

FRANCHISE DISCLOSURE DOCUMENT



CHOP5 Franchise LLC
A Kentucky limited liability company
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CHOP5 Franchise LLC offers franchises for the operation of a fast-casual restaurant featuring made-to-order salads, bowls, soups and other healthy food options under the name CHOP5 Salad Kitchen®.

The total investment necessary to begin operation of a CHOP5 Salad Kitchen restaurant ranges from \$535,700 to \$995,800. This includes \$45,000 that must be paid to us.

Area developers must commit to open a minimum of 2 CHOP5 Salad Kitchen restaurants. If you purchase area development rights to open 2 to 5 CHOP5 Salad Kitchen restaurants, the total investment necessary to begin operation of a CHOP5 Salad Kitchen franchise ranges from \$575,700 to \$1,140,800. This includes \$85,000 to \$190,000 that must be paid to us.

This Disclosure Document summarizes certain provisions of your franchise agreement, area 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 government 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 the franchisor at 6011 Brownsboro Park Blvd., Suite F, Louisville, Kentucky 40207 or by phone at (858) 717-5200.

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission (the "FTC"). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: March 21, 2024

How to Use this Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or EXHIBIT "F".
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or EXHIBIT "G" includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only CHOP5 Salad Kitchen Restaurant in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a CHOP5 Salad Kitchen franchisee?	Item 20 or EXHIBIT "F" lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and area development agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Kentucky. 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 Kentucky than in your own state.
2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history."
3. **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.
4. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails."
5. **Sales performance required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

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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.

Each of the following provisions is void and unenforceable if contained in any document relating to a franchise:

- (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.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

ITEM 1 FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The franchised business offered under this Disclosure Document is for a fast-casual restaurant featuring made-to-order salads, bowls, soups and other healthy food options under the name CHOP5 Salad Kitchen® (a “Restaurant”). To simplify the language in this Disclosure Document, “you” means the person who buys the franchise for a Restaurant– the franchisee, and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company. “We,” “us” and “the Company” mean CHOP5 Franchise LLC - the franchisor.

Corporate Information

CHOP5 Franchise LLC is a Kentucky limited liability company that was organized on March 22, 2019. Our principal business address is 6011 Brownsboro Park Blvd., Suite F, Louisville, Kentucky 40207. Our telephone number is (858) 717-5200. Our agents for service of process are disclosed in EXHIBIT "A" (for franchise registration states) and EXHIBIT "B" (for other states). We do not do business under any names other than our legal name, CHOP5 Franchise LLC, and our trade name, CHOP5 Salad Kitchen.

Business History

Our parent company, Chop5, LLC, opened the first Restaurant in Columbus, Ohio in 2016. Our parent assigned ownership of this Restaurant to another affiliate of ours in April 2019.

We began offering franchises for Restaurants in April 2019. We are not engaged in any business other than offering franchises for Restaurants and administering the franchise system. We have never offered franchises in any other line of business. We have never directly owned and operated a Restaurant.

Predecessors, Parents and Affiliates

We do not have any predecessors. Chop5, LLC is our parent company. Chop5, LLC shares our principal business address. We do not have any affiliates that: (a) offer (or have ever offered) franchises in this or any other line of business; and/or (b) provide products or services to our franchisees.

Description of Franchised Business

The franchised business offered under this Disclosure Document is a fast-casual restaurant featuring made-to-order salads, bowls, soups and other healthy food options under the name CHOP5 Salad Kitchen®. Restaurants offer dine-in and take-out service as well as catering and delivery service.

If we award you a franchise, you must sign the form of franchise agreement attached to this Disclosure Document as EXHIBIT "C" (the “Franchise Agreement”). We refer to the franchised business you purchase as your “Business” or your “Restaurant”. The Franchise Agreement grants you a license to use certain service marks, trademarks, trade names and logos, including the trademarks CHOP5 Salad Kitchen® and “CHOP5®” (collectively, the “Marks”). The Marks also include our distinctive trade dress used to identify a Restaurant or the products it sells. The Franchise Agreement also grants you a license to use our system that was developed for the operation of a Restaurant (the “System”). Our confidential Brand Standards Manual (the “Manual”) describes the operational aspects of a Restaurant. You will operate your Restaurant as an independent business using the Marks, the System, the information in the Manual, and the support, guidance and other methods and materials we provide.

Area Development Rights

If you satisfy our criteria for multi-unit developers, we may (but need not) offer you the right to sign the form of Area Development Agreement attached to this Disclosure Document as EXHIBIT "D" (the “ADA”). The ADA grants you the right and obligation to develop, open and operate multiple Restaurants within a defined “development territory” according to a predetermined “development schedule”. You must develop, open and operate all of the Restaurants identified in the development schedule. We only grant area development rights to franchisees who commit to develop, open and operate a minimum of 2 Restaurants. You sign a separate

franchise agreement for each Restaurant you develop under the ADA. Each franchise agreement will be our then-current form of franchise agreement, which may differ from the current Franchise Agreement attached to this Disclosure Document (except the royalty fee will not exceed 6% of Gross Sales). You must sign the form of Franchise Agreement that is attached to this Disclosure Document for your first (1st) Restaurant at the time you sign the ADA.

Market and Competition

The target market for CHOP5 Salad Kitchen customers includes health-conscious members of the general public between the ages of 24 and 49. Sales are not seasonal, although Restaurants located in areas subject to harsh winter conditions may experience a reduction in sales during the winter months.

The fast-casual restaurant industry is mature and highly competitive. As a franchisee, you will primarily compete with other fast-casual restaurants featuring healthy dining options. Some of these businesses are independently owned and operated while others are regional or national chains. Some of our competitors operate under a franchise model.

Laws and Regulations

You must comply with all local, state and federal laws that apply to businesses generally, including laws governing discrimination and sexual harassment in the work place, minimum wage, smoking in public areas as well as EEOC and OSHA standards.

The Americans with Disabilities Act of 1990 requires readily accessible accommodations for disabled people and may affect your building construction, site design, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. Building codes and requirements vary in different jurisdictions and it is important for you and your architect to be aware of and comply with all local laws.

The United States Department of Agriculture and the Food and Drug Administration regulate the manufacture, labeling and distribution of food products. There may also be local ordinances and regulations governing food storage, preparation and serving. The Food and Drug Administration regulates menu labeling for retail food establishments that are part of a chain of 20 or more locations operating under the same name, regardless of ownership. Many states have enacted similar state laws governing menu labeling and disclosure of nutritional content. Some state and federal laws prohibit false or misleading statements regarding the health or nutritional value of food or beverage items (such as “low calorie” or “fat free”) on menus and in advertising.

You must comply with federal, state and local health and sanitation laws and licensure requirements applicable to food establishments, including laws that require food handlers to have certain inoculations and/or food service permits. Health laws are intended, in part, to reduce food borne illnesses and may cover such issues as:

- requiring employees to take a test and obtain a license as a food service worker
- having accessible sinks and bathrooms for certain size establishments
- inspections for cleanliness and sanitation standards, including equipment cleaning, food storage and packaging, ingredients utilized, refrigeration requirements, etc.

The Payment Card Industry Data Security Standard (“PCI”) requires that all companies that process, store, or transmit credit or debit card information maintain a secure environment. PCI applies to all organizations or merchants, regardless of size or number of transactions, that accept, transmit or store any cardholder data.

There may be other local, state and/or federal laws or regulations that apply to your Restaurant. We strongly suggest that you investigate these laws before buying this franchise.

ITEM 2 BUSINESS EXPERIENCE

Brian Mills: President

Brian Mills has served as our President since March 2019. During the prior 5 years, he has also held the following positions:

Company	Location	Title	Period of Time
CHOP5, LLC	Louisville, KY	Co-Founder & Operating Manager	Feb 2015 to present

Allen Hertzman: Chief Executive Officer

Allen Hertzman has served as our Chief Executive Officer since March 2019. During the prior 5 years, he has also held the following positions:

Company	Location	Title	Period of Time
CHOP5, LLC	Louisville, KY	Co-Founder & Member	Feb 2015 to present
Johncol, Inc. (owns 25 Papa John's Pizza franchises)	Columbus, OH	President	Jan 1991 to Oct 2022

Kim Pettingell: Marketing Director

Kim Pettingell has served as our Marketing Director since March 2019. During the prior 5 years, she has also held the following positions:

Company	Location	Title	Period of Time
CHOP5, LLC	Louisville, KY	Marketing Director	Sep 2016 to present

Philip Horn: Co-Founder and Member

Philip Horn has served as our Co-Founder and Member since March 2019. During the prior 5 years, he has also held the following positions:

Company	Location	Title	Period of Time
HB Tenders LLC (owns 1 Huey Magoos)	Charleston, SC	President	Dec 2022 to present
CHOP5, LLC	Louisville, KY	Co-Founder & Member	Feb 2015 to present
Chesapeake Bay Subs, LLC (owns 10 Jersey Mikes franchises)	Baltimore, MD	Managing Partner	Jan 2012 to present
LaHoBa, LLC (owns 2 Papa John's Pizza franchises)	Baton Rouge, LA	Managing Partner	Nov 2009 to present
Bluegrass Subs, LLC (owns 6 Jersey Mikes franchises)	West Columbia, SC	Managing Partner	Oct 2006 to present
S.R. Bailey	Charleston, SC	President	Feb 1999 to present
We Three Kings, Inc. (owns 1 Papa John's Pizza franchise)	Charleston, SC	President	Nov 1993 to present
RoHoHo, Inc. (owns 36 Papa John's Pizza franchises)	Charleston, SC	President	Sep 1991 to present

Donald Bauer: Co-Founder and Member

Donald Bauer has served as our Co-Founder and Member since March 2019. During the prior 5 years, he has

also held the following positions:

Company	Location	Title	Period of Time
HB Tenders, LLC (owns 1 Huey Magoos)	Charleston, SC	Vice President	Dec 2022 to present
CHOP5, LLC	Louisville, KY	Co-Founder & Member	Feb 2015 to present
LaHoBa, LLC (owns 2 Papa John's Pizza franchises)	Baton Rouge, LA	Vice President	Nov 2009 to present
S.R. Bailey	Charleston, SC	Vice President	Feb 1999 to present
RoHoHo, Inc. (owns 52 Papa John's Pizza franchises)	Charleston, SC	Vice President	Sep 1991 to present

Wade Oney: Co-Founder and Member

Wade Oney has served as our Co-Founder and Member since March 2019. During the prior 5 years, he has also held the following positions:

Company	Location	Title	Period of Time
IC4Y International SB Management, LLC	Valrico, FL	Authorized Member	Jan 2021 to present
W&M Partners 100, LLC	Windermere, FL	Managing Partner	Jul 2016 to present
CHOP5, LLC	Louisville, KY	Co-Founder & Member	Mar 2015 to present
Longleaf Baldwin 1 Company	Windermere, FL	President	Apr 2006 to present
Ice Cream 4 You International, LLC	Valrico, FL	Managing Partner	May 2006 to present
Oney Bayside, LLC	Windermere, FL	Managing Partner	Sep 2005 to present
JED – Tampa, LLC	Windermere, FL	Managing Partner	Sep 2004 to present
JED – Fresh, LLC	Windermere, FL	Managing Partner	Sep 2004 to present
JED Development, LLC	Windermere, FL	Managing Partner	Sep 2004 to present
Walanilo Development, Ltd.	Windermere, FL	President	May 2002 to present
Walanilo Company	Windermere, FL	President	May 2002 to present
Bam-Bam Pizza, Inc.	Windermere, FL	President	Jun 1994 to present

Patrick Gaunce: Co-Founder and Member

Patrick Gaunce has served as our Co-Founder and Member March 2019. During the prior 5 years, he has also held the following positions:

Company	Location	Title	Period of Time
CHOP5, LLC	Louisville, KY	Co-Founder & Member	Feb 2015 to present
MRG, Inc. (owns 7 Papa John's Pizza franchises)	Grand Rapids, MI	President	Jan 1995 to Jun 2020
SPG, Inc. (owns 2 Papa John's Pizza franchises)	Glasgow, KY	President	Jan 1991 to present
Caveland Inc.	Cave City, KY	President	1972 to present

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Initial Franchise Fee

You pay us a nonrefundable \$40,000 initial franchise fee in one lump sum at the time you sign the Franchise Agreement. The initial franchise fee is uniformly imposed except as discussed below for area developers and qualified veterans.

Initial Training Fee

You pay us a nonrefundable \$5,000 initial franchise fee in one lump sum before you attend initial training, which covers both: (1) the 1-week initial training program we conduct at our company-owned Restaurant; and (2) the 2-week onsite training program we conduct at your Restaurant. If you are a multi-unit franchisee opening your 2nd or subsequent Restaurant, we reserve the right to limit or waive certain aspects of our initial training program, and provide you with a corresponding reduction or waiver of the initial training fee, based on our subjective assessment of the qualifications and experience of you and your management team. The initial training fee is otherwise uniformly imposed.

Development Fee

If you sign an ADA, you pay us a nonrefundable development fee in one lump sum calculated as the sum of the total initial franchise fees you pay for all Restaurants you commit to develop under the ADA. The initial franchise fee for each Restaurant and the development fee are determined in accordance with the following table:

Restaurants Purchased	Initial Franchise Fee	Development Fee
1	\$40,000	N/A - 2 Restaurant minimum for ADA
2	\$40,000	\$80,000
3	\$35,000	\$115,000
4	\$35,000	\$150,000
5	\$35,000	\$185,000
6 (and all additional Restaurants)	\$25,000 (per Restaurant)	\$210,000 (plus \$25,000 for each additional Restaurant)

The development fee is deemed to satisfy the initial franchise fee associated with each Restaurant you develop under the ADA. We anticipate most area developers will purchase the right to develop between 2 and 5 Restaurants, which results in development fees ranging from \$80,000 to \$185,000. Development fees are uniformly imposed except as disclosed below for qualified veterans.

Veteran's Discount

Qualified veterans receive a 10% discount on the initial franchise fee or development fee, as applicable. To qualify, a person holding at least a 51% interest in the franchise must be an honorably discharged veteran of any branch of the United States military and provide a Form DD-214.

