capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect. This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

**IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS NORTH DAKOTA RIDER TO BE EXECUTED EFFECTIVE AS OF THE DATE OF THE FRANCHISE AGREEMENT.**

**Another Broken Egg of America Franchising, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**VIRGINIA RIDER  
TO FRANCHISE AGREEMENT**

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

“According to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.”

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

4. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under 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.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

**IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS VIRGINIA RIDER TO BE EXECUTED EFFECTIVE AS OF THE DATE OF THE FRANCHISE AGREEMENT.**

**Another Broken Egg of America Franchising, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## WASHINGTON RIDER TO FRANCHISE AGREEMENT

This Addendum relates to franchises sold in Washington and is intended to comply with Washington statutes and regulations. In consideration of the execution of the Franchise Agreement, ABEA and Franchisee agree to amend the Franchise Agreement as follows:

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in Franchisee's relationship with the ABEA including the areas of termination and renewal of Franchisee's franchise. There may also be court decisions which may supersede the franchise agreement in Franchisee's relationship with the ABEA including the areas of termination and renewal of Franchisee's franchise.

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.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the ABEA's reasonable estimated or actual costs in effecting a transfer.

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 provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

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.

2. The following language in Section 5.A.1 of the Franchise Agreement is hereby deleted: **“SITE SELECTION APPROVAL BY ABEA SHALL IN NO WAY BE DEEMED A REPRESENTATION,**

**WARRANTY OR GUARANTY OF THE FINANCIAL SUCCESS OF THE CAFÉ AT THE ACCEPTED LOCATION.”**

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply. The undersigned does hereby acknowledge receipt of this addendum.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under 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.

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS WASHINGTON RIDER TO BE EXECUTED EFFECTIVE AS OF THE DATE OF THE FRANCHISE AGREEMENT.

**Another Broken Egg of America Franchising, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## EXHIBIT A

### GUARANTY AGREEMENT (Franchise Agreement)

In consideration of, and as an inducement to, the execution by Another Broken Egg of America Franchising, LLC (“ABEA”) of the Franchise Agreement between ABEA and \_\_\_\_\_ (“Franchisee”) executed \_\_\_\_\_ (the “Franchise Agreement”) each undersigned personally and unconditionally (1) guarantees to ABEA and its successors and assigns, for the term of the Franchise Agreement and thereafter as provided in the Franchise Agreement, that Franchisee will punctually pay and perform each obligation in the Franchise Agreement, and (2) agrees to be personally bound by, and personally liable for the default of, each and every term and condition of the Franchise Agreement.

A. Each of the undersigned waives:

- (1) Acceptance and notice of acceptance by ABEA of these undertakings;
- (2) Notice of demand for payment for any indebtedness or nonperformance of any obligation guaranteed;
- (3) Protest and notice of default to any party as to any indebtedness or nonperformance of any obligation guaranteed;
- (4) Any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability;
- (5) Any other notices and legal or equitable defenses to which he or she may be entitled; and
- (6) And assigns to ABEA all exemptions which he or she may have under any law as against any obligation in this Guaranty.
- (7) Any defense of division or discussion.

B. Each of the undersigned agrees that:

- (1) His or her direct and immediate liability under this guaranty is joint and several;
- (2) He or she will render any payment or performance required under the Franchise Agreement on demand if Franchisee fails or refuses to do so when due, or within any applicable cure period;
- (3) In any right of action which shall accrue to ABEA under the Franchise Agreement, ABEA may, at its option, proceed against the undersigned without pursuing or exhausting any right or remedy which it may have against Franchisee or any other person or entity, and without having commenced any action against or having obtained any judgment against Franchisee. This Guaranty constitutes a guaranty of payment and not of collection;
- (4) This Guaranty shall remain and continue in full force and effect as to any amendment or modification of the Franchise Agreement, whether or not entered into or made without the further consent of or notice to the undersigned;

- (5) His or her liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which ABEA may grant to Franchisee or any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claim, none of which will in any way modify or amend this guaranty, which will be continuing and irrevocable for as long as any obligation in the Franchise Agreement remains in effect;
- (6) In a legal action for breach of this guaranty or to enforce the terms of this guaranty, whether for damages, injunctive relief, the return of property or any other legal or equitable remedy, he or she will pay ABEA's reasonable attorney's fees, court costs and reasonable out-of-pocket expenses related to the action if ABEA substantially prevails in the action;
- (7) This Guaranty shall be deemed to have been made in the State of Florida. This Guaranty Agreement shall be interpreted and construed under the laws of the State of Florida, which laws shall prevail in the event of any conflict of law. All actions or proceedings instituted by any party relating to this Guaranty Agreement shall be instituted in the state or federal courts located in or for Orange County, Florida, and the parties do hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.
- (8) This Guaranty shall inure to the benefit of ABEA and its successors and assigns, and shall be binding upon the undersigned, and their successors and assigns.

Each of the undersigned affixes his or her signature to this guaranty as of the same date as the date of execution of the Franchise Agreement.

**GUARANTORS:**

Sign: \_\_\_\_\_  
 Print Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 \_\_\_\_\_

Sign: \_\_\_\_\_  
 Print Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 \_\_\_\_\_

Sign: \_\_\_\_\_  
 Print Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 \_\_\_\_\_

**EXHIBIT B**

**DESIGNATED TRADE AREA**

1. Franchisee shall do business as “Another Broken Egg Cafe” #\_\_\_\_\_.
2. In accordance with Section 1.B of the Franchise Agreement, the exact address of the Another Broken Egg Cafe shall be:

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

or if, at the time of execution of this Agreement, a location for the Cafe has not been secured by Franchisee and accepted by ABEA, Franchisee shall select and present a site and all information and materials related thereto for ABEA’s approval within one hundred and eighty (180) days from the date of this Agreement.

3. Franchisee shall open the Cafe within eighteen (18) months from the date of this Agreement, or if this Franchise Agreement is being signed in connection with a Development Agreement, such time as set forth in the Development Agreement.
4. The Designated Trade Area shall be the area within a \_\_\_\_\_ mile radius of the address specified above or the address later accepted by ABEA.

**TO BE INITIALED BY BOTH PARTIES:**

\_\_\_\_\_  
ABEA

\_\_\_\_\_  
Franchisee

EXHIBIT C

STATEMENT OF PROSPECTIVE FRANCHISEE\*

*Do not sign this Franchisee Acknowledgement Statement if you are a resident of Maryland or the business is to be operated in Maryland.*

**THIS DOCUMENT WILL NOT BE SIGNED BY YOU, AND WILL NOT APPLY, IF THE OFFER OR SALE OF THE FRANCHISE IS SUBJECT TO THE STATE FRANCHISE REGISTRATION/DISCLOSURE LAWS IN THE STATES OF CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.**

Applicant \_\_\_\_\_  
(If corporation) State of Incorporation \_\_\_\_\_  
Address of Applicant \_\_\_\_\_  
Location (Territory) Applied For \_\_\_\_\_

1. I have received all appropriate offering circulars and disclosure documents for the State(s) of \_\_\_\_\_ before or at my first personal meeting with Another Broken Egg of America Franchising, LLC (“Franchisor”) and have had at least fourteen (14) calendar days before signing the Franchise Agreement and/or payment of any monies.

2. I have signed and returned to Franchisor the acknowledgment of receipt for each disclosure document given me.

3. I understand that the Franchise Agreement contains all obligations of the parties and that ABEA does not grant to me any first right of refusal under the Franchise Agreement.

4. I understand that this franchise business, as in all business ventures, involves risk and despite assistance and support programs, the success of my business will depend largely upon me and my ability.

5. I acknowledge and understand that no rights to any territory or locations whatsoever are granted to me or any other person or entity designated as Franchisee in my Franchise Agreement except as set forth in the Franchise Disclosure Document or Franchise Agreement.

6. I understand that I am responsible for obtaining cost estimates and bids from approved suppliers before entering into a lease agreement or making cash outlays or other commitments with respect to the franchise. I understand that I should not rely on any estimates provided to me from any other source than the suppliers who are to provide the equipment or services to me. I also acknowledge and understand that I am responsible for performing my own investigation with respect to working capital requirements and sales and profit projections, and ABEA is not required to provide me with any sales or cost figures that are not otherwise provided in the Franchise Disclosure Document.

7. I acknowledge and understand that I will be receiving certain materials and information during the course of my initial training and throughout the entire term of my franchise relationship with ABEA that are confidential and proprietary and constitute trade secrets belonging to ABEA. These trade secrets include, but are not limited to, all manuals, recipes, ingredients, product specifications, customer, supplier and equipment lists, handouts, workbooks, binders, portfolios, or other written materials that refer to, relate to, or involve any technical, operations, marketing, administration, or other information given to me by any representative of ABEA; as well as any oral information given to me by any representative of ABEA that refers to, relates to, or involves technical procedures, operations, marketing, administration, or other know-how. I

further acknowledge and understand that these trade secrets are the property of ABEA and that ABEA has taken and will undertake any and all reasonable means to protect these trade secrets. I agree that I will not, directly or indirectly, disseminate these trade secrets to anyone for any reason other than for the operation of an ABEA franchise under the express written authorization of ABEA as provided in the Franchise Agreement.

8. Other than fill in the blank provisions or changes as a result of negotiations that I initiated, I received a completed Franchise Agreement at least seven (7) calendar days before the actual date I signed the Agreement.

9. I understand that Franchisor has an Advertising Fund which is not directed towards any specific franchise territory but is intended to benefit the entire "Another Broken Egg Cafe" system nationwide.

**Applicants' Acknowledgment:**

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

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

\*All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

\* The representations under this Statement of Prospective Franchisee are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act.

**EXHIBIT D**

**SITE SELECTION ADDENDUM**

This Addendum is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, by and between Another Broken Egg of America Franchising, LLC, d/b/a “Another Broken Egg Cafe” (“ABEA”) and \_\_\_\_\_ (the “Franchisee”).

WHEREAS, ABEA and the Franchisee are parties to a Franchise Agreement (the “Agreement”) entered into on \_\_\_\_\_, 20\_\_\_\_\_, by the terms of which ABEA has granted to Franchisee the right and license to operate an Another Broken Egg Cafe (the “Cafe”) franchise utilizing ABEA’s system trade secret products and proprietary marks;

WHEREAS, the Agreement imposes on Franchisee an obligation to select and present a site for ABEA’s approval (“Accepted Location”) within certain time constraints as set forth therein;

WHEREAS, the Franchisee has selected and presented a site to ABEA which has been accepted by ABEA;

NOW, THEREFORE, the parties hereto, intending to be bound, agree as follows:

1. Accepted Location. The Accepted Location within the Designated Trade Area shall be located as follows:

\_\_\_\_\_

\_\_\_\_\_

2. Franchisee’s Representations and Warranties. Franchisee represents and warrants that it has executed a lease for the premises for the Cafe, a copy of which has been provided to ABEA and which includes the following terms and conditions:

- a. That the initial term of the lease, or the initial term together with any renewal terms (for which rent shall be set forth in the lease), shall be for not less than ten (10) years;
- b. That the Lessor consents to Franchisee’s use of such Proprietary Marks and initial signage as ABEA may prescribe for the Cafe;
- c. That the use of the premises be restricted solely to the operation of the Cafe;
- d. That Franchisee be prohibited from subleasing or assigning all or any part of its occupancy rights or extending the term of or renewing the lease without ABEA’s prior written consent;
- e. That the Lessor provide to ABEA any and all notices of default under the lease;
- f. That ABEA has the right, but not the obligation to enter the premises to cure any default under the Franchise Agreement;
- g. That Franchisee shall not be deemed in default under the lease so long as ABEA has commenced efforts to cure a default thereunder by Franchisee within the cure period specified in the lease and is continuing diligent efforts to cure such default; and

h. That ABEA or ABEA’s designee have the option, upon default, expiration, or termination of the Franchise Agreement, and upon notice to the Lessor, to assume all of Franchisee’s rights under the lease terms or bank terms, including the right to assign or sublease, and Franchisee and Lessor have executed and delivered to ABEA the “Option For Assignment of Lease” in the form set forth in the Agreement.

3. Accepted Location. The Accepted Location described in Paragraph 1 hereof shall constitute the Accepted Location referred to in Paragraph 1.B. of the Franchise Agreement. **Site selection acceptance by ABEA shall in no way be deemed a representation, warranty or guaranty of the success of the Cafe at the Accepted Location.**

4. Miscellaneous.

a. All capitalized terms not defined herein shall have the meaning given them in the Agreement.

b. This Site Selection Addendum constitutes an integral part of the Agreement between the parties hereto, and the terms of this Site Selection Addendum shall be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Site Selection Addendum, the terms of the Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Site Selection Addendum on the day and year first above written.

**ABEA:**  
**ANOTHER BROKEN EGG OF AMERICA**  
**FRANCHISING, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT E**

**OPTION FOR ASSIGNMENT OF LEASE**

This Agreement is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between Another Broken Egg of America Franchising, LLC, d/b/a “Another Broken Egg Cafe” a Delaware limited liability company with its offices at 5955 T.G. Lee Blvd, Suite 100, Orlando, FL 32822 (hereinafter referred to as “ABEA”); \_\_\_\_\_, with its principal office at \_\_\_\_\_ (hereinafter referred to as “Lessor”); and \_\_\_\_\_, with its principal offices at \_\_\_\_\_ (hereinafter referred to as “Lessee”).

**WITNESSETH:**

**WHEREAS**, Lessor has agreed to enter into a lease (the “Lease”) with Lessee pursuant to which Lessor shall lease to Lessee the premises located at \_\_\_\_\_ (the “Leased Premises”) for use by Lessee as an Another Broken Egg Cafe® to be operated pursuant to ABEA’s proprietary system and under ABEA’s proprietary trademarks in connection with a written Franchise Agreement (the “Franchise Agreement”) dated \_\_\_\_\_, 20\_\_\_\_ by and between ABEA and the Lessee herein as Franchisee;

**WHEREAS**, according to Section 13.D of the Franchise Agreement between ABEA and Lessee as Franchisee, all right, title and interest in and to the Lease shall, at ABEA’s election, be assigned to ABEA or its parent, subsidiary, affiliate or related party (an “ABEA Entity”) upon an occurrence of default or termination of the Lease referred to herein or default or termination of the Franchise Agreement; and

**WHEREAS**, it is the intent of the parties hereto to provide ABEA with the opportunity to preserve the Leased Premises as an Another Broken Egg Cafe in the event of any default or termination of the Lease or Franchise Agreement and to assure Lessor that, in the event ABEA exercises its rights herein contained, any defaults of Lessee under the Lease will be cured by the ABEA Entity before an ABEA Entity takes possession of the Leased Premises.

**NOW, THEREFORE**, in consideration of the mutual promises and covenants contained herein and for other good and valuable consideration, the receipt of which is hereby acknowledged, it is agreed as follows:

1. Default of Lessee Under Lease. Lessor shall mail to ABEA copies of any notice of default or termination it gives to Lessee concurrently with giving such notices to Lessee. If Lessee fails to cure any default within the period provided in the Lease, Lessor shall give ABEA immediate written notice of such failure to cure and Lessor shall thereupon offer to ABEA and an ABEA Entity shall have the right, but shall have no obligation, to accept an assignment of the Lease or a new lease containing the same terms and conditions of the Lease, whichever the ABEA Entity elects. If an ABEA Entity elects to continue the use of the Leased Premises under an assignment of the Lease or a new lease, it shall so notify Lessor in writing within 30 days after it has received written notice from Lessor specifying the defaults Lessee has failed to cure within the period specified in the Lease. Upon receipt of such notice from the ABEA Entity, Lessor shall promptly execute and deliver to the ABEA Entity an assignment of the Lease or new lease, whichever the ABEA Entity requests, and shall deliver to the ABEA Entity possession of the Leased Premises, free and clear of any rights of Lessee or any third party. The ABEA Entity, before taking possession of the Leased Premises, shall promptly cure the undisputed defaults specified by Lessor in its notice to ABEA and shall execute and deliver to Lessor its acceptance of the assignment of Lease or of the new lease, as the case may be.

2. Termination of Franchise Agreement. If the Franchise Agreement between ABEA and Lessee is terminated for any reason during the term of the Lease or any extension thereof, Lessee, upon the written request of ABEA, shall assign to the ABEA Entity all of its right, title and interest in and to the Lease. If the ABEA Entity elects to accept the assignment of the Lease from Lessee, it shall give Lessee and Lessor written notice of its election to acquire the leasehold interest in the Leased Premises. Lessor hereby consents to the assignment of the Lease from Lessee to the ABEA Entity, subject to Lessee's and/or ABEA's curing any undisputed defaults of Lessee under the Lease before the ABEA Entity takes possession of the Leased Premises. Alternatively, in the event of a termination of the Franchise Agreement, the ABEA Entity may elect to enter into a new lease with Lessor containing the same terms and conditions as the Lease. Upon Lessor's receipt of written notice from ABEA advising Lessor that an ABEA Entity elects to enter into a new lease, Lessor shall execute and deliver such new lease to the ABEA Entity for its acceptance. Lessor and Lessee shall deliver possession of the Leased Premises to the ABEA Entity, free and clear of all rights of Lessee or third parties, subject to the ABEA Entity curing any undisputed defaults of Lessee, under the Lease and executing an acceptance of the assignment of Lease or the new lease, as the case may be.

3. Waiver. Failure of ABEA to enforce or exercise any of its rights hereunder shall not constitute a waiver of the rights hereunder or a waiver of any subsequent enforcement or exercise of its rights hereunder.

4. Execution of Documents. The parties hereto agree to execute any and all documents or agreements and to take all action as may be necessary or desirable to effectuate the terms, covenants and conditions of this Agreement.

5. Amendment of Lease. Lessor and Lessee agree not to amend the Lease in any respect except with the prior written consent of ABEA.

6. Amendment of Agreement. This Agreement may be amended only in writing signed by all parties hereto.

7. Lessee's Agreement to Vacate the Premises. Lessee agrees to peaceably and promptly vacate the Leased Premises and to remove its personal property therefrom upon the termination of the Franchise Agreement or upon Lessee's failure to timely cure defaults under the Lease. Any property not so removed shall be deemed abandoned. Lessee acknowledges that in the event the Franchise Agreement expires or is terminated, Lessee is obligated under the Franchise Agreement to take certain steps to de-identify the location as an Another Broken Egg Cafe operated by Lessee. Lessor agrees to cooperate with ABEA in allowing ABEA to de-identify the Leased Premises, including allowing ABEA, its employees and agents to enter and remove signs, decor and materials bearing or displaying any marks, designs or logos of ABEA; provided, however, that Lessor shall not be required to bear any expense thereof. Lessee agrees that if Lessee fails to de-identify the Leased Premises promptly upon termination or expiration as required under the Franchise Agreement, ABEA may cause all required de-identification to be completed at Lessee's own expense.

8. Delivery of Possession. If it becomes necessary for Lessor to pursue legal action to evict Lessee in order to deliver possession of the premises to an ABEA Entity, the ABEA Entity shall, at the written request of Lessor, pay into escrow amounts necessary to cure the undisputed defaults, pending delivery of the premises to the ABEA Entity. If Lessor is unable to deliver the premises to the ABEA Entity within six (6) months from the date the ABEA Entity notifies Lessor of its election to acquire a leasehold interest in the Leased Premises, then all amounts deposited by the ABEA Entity in escrow, together with interest earned thereon, shall be returned forthwith to the ABEA Entity. The ABEA Entity shall not be required to cure defaults and/or begin paying rent until Lessor has executed and delivered to the ABEA Entity an assignment of the Lease or the ABEA Entity and Lessor have executed a new lease (whichever the ABEA Entity requests) and the ABEA Entity has received delivery of possession of the Leased Premises, free and clear of any of Lessee's rights or the rights of any third parties.

9. Lessee's Liability. Lessee shall remain liable for all of its obligations under the Lease notwithstanding the assignment thereof to an ABEA Entity or the execution of a new lease between an ABEA Entity and Lessor and the ABEA Entity shall be entitled to recover from Lessee all amounts it has paid to Lessor to cure Lessee's defaults under the Lease.

10. Notices. All notices hereunder shall be delivered in person, by registered or certified mail, return receipt requested, or by a recognized overnight courier (Federal Express or UPS) with a signed acknowledgement of receipt, to the addresses herein described or to such other addresses as the parties hereto may, by written notice, designate.

11. Binding Effect. This Agreement shall be binding upon the parties hereto, their heirs, executors, successors, assigns and legal representatives.

12. Severability. If any provision of this Agreement or any part thereof is declared invalid by any court of competent jurisdiction, such act shall not affect the validity of this Agreement and the remainder of this Agreement shall remain in full force and effect according to the terms of the remaining provisions or part of provisions hereof.

13. Remedies. The rights and remedies created herein shall be deemed cumulative and no one of such rights or remedies shall be exclusive at law or in equity of the rights and remedies which ABEA may have under this or any other Agreement to which ABEA and Lessee are parties.

14. Attorney's Fees. If any action is instituted by any party to enforce any provision of this Agreement, the prevailing party shall be entitled to recover all attorney's fees and costs incurred in connection therewith.

15. Construction. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

**[Signature Page Follows]**

**IN WITNESS WHEREOF**, the parties hereto have caused this Option for Assignment of Lease to be executed the day and year first above written.

**LESSOR**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**LESSEE**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ANOTHER BROKEN EGG OF AMERICA  
FRANCHISING, LLC  
D/B/A "ANOTHER BROKEN EGG CAFE"**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT F**

**SUPPLEMENT TO  
ANOTHER BROKEN EGG OF AMERICA FRANCHISING, LLC FRANCHISE AGREEMENT  
FOR CORPORATIONS AND LIMITED LIABILITY COMPANIES**

WHEREAS, \_\_\_\_\_, a \_\_\_\_\_, (“Franchisee”) desires to obtain (or has heretofore obtained) a franchise to establish and operate an Another Broken Egg Cafe® pursuant to and under a franchise agreement (hereinafter the “Franchise Agreement”) to be granted (or heretofore granted) by Another Broken Egg of America Franchising, LLC, d/b/a “Another Broken Egg Cafe” (“ABEA”) for the franchise premises located at \_\_\_\_\_; and

WHEREAS, ABEA requires as a condition of granting (or maintaining) said franchise that certain owners of the ownership interests of Franchisee agree to personally guaranty the obligations of Franchisee and to certain covenants under the Franchise Agreement.

NOW THEREFORE, in consideration of the agreements by ABEA in the Franchise Agreement, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Franchisee, Franchisee, and the undersigned individuals, hereby represent and agree to and with ABEA as follows:

1. The shareholders or members of Franchisee and of any corporation, limited liability company, partnership or other entity that is a beneficial owner of ownership interests of Franchisee (the “Owners”)\*, their address and their respective percentage ownership interest of the Franchisee, and the Owner designated as the “Operating Partner” (as defined in the Franchise Agreement), are as follows:

<b>Owner Name</b>	<b>Address</b>	<b>Percentage Interest</b>	<b>Operating Partner</b>

\*If any Owner is a corporation, limited liability company, partnership or other entity, please also include the ownership and percentage ownership of such entity.

2. The undersigned Owners represent and warrant that, to the best of their knowledge, the Owners listed above constitute all of the Owners of Franchisee and the percentage interests listed above for each Owner reflects the correct percentage ownership interest of each Owner.

3. The undersigned Owners acknowledge that they have read and understand the Franchise Agreement and agree to be bound to those terms and conditions of the Franchise Agreement that are applicable to the Owners, including, but not limited to, the confidentiality and non-competition covenants, with the same force and effect, as if the undersigned were named as individual Franchisees.

4. The undersigned Owners of Franchisee hereby recognize and agree that the trademarks, service mark, logos and business systems licensed to Franchisee under said Franchise Agreement, shall and may be used

solely for the business of operating the Cafe at the Accepted Location, and shall not be used by the undersigned individually, or by Franchisee, for any purpose, or in any manner, not first authorized in writing by ABEA. The understand Owners acknowledge and agree that the trademarks, service marks, logos, systems and other items to be licensed to franchisee under the Franchise Agreement are the property of ABEA, shall and may be used solely for the business of operating the franchised Cafe established and operated in accordance with the Franchise Agreement,, and shall not be used by the undersigned individually or by any other person or entity not authorized in writing by ABEA, for any purpose or in any manner.

5. The undersigned Owners agree that they are each individually and jointly responsible for the representations, warranties and covenants set forth in this Supplement to Franchise Agreement and to update and information in this Supplement to Franchise Agreement in the event of any change in any of the information provided herein.

IN WITNESS WHEREOF, the undersigned have hereunder set their hands and seals the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

**FRANCHISEE:**

By: \_\_\_\_\_  
President/Manager

**OWNERS:**

\_\_\_\_\_  
Officer/Manager of Franchisee

\_\_\_\_\_  
Shareholder/Member

\_\_\_\_\_  
Shareholder/Member

\_\_\_\_\_  
Shareholder/Member

**EXHIBIT G**

**INCUMBENCY CERTIFICATE**

I, \_\_\_\_\_, the duly elected \_\_\_\_\_ of \_\_\_\_\_, (the "Franchisee"), certify that the following is a full, true and correct copy of the resolutions that were adopted by unanimous written consent of the Board of Directors/Managers of Franchisee dated on or about the date hereof, that the same have not in any way been modified or rescinded and are in full force and effect, that the Board of Directors/Manager of Franchisee has duly ratified and affirmed the same in the form hereinafter set forth, and that said resolutions were duly adopted in accordance with the provisions of the Articles of Organization of Franchisee and the laws of the State of \_\_\_\_\_;

RESOLVED, that \_\_\_\_\_, \_\_\_\_\_ of the Franchisee (the "Authorized Person"), is hereby duly authorized and empowered to negotiate, make, execute and deliver in the name of this Franchisee a Franchise Agreement and any other agreement or agreements with ANOTHER BROKEN EGG OF AMERICA FRANCHISING, LLC "(ABEA)" with respect to the establishment and operation of an Another Broken Egg Cafe, which agreement or agreements (and any and all amendments thereto and renewals and extensions thereof) may contain any terms and provisions whatsoever which said Authorized Person in his discretion may deem appropriate, and it was further

RESOLVED: That said Authorized Person, or any person or persons hereafter from time to time designated by him to act for this Franchisee, hereby is duly authorized and empowered to deal in any way whatsoever with ABEA pursuant to the Franchise Agreement and any other agreements or undertakings entered into with ABEA, and to do and perform all other acts and things deemed by such Authorized Person or designee to be necessary, convenient or proper to carry out any such agreements or undertakings; and it was further

RESOLVED: That all that any such Authorized Person has done or may do in pursuance of any of said agreements or to facilitate transactions thereunder is hereby ratified and approved; and it was further

RESOLVED: That the powers and authorization hereby conferred be binding upon the Franchisee until such time when notice of any changes, modifications, or rescissions thereof have been duly communicated to ABEA and accepted by ABEA in writing.

Executed in \_\_\_\_\_, \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

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

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

## EXHIBIT H

### FORM OF CONFIDENTIALITY AND NON-COMPETITION AGREEMENT FOR OWNERS OF BENEFICIAL INTERESTS IN FRANCHISEE

This Confidentiality and Non-Competition Agreement (“Agreement”) is entered into by and between Another Broken Egg of America Franchising, LLC, a Delaware limited liability company (“ABEA”) and [OBLIGOR’S NAME] (“Obligor”) and becomes effective on the date of last signature below;

#### RECITALS

**WHEREAS**, ABEA franchises ANOTHER BROKEN EGG CAFE® restaurants throughout the country and Obligor acknowledges that certain methods of doing business and other elements comprising the Another Broken Egg Cafe proprietary system are distinctive and have been developed by ABEA at great effort, skill, time and expense;

**WHEREAS**, Obligor owns, or holds an interest in [FRANCHISEE NAME] (“Franchisee”) and will have regular and continuing access to valuable trade secrets, confidential information and training which ABEA considers “Confidential Information” as defined further in this Agreement;

**WHEREAS**, Franchisee, as a franchisee of ABEA, has entered into, or is entering into, a certain franchise agreement (the “Franchise Agreement”) with ABEA and pursuant to the Franchise Agreement, Franchisee uses the Confidential Information in its operation of the franchise(s) located in [CITY, STATE]. Pursuant to the Franchise Agreement, owners and holders of a financial interest in the Franchisee are required to execute this Agreement;

**WHEREAS**, Obligor acknowledges that ABEA has a legitimate business interest in protecting its brand from unfair competition by individuals who have had special, intimate knowledge of ABEA’s Systems and trade secrets and confidential information for the operation of an Another Broken Egg Cafe location (“Cafe”);

**WHEREAS**, Obligor acknowledges that ABEA has a legitimate business interest in protecting its brand from unfair competition by individuals that transfer (without permission) the goodwill associated with ABEA’s proprietary and protected marks and business practices to a business that competes with ABEA’s franchisees;

**WHEREAS**, Obligor acknowledges that ABEA has a legitimate business interest in protecting its brand from unfair competition by individuals that are able to take advantage of the knowledge and experience gained in running a Cafe, and use such knowledge and experience in operating a new competing business without having to continue to pay royalties and other fees for such information, thereby placing other franchisees at a competitive disadvantage;

**WHEREAS**, Obligor acknowledges that ABEA has a legitimate business interest in protecting its brand from unfair competition by an individual that diverts business and customers from a current or former Cafe to a competitor of ABEA and/or Franchisee;

**WHEREAS**, Obligor acknowledges that ABEA requires the execution of this Agreement as an ancillary requirement to ABEA’s grant of a franchise to Franchisee.

**NOW, THEREFORE**, in express acknowledgement and recognition of the importance of the foregoing recitals, the parties agree as follows:

### **1. Consideration in Exchange for Obligor's Covenants in this Agreement**

Obligor hereby expressly acknowledges and confirms that all of the valuable benefits, advantages and opportunities enjoyed by Obligor by virtue of his or her position with Franchisee, including the access to ABEA's trade secrets and confidential information, and the receipt of valuable training on ABEA's proprietary System, serve as valuable and adequate consideration received in simultaneous exchange for all of Obligor's promises and covenants made in this Agreement below.

### **2. Obligor's Non-Competition Covenants**

During the term of the Franchise Agreement, and for a period of two (2) years (the "Restrictive Period") following the later of the termination of their ownership interest in Franchisee or the termination or expiration of Franchisee's Franchise Agreement with ABEA (a "Triggering Event"), Obligor shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons or entity:

a. Divert or attempt to divert any customer of any Cafe to any competitor or do or perform any other act injurious or prejudicial to the goodwill associated with ABEA's Proprietary Marks and the System; or

b. Own, maintain, manage, supervise, train, control, advise, invest in, franchise, lease any property to, make loans to or have any interest in any business, other than the Cafe franchised hereunder, which is the same as or substantially similar to the Cafe (i.e. a restaurant establishment featuring the offering and sale of specialty breakfast, lunch and brunch items, beverages (including alcoholic beverages) and related menu items for eat-in and take-away service and, where practical, catering and/or home-delivery). In the event ABEA initiates a court or arbitration action against Obligor during the Restrictive Period to enforce the terms of this section, then the Restrictive Period will be extended to two years from the date the court or arbitrator issues an order enforcing any of the terms hereof.

### **3. Obligor's Confidentiality Covenants**

Obligor shall refrain, during the term of the Franchise Agreement and for two (2) years thereafter or for so long as the information is entitled to Trade Secret protection under the law, from communicating, divulging, or using for the benefit of another party any Confidential Information which may be acquired during the term of the Franchise Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, association, or corporation any confidential information, knowledge or know-how concerning ABEA, the development and methods of operation of the Cafe, the Manual and the System ("Confidential Information"), whether such Confidential Information is communicated to Obligor by or on behalf of ABEA, or Obligor may be apprised of such Confidential Information as a result of Obligor's participation in the establishment and operation of the Cafe under the terms of the Franchise Agreement by and between Franchisee and ABEA. Obligor shall divulge such Confidential Information only to such other individuals as must have access to it in order to operate the Cafe. Any and all Confidential Information, including, without limitation, Trade Secret Products, drawings, materials, equipment, specifications, techniques and other data, which ABEA and/or Franchisee designates as confidential shall be deemed confidential for purposes of this Agreement, except information which (1) Obligor can demonstrate came to its attention prior to disclosure thereof by ABEA and/or Franchisee, (2) at the time of disclosure by Franchisee and/or ABEA to Obligor, had become a part of the public domain, through publication or communication by others, or (3) after disclosure to Franchisee by ABEA, becomes a part of the public domain, through publication or communication by others.

#### **4. Definitions**

The following terms (and any other capitalized terms herein which are not defined by this Agreement) shall have the meanings and definitions assigned to them in the Franchise Agreement unless otherwise expressly provided herein: “Cafe”, “Marks”, “System”, “Manual”, “Confidential Information” and “Trade Secret Products”.

#### **5. Fairness and Reasonableness**

Obligor acknowledges and agrees that the covenants not to compete set forth above are fair and reasonable and will not impose any undue hardship on Obligor, as Obligor has other considerable skills, experience, education and capabilities which afford him or her the opportunity to derive income from other endeavors.

#### **6. Independence of Covenants**

The various covenants and provisions herein are intended to be severable and to constitute independent and distinct binding obligations. If any covenant or provision is determined to be unenforceable, in whole or in part, it will not be deemed to affect or impair the validity of any other covenant or provision or part thereof, and such unenforceable covenant or provision or part thereof shall be deemed modified to the minimum extent required to permit enforcement. Without limiting the generality of the foregoing, if the scope of any covenant herein is too broad to permit enforcement to its full extent, such covenant will be enforced to the maximum extent permitted by law, and Obligor agrees that such scope may be judicially modified accordingly.

#### **7. Equitable Relief**

Obligor acknowledges that violation of the non-disclosure and non-competition covenants contained in this Agreement would result in immediate and irreparable injury to ABEA for which no adequate remedy at law will be available. Accordingly, Obligor hereby consents to the entry of an injunction prohibiting any conduct by Obligor in violation of those covenants. Obligor expressly agrees that it may conclusively be presumed that any violation of the terms of the covenants not to solicit or compete was accomplished by and through Obligor’s unlawful utilization of ABEA’s confidential information, know-how, methods and procedures. Obligor further agrees to pay all costs and expenses (including reasonable attorneys’ and experts’ fees) incurred by ABEA in connection with the enforcement of the covenants set forth in this Agreement.

#### **8. Remedies**

Obligor acknowledges that his or her violation of any term of this Agreement will cause irreparable injury to ABEA for which no adequate remedy at law is available. Obligor therefore agrees that ABEA, in addition to any other legal and equitable rights and remedies, will be entitled to the issuance of an order of specific performance and/or a temporary, preliminary or permanent injunctive relief, without bond, restraining any actual or threatened violation by Obligor of any covenant in this Agreement. Obligor agrees that any claim he or she may have against ABEA, whether or not related to the franchised business, will not be a defense to the enforcement by ABEA of any term of this Agreement. Obligor agrees to pay ABEA’s costs and attorneys’ fees incurred by ABEA to enforce this Agreement as provided in Section 7 above.

#### **9. Counter-Parts, Entire Agreement, Amendments**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall be one and the same instrument. The parties may execute such

counterparts via fax or email. This Agreement contains the entire agreement of the parties pertaining to the subject matter hereof and no prior or contemporaneous representations, inducements, promises, or agreements, oral or otherwise, between the parties not set forth herein shall be of any force and effect. Any modifications to this Agreement must be accomplished by a written agreement signed by both parties.

**10. Choice of Law, Venue and Jurisdiction.**

This Agreement shall be (a) deemed made and entered into, and (b) construed and governed under and in accordance with the laws of the State of Florida. Exclusive venue and jurisdiction of any suit arising under this Agreement shall lie within the federal or state courts within the State of Florida.

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates written below.

**Obligor**

**Another Broken Egg of America Franchising,  
LLC**

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

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT D**

**Guaranty Agreements**

## **GUARANTY AGREEMENT**

### **(Development Agreement)**

In consideration of, and as an inducement to, the execution by Another Broken Egg of America Franchising, LLC (“ABEA”) of the Development Agreement between ABEA and \_\_\_\_\_ (“Developer”) executed \_\_\_\_\_, (the “Development Agreement”) each undersigned personally and unconditionally (1) guarantees to ABEA and its successors and assigns, for the term of the Development Agreement and thereafter as provided in the Development Agreement, that Developer will punctually pay and perform each obligation in the Development Agreement, and (2) agrees to be personally bound by, and personally liable for the default of, each and every term and condition of the Development Agreement.

A. Each of the undersigned waives:

- (1) Acceptance and notice of acceptance by ABEA of these undertakings;
- (2) Notice of demand for payment for any indebtedness or nonperformance of any obligation guaranteed;
- (3) Protest and notice of default to any party as to any indebtedness or nonperformance of any obligation guaranteed;
- (4) Any right he or she may have to require that an action be brought against Developer or any other person as a condition of liability;
- (5) Any other notices and legal or equitable defenses to which he or she may be entitled;
- (6) And assigns to ABEA all exemptions which he or she may have under any law as against any obligation in this Guaranty Agreement; and
- (7) Any defense of division or discussion.

B. Each of the undersigned agrees that:

- (1) His or her direct and immediate liability under this guaranty is joint and several;
- (2) He or she will render any payment or performance required under the Development Agreement on demand if Developer fails or refuses to do so when due, or within any applicable cure period;
- (3) This Guaranty Agreement constitutes a guaranty of payment and not of collection and in any right of action which shall accrue to ABEA under the Development Agreement, ABEA may, at its option, proceed against the undersigned without pursuing or exhausting any right or remedy which it may have against Developer or any other person or entity, and without having commenced any action against or having obtained any judgment against Developer;
- (4) This Guaranty Agreement shall remain and continue in full force and effect as to any amendment or modification of the Development Agreement, whether or not entered into or made without the further consent of or notice to the undersigned;
- (5) His or her liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which ABEA may grant to Developer or any other person,

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including the acceptance of any partial payment or performance, or the compromise or release of any claim, none of which will in any way modify or amend this Guaranty Agreement, which will be continuing and irrevocable for as long as any obligation in the Development Agreement remains in effect;

- (6) In a legal action for breach of this Guaranty Agreement or to enforce the terms of this Guaranty Agreement, whether for damages, injunctive relief, the return of property or any other legal or equitable remedy, he or she will pay ABEA's reasonable attorney's fees, court costs and reasonable out-of-pocket expenses related to the action if ABEA substantially prevails in the action;
- (7) This Guaranty Agreement shall be deemed to have been made in the State of Florida and shall be interpreted and construed under the laws of the State of Florida, which laws shall prevail in the event of any conflict of law, all actions or proceedings instituted by any party relating to this Guaranty Agreement shall be instituted in the state or federal courts located in Orange County, Florida, and the parties do hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision; and
- (8) This Guaranty Agreement shall inure to the benefit of ABEA and its successors and assigns, and shall be binding upon the undersigned, and their successors and assigns.

Each of the undersigned affixes his or her signature to this Guaranty Agreement as of the same date as the date of execution of the Development Agreement.

**GUARANTORS:**

Sign: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

Sign: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

Sign: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

**GUARANTY AGREEMENT**  
**(Franchise Agreement)**

In consideration of, and as an inducement to, the execution by Another Broken Egg of America Franchising, LLC (“ABEA”) of the Franchise Agreement between ABEA and \_\_\_\_\_ (“Franchisee”) executed \_\_\_\_\_ 20 \_\_, (the “Franchise Agreement”) each undersigned personally and unconditionally (1) guarantees to ABEA and its successors and assigns, for the term of the Franchise Agreement and thereafter as provided in the Franchise Agreement, that Franchisee will punctually pay and perform each obligation in the Franchise Agreement, and (2) agrees to be personally bound by, and personally liable for the default of, each and every term and condition of the Franchise Agreement.

A. Each of the undersigned waives:

- (1) Acceptance and notice of acceptance by ABEA of these undertakings;
- (2) Notice of demand for payment for any indebtedness or nonperformance of any obligation guaranteed;
- (3) Protest and notice of default to any party as to any indebtedness or nonperformance of any obligation guaranteed;
- (4) Any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability;
- (5) Any other notices and legal or equitable defenses to which he or she may be entitled;
- (6) And assigns to ABEA all exemptions which he or she may have under any law as against any obligation in this Guaranty; and
- (7) Any defense of division or discussion.