ITEM 6 OTHER FEES

TYPE OF FEE ¹	AMOUNT ^{2, 3}	DUE DATE	REMARKS
Royalty Fee	6.0% of Gross Sales	Day of each week that we specify (currently Wednesday) for Gross Sales generated during prior reporting period	Our current reporting period runs from Monday through Sunday. We may change the reporting period and royalty fee due date upon 30 days' prior notice. You must provide us with weekly Gross Sales reports.
Brand Fund Fee	<i>[1st Year]</i> 0.5% of Gross Sales	Same as royalty fee	You must contribute this amount to the Brand Fund we administer. You have no voting rights pertaining to the administration of the Brand Fund, the creation or placement of advertising, or the amount of the brand fund fee. We may increase the brand fund fee by up to 4% on 180 days' prior notice. The maximum total amount we may charge at any given time for the brand fund fee, Local Advertising Commitment and Cooperative Advertising Fee is capped at 8.5%.
	<i>[2nd Year]</i> 1.0% of Gross Sales		
	<i>[Rest of Term]</i> 1.5% of Gross Sales		
Local Advertising Commitment	<i>[1st Year]</i> 8.0% of Gross Sales	Monthly, as incurred	This is the minimum amount you must spend on advertising and marketing in your local market to promote your Restaurant. This expenditure is in addition to your brand fund fee. We may increase the required expenditures by up to 2% on 180 days' prior notice. The maximum total amount we may charge at any given time for the brand fund fee, Local Advertising Commitment and Cooperative Advertising Fee is capped at 8.5%.
	<i>[Rest of Term]</i> 3.0% of Gross Sales		
Cooperative Advertising Fee	Amount set by cooperative (not to exceed Local Advertising Commitment)	Same as royalty fee	See Note 4.
Training Fee	Up to \$500 per person per day (plus Travel Expenses for onsite training)	10 days after invoice	Payable for each person who attends: (a) initial training after you open (new Operating Partner or manager); (b) repeat training (after failing a prior attempt); (c) refresher or supplemental training; (d) remedial training; or (e) additional training you request. You must also reimburse us for Travel Expenses we incur for training onsite at your Restaurant.
Conference Registration Fee	Up to \$1,000 per person per conference (currently \$300 per person per conference)	10 days after invoice	We may hold conferences to discuss matters affecting franchisees. Attendance is mandatory unless: (a) we designate attendance as optional; or (b) we waive your obligation to attend based on showing of good cause. If you fail to attend a required conference without a waiver from us, you must pay us the conference registration fee despite your non-attendance (we will provide you with a copy of any written materials distributed at the conference).

TYPE OF FEE ¹	AMOUNT ^{2,3}	DUE DATE	REMARKS
Technology Fee	Up to \$1,000 per month (not currently charged)	10 days after invoice or as otherwise specified	This fee includes all amounts you pay us and our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to third-party suppliers. It may also include a reasonable administrative fee for managing the technology platform and negotiating / managing relationships with third-party licensors. It does not include any amounts you pay directly to third-party suppliers.
System Program Fees	Varies (not currently charged)	10 days after invoice or as otherwise specified	You must participate in any customer loyalty and/or gift card program we establish and pay all associated program contributions and fees we require to implement and administer these programs. These amounts are paid either to us or to a third party we designate.
Product Purchases	Varies depending on item purchased	10 days after invoice	We or our affiliate may serve as a System supplier for certain goods or services you must purchase. If this occurs, we will provide you with a price list upon request.
New Product or Supplier Testing	Cost of testing (up to \$2,500 per test)	10 days after invoice	This covers the costs of testing new products or inspecting new suppliers you propose.
Relocation Fee	\$5,000	At time we approve request to relocate	Imposed if we approve your request to relocate your Restaurant.
Renewal Fee	\$2,000	At time you sign Renewal Agreement	Imposed if you renew your franchise rights by signing a successor Franchise Agreement.
Transfer Fee	<i>[Franchise Agreement]</i> Greater of \$4,000 or 10% of then-current standard initial franchise fee	Before Transfer	You do not pay us a transfer fee for a Permitted Transfer or Minority Interest Transfer. All other Transfers require payment of the transfer fee. If you sign an ADA, a separate transfer fee is imposed under the ADA and each Franchise Agreement that is assigned. If our broker finds the buyer, you must also reimburse us for all commissions we pay the broker.
	<i>[ADA]</i> \$15,000		
Reimbursement of Quality Assurance Program Costs	Varies	10 days after invoice	We may hire a person or company to inspect your Restaurant for quality control purposes. You must pay the cost of the inspection (or we may pay the cost and you must reimburse us).
Reimbursement of Reinspection Costs	All Travel Expenses and other costs we incur to travel to and inspect your Restaurant	10 days after invoice	Imposed if we inspect your Restaurant to determine if you remedied a (a) health or safety issue identified by a government agency or (b) breach of system standards that we previously brought to your attention.
Audit Fee	Actual cost of audit (including Travel Expenses for audit team)	10 days after invoice	Imposed if an audit (a) is necessary because you fail to send us required information or reports in a timely manner on 3 or more occasions in any 12-month period or (b) reveals you understated Gross Sales by 3% or more.

TYPE OF FEE ¹	AMOUNT ^{2,3}	DUE DATE	REMARKS
Late Fee	10% of past due amount plus default interest at lesser of (a) 18% per annum (prorated on daily basis) or (b) highest rate allowed by applicable law	10 days after invoice	If we debit your account but there are insufficient funds, or a check you issue is returned due to insufficient funds, then we may charge (in addition to the late fee) an NSF fee of \$50 per incident. In California, default interest is limited to 10% per annum.
Noncompliance Fee	\$500 per incident	Upon demand	Imposed if you fail to comply with a mandatory standard or operating procedure (including timely submission of required reports) and do not cure within the time period we require. We may impose an additional \$500 fee for every 48 hours the non-compliance issue remains uncured after we impose the initial noncompliance fee.
Default Reimbursements	All costs we incur to cure your default	10 days after invoice	If you fail to cure a breach of the Franchise Agreement or our brand standards in the time period we require, we may take steps to cure on your behalf and you must reimburse us for our costs (examples include failure to pay suppliers, maintain insurance, or meet quality or safety standards).
Management Fee	\$500 per day plus Travel Expenses	10 days after invoice	We can designate a manager to manage your Restaurant: (a) while you are in default under the Franchise Agreement (but only if you fail to remedy the default within the cure period); or (b) after termination or expiration of the Franchise Agreement while we decide whether to exercise our purchase option.
Indemnification	Amount of our damages, losses or expenses	10 days after invoice	You must indemnify and reimburse us for all damages, losses or expenses we incur due to the operation of your Restaurant or your breach of the Franchise Agreement or ADA.
Attorneys' Fees and Costs	Amount of attorneys' fees and costs we incur	Upon demand	You must reimburse us for all attorneys' fees and costs we incur relating to your breach of the Franchise Agreement or any related agreement.
Liquidated Damages	Varies (See Note 5)	30 days after invoice	Imposed if we terminate due to your default or you terminate in any manner not permitted by the Franchise Agreement.

Notes:

1. Nature and Manner of Payment: All fees are imposed by and payable to us except: (a) you spend the Local Advertising Commitment directly with local suppliers; and (b) you pay the cooperative advertising fee directly to your advertising cooperative (we may instead require you to pay this fee to us, in which case we will remit the fee to the cooperative on your behalf). All fees are nonrefundable and uniformly imposed. You must sign an ACH Authorization Form (attached to the Franchise Agreement as ATTACHMENT "E") permitting us to electronically debit your designated bank account for all amounts owed to us and our affiliates (other than fees due within 15 days after signing the Franchise Agreement). You must deposit all Gross Sales into the bank account and ensure sufficient funds are available for withdrawal before each due date. You are responsible for all taxes imposed on you or us based on products, intangible property (including trademarks) or services we provide to you.
2. Definitions: As used in this Disclosure Document, the following capitalized terms have the meanings given to them below:

“Brand Fund” means the brand and system development fund that we intend to administer to promote public recognition of our brand and improve our System. We have not established the Brand Fund as of the issuance date of this Disclosure Document.

“Gross Sales” means all gross sums you bill or collect from all goods and services you sell, plus all other sums you collect from the operation of your Restaurant, including any advertising revenues, sponsorship fees and business interruption insurance proceeds. Gross Sales excludes: (a) sales or use taxes; (b) amounts refunded to customers; (c) revenues from the sale of furniture, fixtures and equipment in the ordinary course of business; (d) the value of approved coupons, vouchers or similar items at the time of redemption; and (e) tips paid to and retained by staff members as a gratuity. The Manual may include policies governing the manner in which proceeds from the sale of gift cards are treated for purposes of calculating Gross Sales. The Manual may also provide details on the calculation of Gross Sales relating to qualifying purchases and redemptions by members under a customer loyalty program.

“Minority Interest Transfer” means a Transfer by an owner of less than 20% of the ownership interests in the entity that is the “franchisee” or “area developer” (other than a Transfer that results in the Operating Partner owning less than 5% of the ownership interests in the entity that is “franchisee” or “area developer”, as applicable).

“Operating Partner” means the owner you appoint and we approve with primary responsibility for the overall management and operation of your Restaurant.

“Permitted Transfer” means: (a) a Transfer from one owner to another owner who was an approved owner prior to the Transfer (other than a Transfer that results in the Operating Partner owning less than 5% of the franchised business); and/or (b) a Transfer to a newly established business entity with respect to which the transferring owners collectively own and control 100% of the ownership interests.

“Technology Systems” means all information and communication technology systems that we designate, which may include computer systems, point-of-sale systems, online ordering systems, webcam systems, telecommunications systems, security systems, music systems, and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems.

“Transfer” means a transfer or assignment of: (a) the Franchise Agreement or ADA; (b) the Restaurant’s assets (other than the sale of fixtures or equipment in the ordinary course of business); (c) any ownership interest in the entity that is the “franchisee” or “area developer”; or (d) the franchised business you conduct under the Franchise Agreement or ADA.

“Travel Expenses” means all travel, meals, lodging, local transportation and other living expenses and costs incurred: (a) by us and our trainers, field support personnel, auditors and/or other representatives to visit your Restaurant; or (b) by you or your personnel to attend training programs or conferences.

3. **CPI Adjustments**: All fees expressed as a fixed dollar amount are subject to adjustment based on changes to the Consumer Price Index (CPI) in the United States. We will review these fees every 2 years and may increase the fees based on changes to CPI, but only if the increase to CPI is more than 5% higher than the corresponding CPI in effect on: (a) the effective date of the Franchise Agreement (for the initial fee adjustment); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments). We will notify you of any CPI adjustment at least 60 days before the fee adjustment becomes effective.
4. **Cooperative Advertising Fee**: We may establish regional advertising cooperatives for purposes of pooling advertising funds to be used in discrete regions. We may either: (a) collect cooperative advertising fees and remit them to the applicable cooperative; or (b) require you to pay these fees directly to the cooperative. Cooperative advertising fees are uniformly imposed on all Restaurants in the cooperative, including company-owned Restaurants. We may set the minimum cooperative advertising fee, which may

be increased by majority vote of all members of the cooperative (but will not exceed the maximum amount specified in the table above). Each member is entitled to 1 vote for each Restaurant that is owned by the member and located in the cooperative. We and our affiliates will be members of the cooperative (and have the same voting rights as franchisees) with respect to company-owned Restaurants located in the cooperative. However, if the majority of Restaurants in the cooperative are company-owned Restaurants, we will not increase the cooperative advertising fee unless a majority of all franchisee members vote in favor of the increase. All cooperative advertising fees you pay are credited towards your Local Advertising Commitment. The maximum total amount we may charge at any given time for the brand fund fee, Local Advertising Commitment and Cooperative Advertising Fee is capped at 8.5% of Gross Sales. There were no advertising cooperatives in effect as of December 31, 2022.

5. **Liquidated Damages:** You must pay us liquidated damages if: (a) we terminate the Franchise Agreement due to your default; or (b) you terminate the Franchise Agreement prior to its expiration date (except in accordance with the provisions governing your right to terminate following our uncured breach). Liquidated damages are calculated as the sum of average weekly royalty fees and brand fund fees imposed during the 52-week period preceding termination (or your entire period of operation if less than 52-weeks) multiplied by the lesser of: (a) 104 (representing 2 years); or (b) the total number of weeks remaining under the term.

ITEM 7 ESTIMATED INITIAL INVESTMENT

Table A: Estimated initial investment for the purchase of a single Restaurant.

YOUR ESTIMATED INITIAL INVESTMENT (SINGLE RESTAURANT)				
TYPE OF EXPENDITURE ¹	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee	\$40,000	Lump sum	At time you sign Franchise Agreement	Us
Initial Training Fee	\$5,000	Lump sum	Before training	Us
Food, Lodging & Travel (2 to 4 people while training)	\$1,000 to \$6,000	As incurred	During training	Hotels, restaurants and airlines
Real Estate Management Fee ²	\$5,000	Lump sum	At time you sign lease or purchase agreement	Supplier
Project Management Fee ³	\$15,000	Lump sum	At time you sign lease or purchase agreement	Project Manager
Site Survey ⁴	\$2,000 to \$3,000	Lump sum	Before you sign lease or purchase agreement	Supplier
Lease Deposit & 3 Months' Rent ⁵	\$8,000 to \$35,000	Lump sum	Monthly (with security deposit paid before opening)	Landlord
Architect	\$6,500 to \$15,000	As incurred	Before construction	Architect
Construction ⁶	\$90,000 to \$325,000	As incurred	Before opening	Contractor & suppliers
Exterior Signage ⁷	\$10,500 to \$40,000	Lump sum	Before opening	Suppliers
Graphics Package ⁸	\$5,000 to \$8,000	Lump sum	Before opening	Suppliers
Furniture & Fixtures ⁹	\$155,000 to \$165,000	As incurred	Before opening	Suppliers
Technology Systems ¹⁰	\$11,800 to \$17,800	Lump sum	Before opening	Suppliers
Kitchen Equipment and Smallwares Package ¹¹	\$122,400 to \$177,300	Lump sum	Before opening	Suppliers

YOUR ESTIMATED INITIAL INVESTMENT (SINGLE RESTAURANT)				
TYPE OF EXPENDITURE ¹	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Office Supplies	\$500 to \$1,000	As incurred	Before opening	Suppliers
Initial Supply of Inventory ¹²	\$7,000 to \$15,000	Lump sum	Before opening	Suppliers
Grand Opening Marketing ¹³	\$15,000 to \$25,000	Lump sum	30 days before through 90 days after opening	Suppliers
Utility Deposits	\$500 to \$1,200	As incurred	Before opening	Utility companies
Business Licenses & Permits	\$500 to \$5,000	Lump sum	Before opening	Government agencies
Professional Fees	\$2,000 to \$5,000	Lump sum	Before opening	Lawyers & accountants
Insurance (3 months' premium)	\$500 to \$3,000	Lump sum	Before opening	Insurance companies
Pre-opening Wages	\$2,500 to \$3,500	As incurred	Before opening	Employees
Additional Funds ¹⁴ (3 months)	\$30,000 to \$80,000	As incurred	As incurred	Suppliers and employees
Total Estimated Initial Investment ¹⁵	\$535,700 to \$995,800			

Table B – Estimated initial investment for the purchase of area development rights.