B. Each of the undersigned agrees that:

- (1) His or her direct and immediate liability under this guaranty is joint and several;
- (2) He or she will render any payment or performance required under the Franchise Agreement on demand if Franchisee fails or refuses to do so when due, or within any applicable cure period;
- (3) In any right of action which shall accrue to ABEA under the Franchise Agreement, ABEA may, at its option, proceed against the undersigned without pursuing or exhausting any right or remedy which it may have against Franchisee or any other person or entity, and without having commenced any action against or having obtained any judgment against Franchisee. This Guaranty constitutes a guaranty of payment and not of collection;
- (4) This Guaranty shall remain and continue in full force and effect as to any amendment or modification of the Franchise Agreement, whether or not entered into or made without the further consent of or notice to the undersigned;
- (5) His or her liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which ABEA may grant to Franchisee or any other person, including the acceptance of any partial payment or performance, or the compromise or release

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of any claim, none of which will in any way modify or amend this guaranty, which will be continuing and irrevocable for as long as any obligation in the Franchise Agreement remains in effect;

- (6) In a legal action for breach of this guaranty or to enforce the terms of this guaranty, whether for damages, injunctive relief, the return of property or any other legal or equitable remedy, he or she will pay ABEA's reasonable attorney's fees, court costs and reasonable out-of-pocket expenses related to the action if ABEA substantially prevails in the action;
- (7) This Guaranty shall be deemed to have been made in the State of Florida. This Guaranty Agreement shall be interpreted and construed under the laws of the State of Florida, which laws shall prevail in the event of any conflict of law. All actions or proceedings instituted by any party relating to this Guaranty Agreement shall be instituted in the state or federal courts located in or for Orange County, Florida, and the parties do hereby waive all rights to a jury trial and to questions of personal jurisdiction or venue for the purpose of carrying out this provision; and
- (8) This Guaranty shall inure to the benefit of ABEA and its successors and assigns, and shall be binding upon the undersigned, and their successors and assigns. ABEA may, without any notice whatsoever to anyone, sell, assign or transfer any part of the indebtedness guaranteed herein, and in that event, each and every successive assignee, transferee or holder of all or any part of the indebtedness shall have the right to enforce this Guaranty, by suit or otherwise, for the benefit of such assignee, transferee or holder, to the extent and in such manner as ABEA could enforce this Guaranty prior to any such sale, assignment or transfer.

Each of the undersigned affixes his or her signature to this guaranty as of the same date as the date of execution of the Franchise Agreement.

**GUARANTORS:**

Sign: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

Sign: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

Sign: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT E**

**Development Agreement**



ANOTHER  
*Broken Egg Cafe*

---

*DEVELOPMENT AGREEMENT*

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*(Multiple Cafes)*

*ANOTHER BROKEN EGG OF AMERICA FRANCHISING, LLC*

**Corporate Offices:**

5955 T.G. Lee Blvd, Suite 100, Orlando, FL 32822 Phone: (407) 440-0450 Fax: (504) 324-0223

Website: <http://www.anotherbrokenegg.com>

E-mail address: [abeadmin@anotherbrokenegg.com](mailto:abeadmin@anotherbrokenegg.com)

Developer's Name, Address: and Telephone Number:	Development Area:

**ANOTHER BROKEN EGG OF AMERICA FRANCHISING, LLC  
DEVELOPMENT AGREEMENT**

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**EXHIBITS**

EXHIBIT A - GUARANTY AGREEMENT

EXHIBIT B - TERRITORY – DESCRIPTION OF DEVELOPMENT AREA

EXHIBIT C - DEVELOPMENT SCHEDULE

EXHIBIT D - FRANCHISE AGREEMENT

EXHIBIT E – INCUMBENCY CERTIFICATE

EXHIBIT F – SUPPLEMENT TO ANOTHER BROKEN EGG OF AMERICA FRANCHISING, LLC  
DEVELOPMENT AGREEMENT FOR CORPORATIONS AND LIMITED LIABILITY COMPANIES

**ANOTHER BROKEN EGG OF AMERICA FRANCHISING, LLC**

**d/b/a “Another Broken Egg Cafe”**

**DEVELOPMENT AGREEMENT**

THIS DEVELOPMENT AGREEMENT (“Development Agreement”) is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, (the “Effective Date”) by and between **ANOTHER BROKEN EGG OF AMERICA FRANCHISING, LLC**, a Delaware limited liability company having its executive offices at 5955 T.G. Lee Blvd, Suite 100, Orlando, FL 32822 (hereinafter referred to as “ABEA”) and \_\_\_\_\_, a \_\_\_\_\_ organized under the laws of the State of \_\_\_\_\_, whose address is \_\_\_\_\_ (hereinafter referred to as “Developer”).

**W I T N E S S E T H:**

WHEREAS, ABEA has, as the result of the expenditure of time, skill, effort and money, developed a proprietary system (the “System”), the elements of which are owned by ABEA, relating to the establishment, development and operation of a “Another Broken Egg Cafe” (the “Cafe”) specializing in a distinctive Cafe-style restaurant featuring the offering and sale of specialty breakfast, brunch and lunch items, beverages (including alcoholic beverages) and related menu items for eat-in and take-away service and, where practical, catering and/or home-delivery;

WHEREAS, the distinguishing characteristics of the System include, without limitation, proprietary recipes, sauces, seasonings and products, specially designed improvements, interior and exterior layouts, menu items and menu formats, signs, marketing and advertising materials, programs, procedures and methods, training and supervision, all of which may be changed, improved, and further developed by ABEA from time to time;

WHEREAS, ABEA further identifies the System by means of certain trademarks, service marks, logos, emblems, and indicia of origin, including, but not limited to, the marks “Broken Egg®,” “Another Broken Egg Cafe®,” the distinctive “Another Broken Egg Cafe” logo, and such other trade names, service marks and trademarks as may be designated now or hereafter by ABEA, in the Confidential Operations Manual, as defined in the Franchise Agreement (the “Manual”), or otherwise in writing for use in connection with the System (the “Proprietary Marks” or “Marks”);

WHEREAS, ABEA continues to develop, expand, use, control and add to the Proprietary Marks and System for its benefit and exclusive use as well as its franchisees in order to reflect the changing restaurant industry and related markets and changing consumer demands and business opportunities;

WHEREAS, ABEA licenses the System and Proprietary Marks to franchisees for use in connection with the operation of franchised Cafes; and

WHEREAS, Developer desires to enter into the business of operating Cafes in accordance with ABEA’s System and wishes to obtain the right from ABEA to develop a number of franchised Cafes and to use the System in connection with those Cafes, as well as to receive the training and other assistance provided by ABEA in connection therewith, and Developer has warranted that Developer has adequate capital and organizational facilities to perform the obligations set forth hereunder.

NOW, THEREFORE, the parties in consideration of the foregoing premises and the undertakings and the commitments of each party to the other party as set forth herein, hereby mutually agree as follows:

## 1. **GRANT**

**A.** ABEA hereby grants to Developer, subject to the terms and conditions of this Development Agreement and so long as Developer or any affiliate of Developer shall not be in default of this Development Agreement or any other development, franchise or other agreement between Developer or Developer's affiliates and ABEA or ABEA's affiliates, the non-exclusive right and license to develop and establish the number of Cafes set forth in Exhibit C attached hereto, and to use the System solely in connection therewith, pursuant to and in accordance with the schedule set forth in Exhibit C ("Development Schedule"). Each Cafe developed pursuant hereto shall be located in the territory described in Exhibit B attached hereto ("Development Area").

**B.** Subject to Section 2.C, ABEA shall neither establish nor license anyone other than Developer to establish a Cafe in the Development Area until after the commencement of operations of the final Cafe under this Development Agreement, provided this Development Agreement has not been previously terminated. Notwithstanding the foregoing, subject to Section 2.C, ABEA on behalf of itself and its affiliates, designees and assignees, reserves the sole and absolute right, without offering Developer the right to participate:

1. to establish and operate, and to grant to others the right to establish and operate, Cafes at locations anywhere outside the Development Area, including locations near the Development Area's boundaries;

2. in or outside the Development Area, to offer and sell products and services that are the same as the products and services offered by Cafes, or different products and services, using different trademarks;

3. in or outside the Development Area, to establish and operate, and to grant others the right to establish and operate, Cafes that are located within non-traditional venues, such as shopping malls, food courts, kiosks, airports, hotels, sports facilities, stadiums, theme parks, hospitals, convention centers, military bases, public transportation facilities, toll road plazas, interstate rest stops/crossovers/overpasses, colleges/universities, government buildings, recreational theme parks, and venues in which master concessionaires provide foodservice, and similar captive market locations ("Non-Traditional Venues");

4. in or outside the Development Area, to sell any products or services, using the Proprietary Marks or different trademarks, through alternative channels of distribution, such as grocery stores, convenience stores, mobile vans or trucks and e-commerce/world wide web/internet solicitations and offerings;

5. to acquire and continue to operate, directly or indirectly, any business operating under different trademarks in or outside the Development Area;

6. to acquire and retain, directly or indirectly, the rights and obligations of any franchisor or licensor of any business operating under different trademarks in or outside the Development Area;

7. in or outside the Development Area, to establish and promote other franchise systems involving different products or services using different trademarks, and to establish company-owned or franchised outlets for those systems;

8. to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by any other person, including a competing business, even if such person operates, franchises and/or licenses businesses in close proximity to the Development Area; and/or

9. to engage in other activities not expressly prohibited by this Development Agreement.

**C.** Each Cafe for which a development right is granted hereunder shall be established and operated pursuant to the then-current form of Another Broken Egg Cafe franchise agreement (“Franchise Agreement”) to be entered into between Developer or an affiliate of Developer and ABEA. No Cafe may be developed or established hereunder until the Franchise Agreement for such Cafe has been executed by Developer or an affiliate of Developer and ABEA. The current form of Franchise Agreement is set forth in Exhibit D hereto.

**D.** This Development Agreement is not a Franchise Agreement, and does not grant the Developer any right to use ABEA’s Proprietary Marks or to operate a Cafe, but merely sets forth the terms and conditions under which Developer may obtain a Franchise Agreement.

**E.** Developer may open and operate Cafes only at sites within the Development Area approved by ABEA in accordance with this Development Agreement.

**F.** Developer shall have no right under this Development Agreement to license or sublicense to others any of the rights to or derived from either the Proprietary Marks and/or to use the System.

## **2. TERM**

**A.** The term shall commence on the Effective Date and will continue until the last scheduled Cafe opening date specified in the Development Schedule, unless sooner terminated by ABEA pursuant to Section 6. If no period is specified in the Development Schedule, the term will expire five (5) years from the Effective Date.

**B.** Developer does not have the right to extend the term of this Development Agreement, although Developer and ABEA may mutually agree, in writing, to so extend the term.

## **3. FRANCHISE FEES**

In consideration of the development rights granted herein, Developer shall pay to ABEA upon execution of this Development Agreement, the initial franchise fee of Forty Thousand Dollars (\$40,000) for the first Cafe and fifty percent (50%) of the Forty Thousand Dollar (\$40,000) initial franchise fee for each additional Cafe to be developed hereunder (the “Deposit”) as described in the Development Schedule. For each additional Cafe to be delivered under this Development Agreement, the then-current initial franchise fee, less the Deposit, must be paid upon signing the then-current franchise agreement for each such Cafe, as required by Paragraph 1.C of this Development Agreement. The initial franchise fees paid by Developer upon execution of this Development Agreement shall be non-refundable and fully earned by ABEA upon execution of this Development Agreement for administrative and other expenses incurred by ABEA and for the development opportunities lost or deferred as a result of the rights granted Developer herein.

## **4. DEVELOPMENT SCHEDULE**

**A.** Developer shall exercise the development right for each Cafe granted herein only by executing a Franchise Agreement for each Cafe for a site approved by ABEA in the Development Area as hereinafter provided. Developer’s right to execute or have an affiliate execute such a Franchise Agreement shall be contingent upon Developer’s and Developer’s affiliates’ continuous performance of all of the terms and conditions of this Development Agreement, any Franchise Agreement for Cafes established under this Development Agreement and any other development, franchise or other agreements between Developer or Developer’s affiliates and ABEA or ABEA’s affiliates.

**B.** Recognizing that time is of the essence in this Development Agreement, Developer agrees to exercise the development rights granted hereunder and establish each Cafe in the manner specified in Section 5 hereof and in compliance with the Development Schedule. Developer's failure to adhere to the requirements of Section 5 and the Development Schedule shall constitute a material default under this Development Agreement, for which ABEA may terminate this Development Agreement pursuant to Section 6.C hereof.

**C.** Upon execution of this Development Agreement, Developer shall simultaneously execute a Franchise Agreement for the first Cafe to be developed and pay to ABEA the initial franchise fees set forth in Section 3 hereof.

**D.** ABEA reserves the right to grant an extension of the opening date of a Cafe under the Development Schedule at ABEA's sole right and discretion in the event that Developer has complied (in ABEA's opinion) with all of the terms and conditions herein and has, in good faith, diligently pursued the construction of the Cafes according to the Development Schedule. Additionally, if Developer will not be able to comply with the Development Schedule for any particular Cafe to be constructed and opened, then Developer may apply to ABEA, in writing, not fewer than thirty (30) days in advance of the applicable deadline under the Development Schedule for an extension of the Development Schedule relating to such Cafe. Developer's written application for an extension must specify the reasons for the requested extension and specify a proposed revised opening date for the effected Cafe. Developer has no rights to receive an extension and ABEA will determine, in its sole right and discretion, whether to grant an extension. No extension will be effective unless and until ABEA provides its written approval, and Developer has paid to ABEA a fee in an amount equal to Ten Thousand Dollars (\$10,000) for a six-month extension granted by ABEA. ABEA's decision to extend the Development Schedule for a particular Cafe(s) shall not, absent a written agreement, extend the Development Schedule with respect to any other Cafes to be developed. Developer agrees that any such extensions shall in no way be construed as a waiver or modification of ABEA's rights hereunder or as a limitation of ABEA's right to terminate this Agreement for Developer's failure to adhere to the Development Schedule.

## **5. CAFE OPENINGS**

**A.** Developer shall submit a proposed location for each Cafe for approval by ABEA. ABEA shall, provided there exists no default by Developer or a Developer affiliate under this Development Agreement, any Franchise Agreement for Cafes established under this Development Agreement or any other development, franchise or other agreement between Developer or a Developer affiliate and ABEA or one of its affiliates, evaluate each location proposed and shall promptly, but not more than thirty (30) days after receipt of Developer's proposal, send to Developer written notice of acceptance or rejection of the location. Location acceptance does not assure that a Franchise Agreement will be executed. Execution of the Franchise Agreement is contingent upon Developer's compliance with Section 5.B.1 below.

**B.** Within one hundred twenty (120) days after notice of ABEA's location acceptance, Developer shall:

1. Submit, in writing to ABEA, satisfactory proof to ABEA that Developer either:
  - (a) owns the accepted location;
  - (b) has leased the accepted location for a term which, with renewal options, is not less than the initial term of the then-current Franchise Agreement; or
  - (c) has entered into a written agreement to purchase or to lease the accepted location on terms provided herein, subject only to obtaining necessary governmental

approvals. If Developer or Developer's affiliate leases the accepted location, the lease must provide: (i) that, in the event Developer or Developer's affiliate defaults under the Franchise Agreement or otherwise ceases operating the Cafe at the accepted location during the term of the lease, ABEA shall have the right and option, but not the obligation, to assume Developer's position under the lease; and (ii) that, in the event Developer or Developer's affiliate defaults under the lease, notice of the default shall immediately be forwarded to ABEA and ABEA shall have the right and option, but not the obligation, to cure any such default.

The proof required by this Section 5.B includes, but is not limited to, submission of executed copies of all leases, deeds and agreements, as well as all governmental approvals if effectiveness of the leases, deeds or agreements is conditioned thereon.

2. Submit to ABEA, and obtain ABEA's written approval of, the final and complete plans and specifications for the construction (or renovation) and decoration of the Cafe, which must be in conformity with ABEA's standards and specifications for franchised Cafes, as set out in the current Manual (as defined in the Franchise Agreement) or otherwise in writing. Final and complete plans and specifications include, but are not limited to, floor plans, equipment layouts, decor, and interior and exterior elevations.

**C.** No less than ten (10) days after ABEA has notified Developer that it has fulfilled the requirements of the obligations contained in paragraph 5.B.1, Developer shall (1) execute the Franchise Agreement or cause an affiliate of Developer acceptable to ABEA to execute the Franchise Agreement, (2) pay the remaining balance of the initial franchise fee for that Cafe, and, if the Franchise Agreement is executed by an individual or an entity other than Developer, and (3) guarantee the performance of the Franchise Agreement by executing ABEA's Franchise Agreement Guaranty Agreement. In ABEA's sole discretion, one or more of the holders of the ownership interests of Developer or, in the case of a partnership, the Developer's general partners, shall also guarantee the performance of the Franchise Agreement by executing ABEA's Franchise Agreement Guaranty Agreement.

**D.** No less than fifteen (15) days after ABEA approves Developer's full and complete plans and specifications, Developer shall procure and maintain throughout the term of the Franchise Agreement, insurance coverage provided for in the Franchise Agreement and/or the then-current Manual.

**E.** No less than thirty (30) days after ABEA approves Developer's full and complete plans and specifications, Developer shall commence construction or renovation of the Cafe. If commencement of construction or renovation is delayed by a cause beyond the reasonable control of Developer, the date upon which commencement of construction or renovation is to begin may be extended by obtaining written approval of ABEA.

**F.** Developer shall have completed construction or renovation and commenced operation of the Cafe within one hundred twenty (120) days from commencement of construction or renovation or within such other period specified in the Development Schedule or agreed upon in writing by ABEA.

**G.** At least ten (10) days prior to the proposed commencement of operation of each Cafe, Developer shall notify Franchisor of such proposed opening. If the Cafe is Developer's first Cafe opened hereunder, ABEA may, at its option, provide a representative to be present at the opening.

## **6. DEFAULT AND TERMINATION**

**A.** The rights granted to Developer in this Development Agreement have been granted based upon Developer's representations and assurances, among other, that the conditions set forth in Sections 4 and 5 of the Development Agreement will be met by Developer in a timely manner.

**B.** Developer shall be deemed to be in default under this Development Agreement, and all rights granted herein shall automatically terminate without notice to Developer, if: (1) Developer shall become insolvent or make a general assignment for the benefit of creditors; (2) a petition in bankruptcy is filed by Developer or such a petition is filed against Developer and not opposed by Developer; (3) Developer is adjudicated bankrupt or insolvent; (4) a receiver or other Custodian (permanent or temporary) of Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; (5) proceedings for a composition with creditors under the applicable law of any jurisdiction should be instituted by or against Developer; (6) a final judgment remains unsatisfied or of record for sixty (60) days or longer (unless a supersedeas bond is filed); (7) Developer is dissolved; (8) execution is levied against Developer's property or business; (9) suit to foreclose any lien mortgage against the premises or equipment of any Cafe developed hereunder is instituted against the Developer and not dismissed within sixty (60) days; or (10) the real or personal property of any Cafe developed hereunder shall be sold after levy thereupon by any sheriff, marshal, or constable.

**C.** Developer shall be deemed to be in default under this Development Agreement if: (1) Developer fails to comply with the Development Schedule; (2) Developer fails to obtain ABEA's acceptance of a location or construction plans and specifications prior to commencement of construction; (3) Developer sells, assigns, transfers, conveys, gives away, pledges, mortgages, or otherwise encumbers this Development Agreement, or more than twenty percent (20%) of the interests of the ownership interests of Developer is sold, assigned, transferred, conveyed, given away, pledged, mortgaged, or otherwise encumbered during the Term of this Development Agreement (each such action, a "Transfer"); provided, however, that a "Transfer" does not include if a Developer assigns, transfers or conveys the Development Agreement to an entity that is wholly owned by Developer; (4) Developer fails to comply with any other term of this Development Agreement and to cure such failure within ten (10) days of its receipt of written notice of such failure; or (5) any Franchise Agreement covering a Cafe established under this Development Agreement is terminated by ABEA due to a default by the franchisee under such Franchise Agreement (except for any Franchise Agreement transferred to an unrelated third party in accordance with the terms of such Franchise Agreement). Upon any default under this Section 6.C, ABEA, in its sole discretion, may, effective immediately upon the mailing of written notice by ABEA to Developer, do any one or more of the following:

- (1) Terminate this Development Agreement and all rights granted hereunder without affording the Developer any opportunity or further opportunity to cure the default;
- (2) Reduce the number of franchised Cafes that Developer may establish pursuant to Section 1.A and Exhibit C of this Development Agreement;
- (3) Reduce the Development Area granted Developer hereunder;
- (4) Withhold evaluation or acceptance of location proposal packages and refuse to permit the opening of any Cafe then under construction or otherwise not ready to commence operations; or
- (5) Accelerate the Development Schedule set forth in Exhibit C hereto.