YOUR ESTIMATED INITIAL INVESTMENT (AREA DEVELOPMENT - ASSUMES COMMITMENT OF 2 RESTAURANTS OR 5 RESTAURANTS)				
TYPE OF EXPENDITURE ¹	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Development Fee ¹⁶	\$80,000 to \$185,000	Lump sum	At time you sign ADA	Us
Initial Investment to Open First Restaurant	\$495,700 to \$955,800	This is the total estimated initial investment in Table A above less the \$40,000 franchise fee that's included in development fee.		
Total Estimated Initial Investment	\$575,700 to \$1,140,800			

Notes:

1. Financing and Refunds: We do not offer direct or indirect financing. No amounts paid to us are refundable. We are not aware of any amounts paid to third-party suppliers that are refundable, although your landlord may refund your security deposit at the end of the lease if you do not damage the property or default.
2. Real Estate Management Fee: You must contract with the real estate company (the "Real Estate Company") we designate to provide certain real estate management services ("Real Estate Management Services"), including assistance with:
 - selecting and supervising a local real estate broker
 - educating landlords on our concept
 - evaluating potential sites for your Restaurant
 - procuring site surveys
 - assessing site feasibility
 - negotiating a letter of intent for the lease or purchase of the premises

- reviewing and negotiating the lease or purchase contract for the premises
- providing real estate and territory analytics

Our designated Real Estate Company agreed to provide the Real Estate Management Service in exchange for a discounted flat fee of \$5,000 (subject to change).

3. Project Management Fee: You must hire the project management company we designate (the “Project Manager”) to provide project management services relating to the design, construction and development of your Restaurant (“Project Management Services”), including assistance with:
- developing a preliminary layout and design for your Restaurant
 - coordinating with your architect and reviewing construction plans and permits
 - preparing bids and selecting your general contractor
 - monitoring construction progress
 - supporting the scheduling and installation of signage, furniture, fixtures and equipment

Most of the underlying services are provided by outside suppliers and you pay these suppliers directly for their services. The Project Manager’s role is to oversee and coordinate with the various members of your development team (architects, engineers, general contractor, etc.) in an effort to manage the overall Restaurant development process and allow you to open as quickly as possible. Our designated Project Manager agreed to provide the Project Management Services in exchange for a flat fee of \$15,000 (subject to change).

4. Site Survey: You must procure a site survey for the premises for your Restaurant. The Real Estate Company will assist you with this process. This estimate assumes you only need 1 site survey. If you need to obtain site surveys for more than one property, your initial investment may be higher.
5. Real Estate: This estimate assumes you lease your premises. Rent varies depending on the size of the premises, its location, landlord contributions and the requirements of individual landlords. We anticipate most Restaurants will range in size from 1,700 to 2,500 square feet with rent ranging from \$2,000 to \$8,750 per month. Landlords typically require a security deposit equal to 1- or 2-months’ rent and may, in addition, require payment in advance of the first and/or last (or more) month’s rent. The total estimated initial investment shown in the chart above includes 1 month’s security plus 3 months’ rent. Some franchisees may choose to purchase the real estate. The cost to purchase real estate varies so widely that we cannot reasonably estimate the cost.
6. Construction: This estimates the cost for leasehold improvements, including floor covering, wall treatment, counters, ceilings, painting, window coverings, electrical, carpentry and similar work. It also includes the estimated fees paid to contractors. The cost of construction and leasehold improvements varies widely based on a number of factors including:
- the size and condition of the leased space
 - whether the premises is a first or second generation space
 - the extent and nature of any existing leasehold improvements
 - whether the landlord will contribute to the cost of the leasehold improvements (a “TI Allowance”) and the amount of any TI Allowance you are able to negotiate
 - local demolition costs
 - local construction costs and prevailing wage rates in your local market

The low estimate assumes you remodel an existing building while the higher estimate assumes new construction on a pad site. In some cases, landlords that provide a TI Allowance increase the monthly rent to recapture the TI Allowance and amortize it over the lease term (or part of the lease term). A significant factor in determining whether the landlord will provide a TI Allowance, and if so, the amount,

is whether the building is first generation or second generation space. The estimates in the table above assume you do not receive any TI Allowance.

7. **Signage**: You must purchase and install the signage we specify. However, you may need to modify our standard signage to conform to local zoning laws, property use restrictions and/or lease terms. In some instances, exterior signage may be prohibited due to applicable zoning or use restrictions. The low estimate assumes 1 exterior sign and the high estimate assumes 2 exterior signs. These costs may also vary based on landlord restrictions regarding the type of signage that is permitted under the lease.
8. **Graphics Package**: This estimates your cost to purchase a graphics package consisting of interior signage, back-of-house signage and communications, window clings and sneeze guard signage, which will be customized to incorporate artwork and designs prepared by a graphics designer you hire.
9. **Furniture and Fixtures**: This estimates your cost to purchase tables, chairs and lighting. The amount varies based on the size of the Restaurant and whether patio space is used as an additional dining area.
10. **Technology Systems**: This includes your initial cost to purchase, install and set up your Technology Systems, including: computer and printer (\$800 to \$1,600); POS system (\$1,500 to \$2,000); security system (\$8,000 to \$10,000); TV display menus (\$700 to \$3,000); and recipe and music iPads (\$800 to \$1,200).
11. **Kitchen Equipment and Smallwares Package**: This estimate includes the cost of your oven, refrigerators, freezers and other kitchen equipment as well as your initial supply of smallwares.
12. **Initial Inventory**: This estimate includes the cost of your initial supply of food and beverage products, paper and plastic products, cleaning supplies, uniforms, promotional materials and other supplies.
13. **Grand Opening Marketing**: During the period beginning 30 days before opening through 120 days after opening, you must spend a minimum of \$15,000 on approved grand opening marketing activities. The high estimate assumes you choose to spend more.
14. **Additional Funds**: This estimates your expenses during the first 3 months of operation, including payroll costs (excluding any wage or salary paid to you), advertising, inventory replenishment, utilities, software and technology fees and other miscellaneous expenses and required working capital. Your initial 3 months of rent and insurance premiums are separately stated in the table above. These figures are estimates based on the past experience of our principals in developing, opening and operating Restaurants in various states.
15. **Budget and Initial Investment Report**: We strongly recommend you hire an accountant, business advisor or other professional to assist you in developing a budget for the construction, opening and operation of your Restaurant. Within 60 days after your opening date, you must send us a report, in the form we designate, listing the expenses you incur to develop and open your Restaurant. We may use this data for purposes of updating the initial investment estimate in future versions of our Disclosure Document.
16. **Development Fee**: Item 5 discusses how the development fee is calculated. This initial investment estimate assumes you commit to develop either 2 Restaurants (low estimate) or 5 Restaurants (high estimate). If you purchase the right to develop more than 5 Restaurants, your development fee will increase. This estimate does not include your costs to develop any Restaurant other than the first Restaurant you develop under the ADA.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Source-Restricted Purchases and Leases - Generally

You must purchase or lease certain “source-restricted” goods and services for the development and operation of your Restaurant. By “source-restricted”, we mean the good or service must meet our specifications and/or must be purchased from an approved or designated supplier (in some cases, an exclusive designated supplier, which

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may be us or an affiliate). The Manual includes our specifications and supplier list. We notify you of changes to our specifications and suppliers by email, updates to the Manual or other means of communication.

Supplier Criteria

Our criteria for evaluating a supplier include standards for quality, delivery, performance, design, appearance and price of the product or service as well as the dependability, reputation and financial viability of the supplier. Upon request, we will provide you with any objective specifications pertaining to our evaluation of a supplier or product, although certain important subjective criteria (e.g., product appearance, taste, design, functionality, etc.) are important to our evaluation but cannot be described in writing.

If you wish to purchase or lease a source-restricted item from a non-approved supplier, you must send us a written request for approval and submit all additional information we request. We may require that you send us samples from the supplier for testing. We may also require that we be allowed to inspect the supplier's facility. We will use best efforts to notify you of our decision within 45 days after we receive your request for approval and all additional information and samples we require. If we fail to issue our written approval within the 45-day period, we are deemed to have disapproved the proposed supplier. We may periodically re-inspect the facilities and products of an approved supplier and revoke our approval if the supplier fails to meet our then-current criteria. You must reimburse us for all costs we incur to review products and suppliers you propose.

Current Source-Restricted Items

We estimate nearly 70% to 95% of the total purchases and leases to establish your Restaurant and 35% to 60% of ongoing operating expenses will consist of source-restricted goods or services, as further described below.

Site Selection Services

You must contract with and utilize the Real Estate Company we designate to assist you in finding a suitable site for your Restaurant. However, it is ultimately your responsibility to find a suitable site meeting both your and our minimum standards and other requirements.

Lease / Purchase Agreement

You must contract with and utilize the Real Estate Company we designate to assist you in reviewing and negotiating your lease or purchase agreement. If you lease the premises for your Restaurant, you must use best efforts to ensure your landlord signs the Lease Addendum attached to the Franchise Agreement as ATTACHMENT "C". We do not review the substantive terms of your lease except to ensure compliance with our brand standards.

Project Management Services

You must contract with and utilize the Project Manager we designate to provide Project Management Services.

Design and Construction Services

You must hire an architect to prepare initial design plans and detailed construction plans for the construction of your Restaurant. We must approve all plans before construction begins. Once approved, you must construct and equip your Restaurant according to the approved plans and the specifications in the Manual. Your architect and general contractor must be appropriately licensed and bonded to the extent required by applicable law. We must approve all architects, engineers, contractors, project management companies and other professionals involved with the design, construction and/or development of your Restaurant.

Furniture and Fixtures

All furniture and fixtures must meet our standards and specifications. We do not restrict the suppliers from whom you may purchase these items.

Kitchen Equipment and Smallwares

All kitchen equipment and smallwares must our standards and specifications. We may designate one or more models or brands for certain kitchen equipment, such as your ovens. We do not restrict the suppliers from whom you may purchase these items.

Technology Systems

Your Technology Systems (including hardware, software, equipment, software applications, mobile apps and similar items) must meet our standards and specifications. Certain components of your Technology Systems must be purchased from approved or designated suppliers while other components may be purchased from any supplier of your choosing. We may also require that certain services relating to the establishment, use, maintenance, monitoring, security or improvement of your Technology Systems be purchased from approved or designated suppliers. We currently require that you purchase the Toast point-of-sale system. You must license the POS software exclusively from Toast.

Signage

All interior and exterior signage and graphics must meet our standards and specifications. We do not restrict the suppliers from whom you may purchase these items.

Inventory

All inventory (including food and beverage products, paper and plastic products, uniforms, cleaning supplies, etc.) must meet our standards and specifications. We do not currently restrict the suppliers from whom you purchase inventory items but we may do so in the future in order to: (a) better assure the supply and quality of products used in preparing approved menu items; and/or (b) negotiate favorable pricing.

Marketing Materials and Services

All marketing materials must comply with our standards and requirements. We must approve your marketing materials prior to use. You must purchase branded marketing materials only from us or other suppliers we designate or approve. We may require you to contract with a marketing company we designate to implement your grand opening marketing campaign and/or manage your social media.

Delivery Service Providers

We reserve the right to restrict the third-party delivery service providers that you may use.

Insurance Policies

You must obtain the insurance coverage we require (whether in the Franchise Agreement or in the Manual) from licensed insurance carriers rated A-VIII or better by Alfred M. Best & Company, Inc., including the following:

Policy Type	Minimum Coverage
“All risk” Property Insurance	Replacement Value
Comprehensive General Liability Insurance	\$1,000,000 per occurrence and \$2,000,000 in the aggregate
Automobile Liability Insurance	\$1,000,000 per occurrence
Privacy and Cyber Security Liability Insurance	\$1,000,000 per occurrence
Commercial Umbrella Insurance	\$1,000,000 per occurrence
Business Interruption Insurance	At least 12 months’ coverage
Employer’s Liability Insurance	\$1,000,000 per occurrence and \$2,000,000 in the aggregate
Employment Practices Liability Insurance	\$1,000,000 per occurrence and \$2,000,000 in the aggregate

Policy Type	Minimum Coverage
Worker's Compensation Insurance	As required by law
Landlord/Lender Required Insurance	As required by lease or financing agreement

The required coverage and policies are subject to change. All insurance policies must be endorsed to: (a) name us (and our members, officers, directors and employees) as additional insureds; (b) contain a waiver by the insurance carrier of all subrogation rights against us; and (c) provide us with at least 30 days' prior written notice of the termination, expiration, cancellation or modification of the policy.

Purchase Agreements

At this time, we do not negotiate purchase agreements with suppliers. However, we may in the future try to establish relationships with suppliers to enable our affiliates and franchisees to purchase certain items at discounted prices. If we succeed, you will be able to purchase these items at the discounted prices we negotiate (less any rebates or other consideration paid to us).

We may also purchase items in bulk and resell them to you at our cost plus a reasonable markup (your total cost to purchase the items from us will not exceed your total cost to purchase the items directly from the supplier without the benefit of our group purchasing power).

Currently there are no purchasing cooperatives but we may establish them in the future. You do not receive any material benefits for using designated or approved suppliers other than having access to any discounted pricing we negotiate.

Franchisor Revenues from Source-Restricted Purchases

Although we are not currently a supplier, we may designate ourselves or an affiliate as an approved or designated supplier in the future, in which case we and our affiliates may generate a profit from these purchases. At this time, there are no approved or designated suppliers in which any of our officers own an interest. No person affiliated with us is currently an approved (or the only approved) supplier.

We may receive rebates, payments or other material benefits from suppliers based on franchisee purchases and we have no obligation to pass them on to our franchisees or use them in any particular manner. As of the issuance date of this Disclosure Document, we do not have any relationships with suppliers that involve rebates, payments or other material benefits based upon franchisee purchase or leases.

During the fiscal year ended December 31, 2023, neither we nor our affiliates received any revenue as a result of franchisee purchases or leases of goods or services from designated or approved suppliers (including purchases from us or our affiliates).

ITEM 9 FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement (FA), Area Development Agreement (ADA) and other agreements. It will help you find more detailed information about your obligations in these agreements and other items in this Disclosure Document.

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	FA: 7.1 & 7.2 ADA: 4.2	Item 7 & Item 11
b. Pre-opening purchases/leases	FA: 7.3, 11.8 & 15.1 ADA: Not Applicable	Item 7, Item 8 & Item 11
c. Site development and other pre-opening requirements	FA: 7.3 & 7.4 ADA: 4.2	Item 6, Item 7 & Item 11

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
d. Initial and ongoing training	FA: 5 ADA: Not Applicable	Item 6 & Item 11
e. Opening	FA: 7.4 ADA: 4.1	Item 11
f. Fees	FA: 4.2, 5.5, 5.6, 6.7, 6.8, 7.5, 8.4, 10, 11.8, 11.9, 11.13, 11.16, 11.17, 13, 15.1, 16, 19.2 & 21.3 ADA: 5 & 8.2	Item 5 & Item 6
g. Compliance with standards and policies/Operating Manual	FA: 6.1, 7.1, 7.3, 10.3, 11 & 17.1 ADA: 4.2	Item 11
h. Trademarks and proprietary information	FA: 17 ADA: 2	Item 13 & Item 14
i. Restrictions on products/services offered	FA: 11.3 ADA: Not Applicable	Item 16
j. Warranty and client service requirements	FA: 11.15 ADA: Not Applicable	Not Applicable
k. Territorial development and sales quotas	FA: Not Applicable ADA: 4.1	Item 12
l. Ongoing product/service purchases	FA: 11.8 ADA: Not Applicable	Item 8
m. Maintenance, appearance and remodeling requirements	FA: 11.10, 11.11 & 11.12 ADA: Not Applicable	Item 11
n. Insurance	FA: 15.1 ADA: Not Applicable	Item 6, Item 7 & Item 8
o. Advertising	FA: 10 ADA: Not Applicable	Item 6, Item 7 & Item 11
p. Indemnification	FA: 18.1 ADA: 7	Item 6
q. Owner's participation/management/staffing	FA: 8 ADA: Not Applicable	Item 11 & Item 15
r. Records/reports	FA: 15.2 & 15.3 ADA: Not Applicable	Item 6
s. Inspections/audits	FA: 16 ADA: Not Applicable	Item 6 & Item 11
t. Transfer	FA: 19 ADA: 8	Item 17
u. Renewal	FA: 4 ADA: 4.4	Item 17
v. Post termination obligations	FA: 21 ADA: Not Applicable	Item 17
w. Non-competition covenants	FA: 14 ADA: Not Applicable	Item 17
x. Dispute resolution	FA: 22 ADA: 10	Item 17

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
y. Franchise Owner Agreement (brand protection covenants, transfer restrictions and financial assurance for owners and spouses)	FA: 9 & <u>ATTACHMENT "D"</u> ADA: 6	Item 15

ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee any of your notes, leases or obligations.

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

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

Before you open your Restaurant, we will:

1. Provide access to our Manual which will help you establish and operate your Restaurant, as discussed below under "Manual". (§6.1)
2. Review and approve or disapprove sites you propose for your Restaurant, as discussed below under "Site Selection". (§7.1, 7.3 & 7.4)
3. Provide our written specifications for goods and services you must purchase to develop, equip and operate your Restaurant and a list of suppliers. We do not deliver or install any items that you purchase. (§11.2)
4. Provide access to approved advertising and marketing materials, as discussed below under "Advertising and Marketing". (§10.2)
5. Review and approve or disapprove the design and buildout of your Restaurant, as discussed below under "Site Development". (§7.3 & 7.4)
6. Provide an initial training program, as discussed below under "Training Program". (§5.1 & 5.2)

During the operation of your Restaurant, we will:

1. Provide our guidance and recommendations to improve the operation of your Restaurant. (§6.2)
2. Provide periodic training programs, as discussed below under "Training Program". (§5.3)
3. Maintain a corporate website to promote our brand and a local webpage to promote your Restaurant, as discussed below under "Advertising and Marketing". (§6.6)
4. Establish and implement the Brand Fund, as discussed below under "Advertising and Marketing". (§10.1)
5. Provide you with our corporate retail pricing model, which has not been adapted for local market conditions. You may deviate from our corporate retail pricing at your discretion. However, in the future we may require you to obtain our approval of any deviation more than 10% higher or lower than our corporate retail pricing, unless the pricing is part of a temporary advertising campaign we approved. To the extent permitted by applicable law, we may set maximum or minimum prices on the goods and services you sell. (§11.6)

During the operation of your Restaurant, we may, but need not:

1. Conduct periodic field visits to provide onsite consultation, assistance and guidance pertaining to the operation and management of your Restaurant. (§6.4)
2. Develop new merchandise, menu items or other goods or services for sale by Restaurants. (§6.9)

3. Negotiate purchase agreements with suppliers to obtain favorable pricing. We may also purchase items in bulk and resell them to you at our cost plus shipping and a reasonable markup. (§6.8)
4. Hold periodic conferences to discuss relevant business and operational issues such as industry changes or new services, products, technology or marketing strategies. (§5.6)
5. Create a franchise advisory council, as discussed below under “Advisory Council”. (§12)
6. Provide additional training or assistance you request, as discussed below under “Training Program”. (§5.3)

We do not provide area developers with any support under their ADA.

Manual (§6.1, 11.2 & 24.8)

We provide electronic access to our Manual during the term of the Franchise Agreement. The Manual may include, among other things:

- architectural plans and specifications for the design, dimensions, layout, equipping and trade dress for a prototype Restaurant
- a list of (a) goods and services (or specifications for goods and services) you must purchase to develop and operate your Restaurant and (b) designated and approved suppliers
- a description of the menu items, beverages, merchandise, retail items and other authorized goods and services you may offer and sell
- specifications, techniques, methods, operating procedures and quality standards
- policies and procedures pertaining to: (a) reporting; (b) insurance; (c) marketing and advertising; (d) gift card and/or loyalty programs; (e) catering and/or delivery services; (f) maintenance and retention of books and records; (g) data entry; (h) data ownership, protection, sharing and use; and (i) any other matter we deem appropriate

The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees. All mandatory provisions in the Manual are binding on you. We can modify the Manual at any time, but the modifications will not alter your status or fundamental rights under the Franchise Agreement. Any modification to the Manual is effective at the time we notify you of the change. However, we may provide you with a reasonable period of time to implement certain changes (for example, implementing new software or technology). The Manual contains a total of 612 pages. A copy of the Table of Contents to the Manual is attached to this Disclosure Document as EXHIBIT "E".

Training Program (§5)

Initial Training

We will provide an initial training program for your Operating Partner and initial Restaurant managers. You may send other owners to initial training, but it is not required. Your Operating Partner and initial managers must successfully complete initial training to our satisfaction before your Restaurant opens. However, there is no specific period of time after signing or before opening that training must be completed. The initial training program includes the following 2 phases:

- (1) approximately 1 week of training at our company-owned Restaurant located in Columbus, Ohio*, which also serves as our designated training facility; and
- (2) approximately 2 weeks of onsite training conducted at your Restaurant.

* We reserve the right to designate other training facilities at any time.

We may utilize any training format we deem appropriate (e.g., lectures, interactive role playing, hands-on training, self-directed online training, etc.). We reserve the right to conduct all (or any portion) of the training

program remotely via webinar, conference call or similar means. The Manual serves as our principal training material. We do not charge you for training materials.

We can modify the training program at our discretion based on our subjective assessment of the skills and prior experience of your Operating Partner and management personnel. Currently, we intend to offer initial training on a quarterly basis, assuming sufficient demand. The initial training program currently consists of the following:

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Welcome and General Orientation	1	0	Designated Training Facility (Columbus, Ohio)
Area Development Program	.5	0	Designated Training Facility (Columbus, Ohio)
Business Set Up	1	.5	Designated Training Facility (Columbus, Ohio)
POS and Computer System	0	1	Designated Training Facility (Columbus, Ohio)
Site Selection Proposal and Analysis	1	0	Designated Training Facility (Columbus, Ohio)
Site Visit	0	1	Designated Training Facility (Columbus, Ohio)
Prepare Plan for Restaurant Marketing	.5	.5	Designated Training Facility (Columbus, Ohio)
Training in Marketing Management	.5	0	Designated Training Facility (Columbus, Ohio)
Food Storage and Safety	0	1	Designated Training Facility (Columbus, Ohio)
Inventory Management	0	.5	Designated Training Facility (Columbus, Ohio)
Equipment Set Up	0	.5	Designated Training Facility (Columbus, Ohio)
Managing Labor Costs	.5	0	Designated Training Facility (Columbus, Ohio)
Customer Service	0	.5	Designated Training Facility (Columbus, Ohio)
Menu Planning	.5	0	Designated Training Facility (Columbus, Ohio)
Business Development	1	0	Designated Training Facility (Columbus, Ohio)
Branding and Trademarks	.5	0	Designated Training Facility (Columbus, Ohio)
Review of Available Consulting Services	.5	0	Designated Training Facility (Columbus, Ohio)

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Supplier Relationships	.5	0	Designated Training Facility (Columbus, Ohio)
Legal Compliance and Tax Overview	.5	0	Designated Training Facility (Columbus, Ohio)
Hands On Work at Restaurant	0	8	Designated Training Facility (Columbus, Ohio)
Preparations for Opening	1	.5	Designated Training Facility (Columbus, Ohio)
Food Preparation	0	2	Designated Training Facility (Columbus, Ohio)
Quality Control and Tasting	0	2	Designated Training Facility (Columbus, Ohio)
TOTAL	9.5	18	

There is no set curriculum or topics covered during the 2-week onsite initial training program conducted at your Restaurant. Instead, onsite training is an informal training program where we monitor your operations, train your staff and assist you with the grand opening of your Restaurant. Onsite training begins approximately 2 weeks prior to your grand opening date and concludes after your grand opening date.

Ongoing Training

From time to time, we may require that your Operating Partner and managers attend system-wide refresher or supplemental training courses. Any new Operating Partner or manager you appoint must successfully complete our initial training program before assuming responsibility for the management of your Restaurant. If we inspect your Restaurant and determine you are not operating in compliance with the Franchise Agreement and/or the Manual, we may require that your Operating Partner and managers attend remedial training relevant to the operational deficiencies we identify. You may also request that we provide additional training (either at corporate headquarters or at your Restaurant). We are not required to provide additional training you request.

You are solely responsible for training all of your employees and staff members other than managers.

Instructors

Our President and Co-Founder, Brian Mills, is in charge of our training program. Mr. Mills has been with the CHOP5 system since its inception in 2015. Mr. Mills has a total of 31 years of experience in the restaurant industry including 9 years as Co-Founder and Operating Manager of Chop5 Salad Kitchen, 3 years as President and Owner of SD Custom Pizza and 8 years as Co-Owner of PJ COMN (a franchisee of Papa John's Pizza that owned approximately 80 franchised locations). Mr. Mills intends to recruit and utilize other instructors who have prior experience working in a CHOP5 Salad Kitchen or who are professional trainers with significant industry experience.

Training Fees and Costs

We provide our pre-opening initial training program in exchange for the \$5,000 initial training fee. We may charge you an additional training fee of up to \$500 per person per day for each person who:

- attends initial training after opening, such as a new Operating Partner or manager
- attends a system-wide refresher or supplemental training program
- retakes training after failing a prior attempt
- attends remedial training we require due to your operational deficiencies

- attends additional training requested by you

If we agree to provide onsite training or assistance at your Restaurant, you must also reimburse us for all Travel Expenses we incur. You are responsible for all wages and Travel Expenses your trainees incur for training.

Site Selection (§7.1 & 7.2)

Restaurants are typically located in downtown commercial areas or residential areas, including within shopping malls, shopping centers and strip malls. The premises may be an inline, end-cap or freestanding retail location. Restaurants are expected to range in size from 1,700 to 2,500 square feet.

We do not select the site for your Restaurant and we do not purchase the premises and lease it to you. You must contract with our designated Real Estate Company to assist you in finding suitable sites. However, you retain ultimately responsibility for finding the approved site for your Restaurant. You must identify and obtain our approval of the site for your Restaurant within 180 days after signing the Franchise Agreement. We may terminate your Franchise Agreement if you fail to meet this deadline.

Your Restaurant must be located within the Site Selection Area identified in Part C of ATTACHMENT "A" to the Franchise Agreement (the "Site Selection Area") and conform to our minimum site selection criteria. You must send us a complete site report that includes all information we require about your proposed site.

We try to approve or disapprove sites you propose within 30 days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our written approval within the 30-day period. We consider the following factors when reviewing proposed sites:

- parking
- visibility, size, condition and characteristics of the building
- traffic counts
- general location
- existence and location of competitive businesses
- general character of the neighborhood
- local demographic information
- various economic indicators

If we approve your site before signing the Franchise Agreement, we will list the address in Part D of ATTACHMENT "A" to the Franchise Agreement. If we do not approve your site before signing, we will send you a Site Approval Notice (in the form attached to the Franchise Agreement as ATTACHMENT "B") within 15 days after approving your site, which will list the address of your approved site.

The Real Estate Company will assist you in reviewing and negotiating the terms of your lease (or your purchase agreement if you purchase the property). We do not review the substantive terms of your lease except to ensure compliance with our brand standards. However, you must use best efforts to ensure your landlord signs the Lease Addendum attached to the Franchise Agreement as ATTACHMENT "C". The Lease Addendum is designed to protect our interests. For example, the landlord must notify us of your defaults, offer us the opportunity to cure your defaults, allow us to take an assignment of your lease in certain situations, permit us to enter the premises to remove items bearing our Marks if you refuse to do so and give us a right of first refusal to lease the premises upon the expiration or termination of your lease. If your landlord refuses to sign the Lease Addendum in substantially the form attached to the Franchise Agreement, we may either (a) waive the Lease Addendum requirement (or the provisions disapproved by the landlord) or (b) require you to find a new site for your Restaurant.

If you sign an ADA, we must approve the site for each Restaurant you develop applying our then-current site selection criteria.

Site Development (§7.3)

The Manual includes generic prototype plans for a Restaurant as well as our standards and specifications for the design, layout, equipping and trade dress for a Restaurant. You must hire a licensed and bonded architect to prepare initial design plans for the construction of your Restaurant and leasehold improvements. We must approve the initial design plans to ensure they are consistent with our system standards. Once approved, your architect must prepare detailed construction plans that: (a) are consistent with the approved design plans; (b) satisfy all required standards and specifications in the Manual; and (c) comply with all federal, state and local ordinances, building codes, permit and lease requirements and restrictions applicable to the premises. You must submit the final construction plans to us for approval. Once approved, you must construct and equip your Restaurant according to the approved construction plans and the requirements of the Manual. You must purchase (or lease) and install the Technology Systems, equipment, fixtures, signs and other items we require.

We may require you to periodically remodel and refurbish your Restaurant to conform to our then-current standards and specifications. We will not impose this requirement during the last 12 months of the term of your Franchise Agreement except as a condition to renewal or transfer of your franchise rights. There are no other limitations on the cost or frequency of these remodeling and refurbishment obligations. You may not remodel or significantly alter your premises without our prior approval.

We will designate the company that will serve as your Project Manager. You pay the Project Manager a \$15,000 project management fee. In exchange for this fee, the Project Manager provides the following Project Management Services relating to the development of your Restaurant:

- developing a preliminary layout and design for your Restaurant
- coordinating with your architect and reviewing construction plans and permits
- preparing bids and selecting your general contractor
- monitoring construction progress
- supporting the scheduling and installation of signage, furniture, fixtures and equipment

Most of the underlying services are provided by outside suppliers and you pay these suppliers directly for their services. The Project Manager's role is to oversee and coordinate with the various members of your development team (architects, engineers, general contractor, etc.) in an effort to manage the overall Restaurant development process and allow you to open as quickly as possible.

Opening Requirements (§7.4)

We anticipate a typical franchisee will open his or her Restaurant within 6 to 12 months after signing the Franchise Agreement. Factors that may affect this time include:

- the amount of time needed to find an approved site
- protracted lease negotiations with your landlord
- the amount of time needed to secure financing, insurance, licenses and permits
- the condition of your building and extent of required upgrades, remodeling and renovations
- construction delays due to labor or materials shortages, inclement weather or other reasons
- delayed delivery or installation of equipment and fixtures
- the amount of time needed to comply with zoning requirements and other laws and regulations
- the amount of time needed to complete training
- the amount of time needed to hire and train your staff

You may not open your Restaurant prior to receipt of our written authorization to open. Unless we agree to the contrary, you must open your Restaurant by the earlier to occur of: (a) 12 months after signing the Franchise Agreement; or (b) 6 months after site approval. We may terminate the Franchise Agreement if you fail to open

by this deadline.