In addition to the foregoing, ABEA shall be entitled to pursue any other remedies available hereunder or at law or in equity.

**D.** Upon termination of this Development Agreement, Developer shall have no right to develop, establish or operate any Cafe for which a Franchise Agreement has not been executed by ABEA and delivered to Developer at the time of termination, and ABEA shall be entitled to develop, establish and operate Cafes, and to license others to develop, establish and operate franchised Cafes in the Development Area, except as may be provided under any Franchise Agreement which is then in effect between ABEA and Developer.

## **7. TRANSFERABILITY OF INTEREST.**

### **A. Transfer by ABEA.**

ABEA shall have the right to assign this Development Agreement, and all of its rights and privileges hereunder, to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of the functions of ABEA, the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing the obligations of ABEA hereunder, and shall expressly assume and agree to perform such obligations. Specifically, and without limitation to the foregoing, Developer expressly affirms and agrees that ABEA may: (1) sell its assets, its Proprietary Marks, or its System outright to a third party; (2) may go public; (3) may engage in a private placement of some or all of its securities; (4) may merge, acquire other corporations, or be acquired by another corporation; or (5) may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring, and, with regard to any or all of the above sales, assignments and dispositions, Developer expressly and specifically waives any claims, demands or damages arising from or related to the loss of said Proprietary Marks (or any variation thereof) and/or the loss of association with or identification of “ANOTHER BROKEN EGG CAFE”, and shall, if requested, execute a written, general release of ABEA, its affiliates and their respective successors and assigns.

Nothing contained in this Development Agreement requires ABEA to remain in the Cafe business or to offer services similar to those currently being offered by it or any related company, whether or not bearing the Proprietary Marks, in the event ABEA exercises its rights hereunder to assign its rights in this Development Agreement, the Proprietary Marks, the System or any of its other properties or assets.

### **B. Transfer by Developer.**

1. Developer understands and acknowledges that ABEA has granted the development rights under this Development Agreement in reliance on the business skill, financial capacity and personal character of Developer and its principals and, therefore, the rights and duties set forth in this Development Agreement are personal to Developer. Accordingly, Developer shall not transfer the Development Agreement or the ownership interests of Developer during the Term of this Development Agreement. Any purported assignment or transfer by operation of law or otherwise shall be null and void and shall constitute a material breach of this Development Agreement for which ABEA may terminate this Development Agreement without opportunity to cure pursuant to Section 6.

2. Security Interest. Developer shall grant no security interest in the Development Agreement or in any of its assets unless (a) approved, in writing, by ABEA and (b) Developer secures the secured party's agreement that (i) in the event of any default by Developer under any documents related to the security interest, ABEA shall have the right and option, but not the obligation, to be substituted as obligor to the secured party and to cure any default of Developer, and (ii) notwithstanding the terms of any documents related to the security interest, ABEA has a first priority security interest in the Development Agreement and

any of its assets that supersedes the lender's security interest. Notwithstanding the foregoing, ABEA shall not be construed as a guarantor or surety for the Developer.

**C. Transfer Upon Death or Permanent Incapacity.** Upon the death or permanent incapacity of any person owning, directly or indirectly, more than twenty percent (20%) of the beneficial interests of the ownership interests of Developer, the executor, administrator, or personal representative of such person shall transfer his or its interest in Developer to a third party approved by ABEA within one hundred and eighty (180) days of such death or permanent incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any transfer pursuant to Paragraph 7.B hereof.

**D. Non-Waiver of Claims.** ABEA's consent to a transfer of any interest in Developer, this Development Agreement, or all or a substantial portion of the assets of the Developer shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of ABEA's right to demand exact compliance with any of the terms of this Development Agreement by the transferee.

## **8. CONFIDENTIAL INFORMATION.**

**A. Non-Disclosure.** Developer shall not, during the term of this Development Agreement or thereafter, communicate, divulge, or use for the benefit of itself or any other person, persons, partnership, association, corporation, limited liability company or other entity, any confidential information, knowledge, or know-how concerning the methods of development and/or operation of the Cafe(s) hereunder which may be communicated to Developer, or of which Developer may be apprised, by virtue of Developer's activities under the terms of this Development Agreement. Developer shall divulge such confidential information only to such of its employees as must have access to it in order to develop the Cafe(s). Any and all information, knowledge, and know-how, including, without limitation, drawings, materials, equipment, specifications, techniques, and other data, which ABEA designates as confidential shall be deemed confidential for purposes of this Development Agreement, except information which: (1) Developer can demonstrate came to its attention prior to disclosure thereof by ABEA or its representatives; (2) at the time of disclosure by ABEA to Developer, had become a part of the public domain, through publication or communication by others; or (3) after disclosure to Developer by ABEA, becomes a part of the public domain, through publication or communication through no act of Developer.

**B. Confidentiality Agreement.** Developer shall have all employees that will have access to any confidential information or knowledge relating to the methods of development or operation of the Cafe execute a confidentiality agreement prohibiting them from communicating, divulging, or using for the benefit of another party any such confidential information or knowledge during the term of the employment or engagement and for two (2) years thereafter. Developer shall disclose Confidential Information to contractors or consultants only to extent necessary to fulfill the purpose of this Agreement and only if such contractors or consultants agree to execute a confidentiality agreement.

### **C. Stop Using Related Social Media and Online Business Directories.**

Developer must immediately cease operating all social media pages within Developer's control associated with, or previously associated at any time with, the Cafe or Another Broken Egg Café including but not limited to Facebook, Instagram, YouTube, TikTok, and X (f/k/a Twitter). Developer must also immediately cease operating all online business directory listings within Developer's control associated with, or previously associated with, the Café or Another Broken Egg Cafe, including but not limited to Yelp, NextDoor, LinkedIn, Google, YP (Yellow Pages), or Angi. Developer must promptly provide ABEA with all login credentials or other information necessary for Developer to assume exclusive control over each social media and business directory account, page or listing. To the extent that Developer is aware of or becomes aware of

any social media or business directory account, page or listing associated with the Cafe that is not within Developer's control, Developer shall promptly notify ABEA thereof in writing.

Notwithstanding the foregoing, ABEA may, in its exclusive discretion, demand that Developer delete, deactivate or otherwise modify such social media or business directory account or listing at any time. Developer must comply with any such demand immediately upon receipt.

Developer further acknowledges and agrees that all consumer or other published reviews of the Cafe and/or any goods or services provided by the Cafe, are the exclusive property of ABEA and/or its affiliates. Developer's right to use such reviews in any manner terminates concurrently with the expiration or termination of this Agreement. Developer is prohibited from advertising, promoting, quoting, or otherwise referring to such reviews in connection with any business or offer to conduct business upon expiration or termination of this Agreement.

Developer further acknowledges and agrees that any violation of this Section 8.C. constitutes trademark infringement, service mark infringement, unfair competition, false advertising, and/or deceptive trade practices pursuant to federal, state, and common law, that such violation encroaches on the goodwill associated with ABEA's brand, and that such violation is likely to cause confusion among reasonably prudent consumers.

**D. Improvements.** ABEA shall have the exclusive right to use and incorporate any modifications, changes, and improvements in the Proprietary Marks and/or System for the benefit of its developers and franchisees, in whole or in part, developed or discovered by Developer or Developer's employees or agents in connection with the Proprietary Marks and/or System or development of the Cafe(s) ("Improvements"), without any liability or obligation to the developer thereof. Improvements may include, but are not limited to, discoveries or development of products, recipes, menu items, systems, techniques, management practices or procedures, architectural designs and philosophies and names or groups of words relating to the Proprietary Marks and/or System. Developer agrees that: (1) all Improvements made by or on behalf of Developer are the property of ABEA; (2) Developer will execute and deliver any and all documents or instruments required by ABEA to evidence or establish ABEA's ownership of the Improvements; (3) ABEA will have the right to incorporate any or all of the Improvements into the System and/or Proprietary Marks; and (4) ABEA will have the right to use and authorize its franchisees and developers to use any or all Improvements in the operations of any or all Cafes owned, operated or licensed by ABEA or for any other purpose without any compensation to Developer.

## **9. COVENANTS.**

**A. Full-Time Efforts.** Developer or, if Developer is a corporation, limited liability company or other entity, owners of more than twenty percent (20%) of the beneficial interests in the ownership interests of Developer or, in the case of a partnership, the Developer's general partners, shall devote energy and efforts on a full-time basis to the development of the Cafe(s).

**B. Non-Competition.** Developer acknowledges that pursuant to this Agreement, certain of Developer's principals, employees and other representatives will receive valuable specialized training and confidential and other information regarding the business, promotional, sales, marketing and operational methods and techniques of ABEA and the System. Accordingly, Developer covenants that, during the term of this Agreement and for a period of two (2) years (the "Restrictive Period") after the termination or expiration of the this Agreement, or the date upon which any owner ceases to have such ownership interest in the Cafe franchised hereunder (collectively, a "Triggering Event"), neither Developer, holders of more than twenty percent (20%) of the beneficial interests in the ownership interests of Developer nor Developer's management

personnel involved in the development or operation of a Cafe shall, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons or entity:

1. Divert or attempt to divert any business or customer of ABEA or any other ABEA Franchisee to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with ABEA's Proprietary Marks and the System; or

2. Own, manage, supervise, train, control, advise, invest in, franchise, make loans to, lease any property to, or have any interest in any business, other than the Cafe franchised hereunder, which is the same as or substantially similar to the Cafes (i.e. a restaurant establishment featuring the offering and sale of specialty breakfast, lunch and brunch items, beverages (including alcoholic beverages) and related menu items for eat-in and take-away service and, where practical, catering and/or home-delivery).

**C. Fairness and Reasonableness.** Developer acknowledges and agrees that the covenants not to compete and solicit set forth above are fair and reasonable and will not impose any undue hardship on Developer, or holders of any beneficial interest in the ownership interests of Developer if Developer is an entity, since Developer and the holders of the beneficial interests in its ownership interests have other considerable skills, experience and education which afford Developer and its beneficial interest holders the opportunity to derive income from other endeavors.

**D. Equitable Relief.** Developer acknowledges that violation of the non-disclosure, non-solicitation and non-competition covenants contained in this Development Agreement would result in immediate and irreparable injury to ABEA for which no adequate remedy at law will be available. Accordingly, Developer hereby consents to the entry of an injunction prohibiting any conduct by Developer in violation of the terms of those covenants. Developer expressly agrees that it may conclusively be presumed that any violation of the terms of said covenants was accomplished by and through Developer's unlawful utilization of ABEA's Confidential Information, know-how, methods and procedures. Developer further agrees to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by ABEA in connection with the enforcement of those covenants set forth in this Development Agreement. In the event ABEA initiates a court or arbitration action against Developer during the Restrictive Period to enforce the terms of Section 9.B, then the Restrictive Period will be extended to two (2) years from the date the court or arbitrator issues an order enforcing any of the terms of Section 9.B.

**E. Independence of Covenants.** The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Development Agreement. If any or all portions of the covenants in this Section are held unreasonable or unenforceable by a court or agency having valid jurisdiction in a non-appealed, final decision to which ABEA is a party, Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section.

**F. Modification of Covenants.** Developer understands and acknowledges that the covenants in this Section 9 may only be modified upon the execution of a written agreement by ABEA and Developer.

**G. No Defense.** Developer expressly agrees that the existence of any claims it may have against ABEA, whether or not arising from this Development Agreement, shall not constitute a defense to the enforcement by ABEA of the covenants in this Section.

**H. Additional Covenants.** Developer shall require and obtain execution of agreements containing the restrictive covenants set forth in this Section 9 from all of the following persons: (1) Developer personnel who have received training from ABEA; and (2) Developer's officers, directors, managers and general

partners and holders of more than twenty percent (20%) of the beneficial interest in the ownership interests of Developer and, if any such manager, general partner or beneficial interest holder is a corporation, limited liability company, partnership or other entity, the officers, directors, managers and holders of more than twenty percent (20%) of the beneficial interest in the ownership interests of such entity. All covenants required by this Section 9.H shall be in forms satisfactory to ABEA, including, without limitation, specific identification of ABEA as a third party beneficiary of such covenants with the independent right to enforce them. Failure by Developer to obtain execution of a covenant required by this Section 9.H shall constitute a default under this Development Agreement.

## **10. CHANGES AND MODIFICATIONS**

ABEA reserves and shall have the sole right to make changes in the Manual, the Proprietary Marks and/or System at any time and without prior notice to Developer. Developer understands and agrees that due to changes in competitive circumstances, presently unforeseen changes in the needs of customers, and/or presently unforeseen technological innovations, ABEA's Proprietary Marks and System may not remain stagnant, in order that it best serve the interests of ABEA, franchisees and the System. Accordingly, Developer expressly understands and agrees that ABEA may from time to time change the components of the Proprietary Marks and System, including but not limited to, altering the recipes, sauces and seasonings, menus and menu items, programs, services, methods, standards, forms, policies and procedures, adding to, deleting from or modifying the same, including the products and services which the franchised Cafe is authorized to offer, and changing, improving or modifying the Proprietary Marks. Subject to the other provisions of this Development Agreement and any Franchise Agreements executed by Developer and ABEA, Developer expressly agrees to abide by any such modifications, changes, additions, deletions and alterations.

## **11. INDEPENDENT CONTRACTOR AND INDEMNIFICATION.**

**A. No Agency Relationship Created.** It is understood and agreed by the parties hereto that this Development Agreement does not create a fiduciary relationship between them, that Developer shall be an independent contractor, and that nothing in this Development Agreement is intended to make either party an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose whatsoever. ABEA shall not have the power to hire or fire Developer's employees, and except as expressly provided in this Development Agreement and any Franchise Agreements executed by Developer and ABEA, ABEA may not control or have access to Developer's funds or the expenditures thereof, or in any other way exercise dominion or control over the franchised Cafe.

**B. No Liability; Indemnification.** It is understood and agreed that nothing in this Development Agreement authorizes Developer to make any contract, agreement, warranty or representation on ABEA's behalf, or to incur any debt or other obligation in ABEA's name, and that ABEA shall in no event assume liability for or be deemed liable hereunder as a result of any such action or by reason of any act or omission of Developer in Developer's conduct in the development of the franchised Cafe or any claim or judgment arising therefrom against ABEA. Developer agrees at all times to defend at his own cost, and to indemnify and hold harmless to the fullest extent permitted by law, ABEA, its corporate subsidiaries, affiliates, successors, assigns and designees of either entity, and the respective directors, officers, managers, employees, agents, shareholders, members, designees, and representatives of each (the "Indemnified Parties") from all losses and expenses incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises out of or is based upon any of the following: (1) Developer's alleged infringement or any other violation or any other alleged violation of any patent, trademark or copyright or other proprietary right owned or controlled by third parties; (2) Developer's alleged violation or breach of any contract, federal, state or local law, regulation, ruling, standard or directive of any industry standard; (3) any claim by or related to any employee or contractor of Developer; (4) any claim of libel, slander or any other form of defamation or injury against

Developer; (5) Developer's alleged violation or breach of any warranty, representation, agreement or obligation in this Development Agreement; (6) latent or other defects in the development of the franchised Cafe, whether or not discoverable by ABEA or Developer; (7) any services or products provided by Developer at, from or related to the operation at any Cafe developed under this Development Agreement; (8) any claim or action by any customer of a Cafe developed under this Development Agreement; (9) any damage to the property of Developer or its employees, contractors, officers, directors, managers, owners, partners, affiliates, or representatives; and (10) any other act, error or omission of Developer or any of its employees, contractors, officers, directors, managers, owners, partners, affiliates, or representatives; provided, however, Developer shall have no obligation to defend or indemnify any Indemnified Party if such action, suit, proceeding, claim, demand, investigation, or inquiry arises solely as a result of ABEA's willful misconduct or Developer's use of the Proprietary Marks in accordance with this Development Agreement, the Franchise Agreement and the Manual.

**C. Notice to Public.** Developer shall conspicuously identify itself and, ultimately the franchised Cafe in all dealings with its lenders, contractors, suppliers, public officials and others, as an independent Developer and/or franchisee of ABEA, and shall place such notice of independent ownership on all forms, business cards, stationery, advertising, signs and other materials and in such fashion as ABEA may, in its sole discretion, specify and require from time to time in its Manual (as same may be amended from time to time) or otherwise.

**D. No Representations or Warranties.** Except as otherwise expressly authorized by this Development Agreement, neither party hereto will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between ABEA and Developer is other than that of franchisor and independent developer. ABEA does not assume any liability, and will not be deemed liable, for any agreements, representations, or warranties made by Developer which are not expressly authorized under this Development Agreement, nor will ABEA be obligated for any damages to any person or property which directly or indirectly arise from or relate to the operation of the Cafes franchised hereby.

## **12. APPROVALS AND WAIVERS.**

**A. Written Consent.** Whenever this Development Agreement requires the prior approval or consent of ABEA, Developer shall make a timely written request to ABEA thereof and such approval or consent shall be obtained in writing.

**B. No Waiver.** No failure of ABEA to exercise any power reserved to it by this Development Agreement, or to insist upon strict compliance by Developer with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of ABEA's right to demand exact compliance with any of the terms herein. Waiver by ABEA of any particular default by Developer shall not affect or impair ABEA's rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission of ABEA to exercise any power or right arising out of any breach or default by Developer of any of the terms, provisions or covenants hereof affect or impair ABEA's right to exercise the same, nor shall such constitute a waiver by ABEA of any right hereunder or the right to declare any subsequent breach or default and to terminate this Development Agreement prior to the expiration of its term. Subsequent acceptance by ABEA of any payments due to it hereunder shall not be deemed to be a waiver by ABEA of any preceding breach by Developer of any terms, covenants or conditions of this Development Agreement.

**C. Right to Jury Trial.** The Developer hereby waives any right to a jury trial with respect to this Development Agreement and/or any matters arising hereunder.

13. **DEVELOPER REPRESENTATIONS AND WARRANTIES.** Developer hereby represents and warrants unto ABEA that the following statements are true, complete and correct in all material respects as of the Effective Date:

**A.** Developer is duly organized, validly existing, and in good standing under the laws of its state of formation, and has all requisite power and authority to enter into and carry out and perform the terms and provisions of this Development Agreement;

**B.** True and correct copies of Developer's Articles of Incorporation/Organization, resolutions of the Board of Directors or Managers and/or shareholders, members or partners authorizing entry into this Development Agreement and, to the extent they exist, Bylaws, Shareholders' Agreement, Operating Agreement, Partnership Agreement and other governing documents, including any and all amendments thereto, have been furnished to ABEA. Any and all amendments to the foregoing documents shall be promptly provided to ABEA;

**C.** The list of all owners of record and all beneficial owners of any class of voting ownership interests of Developer and of any corporation, limited liability company, partnership or other entity that is a beneficial owner of ownership interests of Developer as of the Effective Date is set forth in Exhibit F attached hereto. Any and all changes to this list shall be promptly provided to ABEA;

**D.** The execution and delivery of this Development Agreement and the carrying out of the transactions contemplated hereby have been duly authorized by the owners and directors or managers of Developer and, upon execution of this Development Agreement, this Development Agreement and the transactions, covenants and promises contemplated hereby shall be a valid binding obligation of Developer. No consent, approval, waiver, order or authorization of, or registration, declaration or filing with, any governmental authority or any other person or entity is required in connection with the execution and delivery by the Developer of this Development Agreement, or the consummation by the Developer of the transactions contemplated hereby and thereby;

**E.** That neither the execution and delivery of this Development Agreement nor the carrying out of the transactions contemplated hereby will result in any violation, termination or modification of, or be in conflict with, any term of any contract or other instrument to which the Developer is a party, or of any judgment, decree or order applicable to it, or result in the creation of any lien, charge or encumbrance upon the Developer or any of its assets, including, but not limited to, a Cafe established hereunder;

**F.** There is no litigation, proceeding, or governmental investigation pending or threatened or probable of assertion, against or relating to the Developer or its assets, nor does Developer know or have reasonable grounds to know of any basis for any such action, and Developer is not subject to any order of any court, regulatory commission, board or administrative body, and has not entered in any proceeding to which it is or was a party;

**G.** Developer has not previously been in default of any provision of any agreement between Developer and any vendor, supplier, lender or service provider, including, but not limited to, utility providers, and all of Developer's liabilities and obligations to its vendors, suppliers, lenders and service providers have been or will be fully paid and satisfied; and

**H.** Developer has complied in all material respects with all applicable laws, rules, regulations and ordinances applicable to Developer and has not received any notice of any violation of any such laws, rules, regulations or ordinances.

**14. NOTICE.**

All notices or communications required or permitted hereunder shall be deemed duly given if delivered, in writing, personally, by hand, or by recognized carrier (such as United Parcel Service or Federal Express), to the address set out below.

**A.** If to ABEA:

ANOTHER BROKEN EGG OF AMERICA FRANCHISING, LLC

5955 T.G. Lee Blvd, Suite 100

Orlando, FL 32822

Attention: General Counsel

Electronic Mail: [abeaadmin@anotherbrokeneegg.com](mailto:abeaadmin@anotherbrokeneegg.com)

**B.** If to Developer:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Electronic Mail: “ \_\_\_\_\_ ”

with a copy (which shall also constitute notice) to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Electronic Mail: “ \_\_\_\_\_ ”

Notices shall be deemed delivered effective upon the date of receipt or refusal of delivery. Change of address by either party must be by notice given to the other in the same manner as above specified or via electronic mail (with receipt confirmation).

**15. RELEASE OF PRIOR CLAIMS**

By executing this Development Agreement, Developer, itself and on behalf of Developer’s shareholders, members, officers, directors, managers, employees, agents and servants, their respective heirs, legal representatives, successors and assigns, and each assignee of this Development Agreement by accepting assignment of the same, hereby forever releases and discharges ABEA, its subsidiary and affiliated corporations and their respective current and former shareholders, members, officers, directors, managers, employees, agents and servants from any and all claims relating to or arising under any and all development agreements, Franchise Agreements and any other agreements between the parties executed prior to the date of this Development Agreement, including, but not limited to, any and all claims, whether presently known or unknown, suspected or unsuspected, arising under the franchise, securities or antitrust laws of the United States or of any state, province or territory thereof. Nothing in this Section 15 is requiring Developer to disclaim reliance on the representations made by ABEA in the Franchise Disclosure Document (including exhibits) that was furnished to Developer by ABEA.

**16. DISCLOSURE STATEMENT AND DISCLAIMER**

**A. Compliance with Applicable Laws.** Developer acknowledges, by its signature hereto and the execution of Exhibit B to the Franchise Agreement, that it received from ABEA a Franchise Disclosure Document for the State in which the franchised Cafe will be located, or Developer's place of residence, as appropriate, at least fourteen (14) calendar days prior to the execution of this Development Agreement. Developer acknowledges that it received from ABEA this Development Agreement with all material information completed at least seven (7) days prior to the execution of this Development Agreement.

**B. Acknowledgement.** Developer acknowledges and accepts the following:

**THIS OFFERING IS NOT A SECURITY AS THAT TERM IS DEFINED UNDER APPLICABLE FEDERAL AND STATE SECURITIES LAWS. THE OBLIGATION TO TRAIN, MANAGE, PAY, RECRUIT AND SUPERVISE EMPLOYEES OF DEVELOPER AND THE FRANCHISED CAFE RESTS SOLELY WITH DEVELOPER.**

**17. ENTIRE AGREEMENT.**

This Development Agreement, the documents referred to herein and the Exhibits hereto constitute the entire agreement between ABEA and Developer concerning the subject matter hereof and supersede all prior negotiations, understandings, representations and agreements between ABEA and Developer; provided, however, that nothing in this or any related agreement is intended to disclaim Developer's reliance on the representations made by ABEA in the Franchise Disclosure Document (including exhibits) that was furnished to Developer by ABEA. This Development Agreement may only be amended by the execution of a written agreement by ABEA and the Developer.

**18. SEVERABILITY AND CONSTRUCTION.**

**A. Severability.** Except as expressly provided to the contrary herein, each section, part, term, and/or provision of this Development Agreement shall be considered severable, and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Development Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto, and said invalid sections, parts, terms, and/or provisions shall be deemed not to be a part of this Development Agreement; provided, however, that if ABEA determines that such finding of invalidity or illegality adversely affects the basic consideration of this Development Agreement, ABEA, at its option, may terminate this Development Agreement.

**B. No Third Party Rights.** Anything to the contrary herein notwithstanding, nothing in this Development Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than ABEA or Developer and such of their respective successors and assigns as may be contemplated hereinabove, any rights or remedies under or by reason of this Development Agreement.

**C. Captions.** All captions in the agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provisions hereof.

**D. References.** All references herein to the masculine, feminine, neuter, or singular shall be construed to include the masculine, feminine, neuter, or plural, where applicable, and all acknowledgements, promises, covenants, agreements, and obligations herein made or undertaken by Developer shall be deemed jointly and severally undertaken by all the parties hereto on behalf of Developer.

**E. Counterparts.** This Development Agreement may be executed in counterparts, and each copy so executed shall be deemed an original.

**F. Time.** Time is of the essence in this Agreement.

**19. APPLICABLE LAW; VENUE.**

**A. Rights Not Exclusive.** No right or remedy conferred upon or reserved to ABEA or Developer by this Development Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

**B. Injunctive Relief.** Nothing herein contained shall bar ABEA's right to obtain injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions. Developer acknowledges that any failure to comply with the requirements of this Development Agreement, will cause ABEA irreparable injury, and Developer agrees to pay all court costs and reasonable attorney's fees incurred by ABEA, in obtaining specific performance of, or an injunction against violation of, the requirements of this Development Agreement.

**C. Attorneys' Fees.** In the event that any action or proceedings is filed by one party against the other party to enforce or defend any of the covenants or conditions hereto, the party in whose favor final judgment shall be entered shall be entitled to recover from the other reasonable attorneys' fees and related litigation costs and expenses (including interest on such costs, expenses and fees), to be set and ordered by the court in which the judgment is entered.

**D. Governing Law.** This Development Agreement takes effect upon its acceptance and execution by ABEA. This Development Agreement shall be interpreted and construed under the laws of the State of Florida, which laws shall prevail in the event of any conflict of law, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Section 1051 et seq.) or the Federal Arbitration Act. All actions or proceedings instituted by any party relating to this Development Agreement shall be instituted in the state courts located in Orange County, Florida or the United States District Court for the Middle District of Florida, and the parties do hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

**20. DISPUTE RESOLUTION**

Except as specifically otherwise provided in this Development Agreement, the parties agree that any and all disputes between them and any claim by either party that cannot be amicably settled shall be determined, in the sole discretion of ABEA, either by arbitration or within the forum of a state court located in Orange County, Florida or the United States District Court for the Middle District of Florida. If arbitration is selected as a method of resolution, the rules of the American Arbitration Association shall apply. Judgment upon the award of the Arbitrator shall be binding and shall be entered in a court of competent jurisdiction. Developer knows, understands and agrees that it is the intent of the parties that any arbitration between ABEA and Developer shall be of Developer's individual claims and that the claims subject to arbitration shall not be arbitrated on a class-wide basis.

Notwithstanding any provision contained in this Section, ABEA may at its option institute an action or actions for temporary, preliminary, or permanent injunctive relief or seeking any other equitable relief against Developer in addition to any other rights and remedies provided herein.

In no event shall Developer be entitled to make, nor shall Developer make, any claim, and Developer hereby waives any claim for money damages, nor shall Developer claim any money damages by way of set-off, counterclaim or defense, based upon any claim or assertion by Developer that ABEA has unreasonably withheld or unreasonably delayed any consent or approval to a proposed act by Developer under any of the terms of this Development Agreement. Developer's sole remedy for any such claim shall be an action or proceeding to enforce any such provisions, or for specific performance, or declaratory judgment.

21. **ACKNOWLEDGEMENTS.**

**A. Independent Investigation.** Developer acknowledges that it has conducted an independent investigation of the Cafe to be developed hereunder.

**B. Terms of Agreement.** Developer acknowledges that it has received this Development Agreement and the Exhibits or Addendum hereto, if any, and that ABEA has fully and adequately explained the provisions of each to Developer's satisfaction.

**[Signature Page Follows]**

**IN WITNESS WHEREOF**, the parties hereto have duly executed, sealed, and delivered this Development Agreement on the day and year first above written.

**ABEA:**

**ANOTHER BROKEN EGG OF AMERICA  
FRANCHISING, LLC**

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

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

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

**DEVELOPER:**

\_\_\_\_\_

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

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

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

**CALIFORNIA RIDER  
TO DEVELOPMENT AGREEMENT**

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under 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.

This Addendum is being entered into in connection with the Development Agreement. In the event of any conflict between this Addendum and the Development Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS CALIFORNIA RIDER TO BE EXECUTED EFFECTIVE AS OF THE DATE OF THE DEVELOPMENT AGREEMENT.

**Another Broken Egg of America Franchising, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE**

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ILLINOIS RIDER  
TO DEVELOPMENT AGREEMENT**

1. Notwithstanding anything to the contrary contained in the Development Agreement, to the extent that the Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Illinois law governs the franchise agreements.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the Development Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois, provided that the Development Agreement may provide for arbitration in a forum outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provide rights to Developer concerning nonrenewal and termination of this Agreement.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under 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.

2. For info about Food Handler Safety and Training in Illinois, see <https://www.dph.illinois.gov/topics-services/food-safety/food-handler-training>

IN WITNESS WHEREOF, the undersigned have executed this Rider as of the date Franchisor signs below.

**FRANCHISOR**

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

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

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

**DEVELOPER:**

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

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

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

**MARYLAND RIDER  
TO DEVELOPMENT AGREEMENT**

**THIS RIDER** (the “**Rider**”) is effective as of \_\_\_\_\_, 20\_\_\_\_ (the “**Agreement Date**”), and amends the Development Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “**Agreement**”), between Another Broken Egg of America Franchising, LLC (the “**Franchisor**”) and (the “**Developer**”).

1. Precedence and Defined Terms. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. Initial Fees. Based upon the Franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all development fees and initial payments by area developers shall be deferred until we complete our pre-opening obligations for the first Café to be opened under the Development Schedule.

3. General Release. Pursuant to COMAR 02.02.08.16L, the general release otherwise required by the Agreement as a condition of renewal, sale and/or assignment/transfer does not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. Limitation of Claims. Any limitations of claims provisions will not act to reduce the 3-year statute of limitations afforded Developer for bringing a claim arising under Maryland Franchise Registration and Disclosure Law. All claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the development rights to Developer.

5. Jurisdiction and Venue. Developer may bring a lawsuit against us in Maryland for any claims arising under the Maryland Franchise Registration and Disclosure Law.

6. No Waiver. Nothing in this Agreement is intended to nor will it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law, including, but not limited to, any acknowledgments or representations made by Developer which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law.

7. Acknowledgements. Section 21 of the Development Agreement is deleted in its entirety.

8. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under 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.

9. Effective Date. This Rider is effective on the Agreement Date regardless of the actual date of signature.

Intending to be bound, the Parties sign and deliver this Rider to each other as shown below.

**FRANCHISOR**

**DEVELOPER**

**ANOTHER BROKEN EGG OF AMERICA  
FRANCHISING, LLC**

\_\_\_\_\_

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

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

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

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

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

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

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

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

## MINNESOTA RIDER TO DEVELOPMENT AGREEMENT

This Rider shall pertain to franchises sold in the State of Minnesota and shall be for the purpose of complying with Minnesota statutes and regulations. Notwithstanding anything which may be contained in the body of the Development Agreement to the contrary, shall be amended as follows:

1. Minnesota law provides franchisee with certain termination and nonrenewal rights. As of the date of this Agreement, Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 require, except in certain specified cases, that a developer be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of nonrenewal of the Developer rights.

2. The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. ABEA does not indemnify against the consequences of Developer's use of ABEA's Proprietary Marks except in accordance with the requirements of the Franchise Agreement, and as the condition to an indemnification, Developer must provide notice to use of any such claim immediately and tender the defense of the claim to ABEA. If ABEA accepts tender of defense, ABEA has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

3. Minn. Stat. § 80.C.21 and Minn. Rule 2860.4400J prohibit ABEA from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the developer to consent to liquidated damages, termination penalties or judgment notes. However, ABEA may seek to obtain injunctive relief without the posting of a bond, if permitted by the court. In addition, nothing in the franchise disclosure document or agreement can abrogate or reduce any of Developer's rights as provided for in Minnesota Statutes, Chapter 80C, or Developer's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

4. To the extent Developer is required to execute a general release in ABEA's favor, such release shall exclude liabilities arising under the Minnesota Franchises Act, Minn. Stat. § 80C.01 *et seq.* as provided by Minn. Rule 2860.4400J.

5. Any claims brought under to the Minnesota Franchises Act, § 80.C.01 *et seq.* must be brought within 3 years after the cause of action accrues. To the extent that any provision of the Development Agreement imposes a different limitations period, the provision of the Act shall control.

6. Section 19.B of the Development Agreement shall have no further force or effect and the following shall be substituted in lieu thereof:

Nothing herein contained shall prevent ABEA from applying to and seeking to obtain from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction, and/or other emergency relief available to safeguard and protect ABEA's interests.

7. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under 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.

**IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS MINNESOTA RIDER TO BE EXECUTED EFFECTIVE AS OF THE DATE OF THE DEVELOPMENT AGREEMENT.**

**Another Broken Egg of America Franchising, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## **NORTH DAKOTA RIDER TO DEVELOPMENT AGREEMENT**

This Addendum relates to franchises sold in North Dakota and is intended to comply with North Dakota statutes and regulations. In consideration of the execution of the Development Agreement, Franchisor and Developer agree to amend the Development Agreement as follows:

The following sentence is added to the end of Section 3 of the Development Agreement:

Notwithstanding the foregoing, for the first Cafe to be developed under the Development Schedule, payment of the entire initial franchise fee is deferred until all of ABEA's pre-opening obligations to Developer is completed and the Cafe has opened for business.

The following section is added to the Development Agreement:

### **THE NORTH DAKOTA SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09) AND THE FOLLOWING MAY NOT BE ENFORCEABLE UNDER NORTH DAKOTA LAW:**

1. Restrictive Covenants: Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.
2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.
6. Waiver of Trial by Jury: Requiring North Dakota Franchisees to consent to the waiver of a trial by jury.
7. Waiver of Exemplary & Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damages.
8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect. This Addendum is being entered into in connection with the Development Agreement. In the event of any conflict between this Addendum and the Development Agreement, the terms and conditions of this Addendum shall apply.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under 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.

## **WASHINGTON RIDER TO DEVELOPMENT AGREEMENT**

This Addendum relates to franchises sold in Washington and is intended to comply with Washington statutes and regulations. In consideration of the execution of the Development Agreement, Franchisor and Developer agree to amend the Development Agreement as follows:

1. Notwithstanding anything to the contrary contained in the Development Agreement, to the extent that the Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the Development Agreement in Developer's relationship with the franchisor including the areas of termination and renewal of Developer's franchise. There may also be court decisions which may supersede the franchise agreement in Developer's relationship with the franchisor including the areas of termination and renewal of Developer's franchise.

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.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

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 provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

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.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement.

3. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Development Agreement. In the event of any conflict between this Addendum and the Development Agreement, the terms and conditions of this Addendum shall apply.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under 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.

**IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS WASHINGTON RIDER TO BE EXECUTED EFFECTIVE AS OF THE DATE OF THE DEVELOPMENT AGREEMENT.**

**Another Broken Egg of America Franchising, LLC**

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

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

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

**FRANCHISEE:**

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

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

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

## EXHIBIT A

### **GUARANTY AGREEMENT** **(Development Agreement)**

In consideration of, and as an inducement to, the execution by Another Broken Egg of America Franchising, LLC (“ABEA”) of the Development Agreement between ABEA and \_\_\_\_\_ (“Developer”) executed \_\_\_\_\_ (the “Development Agreement”) each undersigned personally and unconditionally (1) guarantees to ABEA and its successors and assigns, for the term of the Development Agreement and thereafter as provided in the Development Agreement, that Developer will punctually pay and perform each obligation in the Development Agreement, and (2) agrees to be personally bound by, and personally liable for the default of, each and every term and condition of the Development Agreement.

A. Each of the undersigned waives:

- (1) Acceptance and notice of acceptance by ABEA of these undertakings;
- (2) Notice of demand for payment for any indebtedness or nonperformance of any obligation guaranteed;
- (3) Protest and notice of default to any party as to any indebtedness or nonperformance of any obligation guaranteed;
- (4) Any right he or she may have to require that an action be brought against Developer or any other person as a condition of liability;
- (5) Any other notices and legal or equitable defenses to which he or she may be entitled;
- (6) And assigns to ABEA all exemptions which he or she may have under any law as against any obligation in this Guaranty Agreement; and
- (7) Any defense of division or discussion.

B. Each of the undersigned agrees that:

- (1) His or her direct and immediate liability under this guaranty is joint and several;
- (2) He or she will render any payment or performance required under the Development Agreement on demand if Developer fails or refuses to do so when due, or within any applicable cure period;
- (3) This Guaranty Agreement constitutes a guaranty of payment and not of collection and in any right of action which shall accrue to ABEA under the Development Agreement, ABEA may, at its option, proceed against the undersigned without pursuing or exhausting any right or remedy which it may have against Developer or any other person or entity, and without having commenced any action against or having obtained any judgment against Developer;
- (4) This Guaranty Agreement shall remain and continue in full force and effect as to any amendment or modification of the Development Agreement, whether or not entered into or made without the further consent of or notice to the undersigned;

- (5) His or her liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which ABEA may grant to Developer or any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claim, none of which will in any way modify or amend this Guaranty Agreement, which will be continuing and irrevocable for as long as any obligation in the Development Agreement remains in effect;
- (6) In a legal action for breach of this Guaranty Agreement or to enforce the terms of this Guaranty Agreement, whether for damages, injunctive relief, the return of property or any other legal or equitable remedy, he or she will pay ABEA's reasonable attorney's fees, court costs and reasonable out-of-pocket expenses related to the action if ABEA substantially prevails in the action;
- (7) This Guaranty Agreement shall be deemed to have been made in the State of Florida and shall be interpreted and construed under the laws of the State of Florida, which laws shall prevail in the event of any conflict of law, all actions or proceedings instituted by any party relating to this Guaranty Agreement shall be instituted in the state or federal courts located in Orange County, Florida, and the parties do hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision; and
- (8) This Guaranty Agreement shall inure to the benefit of ABEA and its successors and assigns, and shall be binding upon the undersigned, and their successors and assigns.

Each of the undersigned affixes his or her signature to this Guaranty Agreement as of the same date as the date of execution of the Development Agreement.