Advertising and Marketing (§10)

We provide the advertising and marketing support discussed below. You must participate at your own expense in all advertising, promotional and marketing programs we require. There is currently no franchisee advertising council that advises us on marketing and advertising matters. The maximum total amount we may charge you at any given time for brand fund fees, the Local Advertising Commitment and Cooperative Advertising Fees (each discussed below), on a combined basis, is capped at 8.5% of Gross Sales.

Grand Opening Marketing

You must spend between at least \$15,000 on your grand opening marketing activities. We may require that you utilize our designated marketing company to design and implement your customized grand opening marketing plan.

Ongoing Local Marketing By You

After opening, you must spend a minimum monthly amount equal to your Local Advertising Commitment on local advertising. The amount of your Local Advertising Commitment varies in accordance with the following table:

LOCAL ADVERTISING COMMITMENT		
Time Period (measured from opening date)	Current Amount	Maximum Amount*
0 through 12 th month	8% of Gross Sales	10% of Gross Sales
13 th month through remainder of term	3.0% of Gross Sales	5.0% of Gross Sales

* We will provide you with at least 180 days' notice before we implement any increase to your Local Advertising Commitment.

We measure your compliance on a rolling 6-month basis, meaning as long as your average monthly expenditure on local advertising over the 6-month period equals or exceeds your Local Advertising Commitment, you are deemed in compliance even if your expenditure in any given month is less than your Local Advertising Commitment.

You may develop your own advertising and marketing materials and programs, provided we approve them in advance. We must also approve the media you intend to use. You may not use any advertising materials, programs or media that we have not approved. We have 14 business days to review and approve or disapprove advertising and marketing materials and programs you submit for approval. Our failure to approve them within the 14 business-day period constitutes our disapproval.

Local Marketing Assistance From Us

We provide reasonable marketing consulting, guidance and support throughout the franchise term on an "as-needed" basis. We provide you with our recommended marketing plan for a Restaurant. We may create and make available to you advertising and marketing materials for your use. We may use the brand fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may provide online access to these materials, in which case you must print the materials at your expense. We may also contract with third-party suppliers to create advertising or marketing materials that you may purchase.

Websites, Social Media and Digital Advertising

We will maintain a corporate website to promote our brand. We will also create and host a local webpage to promote your Restaurant, which will be linked to our corporate website. Your webpage will list certain information about your Restaurant, such as address, hours of operation and contact information. We can modify

or discontinue our website and/or your local webpage at any time.

Except for the webpage we provide, you may not (a) develop, host, or otherwise maintain a website or other digital presence relating to your Restaurant (including any website bearing any of our Marks); (b) utilize the Internet to conduct digital or online advertising; or (c) engage in ecommerce. However, we do permit you to market your Restaurant through approved social media channels, subject to the following requirements:

- you may only conduct social media utilizing the social media platforms that we approve
- you must strictly comply with our social media policy, as revised from time to time
- you must immediately remove any post we disapprove, even if it complies with our social media policy
- we may require that you contract with and utilize a social media company we designate
- you must provide us with full administrative rights to your social media accounts
- we must retain ownership of all social media accounts relating to your Restaurant

Gift Card and Loyalty Programs

We may require that you participate in a gift card or other customer loyalty program in accordance with our policies and procedures. In order to participate, you may be required to purchase additional equipment, software and/or Apps and pay fees relating to the use of that equipment, software and/or Apps. We have the right to determine how proceeds from gift card sales are divided or otherwise accounted for and we may retain proceeds from unredeemed gift cards. You must follow all policies we establish for gift card and/or loyalty programs.

Advertising Cooperatives

We may, but need not, form advertising cooperatives for the benefit of all Restaurants located in a particular region. We will determine the boundaries of the cooperative. In most instances, the boundaries will coincide with zip codes, designated marketing areas or municipal boundaries. We will specify the manner in which the cooperative is organized and governed. We may choose between: (a) administering the cooperative ourselves; or (b) establishing an advertising council, comprised by the cooperative's members, to administer the cooperative. We may require that the cooperative be administered in accordance with written bylaws, organizational documents or other governing documents that we approve. The governing documents will be made available to you upon request.

If your Restaurant is located within a region subject to an advertising cooperative you must: (a) participate in the cooperative according to its rules and procedures and abide by its decisions; and (b) pay a cooperative advertising fee. We may set the minimum cooperative advertising fee or we may allow the cooperative to set the fee based on majority vote of its members. In either case, the cooperative advertising fee will not exceed your Local Advertising Commitment. All cooperative advertising fees you pay are credited against your Local Advertising Commitment. Any company-owned Restaurant located in the cooperative will contribute on the same basis as franchisees.

Advertising cooperatives are not required to prepare annual or periodic financial statements. Any financial statements that are prepared will be made available to you upon request. We reserve the right to form, change, merge or terminate advertising cooperatives at any time.

Brand and System Development Fund

We intend to establish and administer the Brand Fund to promote public awareness of our brand and improve our System. We expect to establish the Brand Fund on the opening date of the first franchised Restaurant. We may use the Brand Fund to pay for any of the following in our discretion:

- developing maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs

- conducting and administering promotions, contests or giveaways
- expanding public awareness of the Marks
- public and consumer relations and publicity
- brand development
- sponsorships
- charitable and nonprofit donations and events
- research and development of technology, products and services
- website development and search engine optimization
- development and maintenance of an ecommerce platform
- development and implementation of quality control programs, including the use of mystery shoppers or customer satisfaction surveys
- conducting market research
- changes and improvements to the System
- the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts
- collecting and accounting for contributions to the Brand Fund
- preparing and distributing financial accountings of the Brand Fund
- any other programs or activities we deem appropriate to promote or improve the System
- direct and indirect labor, administrative, overhead and other expenses incurred by us and/or our affiliates in relation to any of these activities (including salary, benefits and other compensation of any of our, and any of our affiliate's, officers, directors, employees or independent contractors based upon time spent working on any brand fund matters described above)

We direct and have complete control and discretion over all advertising programs paid for by the Brand Fund, including the creative concepts, content, materials, endorsements, frequency, placement and media used for the programs. During our growth phase, we expect most advertising will be local or regional in coverage. We may conduct advertising through any media we deem appropriate, including digital, print, television, radio and billboard. The Brand Fund will not be used to pay for advertisements principally directed at selling additional franchises, although consumer advertising may include notations such as “franchises available” and one or more pages on our website may promote the franchise opportunity.

You must contribute to the Brand Fund the amount we specify from time to time (i.e., the brand fund fee). The amount of the brand fund fee varies in accordance with the following table:

BRAND FUND FEE		
Time Period (measured from opening date)	Current Amount	Maximum Amount*
0 through 12 th month	0.5% of Gross Sales	4.5% of Gross Sales
13 th month through 24 th month	1% of Gross Sales	5% of Gross Sales
25 th month through remainder of term	1.5% of Gross Sales	5.5% of Gross Sales

* We will provide you with at least 180 days' notice before we implement any increase to the brand fund fee.

We deposit all brand fund fees we collect into the Brand Fund. Any company-owned Restaurant will contribute to the fund on the same basis as our franchisees. However, if we modify the amount or timing of the required contributions, any company-owned Restaurant that is established or acquired after the modification may contribute utilizing the modified amount or timing. Except as stated in this paragraph, we have no obligation to

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expend our own funds or resources for any marketing activities in your area.

All monies deposited into the Brand Fund that are not used in the fiscal year in which they accrue will be utilized in the following fiscal year. Any surplus of monies may be invested and we may lend money if there is a deficit. An unaudited financial accounting of the operations of the Brand Fund will be prepared annually and made available to you upon request. During the fiscal year ended December 31, 2023 we did not collect or spend any monies from the Brand Fund.

We assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the Brand Fund. The Brand Fund is not a trust and we have no fiduciary obligations with respect to our administration of the fund. Once established, we may discontinue the Brand Fund upon 30 days' prior notice.

Advisory Council (§12)

We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We would consider all suggestions in good faith, but would not be bound by them. The council would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of council representatives to communicate with us on matters raised by the council. You would have the right to be a member of the council as long as you comply with your Franchise Agreement and do not act in a disruptive, abusive or counter-productive manner, as determined by us in our discretion. As a member, you would be entitled to all voting rights and privileges granted to other members of the council. Any company-owned Restaurant would also be a member of the council. Each member would be granted 1 vote on all matters on which members are authorized to vote. We would have the power to form, change or dissolve the advisory council in our discretion.

Computer System (§6.7, 11.8, 11.12, 11.9, 15.3 & 16.1)

You must purchase and use all Technology Systems we designate. One component of our Technology Systems is your "computer system", which includes: (a) 1 back office desktop or laptop computer with Microsoft Excel and Word; (b) 1 all-in-one printer, scanner and fax machine; (c) recipe and music iPads; and (d) Toast POS system with the following hardware and associated equipment:

- 2 Toast Flex for Guest with Toast Tap (on counter), Toast Printer and Cash Drawer
- 1 Elo V4 Kitchen Display Screen (Wall Mount)
- Meraki Z3 Router and 16 Port POE Switch
- 1 Toast Printer with Power Supply
- 1 Epsom Label Printer

You must also purchase certain initial onboarding services from Toast. In addition to the basic software subscription, you must purchase the following subscriptions from Toast: Enterprise Data Management; Gift Card Program; Loyalty Program; Online Ordering; Toast Takeout; and Kitchen Display. You may, but need not, purchase the following optional subscriptions from Toast: Marketing; and Third-Party Integration (for third-party delivery platforms such as UberEats, Doordash and GrubHub). If you choose not to purchase Toast's Marketing subscription, you must purchase another program that allows you to text market to your database (we currently use a program called Simple Texting).

You must acquire and maintain high-speed Internet access in compliance with our minimum standards and specifications. We may change the components of the Technology Systems from time to time, including your computer system.

Email Addresses

We may, but need not, provide you with one or more email addresses for use with your Restaurant. If we do so,

you must exclusively use the email addresses we provide for all communications with us, customers, suppliers and other persons relating to your Restaurant. You may not use them for any purpose unrelated to your Restaurant. We will own the email addresses and accounts but allow you to use them during the term of your Franchise Agreement.

How Computer System Is Used

The computer system will generally be used to: process sales transactions; send customer orders to the kitchen area; facilitate online ordering; facilitate order and delivery through third-party delivery platforms; implement text marketing and other marketing communications; implement our gift card and/or loyalty program; order additional inventory; process and manage payroll; prepare financial and other reports; perform accounting functions; communicate via e-mail; and access any Extranet or Intranet we develop or maintain (including for purposes of accessing our Manual, online training modules or online advertising templates).

Fees and Costs

We estimate the initial cost of your computer and point-of-sale system (including any upfront license fees, setup fees, onboarding services, software training fees, data migration fees, etc.) will range from \$2,300 to \$3,600.

Toast provides a 2-year warranty on all hardware other than Toast Go 2 Pay terminals, which have a 1-year warranty. You must pay Toast an ongoing fee of \$390 per month (\$4,680 per year) for the required subscriptions. The required and optional subscriptions for Toast are set forth below:

TOAST SUBSCRIPTIONS AND FEES			
Subscription	Required or Optional	Fee (Monthly)	Fee (Annual)
Toast POS Software	Required	\$90	\$1,080
Additional Tablet Software	Required	\$50	\$600
Enterprise Data Management	Required	\$50	\$600
Gift Card Program	Required	\$50	\$600
Loyalty Program	Required	\$50	\$600
Online Ordering	Required	\$75	\$900
Toast Takeout	Required	\$0	\$0
Kitchen Display	Required	\$25	\$300
Marketing	Optional*	\$75	\$900
3 rd Party Delivery Platform Integration	Optional	\$25 (per platform)	\$300 (per platform)

* You are required to have text marketing capabilities. If you decide not to purchase the marketing subscription from Toast, you must purchase text marketing capabilities from another source. Our 3 company-owned Restaurants use Simple Texting, which costs us approximately \$899 per month on an aggregate basis (\$10,788 per year) plus \$0.02 per message. Pricing varies depending on the plan selected and number of text messages purchased.

As part of the monthly fee, Toast will provide all required maintenance and updates for your POS system software. Any upgrades will be billed at Toast’s then-current rates. You have the option to purchase additional features for your POS system at an additional cost. Toast will serve as your credit card processing company and charge you its then-current credit card processing rates. The fees charged by Toast are subject to change.

As further detailed in Item 6, we may require that you pay us a technology fee for certain software, technology and related services that we provide. We do not currently charge a technology fee but may do so in the future.

Except as otherwise disclosed above with respect to the Toast POS system: (a) neither we nor any other party has any obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer system; and (b) we are not aware of any optional or required maintenance, updating, upgrading or support contracts relating to your computer system.

Collection and Sharing of Data

Your computer system will collect sales data, customer data (including names, contact information and purchase history), employee data, inventory management data, financial accounting data and other relevant operational data. We will have independent unlimited access to the data collected on your computer system and there are no contractual limits imposed on our access.

We own all data relating to your operations and customers. We grant you a license to use this data solely for purposes of operating your Restaurant. You must protect all customer data with a level of control proportionate to the sensitivity of data. You must comply with all applicable data protection laws and our data processing and data privacy policies in the Manual. You must also comply with the standards established by PCI-DSS to protect the security of credit card information.

Computer System Maintenance and Changes

You must maintain the computer system in good condition at your cost. We may require that you upgrade or update your computer system and other Technology Systems to conform to our then-current specifications. There are no contractual limitations on the frequency or cost of these updates or upgrades.

ITEM 12 TERRITORY

You will not receive an exclusive territory or development 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.

Restaurant Location

Each Franchise Agreement grants you the right to operate one Restaurant from a site we approve. You must identify a site for your Restaurant within the Site Selection Area described in Part C of ATTACHMENT "A" to your Franchise Agreement.

You may relocate your Restaurant with our prior written approval. We will approve your request if either: (a) your Restaurant is destroyed or damaged to such an extent that it cannot be repaired within a reasonable time or at a reasonable cost; or (b) your Restaurant is consistently losing money and we and you mutually agree that relocation to a more desirable site would significantly improve the profitability of the Restaurant. We do not intend to approve relocation requests for any other reason, but reserve the right to do so. If we allow you to relocate, you must: (a) engage the Real Estate Company to provide Real Estate Management Services and pay the associated fee; (b) obtain our approval of the site for your new Restaurant within the Site Selection Area (but outside any territory granted or reserved to us, our affiliate or any other franchisee); (c) comply with our then-current site selection and development requirements; (d) remove trade dress and alter the premises of the closed (i.e., former) Restaurant to eliminate any resemblance to a CHOP5 Salad Kitchen; (e) pay us a relocation fee of \$5,000 at the time we approve your request to relocate; (f) pay the Project Manager a \$15,000 project management fee; and (g) open your Restaurant at the new site and resume operations within 30 days* after closing your Restaurant at the former site.

* If your Restaurant is destroyed, condemned or otherwise rendered unusable due to the physical condition of the premises, you will instead have 180 days to relocate and resume operations at the new site.