**GUARANTORS:**

Sign: \_\_\_\_\_  
 Print Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 \_\_\_\_\_

Sign: \_\_\_\_\_  
 Print Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 \_\_\_\_\_

Sign: \_\_\_\_\_  
 Print Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 \_\_\_\_\_

**EXHIBIT B**

**TERRITORY/DESCRIPTION OF DEVELOPMENT AREA**

**TO BE INITIALED BY BOTH PARTIES:**

\_\_\_\_\_  
ABEA

\_\_\_\_\_  
Developer

**EXHIBIT C**

**DEVELOPMENT SCHEDULE**

<b>Total Number of Developer's Cafes Open and in Operation within Development Area</b>	<b>By (Date)</b>	<b>Cafe No.</b>
<b><u>TOTAL CAFES</u></b>		

**TO BE INITIALED BY BOTH PARTIES:**

\_\_\_\_\_  
ABEA

\_\_\_\_\_  
Developer

**EXHIBIT D**  
**FRANCHISE AGREEMENT**

**EXHIBIT E**

**INCUMBENCY CERTIFICATE**

I, \_\_\_\_\_, the duly elected \_\_\_\_\_ of \_\_\_\_\_, (the “Company”), certify that the following is a full, true and correct copy of the resolutions that were adopted by unanimous written consent of the Board of Directors/Managers of Developer dated on or about the date hereof, that the same have not in any way been modified or rescinded and are in full force and effect, that the Board of Directors/Managers of Developer have duly ratified and affirmed the same in the form hereinafter set forth, and that said resolutions were duly adopted in accordance with the provisions of the Articles of Organization of Developer and the laws of the State of \_\_\_\_\_;

RESOLVED, that \_\_\_\_\_, \_\_\_\_\_ of the Company (the “Authorized Person”), is hereby duly authorized and empowered to negotiate, make, execute and deliver in the name of this Company a Development Agreement and any other agreement or agreements with ANOTHER BROKEN EGG OF AMERICA FRANCHISING, LLC "(ABEA)" with respect to the development and establishment of Another Broken Egg Cafes, which agreement or agreements (and any and all amendments thereto and renewals and extensions thereof) may contain any terms and provisions whatsoever which said Authorized Person in his discretion may deem appropriate, and it was further

RESOLVED: That said Authorized Person, or any person or persons hereafter from time to time designated by him to act for this Company, hereby is duly authorized and empowered to deal in any way whatsoever with ABEA pursuant to the Development Agreement and any other agreements or undertakings entered into with ABEA, and to do and perform all other acts and things deemed by such Authorized Person or designee to be necessary, convenient or proper to carry out any such agreements or undertakings; and it was further

RESOLVED: That all that any such Authorized Person has done or may do in pursuance of any of said agreements or to facilitate transactions thereunder is hereby ratified and approved; and it was further

RESOLVED: That the powers and authorization hereby conferred be binding upon the Company until such time when notice of any changes, modifications, or rescissions thereof have been duly communicated to ABEA and accepted by ABEA in writing.

Executed in \_\_\_\_\_, \_\_\_\_\_, on \_\_\_\_\_.

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

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

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

**EXHIBIT F**

**SUPPLEMENT TO  
ANOTHER BROKEN EGG OF AMERICA FRANCHISING, LLC DEVELOPMENT  
AGREEMENT FOR CORPORATIONS AND LIMITED LIABILITY COMPANIES**

WHEREAS, \_\_\_\_\_ a \_\_\_\_\_ (“Developer”), desires to obtain (or has heretofore obtained) one or more franchises to establish and operate “ANOTHER BROKEN EGG CAFES” under a development agreement (hereinafter the “Development Agreement”) to be granted (or heretofore granted) by Another Broken Egg of America Franchising, LLC d/b/a “Another Broken Egg Cafe” (“ABEA”) for the development area of \_\_\_\_\_; and

WHEREAS, ABEA requires as a condition of granting (or maintaining) the Development Agreement that certain owners of the ownership interests of Developer agree to personally guaranty the obligations of Developer and to certain covenants under the Development Agreement.

NOW THEREFORE, in consideration of the agreements by ABEA in the Development Agreement, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Developer, Developer, and the undersigned individuals, hereby represent and agree to and with ABEA as follows:

1. The shareholders or members of Developer and of any corporation, limited liability company, partnership or other entity that is a beneficial owner of ownership interests of Developer (the “Owners”)\*, their address and their respective percentage ownership interest of the Developer are as follows:

Owner Name	Address	Percentage Interest

\*If any Owner is a corporation, limited liability company, partnership or other entity, please also include the ownership and percentage ownership of such entity.

2. The undersigned Owners represent and warrant that, to the best of their knowledge, the Owners listed above constitute all of the Owners of Developer and the percentage interests listed above for each Owner reflects the correct percentage ownership interest of each Owner in the entity listed above.

3. The undersigned Owners acknowledge that they have read and understand the Development Agreement and agree to be bound to those terms and conditions of the Development Agreement that are applicable to the Owners, including, but not limited to, the confidentiality and non-competition covenants, with the same force and effect, as if the undersigned were named as individual Developers.

4. The understand Owners of Developer acknowledge and agree that the trademarks, service marks, logos, systems and other items to be licensed to Developer under the Development Agreement and Franchise Agreements are the property of ABEA, shall and may be used solely for the business of operating the franchised Cafes established in accordance with the Development Agreement and operated in accordance with the Franchise Agreement,, and shall not be used by Developer, by the undersigned individually or by any other person or entity not authorized in writing by ABEA, for any purpose or in any manner.

5. The undersigned Owners agree that they are each individually and jointly responsible for the representations, warranties and covenants set forth in this Supplement to Development Agreement and to update and information in this Supplement to Development Agreement in the event of any change in any of the information provided herein.

IN WITNESS WHEREOF, the undersigned have hereunder set their hands and seals on

\_\_\_\_\_.

**DEVELOPER:**

Company Seal

\_\_\_\_\_  
Secretary

By: \_\_\_\_\_  
President/Manager

**OWNERS:**

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

**EXHIBIT F**

**Franchisee/Company Lists**

## EXHIBIT F-1

### Franchisee List

The names of our franchisees, and the addresses and telephone numbers of their Cafes, as of December 29, 2024, are as follows:

name	café address	city	state	zip	phone
Ronald Schier*	2311 Bent Creek Road, Suite 200	Auburn	Alabama	36830	334-521-4010
Jake Alleman	300 Fairhope Avenue	Fairhope	Alabama	36532	251-210-6901
Herbert Buckner	269 Paddlewheel Drive, Suite 3-A	Guntersville	Alabama	35976	256-677-9995
Herbert and Lori Buckner	2722 Carl T. Jones Drive	Huntsville	Alabama	35802	256-883-2915
Herbert and Lori Buckner	300 Pelham Avenue SW	Huntsville	Alabama	35801	256-836-7229
Lacy Galligan & Ray Pynes Jr.*	7504 Highway 72 W, Suite A1	Madison	Alabama	35758	256-430-5476
Jake Alleman	2418 Montevallo Road	Mountain Brook	Alabama	35223	205-871-7849
Jake Alleman	25910 Canal Road, Suite K	Orange Beach	Alabama	36561	251-981-7780
Jake Alleman	1650 Jack Warner Parkway	Tuscaloosa	Alabama	35401	205-750-2120
Steve Christensen	2484 S. Santan Village Pkwy., #J108	Gilbert	Arizona	85295	480-306-8142
Todd Feinberg	250 E Olive Avenue	Burbank	California	91502	818-563-3344
James Buckner*	1012 Margaret St. Suite 9	Jacksonville	Florida	32204	904-562-0676
Jake Alleman	11535 Hutchinson Boulevard, Grand Panama Resort, Suite 100	Panama City Beach	Florida	32407	850-249-2007
Ronald Schier*	1590 E. 9 Mile Road	Pensacola	Florida	32514	850-912-8347
Ronald Schier*	721 E Gregory Street	Pensacola	Florida	32502	850-912-8347
Turan Strange*	201C Tanger Outlets Blvd, Ste 530	Pooler	Georgia	31322	912-450-0341
Kelly McDonald	810 Highway 96	Warner Robbins	Georgia	31088	478-444-5580
Ryan Craig	8626 E 116 <sup>th</sup> St, Suite 175	Fishers	Indiana	46038	317-570-1002
Ryan Craig	9435 N Meridian Street	Indianapolis	Indiana	46260	317-818-1700
Ryan Craig	5025 E 82nd Street, Ste. 2500	Indianapolis	Indiana	46250	317-827-6926

Ryan Craig	516 Northwester Avenue	West Lafayette	Indiana	47906	765-250-3861
Jonathan Peterson	4845 E 35th N STE A	Wichita	Kansas	67220	316-837-1166
Stuart Ottinger	2531 Citiplace Court, Suite 100	Baton Rouge	Louisiana	70808	225-615-8461
Stuart Ottinger	9655 Perkins Road	Baton Rouge	Louisiana	70810	225-757-5793
Lacy Galligan & Ray Pynes Jr.*	3107 Airline Dr., Ste 300	Bossier City	Louisiana	71111	318-402-0240
Jake Alleman	112 Rue Promenade	Lafayette	Louisiana	70508	337-504-3365
Jake Alleman	607 Harrison Avenue	New Orleans	Louisiana	70124	504-301-4667
Lacy Galligan & Ray Pynes Jr.*	855 Pierremont Road, Suite 132	Shreveport	Louisiana	71106	318-865-1124
Karl Young*	7700 Hearthside Way, Ste. 7	Elkridge	Maryland	210005	410-935-4197
Chris Gouras	1720 Old Fannin Road	Flowood	Mississippi	39232	769-216-2120
Chris Gouras	1000 Highland Colony Parkway, Suite 1009	Ridgeland	Mississippi	39157	601-790-9170
Manan Shah*	1121 Market Center Dr.	Morrisville	North Carolina	27560	919-465-1079
Manan Shah*	160 Park @ North Hills St., Ste. 127	Raleigh	North Carolina	27609	919-307-8195
Sean Cahill*	3942 Townsfair Way	Columbus	Ohio	43219	614-532-6782
Sean Cahill*	7980 Mentor Avenue	Mentor	Ohio	44060	513-383-2758
Sean Cahill*	6708 Strip Ave. NW	North Canton	Ohio	44720	234-401-9151
Sean Cahill*	8823 Owenfield Drive	Powell	Ohio	43065	740-201-8297
Sean Cahill*	4314 Milan Rd., Unit # 290	Sandusky	Ohio	44870	419-502-1018
Sean Cahill*	9700 OH-14	Streetsboro	Ohio	44241	513-383-2758
Sean Cahill*	2004 Crocker Rd.	Westlake	Ohio	44145	440-471-4463
Keith White	8129 Sawyer Brown Rd #404	Bellvue	Tennessee	37221	615-208-9170
Stuart Ottinger	4936 Thoroughbred Lane	Brentwood	Tennessee	37027	615-750-5593
Chris Gouras	6063 Park Avenue	Memphis	Tennessee	38119	901-729-7020
Chris Gouras	65 South Highland Street	Memphis	Tennessee	38111	901-623-7122
Stuart Ottinger	208 Commerce Street	Nashville	Tennessee	37201	615-913-3923

Stuart Ottinger	4111 Charlotte Ave	Nashville	Tennessee	37209	615-750-5593
Nathan Straathof*	8012 Mesa Drive	Austin	Texas	78731	616-828-5262
Nathan Straathof*	6406 N. Interstate 35 Frontage Rd., Suite 1600	Austin	Texas	78752	616-828-5262
Nathan & Lianne Straathof	9600 S. I-35 Frontage Rd., Suite 96C-100	Austin	Texas	78748	512-359-5873
Clinton Schroff	11655 FM 2154, Bldg C1, Ste 100	College Station	Texas	77845	979-485-9392
Muhammad Hanif*	7859 Walnut Hill Lane	Dallas	Texas	75230	817-912-1506
Louis Raul Romero*	5863 N. Mesa Street	El Paso	Texas	79912	915-201-7901
Paul Sikand	118 A Vintage Park Boulevard, Building G	Houston	Texas	77070	281-257-3447
Shahir Amin*	10001 Westheimer Road	Houston	Texas	77402	832-804-7253
Shahir Amin*	20950 Katy Freeway	Katy	Texas	77449	281-903-0119
Paul Sikand	2510 Smith Ranch Road, Suite 109	Pearland	Texas	77584	713-436-3447
Allen & Deborah Miner	19075 Interstate 45, Suite 102	Shenandoah	Texas	77385	936-273-2011
Muhammad Hanif*	3700 Plano Pkwy., Ste. 500	The Colony	Texas	75056	972-668-4073
Charles Ray Pynes	6421 South Broadway, Ste. 100	Tyler	Texas	75703	903-991-4755
Demetrios Florakis	1550 Laskin Road, Suite 198	Virginia Beach	Virginia	23451	757-937-9258
Demetrios Florakis	1412 Richmond Rd	Williamsburg	Virginia	23185	757-808-6532

\* This person is associated with a developer under a Development Agreement.

Note: This exhibit gives the names of the contact persons for the franchisee entities that own the Cafes.

**EXHIBIT F-2**

**Franchisees With Franchise Agreements, But Without Open Cafes**

This is a list of the name, address, and telephone number of the franchisees who had a signed franchise agreement, but whose Cafe had not yet opened, as of December 29,2024:

@

<b>Name</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Phone</b>
Marc Rogers*	1836 Seadrift Ct.	Windsor	CO	80550	970-817-0894
Alvaro Montilla*	901 Colony Point Circle #510	Pembroke Pines	FL	33026	954-588-3516
James R. Buckner*	540 Quinville Terrace	Jacksonville	FL	32221	256-348-7511
Bryan Osborn	6901 SE 14th Court	Ocala	FL	34480	205-223-0340
Bob Swigonski*	7516-A English Ct.	Lake Worth	FL	33467	315-723-1142
Marie Burrell *	2785 Vallant Drive	Clermont	FL	34711	954-448-4845
Tareq Qarman*	13506 Summerport Village Pkwy #1010	Windermere	FL	34786	407-325-5163
Renee Jones*	2470 McKee Road	Upatoi	GA	31829	706-392-1591
Sanjay Patel	817 Cog HL	McDonough	GA	30253	229-256-1924
Ryan Craig	2602 Ruth Drive	Indianapolis	IN	46210	317-716-8391
Arpit Patel*	7724 Venice Lane	Severn	MD	21144	215-313-3606
Charles Olagunju*	15309 Johnstone Lane	Bowie	MD	20721	240-505-5158
Chris G. Gouras, Jr.	P.O. Box 1465	Ridgeland	MS	39568	601-605-8128
Daniel Morman*	6401 Stone Ridge Court	Concord	NC	28081	704-294-1075
Brian Collins*	8404 Spence Ct.	North Richland Hills	TX	76034	817-888-1309
Al Trevino*	1616 E. Griffin Parkway, #249	Mission	TX	78572	915-540-2620
Dennis Drake*	44641 Provincetown Drive	Ashburn	VA	20147	571-213-7464

\*This person is associated with a developer under a Development Agreement.

### EXHIBIT F-3

#### Former Franchisees

This is a list of the names, cities and states, and the current business telephone numbers and/or email addresses (or, if unknown, the last known telephone numbers or email addresses) of former franchisees or licensees who had franchises or licenses terminated or not renewed in the last year; who had franchised businesses that were re-acquired by us in the last year; who otherwise voluntarily or involuntarily ceased to do business under franchise or license agreements in the last year; who transferred franchises in the last year; or who did not communicate with us within the 10-week period before the date of this disclosure document.

Amazing Brandz, LLC (terminated, café never opened)  
Raymond Howell  
14422 Shoreside Way  
Suite 110, Box 178  
Winter Gardens, FL 34787  
804-815-6718

Yomi Restaurants, LLC (1 unit purchased by franchisor)  
Molly Adewakun  
1960 Downs Court  
Lake Bary, FL 32746  
765-142-8710

Sugar Land Airport Hospitality, LLC (1 unit ceased operating)  
Nasrullah Manji  
46 Heathrow Lane  
Sugar Land, TX 77479  
[nasmanji@gmail.com](mailto:nasmanji@gmail.com)

Note: This exhibit gives the name of the contact person for the franchisee entity that owned the Cafe. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

**EXHIBIT F-4**

**Company-Owned Cafes**

The addresses and telephone numbers of Cafes owned by affiliate entities currently owned by Acquisition are as follows as of December 29, 2024:

	<b>Company Owned Entity</b>	<b>Address</b>	<b>Phone</b>
1	Another Broken Egg Cafe of Winter Park, LLC	410 N Orlando Ave, Ste. N100A, Winter Park, FL 32789	407-790-7868
2	Another Broken Egg of Siesta Key, LLC	140 Avenida Messina, Siesta Key, FL 34242	941-552-8320
3	Another Broken Egg of Lakewood Ranch, LLC	6115 Exchange Way, Lakewood Ranch, FL 34202	941-388-6898
4	Another Broken Egg of Boca Raton, LLC	508 Via DePalmas, Ste. 76, Boca Raton, FL 33432	561-405-6940
5	Another Broken Egg-Grand Blvd., LLC	755 Grand Blvd., Ste B-107, Miramar Beach, FL 32550	850-424-3416
6	Another Broken Egg Cafe of Tapestry Park, LLC	4828 Deer Lake Dr. W, Ste. C11, Jacksonville, FL 32246	904-516-4757
7	Another Broken Egg of Clearwater, LLC	2554 N McMullen Booth Rd., Clearwater, FL 33761	727-240-0655
8	Another Broken Egg of Delray Beach, LLC	430 E Linton Blvd, Ste. 900, Delray Beach, FL 33483	561-276-7466
9	Another Broken Egg Cafe of Lake Mary, LLC	920 International Pkwy., Lake Mary, FL 32746	321-363-0548
10	Another Broken Egg of Pembroke Pines, LLC	175 N Hiatus Rd., Pembroke Pines, FL 33026	954-438-7256
11	Another Broken Egg of Tampa, LLC	4041 S. Dale Mabry Highway, Tampa, FL 33611	813-769-9906
12	Another Broken Egg of North Clearwater Beach, LLC	470 Poinsettia Ave., Clearwater Beach, FL 33767	727-240-4682
13	Another Broken Egg Cafe of Jax Beach, LLC	2230 3rd Street South, Jacksonville Beach, FL 32250	904-372-9582
14	Another Broken Egg Cafe of Destin Commons, LLC	4289 Legendary Dr., Ste. J118, Destin, FL 32541	850-279-4266
15	Another Broken Egg Cafe of Oviedo, LLC	1079 Alafaya Trail, Suite 1223, Oviedo, FL 32765	321-765-7083
16	Another Broken Egg Cafe of Jax Atlantic, LLC	11949 Atlantic Blvd., #105, Jacksonville, FL 32225	904-672-7675
17	Another Broken Egg of Orlando-Semoran, LLC	6324 S. Semoran Blvd., #1001, Orlando, FL 32822	321-300-0907
18	Another Broken Egg of Port Orange, LLC	5527 South Williamson Blvd., Unit 805, Port Orange, FL 32128	386-320-7266
19	Another Broken Egg of Villages, LLC	3713 Meggison Road, The Villages, FL 32163	352-775-1942
20	Another Broken Egg of West Melbourne, LLC	705 Palm Bay Road, Suite 101, West Melbourne, FL 32905	321-237-1436
21	Another Broken Egg of Vinings, LLC	4300 Paces Ferry Rd. SE, Unit 150, Vinings, GA 30339	770-384-0012

22	Another Broken Egg of Dunwoody, LLC	4745B Ashford Dunwoody Rd., Atlanta, GA 30338	770-408-0110
23	Another Broken Egg of Roswell, LLC	10800 Alpharetta Highway, Ste. 120, Roswell, GA 30076	678-878-2210
24	Another Broken Egg of Atlanta-Buckhead, LLC	2285 Peachtree Rd. NE, Ste. 103, Atlanta, GA 30309	706-309-1035
25	Another Broken Egg of Athens, LLC	2375 West Broad Street, Suite B, Athens, GA 30606	706-850-1593
26	Another Broken Egg of Augusta, LLC	1095 Alexander Dr. #100, Augusta, GA 30909	706-309-7999
27	Another Broken Egg Cafe of Overland Park, LLC	13386 Metcalf Ave., Overland Park, KS 66213	913-214-0145
28	Another Broken Egg Cafe of Prairie Village, LLC	5358 W 95th St., Prairie Village, KS 66207	913-348-4307
29	Another Broken Egg of Charlotte, LLC	11324 N Community House Rd., Charlotte, NC 28277	980-207-4407
30	Another Broken Egg of Asheville, LLC	27 Schenck Pkwy., Asheville, NC 28803	828-676-2823
31	Another Broken Egg of Austin Landing, LLC	3450 Rigby Rd., Miamisburg, OH 45342	937-866-4510
32	Another Broken Egg of Beavercreek, LLC	2453 Esquire Dr., Beavercreek, OH 45431	937-912-5074
33	Another Broken Egg of West Chester, LLC	7701 Voice of America Center Dr., West Chester, OH 45069	513-847-1961
34	Another Broken Egg of Greenville, LLC	1025 Woodruff Rd., Ste. G103, Greenville, SC 29607	864-627-7710
35	Another Broken Egg of Mt Pleasant, LLC	608-A Long Point Rd., Mt. Pleasant, SC 29464	843-352-9833
36	Another Broken Egg Cafe of Columbia-Devine St, LLC	4600 Devine St., Ste. C, Columbia, SC 29205	803-708-1205
37	Another Broken Egg of Lexington, LLC	931 North Lake Drive, Lexington, SC 29072	839-205-3291
38	Another Broken Egg of Rock Hill, LLC	502 Cherry Road, Suite 101, Rock Hill, SC 29732	803-262-2185
39	Another Broken Egg of West Columbia, LLC	101 State Street, West Columbia, SC 29169	803-829-0223
40	Another Broken Egg of Simpsonville, LLC	234 Harrison Bridge Road, Unit C, Simpsonville, SC 29680	864-881-9550