Description of Territory (Franchise Agreement)

Your territory will consist of the geographic area within a ½-mile radius from your Restaurant. Upon renewal, we reserve the right to modify the boundaries of your territory in accordance with our then-current territory

guidelines and criteria.

Description of Development Territory (ADA)

If you acquire area development rights, we will identify the boundaries of your development territory in Part C of ATTACHMENT "A" to your ADA. A development territory typically consists of a geographic area that coincides with the boundaries of a municipality, such as a city, county or state. There is no specific minimum or maximum size for a development territory. In determining the size of your development territory, we primarily consider the number of Restaurants you commit to develop.

You must sign a separate Franchise Agreement for each Restaurant you develop. All Restaurants you develop must be located within your development territory. We must approve the site for each Restaurant you develop under our then-current site selection criteria. We send you a complete execution copy of the ADA that includes your development territory, development fee and development schedule at least 7 days before you sign it.

Territorial Protections and Limitations

During the term of your Franchise Agreement we will not develop or operate, or license a third party to develop or operate, a Restaurant using our Marks that is physically located within your territory except as otherwise permitted below with respect to Captive Venues and Acquisitions (each defined below).

During the term of your ADA (if applicable) we will not develop or operate, or license a third party to develop or operate, a Restaurant using our Marks that is physically located within your development territory during the term of the ADA other than: (a) any Restaurant that is located within your development territory as of the date you sign the ADA (either open, under construction or for which a Franchise Agreement has been signed); and (b) as otherwise permitted below with respect to Captive Venues and Acquisitions.

We reserve the right to develop and operate, and license third parties to develop and operate, Restaurants that are located in Captive Venues, including Captive Venues located within your territory and development territory, if applicable. A “Captive Venue” means a non-traditional outlet for a Restaurant that is located within, or is a part of, another establishment or facility that consumers may visit for a purpose unrelated to the Restaurant. Examples of Captive Venues include Restaurants that are located within:

- hotels or casinos
- college campuses or universities
- airports, train stations, bus stations or cruise terminals
- stadiums or sporting arenas
- shopping malls
- military bases
- concert venues
- amusement parks

We also reserve the right to acquire, or be acquired by, another business or chain that may sell competitive or identical goods or services, and those businesses may be converted into Restaurants operating under the Marks regardless of their location (an “Acquisition”). Any such acquired or converted businesses may be located within your territory and development territory, if applicable.

Alternative Channels of Distribution

We reserve the right to sell, and license others to sell, competitive or identical goods and services (either under the Marks or different trademarks) through Alternative Channels of Distribution, including within your territory and development territory, if applicable. An “Alternative Channel of Distribution” means any channel of distribution other than retail sales made to customers while present at a Restaurant. Examples of Alternative Channels of Distribution include:

- sales through direct marketing, such as over the Internet or through catalogs or telemarketing
- sales through retail stores that do not operate under the Marks, such as grocery stores or convenience stores
- sales made at wholesale
- sales through catering or delivery service
- sales through kiosks or mobile trailers

You are not entitled to any compensation for sales that take place through Alternative Channels of Distribution.

Restrictions on Your Sales and Marketing Activities

You can market and advertise outside of your territory and development territory, if applicable, as long as: (a) you comply with all policies and procedures in the Manual governing extra-territorial marketing; and (b) you do not engage in targeted marketing directed into any territory or development territory assigned to us, our affiliate or another franchisee (unless the marketing is conducted as part of an advertising cooperative that includes the affected territory). Marketing that is distributed, circulated or received both within your territory and within another territory is not considered “targeted marketing” if: (a) you use reasonable efforts to limit the circulation or distribution of the advertising to areas within your territory; and (b) the majority of the recipients of the advertising are located within your territory and there is only incidental circulation or distribution within a territory assigned to us, our affiliate or another franchisee. The meaning of “targeted marketing” that is “directed into a territory” may be further defined in the Manual, but examples include direct mail sent to addresses within a given territory, digital advertising sent to devices with IP addresses registered within a given territory and conducting promotional events within a given territory.

Your Restaurant must offer catering and delivery service. You may not market or sell using any other Alternative Channels of Distribution (such as the Internet, catalog sales, telemarketing or other direct marketing) either within or outside of your territory or development territory, if applicable. Your marketing activities are also subject to the additional restrictions described in Item 11 under the Section entitled “Websites, Social Media and Digital Advertising”. You must comply with any minimum advertised pricing policy that we establish from time to time. There are no other restrictions on your right to solicit customers, whether from inside or outside of your territory or development territory, if applicable.

Minimum Performance Requirements

Your territorial protections under the Franchise Agreement do not depend on achieving a certain sales volume, market penetration or other contingency.

If you sign an ADA and fail to satisfy your development schedule by opening and operating the prescribed number of Restaurants within the required period of time, we may terminate your ADA and you will lose the territorial protections associated with your development territory.

Additional Franchises and Territories

You are not granted any options, rights of first refusal or similar rights to acquire additional territories or franchises, other than your right and obligation to develop the prescribed number of Restaurants within your development territory if you sign an ADA.

Competing Businesses Under Different Marks

Currently, neither we nor any affiliate of ours intends to operate or franchise another business under a different trademark that sells products or services similar to the products or services offered by a Restaurant. However, we reserve the right to do so in the future.

ITEM 13 TRADEMARKS

We grant you the right to operate a Restaurant under the name “CHOP5 Salad Kitchen[®]” and the associated Franchise Disclosure Document (2024)

logo. By trademark, we mean trade names, trademarks, service marks and logos used to identify your Restaurant or the products or services you sell. We may change the trademarks you may use from time to time, including by discontinuing use of the Marks listed in Item 13. If this happens, you must change to the new trademark at your expense.

Our affiliate, CHOP5 IP LLC, owns the following trademarks that have been registered on the Principal Register of the United States Patent and Trademark Office:

REGISTERED MARKS		
Mark	Registration Number	Registration Date (Renewal Date)
CHOP5	5206167	May 16, 2017
CHOP5	5686524	February 26, 2019
	5907716	November 12, 2019
	5908240	November 12, 2019

All required affidavits have been filed and we intend to file all renewals by the required renewal date.

On December 19, 2023, we entered into an Intellectual Property License Agreement with CHOP5 IP LLC (the “License Agreement”). Under the terms of the License Agreement, CHOP5 IP LLC granted us the right to use the Marks in the CHOP5 Salad Kitchen System and sublicense the Marks to our franchisees. The term of the License Agreement automatically renews annually, unless it is terminated in accordance with its terms. CHOP5 IP LLC is permitted to terminate the License Agreement only if we: (a) declare bankruptcy or become insolvent; (b) breach CHOP5 IP LLC’s quality control standards and fail to cure the breach within a 60-day cure period; or (c) consent to the termination. If the License Agreement is terminated, it states all sublicenses granted by us to our franchisees will continue in full force and effect until the expiration or termination of the applicable franchise agreement. No other agreements limit our right to use or sublicense use of the Marks.

You must follow our rules when using the Marks. You cannot use the Marks as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. We must approve any fictitious name you intend to use. You cannot use the Marks relating to the sale of any product or service we have not authorized.

You must notify us immediately if you discover an infringing use (or challenge to your use) of the Marks. We will take the action we think appropriate. We are not required to take any action if we do not feel it is warranted. We may require your assistance, but you may not control any proceeding or litigation relating to our Marks. You must not directly or indirectly contest our or CHOP5 IP LLC’s rights to the Marks.

We will indemnify you against and reimburse you for: (a) all damages for which you are held liable in a judicial or administrative proceeding based on your use of the Marks in compliance with the Franchise Agreement and Manual; and (b) all costs you reasonably incur in defending against any such claim. Our indemnification obligation only applies if you notify us of the claim or proceeding in a timely manner and you are in full compliance with the Franchise Agreement and Manual.

Except as disclosed above, the Franchise Agreement does not require that we: (a) protect your right to use the Marks; (b) protect you against claims of infringement or unfair competition arising out of your use of the Marks; or (c) participate in your defense or indemnify you for expenses or damages you incur if you are a party to an administrative or judicial proceeding involving our Marks or if the proceeding is resolved in a manner

unfavorable to you.

There are currently no: (a) effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; (b) pending infringements, oppositions or cancellations; (c) pending material litigation matters involving any of the Marks; or (d) infringing uses we are aware of that could materially affect your use of the Marks.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents or pending patent applications are material to the franchise.

Although we have not filed an application for copyright registration for the Manual, our website or our marketing materials, we do claim a copyright to these items.

During the term of the Franchise Agreement, we allow you to use certain confidential and proprietary information (some of which constitute “trade secrets”) relating to the development, marketing and operation of a Restaurant. Examples may include:

- architectural plans, drawings and specifications for a prototype Restaurant
- site selection criteria
- recipes
- methods and techniques
- standards and specifications
- policies and procedures
- supplier lists and information
- marketing strategies
- merchandising strategies
- financial information
- information comprising the System

We will own all ideas, improvements, inventions, marketing materials and other concepts you develop relating to a Restaurant. We will also all operational and customer data relating to your Restaurant. You must treat this data as confidential and proprietary. We license you the right to utilize this data during the term of your Franchise Agreement.

We provide access to our confidential information through the Manual, training programs and other periodic support and guidance. We consider all information in the Manual to be confidential. You may use this information solely for purposes of developing, marketing and operating your Restaurant in compliance with the Franchise Agreement and Manual.

You may not disclose our confidential information to any person, other than your employees on a need-to-know basis, without our prior permission. All of your employees, agents and representatives who may have access to our confidential information (and who are not required to sign a Brand Protection Agreement) must sign the Confidentiality Agreement attached to the Franchise Agreement as ATTACHMENT "G".

You must promptly notify us if you discover any unauthorized use of our proprietary information or copyrighted materials. We are not obligated to act, but will respond to this information as we deem appropriate. You may not control any proceeding or litigation involving allegations of unauthorized use of our proprietary information or copyrighted materials. We have no obligation to indemnify you for any expenses or damages arising from any proceeding or litigation involving our proprietary information or copyrighted materials. There are no infringements known to us at this time.

ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Operating Partner

You must designate an owner with overall responsibility for the management and operation of your Restaurant (the “Operating Partner”). The Operating Partner must:

- be approved by us
- successfully complete all training programs we require
- dedicate full-time efforts to the Restaurant
- at all times hold at least a 5% ownership interest in the franchise (or the entity that is the franchisee under the Franchise Agreement) unless we waive this requirement

The Operating Partner is not required to provide onsite management of your Restaurant as long as a trained manager is onsite. Any new Operating Partner you appoint must successfully complete our then-current initial training program before assuming responsibility for the supervision, management or operation of the Restaurant.

Your other owners are not required to be actively involved with the operation of the business. If the franchisee is a business entity, however, all owners (i.e., all persons holding a direct or indirect ownership interest in the entity) and their spouses must sign the Franchise Owner Agreement attached to the Franchise Agreement as ATTACHMENT "D". By signing the Franchise Owner Agreement, the owner (or spouse of the owner) agrees to: (a) comply with all brand protection covenants, covenants that protect our intellectual property and transfer restrictions set forth in the Franchise Agreement; and (b) guarantee the franchisee’s financial obligations.

Restaurant Managers

You may hire managers to assist the Operating Partner with onsite management and supervision of the Restaurant. Any person you hire as a manager must:

- be approved by us
- successfully complete all training programs we require
- sign the Brand Protection Agreement attached to the Franchise Agreement as ATTACHMENT "F"

At all times during normal business hours, either the Operating Partner or a trained manager must be present at the Restaurant to provide onsite management and supervision. The Operating Partner must monitor and supervise each manager to ensure the Restaurant is operated in accordance with the Franchise Agreement and Manual. We do not require that a manager own any equity interest in the franchise.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We must approve all goods and services you sell. You must offer all goods and services we require, including all food, beverage, merchandise, gift cards and other goods and services we require from time to time. You may not sell any goods or services we have disapproved. At any time, we may change the goods and services you sell and you must comply with the change. We may require you to participate in a gift card or other customer loyalty program in accordance with our policies and procedures.

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise agreement (FA), Area Development Agreement (ADA) and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

THE FRANCHISE RELATIONSHIP

PROVISION	SECTIONS IN AGREEMENT	SUMMARY
a. Length of franchise term	FA: 1 (Definition of "Term") & 4.1	Term is equal to 10 years.
	ADA: 1 (definition of "Term")	Term expires on the opening date listed in development schedule for the last Restaurant you are required to develop.
b. Renewal or extension of the term	FA: 4.1 & 4.2	If you meet our conditions for renewal, you can enter into up to 2 consecutive successor franchise agreements. Each renewal term will be 5 years. The parties may mutually agree to further renewals but neither party is obligated to do so (subject to state law).
	ADA: 4.4	No renewal rights.
c. Requirements for you to renew or extend	FA: 4.1 & 4.2	You must: not be in default; give us timely notice; sign then-current form of franchise agreement; sign general release (subject to state law); pay renewal fee; remodel Restaurant and upgrade furniture, fixtures and equipment to current standards; and extend lease for duration of renewal term. If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract.
	ADA: 4.4	You may not renew or extend the term of the ADA.
d. Termination by you	FA: 20.1	You can terminate if we default and fail to timely cure.
	ADA: Not Applicable	You can terminate under any grounds permitted by law.
e. Termination by us without cause	FA: 20.3	We can terminate without cause if you and we mutually agree to terminate.
	ADA: Not Applicable	Not applicable
f. Termination by us with cause	FA: 20.2	We can terminate if you default.
	ADA: 9.2	We can terminate if you default.
g. "Cause" defined - curable defaults	FA: 20.2	You have 10 days to cure any monetary default or failure to maintain required insurance. You have 7 days to cure a health or safety hazard (we may require you to immediately close the Restaurant until cured). You have 30 days to cure any other default, other than defaults described below under "non-curable defaults".
	ADA: 9.2	You have 30 days to cure any default, other than defaults described below under "non-curable defaults".

THE FRANCHISE RELATIONSHIP

PROVISION	SECTIONS IN AGREEMENT	SUMMARY
h. "Cause" defined - non-curable defaults	FA: 20.2	The following defaults cannot be cured: insolvency, bankruptcy or seizure of assets; failure to successfully complete training; failure to find approved site or open in timely manner; abandonment; failure to maintain required license or permit; conviction of certain crimes or subject of certain administrative actions; failure to comply with material law; commission of act that may adversely affect reputation of System or Marks; health or safety hazards; material misrepresentations; 2 nd underreporting of amounts due by at least 3%; unauthorized Transfers; unauthorized use of our intellectual property; violation of brand protection covenant; breach of Franchise Owner Agreement by owner or spouse; breach of legal compliance representations; termination of lease due to your default; 3 or more default notices in any 12-month period; or termination of any other agreement between you (or your affiliate) and us (or our affiliate) due to your default. However, termination of an ADA due to breach of the development schedule is not grounds for termination of any Franchise Agreement that is otherwise in good standing.
	ADA: 9.2	If we terminate a franchise agreement due to your default, we may terminate the ADA without opportunity to cure.
i. Your obligations on termination/ non-renewal	FA: 21.1	Obligations include: remove trade dress and alter premises to eliminate any resemblance to a Restaurant; cease use of intellectual property; return Manual and branded materials; assign telephone numbers, listings and domain names; cancel fictitious names; comply with data retention policies; and pay amounts due (also see "r", below).
	ADA: Not Applicable	The ADA does not impose any post-term obligations on you.
j. Assignment of contract by us	FA: 19.1	No restriction on our right to assign.
	ADA: 8.1	No restriction on our right to assign.
k. "Transfer" by you – definition	FA: 1 (definition of "Transfer") & 19.2	Includes ownership change or transfer of contract or assets.
	ADA: 1 (definition of "Transfer") & 8.2	Includes ownership change or transfer of contract or assets.
l. Our approval of transfer by you	FA: 1 (definition of "Permitted Transfer"), 19.2 & 19.3	You may engage in a Permitted Transfer (defined in Note 2 in Item 6) without approval. We must approve other Transfers but will not unreasonably withhold approval.
	ADA: 1 (definition of "Permitted Transfer"), 8.2 & 8.3	You may engage in a Permitted Transfer without approval. We must approve other Transfers but will not unreasonably withhold approval.