**EXHIBIT G**

**Financial Statements**

**ANOTHER BROKEN EGG  
OF AMERICA FRANCHISING, LLC  
(A Limited Liability Company)**

**FINANCIAL STATEMENTS**

**FISCAL YEARS ENDED DECEMBER 29, 2024,  
DECEMBER 31, 2023, AND DECEMBER 25, 2022**

**ANOTHER BROKEN EGG OF AMERICA FRANCHISING, LLC**  
**(A Limited Liability Company)**  
**FOR THE FISCAL YEARS ENDED DECEMBER 29, 2024,**  
**DECEMBER 31, 2023, AND DECEMBER 25, 2022**

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## INDEPENDENT AUDITOR'S REPORT

To the Member  
Another Broken Egg of America Franchising, LLC

### Opinion

We have audited the accompanying financial statements of Another Broken Egg of America Franchising, LLC (a limited liability company) (the "Company"), which comprise the balance sheets as of December 29, 2024 and December 31, 2023, and the related statements of income and member's equity and cash flows for the fiscal years ended December 29, 2024, December 31, 2023, and December 25, 2022, 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 Another Broken Egg of America Franchising, LLC as of December 29, 2024 and December 31, 2023, and the results of its operations and its cash flows for the fiscal years ended December 29, 2024, December 31, 2023, and December 25, 2022, in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits 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 Another Broken Egg of America Franchising, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Another Broken Egg of America Franchising, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

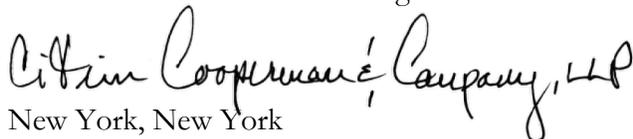
## Auditor's Responsibilities for the Audit of the Financial Statements

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 the 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 Another Broken Egg of America Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Another Broken Egg of America Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



New York, New York

April 16, 2025

**ANOTHER BROKEN EGG OF AMERICA FRANCHISING, LLC**  
**(A Limited Liability Company)**  
**BALANCE SHEETS**  
**DECEMBER 29, 2024 AND DECEMBER 31, 2023**

	<u>December 29,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
<b><u>ASSETS</u></b>		
Current assets:		
Cash	\$ 217,689	\$ 266,098
Accounts receivable - franchise fees and royalties	322,073	225,986
Accounts receivable - related party	76,714	83,292
Rebate receivables, net	197,399	148,231
Prepaid expenses	114,552	143,294
Note receivable - current	-	13,857
Other receivables	<u>229,198</u>	<u>203,427</u>
Total current assets	<u>1,157,625</u>	<u>1,084,185</u>
Property and equipment, net	<u>137,927</u>	<u>168,493</u>
Operating lease right-of-use assets	<u>334,296</u>	<u>90,704</u>
Other assets:		
Due from related parties, net	5,061,641	3,448,458
Intangible assets, net	538,336	728,336
Goodwill, net	<u>117,472</u>	<u>159,572</u>
Total other assets	<u>5,717,449</u>	<u>4,336,366</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 7,347,297</u></b>	<b><u>\$ 5,679,748</u></b>
<b><u>LIABILITIES AND MEMBER'S EQUITY</u></b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,521,931	\$ 944,506
Franchisee advertising liability	17,442	-
Current portion of operating lease liability	178,423	115,428
Deferred revenue - current	<u>109,482</u>	<u>94,607</u>
Total current liabilities	<u>1,827,278</u>	<u>1,154,541</u>
Long-term liabilities:		
Operating lease liability, net of current portion	168,797	-
Deferred revenue, net of current	<u>2,207,438</u>	<u>1,881,423</u>
Total long-term liabilities	<u>2,376,235</u>	<u>1,881,423</u>
Total liabilities	4,203,513	3,035,964
Commitments and contingencies (Notes 5, 6 and 9)		
Member's equity	<u>3,143,784</u>	<u>2,643,784</u>
<b>TOTAL LIABILITIES AND MEMBER'S EQUITY</b>	<b><u>\$ 7,347,297</u></b>	<b><u>\$ 5,679,748</u></b>

See accompanying notes to financial statements.

**ANOTHER BROKEN EGG OF AMERICA FRANCHISING, LLC**  
**(A Limited Liability Company)**  
**STATEMENTS OF INCOME AND MEMBER'S EQUITY**  
**FOR THE FISCAL YEARS ENDED DECEMBER 29, 2024,**  
**DECEMBER 31, 2023, AND DECEMBER 25, 2022**

	<u>December 29,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>December 25,</u> <u>2022</u>
Revenues:			
Franchise fees and royalties	\$ 8,498,636	\$ 8,547,222	\$ 7,550,834
Advertising fee revenue	<u>2,640,685</u>	<u>2,551,259</u>	<u>2,397,514</u>
Total revenues	<u>11,139,321</u>	<u>11,098,481</u>	<u>9,948,348</u>
Operating expenses:			
Operating expenses	10,533,513	10,282,412	9,643,809
Depreciation and amortization expense	<u>276,585</u>	<u>306,033</u>	<u>283,768</u>
Total operating expenses	<u>10,810,098</u>	<u>10,588,445</u>	<u>9,927,577</u>
Other income (expense), net:			
Other income	170,777	14,591	5,189
Interest income	-	52,265	-
Loss on disposal of fixed assets	-	(76,892)	-
Employee Retention Tax Credit income	<u>-</u>	<u>-</u>	<u>474,040</u>
Other income (expense), net	<u>170,777</u>	<u>(10,036)</u>	<u>479,229</u>
Net income	500,000	500,000	500,000
Member's equity - beginning	<u>2,643,784</u>	<u>2,143,784</u>	<u>1,643,784</u>
<b>MEMBER'S EQUITY - ENDING</b>	<u><u>\$ 3,143,784</u></u>	<u><u>\$ 2,643,784</u></u>	<u><u>\$ 2,143,784</u></u>

See accompanying notes to financial statements.

**ANOTHER BROKEN EGG OF AMERICA FRANCHISING, LLC**  
**(A Limited Liability Company)**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED DECEMBER 29, 2024,**  
**DECEMBER 31, 2023, AND DECEMBER 25, 2022**

	<u>December 29, 2024</u>	<u>December 31, 2023</u>	<u>December 25, 2022</u>
Cash flows from operating activities:			
Net income	\$ 500,000	\$ 500,000	\$ 500,000
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	276,585	306,033	283,768
Loss on disposal of website	-	76,892	-
Deferred rent	-	-	(41,863)
Non-cash lease expense	144,744	125,339	141,942
Bad debt expense	91,713	450	-
Changes in assets and liabilities:			
Accounts receivable - franchise fees and royalties	(173,943)	(49,449)	43,783
Accounts receivable - related party	6,578	(20,185)	2,136
Rebates receivable, net	(49,168)	(12,955)	22,915
Prepaid expenses	28,742	(72,532)	(20,503)
Other receivable	(25,771)	(75,522)	(11,376)
Due from related parties	(3,575,813)	(3,448,458)	2,000,746
Employee Retention Tax Credit receivable	-	474,040	(474,040)
Accounts payable and accrued expenses	577,426	252,247	(144,803)
Operating lease liability	(156,545)	(123,071)	(119,486)
Franchisee advertising liability	17,442	(585,842)	(206,321)
Deferred revenue	340,890	133,611	492,633
Due to related parties	1,962,630	2,200,148	(2,200,148)
Other long-term liabilities	-	-	(20,338)
Net cash provided by (used in) operating activities	<u>(34,490)</u>	<u>(319,254)</u>	<u>249,045</u>
Cash used in investing activities:			
Purchases of property and equipment	(13,919)	(123,267)	(82,329)
Cash used in financing activities:			
Note receivable	<u>-</u>	<u>(13,857)</u>	<u>-</u>
Net increase (decrease) in cash	(48,409)	(456,378)	166,716
Cash - beginning	<u>266,098</u>	<u>722,476</u>	<u>555,760</u>
<b>CASH - ENDING</b>	<b><u>\$ 217,689</u></b>	<b><u>\$ 266,098</u></b>	<b><u>\$ 722,476</u></b>
Supplemental cash flow disclosures:			
Interest paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,752</u>
Supplemental schedules for operating activities:			
Employee Retention Tax Credit included as due to related party	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,067,230</u>
Supplemental schedules for noncash investing activities:			
Operating lease liability and right-of-use assets recognized in connection with implementation of Accounting Standards Codification 842 on December 27, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 353,428</u>

See accompanying notes to financial statements.

**ANOTHER BROKEN EGG OF AMERICA FRANCHISING, LLC**  
**(A Limited Liability Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 29, 2024, DECEMBER 31, 2023, AND DECEMBER 25, 2022**

**NOTE 1.      ORGANIZATION**

Another Broken Egg of America Franchising, LLC (the "Company"), a wholly-owned subsidiary of ABEA Acquisition, Inc. (the "Parent"), was formed on October 6, 2017, as a Delaware single-member limited liability company to sell franchises pursuant to an exclusive license agreement dated November 6, 2017, between the Company and an entity related to the Company by common ownership and control (the "Licensor"). The Company amended the certificate of formation and the name of Another Broken Egg of America, LLC was changed to Another Broken Egg of America Franchising, LLC on August 14, 2018. Pursuant to the Company's standard franchise agreement, franchisees will operate distinctive, cafe-style restaurants (a "Cafe") featuring specialty breakfast, brunch and lunch items for eat-in and take-away service and, where practical, catering and/or home delivery.

The Parent is a wholly-owned subsidiary of ABEA Master Holdings, Inc. ("Master Holdings").

The Company is a limited liability company and, therefore, the member is not liable for the debts, obligations or other liabilities of the Company, whether arising in contract, tort or otherwise, unless the member has signed a specific guarantee.

**NOTE 2.      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Fiscal year

The Company's reporting period for financial reporting purposes is Sunday including or prior to December 31st; the accompanying financial statements are for the fifty-two weeks ended December 29, 2024, fifty-three weeks ended December 31, 2023, and fifty-two weeks ended December 25, 2022.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Accounts receivable

Accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts and changes in the allowance are included in operating expenses on the statements of income and member's equity. The Company assesses collectibility by reviewing accounts receivable and its contract assets on a collective basis where similar risk characteristics exist. In determining the amount of the allowance for doubtful accounts, management considers historical collectibility and make judgments about the creditworthiness of the pool of customers based on credit evaluations. Current market conditions and reasonable and supportable forecasts of future economic conditions adjust the historical losses to determine the appropriate allowance for doubtful. Uncollectible accounts are written off when all collection efforts have been exhausted.

**ANOTHER BROKEN EGG OF AMERICA FRANCHISING, LLC**  
**(A Limited Liability Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 29, 2024, DECEMBER 31, 2023, AND DECEMBER 25, 2022**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Accounts receivable (continued)

Under the prior accounting rules, the Company evaluated the following factors when determining the collectibility of specific customer accounts: customer credit-worthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. The Company allowance for doubtful accounts was immaterial as of December 29, 2024, and December 31, 2023.

Property and equipment

Property and equipment are carried at cost, less accumulated depreciation and amortization. Expenditures for maintenance and repairs are expensed as incurred, while renewals and betterments that materially extend the life of an asset are capitalized. The costs of assets sold, retired, or otherwise disposed of, and the related allowance for depreciation, are eliminated from the accounts, and any resulting gain or loss is recognized.

Depreciation is provided using straight-line methods over the estimated useful lives of the assets, which are as follows:

Software costs	3 - 5 years
Equipment	5 - 7 years
Furniture and fixtures	5 years
Leasehold improvements	Lesser of the life of the lease or life of the assets

Goodwill and other intangible assets

*Goodwill*

The Company has elected to adopt the accounting alternative available to private companies under Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2014-02, Topic 350, *Intangibles - Goodwill and Other*, which permits the Company to amortize goodwill on a straight-line basis over 10 years or less if the Company demonstrates that another useful life is more appropriate.

The Company continually evaluates whether events and circumstances have occurred that indicate that the carrying value of goodwill may not be recoverable. If factors indicate that goodwill should be evaluated for possible impairment, the Company tests goodwill at the entity-level, which consists of comparing the fair value of the Company determined using discounted expected future cash flows to its carrying value. An impairment charge is recognized for any amount by which the carrying amount of goodwill exceeds its implied fair value. There were no impairment charges recorded as of and for the fiscal years ended December 29, 2024, December 31, 2023, and December 25, 2022.

**ANOTHER BROKEN EGG OF AMERICA FRANCHISING, LLC**  
**(A Limited Liability Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 29, 2024, DECEMBER 31, 2023, AND DECEMBER 25, 2022**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Goodwill and other intangible assets (continued)

*Other intangible assets*

Intangible assets represent the value of the franchise agreements and area development agreements assigned by the Parent in conjunction with the purchase of the franchise system in October 2017. These intangible assets are amortized over their estimated useful lives on a straight-line basis. Intangible assets are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable (i.e., a triggering event). There were no impairment charges recorded as of and for the fiscal years ended December 29, 2024, December 31, 2023, and December 25, 2022.

Revenue recognition

The Company derives its revenues from franchise fees and royalties, advertising fee revenue, renewal fees and transfer fees.

*Franchise fees and royalties*

Contract consideration from franchise operations consists primarily of initial and renewal franchise fees, sales-based royalties, sales-based advertising fund fees and transfer fees payable by a franchisee if and when a franchise transfers a franchise unit to another franchisee. The Company may also enter into area development agreements ("ADAs") which grant a franchisee the right to develop two or more franchise units. The Company collects an upfront area development fee for the grant of such rights. The initial franchise fees and upfront area development fees are nonrefundable and collected when the underlying franchise agreement or ADA is signed by the franchisee. Sales-based royalties and advertising fund fees are collected monthly. Renewal and transfer fees are collected when an existing franchisee renews the franchise agreement for an additional term or when a transfer to a third party occurs, respectively.

The Company's primary performance obligation under the franchise agreement primarily includes granting certain rights to a franchisee enabling it to access the Company's intellectual property, as well as performing a variety of activities relating to opening a franchise unit, including training and other such activities commonly referred to collectively as "preopening activities." The Company has determined that certain of the training provided to the franchisee is not brand specific and provides the franchisee with relevant general business information that is separate and distinct from the operation of a company-branded franchise unit. The portion of training services provided that is not brand specific is deemed to be distinct as it provides a benefit to the franchisee and is not highly interrelated or interdependent to the access of the Company's intellectual property and therefore is accounted for as a separate distinct performance obligation. All other pre-opening activities have been determined to be highly interrelated and interdependent to the access to the Company's intellectual property and therefore are accounted for as a single performance obligation, which is satisfied by granting certain rights to access the Company's intellectual property over the term of each franchise agreement.

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue recognition (continued)

*Franchise fees and royalties (continued)*

The Company estimates the stand-alone selling price of training services that are not brand specific using an adjusted market assessment approach. The Company first allocates the initial franchise fees and the fixed consideration under the franchise agreement to the stand-alone selling price of the training services that are not brand specific and the residual, if any, to the right to access the Company's intellectual property. Consideration allocated to training services that are not brand specific are recognized ratably as the training services are rendered.

Initial and renewal franchise fees allocated to the right to access the Company's intellectual property are recognized as revenue on a straight-line basis over the term of the respective franchise agreement. ADAs generally consist of an obligation to grant the right to open two or more units. These development rights are not distinct from franchise agreements; therefore, upfront fees paid by franchisees for development rights are deferred and apportioned to each franchise agreement signed by the franchisee. The pro-rata amount apportioned to each franchise agreement is recognized as revenue in the same manner as the initial and renewal franchise fees.

Royalties are earned as a percentage of franchisee gross revenues. Franchise royalties represent sales-based royalties that are related entirely to the use of the Company's intellectual property and are recognized as franchisee sales occur and the royalty is deemed collectible.

*Advertising fund*

The Company maintains an advertising fund established to collect and administer funds contributed for use in advertising and promotional programs for the benefit of franchise units. Advertising fund fees are collected from franchisees based on a percentage of franchisee gross revenues. The Company has determined that it acts as a principal in the collection and administration of the advertising fund and therefore recognizes the revenues and expenses related to the advertising fund on a gross basis. The Company has determined that the right to access its intellectual property and administration of the advertising fund are highly interrelated and therefore are accounted for as a single performance obligation. As a result, revenues from the advertising fund represent sales-based royalties related to the right to access the Company's intellectual property, which are recognized as franchisee sales occur. When advertising fund fees exceed the related advertising fund expenses in a reporting period, advertising costs are accrued up to the amount of advertising fund revenues recognized.

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue recognition (continued)

*Advertising fund (continued)*

The Company collects an advertising fund fee from its franchisees of up to 1.75% of its franchisees' gross revenues, with an option to increase the fee to up to 3% of gross revenues, in accordance with the Company's standard franchise agreement. The advertising fund is to be utilized for the benefit of the franchisees, with a portion designated to offset the Company's administrative costs for its administration. Pursuant to the standard franchise agreement, the Company is not required to segregate and restrict monies collected on behalf of the advertising fund. For the fiscal years ended December 29, 2024, December 31, 2023, and December 25, 2022, the Company incurred expenses related to franchisee advertising in the amount of \$2,620,977, \$2,573,002, and \$2,397,514, which are included in "Operating expenses" in the accompanying statements of income and member's equity. The Company had \$24,708 unspent advertising funds as of December 29, 2024 and no unspent funds as of December 31, 2023.

*Regional marketing fund*

The Company reserves the right to establish a regional marketing fund ("Regional Marketing Fund") for a region in which a restaurant is located and collect up to 1.5% of its franchisees' gross revenues, in accordance with the Company's standard franchise agreement. Any contributions to a Regional Marketing Fund will be credited towards a franchisee's local store marketing expenditures, in accordance with the Company's standard franchise agreement.

Leases

The Company has operating lease agreements for office space set to expire on various dates through November 2026. The Company determines if an arrangement is a lease at the inception of the contract. At the lease commencement date, each lease is evaluated to determine whether it will be classified as an operating or finance lease. For leases with a lease term of 12 months or less (a "Short-term" lease), any fixed lease payments are recognized on a straight-line basis over such term, and are not recognized on the balance sheet.

Lease terms include the noncancellable portion of the underlying leases along with any reasonably certain lease periods associated with available renewal periods, termination options and purchase options. The Company has a lease agreement with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices. The Company uses the risk-free discount rate when the rate implicit in the lease is not readily determinable at the commencement date in determining the present value of lease payments.

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Leases (continued)

Certain leases contain fixed and determinable escalation clauses for which the Company recognizes rental expense under this lease on the straight-line basis over the lease terms, which includes the period of time from when the Company takes possession of the leased space and the cumulative expense recognized on the straight-line basis in excess of the cumulative payments is included in other non-current liabilities through 2021 prior to the adoption of ASU No. 2016-02, *Leases (Topic 842)* ("ASC 842"). The lease agreement does not contain any material residual value guarantees or material restrictive covenants.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. These reclassification adjustments had no effect on the Company's previously reported net income.

Income taxes

The Company is a single-member limited liability company and, therefore, a disregarded entity for income tax purposes. The Company's assets and liabilities and items of income, deductions and credits are combined with and included in the income tax return of the Parent. Accordingly, the accompanying financial statements do not include a provision or liability for federal or state income taxes.

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, *Income Taxes*. Under that guidance, management assesses the likelihood that tax positions will be sustained upon examination based on the facts, circumstances and information, including the technical merits of those positions, available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change. There were no uncertain tax positions at December 29, 2024 and December 31, 2023.

The Parent files income tax returns in the U.S. federal jurisdiction and in various state jurisdictions.

Variable interest entities

In accordance with the provisions of the FASB ASU No. 2018-17, *Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities* ("ASU 2018-17"), FASB no longer requires nonpublic companies to apply variable interest entity guidance to certain common control arrangements, including leasing arrangements under common control. The Company has applied these provisions to the accompanying financial statements and has determined that the entities disclosed in Notes 6 and 9, meet the conditions under ASU 2018-17, and accordingly, is not required to include the accounts of the related parties in the Company's financial statements.