THE FRANCHISE RELATIONSHIP

PROVISION	SECTIONS IN AGREEMENT	SUMMARY
m. Conditions for our approval of transfer	FA: 19.2	<p>Transferee must: meet our qualifications; successfully complete training (or arrange to do so); obtain required licenses and permits; agree in writing to assume your obligations under agreements relating to the Business; sign then-current form of franchise agreement for remainder of term or, at our option, assume your Franchise Agreement; and remodel Restaurant and upgrade furniture, fixtures and equipment to current standards within 12 months after transfer or such shorter period of time we specify.</p> <p>You must: be in compliance with Franchise Agreement; assign lease (if applicable); pay transfer fee; subordinate transferee’s ongoing payments owed to you (if any) to transferee’s financial obligations owed to us; and sign general release (subject to state law).</p> <p>We must notify you that we will not exercise our right of first refusal.</p> <p>If a Transfer qualifies as a Minority Interest Transfer, we do not impose any conditions for transfer other than: (a) we must approve the new owner as meeting our criteria; and (b) you must be in compliance with Franchise Agreement.</p>
	ADA: 8.2	<p>Transferee must: meet our qualifications; successfully complete training (or arrange to do so); and sign then-current form of area development agreement for remainder of term or, at our option, assume your ADA.</p> <p>You must: be in compliance with all Franchise Agreements and ADA; assign all Franchise Agreements to same purchaser unless we agree to contrary (or at our option, transferee must sign then-current form of franchise agreement); comply with transfer provisions under Franchise Agreements; pay transfer fee; and sign general release (subject to state law).</p> <p>We must notify you that we will not exercise our right of first refusal.</p> <p>If a Transfer qualifies as a Minority Interest Transfer, we do not impose any conditions for transfer other than: (a) we must approve the new owner as meeting our criteria; and (b) you must be in compliance with the ADA and all Franchise Agreements.</p>
n. Our right of first refusal to acquire your business	FA: 19.5	We can match any offer for your business. Our right of first refusal does not apply to Permitted Transfers or Minority Interest Transfers.
	ADA: 8.5	We can match any offer for your area development rights. Our right of first refusal does not apply to Permitted Transfers or Minority Interest Transfers.
o. Our option to purchase your business	FA: 21.2	We have the option to purchase your Restaurant at the expiration or termination of the Franchise Agreement.
	ADA: Not Applicable	The ADA does not include a purchase option.
p. Your death or disability	FA: 19.4	Within 180 days, interest must be assigned by estate to an assignee in compliance with conditions for other Transfers. We may designate manager to operate the Restaurant prior to Transfer.
	ADA: 8.4	Within 180 days, interest must be assigned by estate to an assignee in compliance with conditions for other Transfers.
q. Non-competition covenants during the term of the franchise	FA: 14.3	No involvement in competing business.
	ADA: Not Applicable	The ADA does not impose any noncompetition covenants.

THE FRANCHISE RELATIONSHIP

PROVISION	SECTIONS IN AGREEMENT	SUMMARY
r. Non-competition covenants after the franchise is terminated or expires	FA: 14.3 & 21.1	No involvement for 1 year in competing business from your Restaurant's premises or anywhere within: (a) 10 miles of your Restaurant; or (b) 10 miles of any other Restaurant located in a state in which you operate (or operated) a Restaurant.
	ADA: Not Applicable	The ADA does not impose any noncompetition covenants.
s. Modification of the agreement	FA: 24.3 & 24.8	Requires writing signed by both parties (except we may unilaterally change Manual or reduce scope of restrictive covenants). Other modifications to comply with state laws.
	ADA: 12.6	Requires writing signed by both parties. Other modifications to comply with state laws.
t. Integration/ merger clause	FA: 24.8	Only the terms of the Franchise Agreement and its attachments are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document. 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) 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.
	ADA: 12.6	Only the terms of the ADA and its attachments are binding (subject to state law). Any representations or promises made outside the Disclosure Document and ADA may not be enforceable. Nothing in the ADA or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document. 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) 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.
u. Dispute resolution by arbitration or mediation	FA: 22	Subject to state law, all disputes must be mediated or arbitrated before litigation, except for certain disputes involving our intellectual property or compliance with restrictive covenants.
	ADA: 10	Subject to state law, all disputes must be mediated and then arbitrated before litigation.
v. Choice of forum	FA: 22	Subject to state law, mediation, arbitration and litigation must take place in county where we maintain our principal place of business at time dispute arises (currently, Jefferson County, Kentucky).
	ADA: 10	Subject to state law, mediation, arbitration and litigation must take place in county where we maintain our principal place of business at time dispute arises (currently, Jefferson County, Kentucky).
w. Choice of law	FA: 24.1	Subject to state law, Kentucky law governs.
	ADA: 12.1	Subject to state law, Kentucky law governs.

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

Defined Terms

For purposes of this financial performance representation, the following terms have the meanings given to them below:

“Adjusted Gross Profit” means the financial performance metric calculated as Gross Profit minus (a) Labor Expenses and (b) Marketing Expenses. It does not account for Imputed Fees & Costs or Excluded Expenses.

“Adjusted Gross Profit (Less Imputed Fees & Costs)” means the financial performance metric calculated as Adjusted Gross Profit minus Imputed Fees & Costs.

“Company-Owned Restaurant” means any Restaurant that is owned by: (a) us; (b) any affiliate of ours; or (c) any person listed in Item 2 of this Disclosure Document if that person is also involved with the management of the Restaurant.

“Converted Restaurant” means any Restaurant that either: (a) was a Company-Owned Restaurant that was sold to a franchisee at any time during the Measuring Period; or (b) was a Franchised Restaurant that we or our affiliate reacquired from the franchisee at any time during the Measuring Period.

“Cost of Goods Sold” or **“COGS”** includes variable costs that are directly associated with the provision and delivery of goods and services, and which includes costs of food and beverage as well as paper costs. COGS do not include: (a) fixed costs; (b) overhead costs; (c) Labor Expenses, (d) Marketing Expenses or (e) Excluded Expenses.

“Excluded Expenses” means interest paid on debt, taxes, depreciation, amortization expenses and certain other expenses incurred by Qualifying Restaurants that are not accounted for in this FPR, including: 3rd party delivery charges; kitchen expenses (supplies, smallwares, etc.); payroll processing/service fees; employee uniforms; food license fees; and any other miscellaneous expenses not included in COGS, Labor Expenses or Marketing Expenses.

“FPR” means the financial performance representation set forth in Item 19 of this Disclosure Document.

“Franchised Restaurant” means any Restaurant that is owned by a franchisee.

“Gross Profit” means the financial performance metric calculated as Gross Sales minus COGS.

“Gross Sales” means total revenue from all goods and services sold less: (a) taxes; (b) customer refunds; (c) revenue from the sale of furniture, fixtures and equipment in the ordinary course of business; (d) the value of approved coupons, vouchers or similar items at the time of redemption; and (e) tips paid to and retained by staff members as a gratuity.

“***Imputed Fees & Costs***” means the royalty fees, brand fund fees and Local Advertising Commitment (LAC) a Company-Owned Restaurant would have incurred if it was a Franchised Restaurant, less any amounts actually incurred by the Company-Owned Restaurant for these categories of fees and costs.

“***Labor Expenses***” means and includes all Restaurant labor expense, including: manager salaries; hourly wages for shift managers and Restaurant employees; payroll taxes; and vacation pay for Restaurant employees.

“***Marketing Expenses***” means all costs and expenses incurred for internal and external advertising, marketing and promotional activities, including expenses associated with incorporating the menu into the customer experience.

“***Measuring Period***” means the period of time commencing January 1, 2023 and expiring December 31, 2023.

“***Qualifying Restaurant***” means any Company-Owned Restaurant or Franchised Restaurant that satisfies all of the following criteria: (a) the outlet was open and operating throughout the entire Measuring Period; (b) the outlet provided us with all data we requested in order to prepare the FPR; (c) the outlet is not a Converted Restaurant; and (d) the outlet is not materially different from the Franchised Restaurant offered under this Disclosure Document.

System Statistics

For purposes of this FPR, each Restaurant may be referred to as an “outlet.” As of December 31, 2023 (the last day of the Measuring Period) there were: (a) 0 Franchised Restaurants in operation; and (b) 3 Company-Owned Restaurants in operation, 1 of which is a Qualifying Restaurant. The table below summarizes the outlet statistics and the number of Qualifying Restaurants:

2023 Outlet Statistics							
Outlet Type	Open Outlets		Statistical Changes During 2023			Materially Different Outlets	Qualifying Outlets
	Jan 1, 2023	Dec 31, 2023	Outlets Opened	Outlets Closed	Converted Outlets		
Franchised	0	0	0	0	0	0	0
Company-Owned	2	3	1	0	0	1	1
Total	2	3	1	0	0	1	1

Qualifying Restaurant

This FPR includes data from 1 Qualifying Restaurant, which is our company-owned Restaurant located in Polaris, Ohio that opened in 2016. The Restaurant is 1,980 square feet in size. There are no material differences between the operations of the Qualifying Restaurant and the Franchised Restaurant offered under this Disclosure Document. This FPR is limited to data from our Company-Owned Restaurant since there were no Franchised Restaurants in operation during the Measuring Period.

Excluded Restaurants

We excluded data from our Company-Owned Restaurant that opened in 2023 since it was not open and operating throughout the entire Measuring Period.

We excluded data from another Company-Owned Restaurant (the “UCF Restaurant”) because it is materially different than the Franchised Restaurant offered under this Disclosure Document. The UCF Restaurant is an experimental Restaurant that we established to test our model with a different demographic population (college-aged students). The UCF Restaurant is located immediately adjacent to a college campus and shares many characteristics of Restaurants located in Captive Venues. The UCF Restaurant is 3,400 square feet, which is much larger than our recommended size for a Franchised Restaurant (our franchise model is for a restaurant

ranging in size from 1,700 to 2,500 square feet). The UCF Restaurant serves as our testing facility for new product offerings, including non-standard lower-priced menu items targeting college students with limited disposable income. The UCF Restaurant offers menu items at prices materially lower than the prices charged by a typical Restaurant. College students also receive an additional 10% discount on all purchases. Because the UFC Restaurant serves as a testing facility, the Restaurant incurs significant additional expenses that a typical Restaurant would not incur, including additional marketing expenses to promote the new products and associated administrative costs (such as adding the new products to the menu and POS system).

Financial Performance Representation

The following table presents the historical financial results achieved by the Qualifying Restaurant during the Measuring Period.

2023 Financial Performance Representation (1 Company-Owned Restaurant)		
Financial Performance Metric	Stated Result	Gross Sales %
<i>Gross Sales</i>	<i>\$1,783,883</i>	<i>100.0%</i>
Cost of Goods Sold	\$542,300	30.4%
<i>Gross Profit</i>	<i>\$1,241,583</i>	<i>69.60%</i>
Labor Expenses	\$506,623	28.4%
Marketing Expenses	\$44,597	2.5%
<i>Adjusted Gross Profit</i>	<i>\$690,363</i>	<i>38.7%</i>
Imputed Fees & Costs	Royalty Fees	\$107,033
	Brand Fund Fees	\$26,758
	LAC (additional costs)	\$8,919
<i>Adjusted Gross Profit (Less Imputed Fees & Costs)</i>	<i>\$547,652</i>	<i>30.7%</i>

Notes:

1. Source of Data: We prepared the FPR based on data we obtained from the POS system utilized by the Qualifying Restaurant. The data has not been audited.
2. Imputed Fees & Costs: The Qualifying Restaurant did not incur Imputed Fees & Costs during the Measuring Period. Imputed Fees & Costs include:
 - Royalty fees (6% of monthly Gross Sales)
 - Brand Fund Fees (1.5% of monthly Gross Sales)
 - The difference between (a) the Local Advertising Commitment required by the Franchise Agreement (3% of monthly Gross Sales) and (b) the actual amount of Marketing Expenses incurred by the Qualifying Restaurant

This FPR discloses 2 sets of Adjusted Gross Profit figures, including: (1) “Adjusted Gross Profit” which is calculated based on actual expenses incurred by the Qualifying Restaurant and does not account for Imputed Fees & Costs; and (2) “Adjusted Gross Profit (Less Imputed Fees & Costs)” which is calculated in a manner that takes into account all Imputed Fees & Costs. Imputed Fees & Costs are discussed in more detail in Notes 3, 4 and 5 below.

3. Imputed Royalty Fees: The Qualifying Restaurant did not pay royalty fees during the Measuring Period. The Franchise Agreement requires a royalty fee calculated as 6% of Gross Sales. For “Imputed Fees &

Costs”, we included the total amount of royalty fees the Qualifying Restaurant would have incurred if it was a Franchised Restaurant.

4. **Imputed Brand Fund Fees:** The Qualifying Restaurant did not pay brand fund fees during the Measuring Period. The Franchise Agreement requires a brand fund fee calculated as: (a) 0.5% of Gross Sales for the 1st year of operation; (b) 1.0% of Gross Sales for the 2nd year of operation; and (c) 1.5% of Gross Sales for the remainder of the term. For purposes of imputing fees and costs, we applied the highest brand fund fee rate of 1.5% of Gross Sales based on the Qualifying Restaurant’s opening date. For “Imputed Fees & Costs”, we included the total amount of brand fund fees the Qualifying Restaurant would have incurred if it was a Franchised Restaurant.
5. **Imputed LAC:** Each month, franchisees must spend a minimum amount of money on local advertising and marketing equal to the Local Advertising Commitment (LAC). The LAC is: (a) 8% of Gross Sales for the 1st year of operation; and (b) 3% of Gross Sales for the remainder of the term. For purposes of imputing fees and costs, we applied the LAC rate of 3% of Gross Sales based on the Qualifying Restaurant’s opening date. For “Imputed Fees & Costs”, we included the additional Marketing Expenses the Qualifying Restaurant would have incurred if it was a Franchised Restaurant. The additional amount for the Qualifying Restaurant was \$8,919, calculated as the difference between (a) \$53,516 (i.e., 3% of Gross Sales) and (b) \$44,597 (the amount of Marketing Expenses actually incurred by the Restaurant).