Subsequent events

In accordance with FASB ASC 855, *Subsequent Events*, the Company has evaluated subsequent events through April 16, 2025, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

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**NOTE 3. FRANCHISED OUTLETS**

The following data reflects the status of the Company's franchises for the fiscal years ended December 29, 2024, December 31, 2023, and December 25, 2022:

	December 29, 2024	December 31 2023	December, 25 2022
Franchises sold	3	2	11
Franchised outlets in operation	61	58	47
Affiliate-owned outlets in operation	40	39	35
Franchised outlets that ceased operations	2	-	-

The following data presents the status of the Company's development agreements for the fiscal years ended December 29, 2024, December 31, 2023, and December 25, 2022:

	December 29 2024	December 31 2023	December 25 2022
Development agreements sold	5	6	5

**NOTE 4. REVENUES AND RELATED CONTRACT BALANCES**

Disaggregated revenues

The Company derives its revenues from franchisees located throughout the United States. The economic risks of the Company's revenues are dependent on the strength of the economy in the United States and the Company's ability to collect on its contracts. The Company disaggregates revenues from contracts with customers by geographic region and the timing of revenue recognition by type of revenues, as it believes this best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by economic factors.

*Revenues by timing of recognition were as follows:*

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Point in time:</b>			
Franchise fees and royalties	\$ 8,189,838	\$ 8,258,230	\$ 7,434,343
Advertising fees	<u>2,640,685</u>	<u>2,551,259</u>	<u>2,397,514</u>
Total	<u>\$ 10,830,523</u>	<u>\$ 10,809,489</u>	<u>\$ 9,831,857</u>

**Over time:**

Franchise fees	<u>\$ 308,798</u>	<u>\$ 288,992</u>	<u>\$ 163,491</u>
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Contract balances

Contract assets include accounts receivable - franchise fees and royalties and accounts receivable related party which amounted to \$322,073 and \$76,714 as of December 29, 2024, \$225,986 and \$83,292 as of December 31, 2023 and \$176,987 and \$63,107 as of December 25, 2022.

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**NOTE 4. REVENUES AND RELATED CONTRACT BALANCES (CONTINUED)**

Contract balances (continued)

Contract liabilities are comprised of unamortized initial and renewal franchise fees received from franchisees, which are presented as "Deferred revenue" in the accompanying balance sheets. A summary of significant changes in deferred revenue during the fiscal years ended December 29, 2024 and December 31, 2023, is as follows:

	<u>2024</u>	<u>2023</u>
Deferred franchise revenues - beginning of year	\$ 1,976,030	\$ 1,842,419
Revenue recognized during the year	(423,798)	(508,992)
New deferrals due to cash received	<u>764,688</u>	<u>642,603</u>
Deferred franchise revenues - end of year	<u>\$ 2,316,920</u>	<u>\$ 1,976,030</u>

At December 29, 2024, deferred franchise revenues are expected to be recognized as revenue over the remaining term of the associated franchise agreements as follows:

<u>Fiscal year ending:</u>	<u>Amount</u>
December 28, 2025	\$ 109,482
December 27, 2026	109,482
December 26, 2027	109,190
December 31, 2028	98,791
December 30, 2029	87,521
Thereafter	<u>1,802,454</u>
Total	<u>\$ 2,316,920</u>

Deferred franchise revenues consisted of the following at December 29, 2024 and December 31, 2023:

	<u>2024</u>	<u>2023</u>
Franchise units not yet opened	\$ 1,865,930	\$ 1,601,699
Opened franchise units	<u>450,990</u>	<u>374,331</u>
Total	<u>\$ 2,316,920</u>	<u>\$ 1,976,030</u>

**NOTE 5. CONCENTRATIONS OF CREDIT RISK**

The Company places its cash and cash equivalents, which may at times be in excess of Federal Deposit Insurance Corporation ("FDIC") insurance limits, with major financial institutions. The Company has not experienced any losses in these accounts. Substantially all of the Company's cash balances are in excess of FDIC at December 29, 2024 and December 31, 2023.

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**NOTE 6. RELATED-PARTY TRANSACTIONS**

License agreement

On November 6, 2017, the Company entered into a perpetual exclusive license agreement with the Licensor for the use of the registered names "Another Broken Egg Cafe" and the "Broken Egg" (the "license agreement"). Pursuant to the license agreement, the Company was granted the right to sell Another Broken Egg of America franchises in the United States of America, and the right to earn franchise fees, royalties and other fees from franchisees. In accordance with the license agreement, the Company is required to pay the Licensor a license fee based on the Company's gross revenue, as defined, subject to certain adjustments, also as defined. For the fiscal years ended December 29, 2024, December 31, 2023, and December 25, 2022 the license fee was \$1,815,726, \$1,912,098, and \$1,831,589, respectively.

Related-party transactions

In the ordinary course of business, the Company periodically advanced funds to entities related through common ownership. No interest is charged on these advances. Advances to the related parties are unsecured and have no specific repayment terms.

The balance due (to) and from related parties, net consisted of the following at December 29, 2024 and December 31, 2023:

	2024	2023
Advances to related parties	\$ 8,789,465	\$ 5,360,556
License fee	(3,727,824)	(1,912,098)
Due from related parties, net	\$ 5,061,641	\$ 3,448,458

The Company receives royalties from its locations owned by the Parent. For the fiscal years ended December 29, 2024, December 31, 2023, and December 25, 2022, royalties earned from related parties amounted to \$3,173,624, \$3,288,528, and \$3,131,689, respectively, and are included in "Franchise fees and royalties" in the accompanying statements of income and member's equity. Receivables related to royalties owed from these related parties amounted to \$59,011, \$64,071, and \$48,544 as of December 29, 2024, December 31, 2023, and December 25, 2022, respectively, and are included in "Accounts receivable - related party" in the accompanying balance sheets.

Additionally, the Company receives advertising fund fees from its locations owned by the Parent. For the fiscal years ended December 29, 2024, December 31, 2023, and December 25, 2022, advertising fund fees earned from related parties amounted to \$952,087, \$986,558, and \$980,935, respectively, and are included in "Advertising fee revenue" in the accompanying statements of income and member's equity. Receivables related to advertising fund fees owed from these related parties amounted to \$17,703, \$19,221 and \$14,563, as of December 29, 2024, December 31, 2023 and December 25, 2022, respectively, and are included in "Accounts receivable - related party" in the accompanying balance sheets.

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**NOTE 7. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 29, 2024 and December 31, 2023:

	December 29, 2024	December 31, 2023
Leasehold improvements	\$ 22,301	\$ 18,496
Furniture and fixtures	44,204	44,204
Software costs	290,030	282,843
Equipment	80,870	77,943
	437,405	423,486
Less: accumulated depreciation and amortization	299,478	254,993
Property and equipment, net	\$ 137,927	\$ 168,493

Depreciation and amortization expense amounted to \$44,485, \$73,933, and \$51,668 for the fiscal years ended December 29, 2024, December 31, 2023, and December 25, 2022, respectively.

**NOTE 8. GOODWILL AND OTHER INTANGIBLE ASSETS**

Goodwill and other intangible assets consisted of the following at December 29, 2024 and December 31, 2023:

December 29, 2024				
	Cost	Accumulated Amortization	Net Book Value	Estimated Useful Life
Goodwill	\$ 421,000	\$ 303,528	\$ 117,472	10 years
Other intangible assets:				
Franchise agreements and development rights	\$ 1,900,000	\$ 1,361,664	\$ 538,336	10 years
December 31, 2023				
	Cost	Accumulated Amortization	Net Book Value	Estimated Useful Life
Goodwill	\$ 421,000	\$ 261,428	\$ 159,572	10 years
Other intangible assets:				
Franchise agreements and development rights	\$ 1,900,000	\$ 1,171,664	\$ 728,336	10 years

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**NOTE 8. GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)**

The anticipated annual amortization expense to be recognized over the next four years as of December 29, 2024, is as follows:

<u>Fiscal year ending:</u>	<u>Amount</u>
December 29, 2025	\$ 232,100
December 28, 2026	232,100
December 27, 2027	191,608

Total amortization expense amounted to \$232,100 for each of the fiscal years ended December 29, 2024, December 31, 2023, and December 25, 2022.

**NOTE 9. COMMITMENTS AND CONTINGENCIES**

Operating lease agreements

The Company has an operating lease for office that was set to expire on November 30, 2024. On June 11, 2024, the Company amended the lease to extend the term by two years, which is set to expire November 30, 2026. In addition, a second amendment was signed on June 11, 2024 for additional office space. The additional office space lease is set to expire November 30, 2026. Total operating lease expense for the fiscal years ended December 29, 2024, December 31, 2023, and December 25, 2022, amounted to \$88,009, \$88,773, and \$118,551, respectively.

<u>Maturities of lease liabilities as of December 29, 2024:</u>	<u>Operating lease</u>
2025	\$ 184,322
2026	<u>170,491</u>
Net minimum lease payments	354,813
Less: interest	<u>7,593</u>
Present value of lease liabilities	347,220
Less: current portion	<u>178,423</u>
Total liabilities, net of current portion	<u>\$ 168,797</u>

Supplemental cash flow information related to lease was as follows:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liability:		
Operating cash flows from operating lease	\$ 156,545	\$ 123,071
Average lease term and discount rate were as follows:		
Weighted-average remaining lease term (in years) - operating lease	1.92	0.83
Weighted-average discount rate (%) - operating lease	2.92	0.98

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**NOTE 9. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

Contingencies

The Company records reserves for legal and other contingencies when information available to the Company indicates that it is possible that a liability has been incurred and the amount of the loss can be reasonably estimated. Predicting the outcomes of claims and litigation and estimating the related costs and exposures involve substantial uncertainties that could cause actual costs to vary materially from estimates. Legal costs incurred in connection with legal and other contingencies are expensed as they are incurred.

The Company is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the Company's financial condition or results of operations.

Guarantees

The Company guarantees a \$45,000,000 credit facility entered into by the Parent on November 29, 2021, that is set to expire on November 29, 2026. The credit facility is also guaranteed by the Parent and affiliates and is collateralized by substantially all of the assets of the Company, its affiliates and the Parent. In the event of default at the Parent level, as defined in the credit facility, it is possible that the bank may call on the Company or affiliates to satisfy the debt obligations. There has been no event of default as of December 29, 2024, and through the date the financial statements were available to be issued. The total amount guaranteed and outstanding as of December 29, 2024, amounted to \$40,982,500.

Additionally, the Company has guaranteed the operating leases of two affiliates, related through common control. Pursuant to the guarantee, if the affiliate defaults on their obligations under the lease, the Company would be liable to pay those obligations. There has been no event of default as of December 29, 2024, and through the date the financial statements were available to be issued.

**NOTE 10. EMPLOYEE RETENTION TAX CREDIT**

The Employee Retention Tax Credit ("ERTC"), as it existed under the Coronavirus Aid, Relief and Economic Security Act, was not available to businesses that received a Paycheck Protection Program ("PPP") loan. Provisions in the Consolidated Appropriations Act ("CAA"), which was signed into law on December 27, 2020, removed this restriction and allowed businesses that qualify for the ERTC to retroactively apply for the ERTC so long as the same wages are not used for both PPP loan forgiveness and the ERTC.

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**NOTE 10. EMPLOYEE RETENTION TAX CREDIT (CONTINUED)**

U.S. GAAP does not contain authoritative guidance related to government assistance programs. Absent authoritative accounting standards, interpretive guidance issued and commonly applied by financial statement preparers allows the analogy to alternative guidance. For the retroactive application to 2020, interpretive guidance suggests the use of the "loss recovery" guidance within FASB ASC 410, *Asset Retirement and Environmental Obligations*, which indicates that a claim for recovery should be recognized only when the claim is probable ("realized or realizable"), as defined in FASB ASC 450, *Contingencies*. For 2021, subsequent to the CAA effective date, interpretive guidance suggests the application of International Accounting Standard 20, *Accounting for Government Grants and Disclosure of Government Assistance* ("IAS 20"). Under IAS 20, government assistance is recognized where there is reasonable assurance (similar to "probable" under U.S. GAAP) that the conditions will be met, and the assistance will be received.

Management has determined that it is probable that the credit will be received, and that the Company is eligible for and has met all the conditions to qualify for the ERTC for both 2021 and 2020. For refunds of 2021 and 2020 payroll taxes paid, the Company has determined that the credit has met the "realizable" threshold as defined in ASC 450. In January 2023, the Company submitted amended quarterly payroll tax returns claiming to recover \$7,191,128 and \$1,350,142 of ERTC related to 2021 and 2020, respectively. Out of this amount, \$8,067,230 was for credits on behalf of affiliates and was included in "Due to related parties, net" in the accompanying balance sheets. For the fiscal year ended December 25, 2022, \$474,040 has been recognized as ERTC income in the accompanying statement of income and member's equity. If it is determined that the Company was not eligible to receive the ERTC or that the Company has not adequately complied with the regulations of the program, the Company could be subject to penalties and could be required to repay the ERTC. The Company received the funds and interest on the funds during the fiscal year ended December 31, 2023.

**NOTE 11. RETIREMENT PLAN**

In September 2021, the Company formed a participant-directed, defined contribution plan covering all non-union employees who are at least 21 years of age and have completed 6 months of consecutive service. The plan provides for employee salary reduction elections, and the Company may also make discretionary non-elective contributions to all eligible participants based on eligible compensation. The Company made elective contributions for the fiscal years ended December 29, 2024, December 31, 2023 and December 25, 2022, in the amounts of \$30,510, \$28,811, and \$21,562 respectively.

## EXHIBIT H

### Form of General Release

THIS AGREEMENT (“Agreement”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between Another Broken Egg of America Franchising, LLC, a Delaware limited liability company having its principal place of business located at 5955 T.G. Lee Blvd, Suite 100, Orlando, FL 32822 (the “Franchisor”), and \_\_\_\_\_, a \_\_\_\_\_ with an address at \_\_\_\_\_ (hereinafter referred to as “Releasor”), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:

1. Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them (“the released parties”), from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which releasor may now have, or may hereafter claim to have or to have acquired against them or whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations, including, but not limited to, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with any agreement or relationship between the parties, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States Of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this agreement. In the event releasor breaches any of the promises covenants, or undertakings made herein by any act or omission, releasor shall pay, by way of indemnification, all costs and expenses of the franchisor and other released parties caused by the act or omission, including reasonable attorneys’ fees.

2. Releasor hereto represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand or suit shall be made or instituted against any Released Party because of any such purported assignment, transfer or subrogation, Releasor agrees to indemnify and hold such Released Party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys’ fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

3. If you are domiciled or have your principal place of business in the State of California, then you waive and relinquish all rights and benefits under Section 1542 of the California Civil Code, which provides: *“A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.”*

4. Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.

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5. Florida law shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder. This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties hereto.

6. In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs incurred therein, and said action must be filed in the State of Florida.

7. This Agreement does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

8. This AGREEMENT MAY BE SIGNED IN COUNTERPARTS, EACH OF WHICH SHALL BE BINDING AGAINST THE PARTY EXECUTING IT AND CONSIDERED AS THE ORIGINAL.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this agreement effective as of the date first above

**RELEASOR:**

\_\_\_\_\_  
(Name)

**ANOTHER BROKEN EGG OF AMERICA  
FRANCHISING, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT I**

**Manuals Table of Contents**

**(See attached)**



Chapter 1

Chapter 2

Chapter 3

Chapter 4

ELEVATE OUR BRAND	DELIVER INSPIRED SERVICE	PROFITABLE GROWTH	CELEBRATE OUR CULTURE
<ul style="list-style-type: none"> <li>• DRIVE CUSTOMER COUNTS</li> <li>• INCREASE BRAND RELEVANCE</li> </ul>	<ul style="list-style-type: none"> <li>• ENHANCE OUR TRAINING</li> <li>• RUN GREAT CAFES</li> <li>• SUCCESSFUL OPENINGS</li> </ul>	<ul style="list-style-type: none"> <li>• INCREASE FLOW THRU</li> <li>• IMPROVE RETURN ON INVESTMENT</li> <li>• ENHANCE CAFE SYSTEMS</li> <li>• INCREASE FRANCHISE GROWTH</li> </ul>	<ul style="list-style-type: none"> <li>• IMPROVE COMMUNICATION</li> <li>• INCREASE COLLABORATION</li> <li>• DEVELOP PEOPLE</li> </ul>

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**EXHIBIT J TO FDD**  
**Electronic Transfer of Funds Authorization**

1. Complete this form. If your account is a joint account, both account holders must sign this form.
2. Attach a voided, unsigned check to the form.
3. Return the original executed form and a voided check (no deposit slips) to the contact noted below.
4. Retain a copy of this form for your files.

The undersigned hereby authorizes Another Broken Egg of America Franchising, LLC, its parent company or any affiliated entity (collectively, "ABEA"), to initiate weekly ACH debit entries against the account of the undersigned with you in payment of amounts for Royalty Fees, Advertising Fees or other amounts that become payable by the undersigned to ABEA. The dollar amount to be debited per payment will vary.

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit entry initiated by ABEA.

This authorization is binding and will remain in full force and effect until 90 days prior written notice has been given to you by the undersigned. The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit entries pursuant to this letter of authorization.

Please honor ACH debit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned's account to cover such ACH debit entries.

**Franchisee Information:**

Names(s) of Owners	Telephone Number
Business Entity Name, if applicable (Inc, or LLC or DBA)	
Email address for invoices & statements	
Cafe Number(s):	New <input type="radio"/> Change <input type="radio"/>

**Financial Institution Information**

Name (Name of bank, credit union, etc:)											
Branch Address											
City, State, Zip											
Transit/ABA/Routing number (nine digits, between the ■ marks)	<table border="1" style="width: 100%; height: 20px; border-collapse: collapse;"> <tr> <td style="width: 11.11%;"></td> </tr> </table>										
Account Number (between the ■ marks)	<table border="1" style="width: 100%; height: 20px; border-collapse: collapse;"> <tr> <td style="width: 11.11%;"></td> </tr> </table>										
Account type	Checking      Savings										

Primary Account Holder's Name (Print)	Authorized Signature
Joint Account Holder's Name (Print)	Authorized Signature
<b>Date of Authorization</b>	<b><i>*Please be sure to include a copy of a voided check*</i></b>

Please return completed original form to: Another Broken Egg of America Franchising, LLC

5955 T. G. Lee Boulevard, Suite 100  
Orlando, Florida 32822  
Attn: ACH Department  
Email: accounting@anotherbrokenegg.com"  
accounting@anotherbrokenegg.com

### **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
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**RECEIPT**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Another Broken Egg of America Franchising, LLC offers you a franchise, it must provide this disclosure document to you at least 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. Iowa and New York require that Another Broken Egg of America Franchising, LLC gives you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that Another Broken Egg of America Franchising, LLC gives 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 Another Broken Egg of America 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrators listed in Exhibit B.

The franchisor is Another Broken Egg of America Franchising, LLC, located at 5955 T.G. Lee Boulevard, Suite 100, Orlando, FL. Its telephone number is (407) 440-0450.

Issuance date: April 18, 2025

The franchise sellers for this offering are: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Another Broken Egg of America Franchising, LLC authorizes the respective state agencies listed in the State Agency Exhibit on Exhibit B to receive service of process for it in that particular state.

I received a disclosure document dated April 18, 2025, that included the following Exhibits:

- |   |   |
|---|---|
| A. State Addendum to this FDD                                   | F. Franchisee/Company Lists                   |
| B. List of State Admins and State Agents for Service of Process | G. Financial Statements                       |
| C. Franchise Agreement  | H. Form of General Release                    |
| D. Guaranty Agreement   | I. Manuals Tables of Contents                 |
| E. Development Agreement  | J. Electronic Transfer of Funds Authorization |

Date: \_\_\_\_\_  
(Do not leave blank)

\_\_\_\_\_  
Signature of Prospective Franchisee

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

You may return the signed receipt either by signing, dating and mailing it to Jeff Sturgis, Another Broken Egg of America Franchising, LLC at 5955 T.G. Lee Boulevard, Suite 100, Orlando, FL 32822, or by faxing a copy of the signed and dated receipt to Another Broken Egg of America Franchising, LLC at (504) 324-0223.

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