Some Restaurants have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.

Written substantiation for this financial performance representation will be made available to you upon your reasonable written request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting our President, Brian Mills, at 6011 Brownsboro Park Blvd., Suite F, Louisville, Kentucky 40207 or by phone (858) 717-5200, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2021 TO 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Company-Owned	2021	2	3	+1
	2022	3	2	-1
	2023	2	3	+1
Total Outlets	2021	2	3	+1
	2022	3	2	-1
	2023	2	3	+1

**TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR)
FOR YEARS 2021 TO 2023**

State	Year	Number of Transfers
Total	2021	0
	2022	0
	2023	0

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2021 TO 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Totals	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2021 TO 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Colorado	2021	1	0	0	0	0	1
	2022	1	0	0	1	0	0
	2023	0	0	0	0	0	0
Florida	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Ohio	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	1	0	0	0	2
Totals	2021	2	1	0	0	0	3
	2022	3	0	0	1	0	2
	2023	2	1	0	0	0	3

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2023

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Total	0	0	0

A list of all current franchisees is attached to this Disclosure Document as EXHIBIT "F" (Part A), including their names and the addresses and telephone numbers of their outlets as of December 31, 2023. In addition, EXHIBIT "F" (Part B) lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during

our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance 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.**

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

There are no: (a) trademark-specific franchisee organizations associated with the franchise system being offered that we have created, sponsored or endorsed; or (b) independent franchisee organizations that have asked to be included in this Disclosure Document.

ITEM 21 FINANCIAL STATEMENTS

Our fiscal year ends on December 31st. Audited financial statements of CHOP5 Franchise LLC for the fiscal years ended December 31, 2023, December 31, 2022, and December 31, 2021 are attached to this Disclosure Document as EXHIBIT "G".

ITEM 22 CONTRACTS

Attached to this Disclosure Document (or the Franchise Agreement attached to this Disclosure Document) are copies of the following franchise and other contracts or agreements proposed for use or in use in this state:

Exhibits to Disclosure Document

EXHIBIT "C"	Franchise Agreement
EXHIBIT "D"	Area Development Agreement
EXHIBIT "H"-1	State Addenda
EXHIBIT "H"-2	Franchisee Disclosure Questionnaire (Questionnaire may not be signed or used if the franchisee resides within, or the franchised business will be located within, a franchise registration state)
EXHIBIT "H"-3	General Release

Attachments to Franchise Agreement

ATTACHMENT "B"	Form of Site Approval Notice
ATTACHMENT "C"	Lease Addendum
ATTACHMENT "D"	Franchise Owner Agreement
ATTACHMENT "E"	ACH Authorization Form
ATTACHMENT "F"	Brand Protection Agreement
ATTACHMENT "G"	Confidentiality Agreement

ITEM 23 RECEIPT

EXHIBIT "J" to this Disclosure Document are detachable receipts. You are to sign both, keep one copy and return the other copy to us.

EXHIBIT "A"

TO DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

<p><u>CALIFORNIA</u> Commissioner of Financial Protection & Innovation Department of Financial Protection & Innovation 320 West 4th Street, #750 Los Angeles, CA 90013 (213) 576-7500 1-866-275-2677</p> <p><u>HAWAII</u> Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p> <p><u>Agents for Service of Process:</u> Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p> <p><u>ILLINOIS</u> Illinois Attorney General Chief, Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465</p> <p><u>INDIANA</u> Secretary of State Securities Division Room E-018 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681</p>	<p><u>MARYLAND</u> Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202 (410) 576-6360</p> <p><u>Agent for Service of Process:</u> Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020</p> <p><u>MICHIGAN</u> Franchise Section Consumer Protection Division 525 W. Ottawa Street, G. Mennen Williams Building, 1st Floor Lansing, MI 48913 (517) 335-7567</p> <p><u>MINNESOTA</u> Commissioner of Commerce Director of Registration 85 Seventh Place East, #280 St. Paul, Minnesota 55101-3165 (651) 539-1500</p> <p><u>NEW YORK</u> NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 Phone: (212) 416-8222</p> <p><u>Agents for Service of Process:</u> New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231</p> <p><u>NORTH DAKOTA</u> North Dakota Securities Department State Capitol, 5th Floor, Dept 414 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 328-4712</p>	<p><u>RHODE ISLAND</u> Department of Franchise Regulation 1511 Pontiac Avenue, John O. Pastore Complex, Bldg 69-1 Cranston, Rhode Island 02920 (401) 462-9527</p> <p><u>SOUTH DAKOTA</u> Department of Labor and Regulation Division of Insurance Securities Regulation 124 S Euclid, 2nd Floor Pierre, South Dakota 57501 (605) 773-3563</p> <p><u>VIRGINIA</u> State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051</p> <p><u>Agents for Service of Process:</u> Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219</p> <p><u>WASHINGTON</u> Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760</p> <p><u>Mailing Address:</u> Department of Financial Institutions Securities Division PO BOX 41200 Olympia, WA 98504-1200</p> <p><u>WISCONSIN</u> Department of Financial Institutions Division of Securities 201 W Washington Avenue, Suite 500, Madison, WI 53703 (608) 261-9555</p>
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EXHIBIT "B"

TO DISCLOSURE DOCUMENT

FRANCHISOR'S AGENT FOR SERVICE OF PROCESS

Adams Law Group
6004 Brownsboro Park Blvd Ste. A
Louisville, KY 40207

In states listed in EXHIBIT "A", the additional agent
for Service of Process is listed in EXHIBIT "A"

EXHIBIT "C"
TO DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT

[See Attached]

CHOP5 SALAD KITCHEN

FRANCHISE AGREEMENT

RESTAURANT #: _____
FRANCHISEE: _____
DATE: _____

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ATTACHMENTS

ATTACHMENT "A"	Deal Terms
ATTACHMENT "B"	Form of Site Approval Notice
ATTACHMENT "C"	Lease Addendum
ATTACHMENT "D"	Franchise Owner Agreement
ATTACHMENT "E"	ACH Authorization Form
ATTACHMENT "F"	Brand Protection Agreement
ATTACHMENT "G"	Confidentiality Agreement

CHOP5 SALAD KITCHEN FRANCHISE AGREEMENT

This CHOP5 Salad Kitchen Franchise Agreement (this “Agreement”) is entered into as of _____, 202__ (the “Effective Date”) between CHOP5 Franchise LLC, a Kentucky limited liability company (“we” or “us”) and _____, a(n) _____ (“you”).

1. DEFINITIONS. Capitalized terms used in this Agreement have the meanings given to them below:

“Account” means the checking account you designate from which we deduct fees and other amounts owed to us and our affiliates in accordance with §13.5.

“ACH Agreement” means the ACH Authorization Agreement attached as ATTACHMENT "E", which authorizes us to electronically debit your Account for amounts owed to us and our affiliates.

“Acquisition” means either: (a) a competitive or non-competitive company, franchise system, network or chain directly or indirectly acquiring us, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise; or (b) us directly or indirectly acquiring another competitive or non-competitive company, franchise system, network or chain, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise.

“Acquired Assets” means any assets associated with your Restaurant that we elect to purchase upon termination or expiration of this Agreement, as further described in §21.2.

“Agreement” is defined in the Introductory Paragraph.

“Alternative Channels of Distribution” means any channel of distribution other than retail sales made to customers while present at a Restaurant, including, but not limited to: (a) sales through direct marketing, such as over the Internet or through catalogs or telemarketing; (b) sales through retail stores that do not operate under the Marks, such as grocery stores or convenience stores; (c) sales made at wholesale; (d) sales through catering or delivery service; and (e) sales through kiosks or mobile trailers.

“Anti-Terrorism Law” means Executive Order 13224 issued by the President of the United States of America (or any successor Order), the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act) of 2001 (or any successor legislation) and all other present and future federal, state and local Laws, ordinances, regulations, policies, lists, orders and any other requirements of any Governmental Authority addressing or in any way relating to terrorist acts and acts of war.

“Appraised Value” means the fair market value of the Acquired Assets as determined by independent appraisers in accordance with §21.2.

“Brand Protection Agreement” means the Brand Protection Agreement that must be signed by your Restaurant managers, the current form of which is attached as ATTACHMENT "F".

“Business” means the franchised business you operate pursuant to this Agreement.

“Business Data” means, collectively or individually, Customer Data and Operational Data.

“Captive Venue” means a non-traditional outlet for a Restaurant that is located within, or is a part of, another establishment or facility that consumers may visit for a purpose unrelated to the Restaurant. Examples of Captive Venues include Restaurants that are located within hotels, casinos, college campuses, universities, airports, train stations, bus stations, cruise terminals, stadiums, sporting arenas, shopping malls, military bases, concert venues, amusement parks or similar types of establishments.

“Claim” means any action, allegation, assessment, claim, demand, litigation, proceeding or regulatory procedure, investigation or inquiry.

“Competing Business” means any business that meets at least one of the following criteria: (a) any fast casual restaurant that derives, or is reasonably expected to derive, at least 35% of its revenue from the sale of made-to-order salads, salad bowls, grain bowls and/or soups; (b) any business that solicits, offers or sells franchises or licenses for a business that meets the criteria in clause (a) of this definition; and/or (c) any business that services, trains, supports, consults with, advises or otherwise assists any Person with respect to the development, management and/or operation of a business that meets the criteria in clause

(a) of this definition. A Competing Business does not include any CHOP5 Salad Kitchen Restaurant operated pursuant to a valid franchise agreement or license agreement with us or our affiliate.

“Confidential Information” means and includes: (a) the Know-How; (b) the Business Data; (c) the terms of the Definitive Agreements and all attachments thereto and amendments thereof; (d) the components of the System; (e) all information within or comprising the Manual; and (f) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that: (i) are designated as confidential; (ii) are known by you to be considered confidential by us; and/or (iii) are by their nature inherently or reasonably to be considered confidential. Confidential Information does not include any information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you or your Owners, employees or other constituents); (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before we disclosed the information to you; (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you without breaching any obligation of confidentiality imposed on such third party.

“Confidentiality Agreement” means the Confidentiality Agreement that must be signed by certain of your employees pursuant to §14.5, the current form of which is attached as ATTACHMENT "G".

“Copyrighted Materials” means all copyrightable materials for which we or our affiliate secure common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Restaurant.

“Customer Data” means and includes any and all data that pertains to a Restaurant customer, including name, address, contact information, date of birth, purchase history and any information collected in connection with any loyalty program or for any other purpose.

“Definitive Agreements” means, collectively: (a) this Agreement; (b) the Area Development Agreement pursuant to which this Agreement is executed (if applicable); (c) any other Franchise Agreement between you (or your affiliate) and us (or our affiliate) for a Restaurant or any other franchised concept; and (d) and all ancillary agreements executed in connection with any of the foregoing, including Franchise Owner Agreements.

“Dispute” means any Claim, dispute or disagreement between the parties, including any matter pertaining to: (a) the interpretation or enforcement of this Agreement; (b) the offer or sale of the franchise; or (c) the relationship between the parties.

“Effective Date” is defined in the Introductory Paragraph.

“Entity” means a corporation, partnership, limited liability company or other form of association.

“Equity Interest” means a direct or indirect ownership or beneficial interest in the capital stock of, partnership or membership interest in, or other equity, ownership or beneficial interest in an Entity (including voting rights).

“Excluded Claim” means any Claim that, according to §22, is not subject to mandatory mediation or arbitration.

“Force Majeure” means acts or circumstances that are beyond a party’s control, including fire, storm, flood, earthquake, explosion or accident, acts of war or terrorism, rebellion, insurrection, sabotage, epidemic, failures or delays of transportation and strikes, provided that: (a) the non-performing party promptly provides written notice to the other party of the Force Majeure event; (b) the non-performing party is without fault and the delay or failure could not have been prevented by reasonable precautions by the non-performing party; (c) nothing herein shall excuse or permit any delay or failure to pay fees or other amounts owed on the applicable due date; (d) insolvency, lack of required funds or financing, currency fluctuations, currency devaluations, foreign exchange controls or inflation shall never be deemed

Force Majeure; and (e) an epidemic or pandemic of a contagious illness or disease, or economic or financial changes caused by an epidemic or pandemic of a contagious illness or disease, shall never be deemed Force Majeure except to the extent a Governmental Authority mandates closure (or prevents the opening) of the Restaurant as a result of such epidemic or pandemic.

“Franchisee Entity” means the Entity, if applicable, that: (a) signs this Agreement as the franchisee (if this Agreement is signed by an Entity); or (b) assumes this Agreement subsequent to its execution by the original Owners.

“Franchise Owner Agreement” means the Franchise Owner Agreement that must be signed by the Owners and their spouses pursuant to §9, the current form of which is attached as ATTACHMENT "D".

“General Release” means our then-current form of Waiver and Release of Claims that you and your Owners must sign pursuant to §4.2 (in connection with a renewal of your franchise rights) or §19.2 (in connection with a Transfer).

“Government Official” means any: (a) officer or employee of a Governmental Authority; (b) commercial or similar entity owned or controlled by a Governmental Authority, including state-owned and state-operated companies or enterprises; (c) public international organization (e.g., United Nations, World Bank); (d) political party or official thereof; or (e) candidate for political office.

“Governmental Authority” means any national, provincial, state, county, local, municipal or other government, or any ministry, department, agency or subdivision thereof, whether administrative or regulatory, or any other body that exercises similar functions, and including any court or taxing authority.

“Gross Sales” means the total gross sums generated from all goods and services sold from or in connection with your Restaurant, together with all other revenues and monies derived in connection with your Restaurant, including advertising revenues, sponsorship fees and business interruption insurance proceeds. Gross Sales excludes: (a) sales or use taxes you pay to a Governmental Authority; (b) revenues you collect from a customer and later refund to that customer in a bona fide refund transaction; (c) revenues derived from the sale of products to customers if you purchased such products from us or an affiliate of ours at wholesale; (d) the value of approved coupons, vouchers or similar items at the time of redemption; and (e) tips paid to and retained by staff members as a gratuity. The Manual may include policies governing the manner in which proceeds from the sale of gift cards are treated for purposes of calculating Gross Sales. The Manual may also provide details on the calculation of Gross Sales relating to qualifying purchases and redemptions by members under a loyalty program.

“Improvement” means any idea, addition, modification or improvement to the (a) goods or services offered or sold at a Restaurant, including, without limitation, any new or modified recipes or menu items, (b) method of operation of a Restaurant, (c) processes, systems or procedures utilized by a Restaurant, (d) marketing, advertising or promotional materials, programs or strategies utilized by a Restaurant or (e) trademarks, service marks, logos or other intellectual property utilized by a Restaurant, whether developed by you, your Owners, your employees or any other Person.

“Indemnified Party” or “Indemnified Parties” means us and each of our past, present and future owners, members, officers, directors, employees and agents, as well as our parents, subsidiaries and affiliates, and each of their past, present and future owners, members, officers, directors, employees and agents.

“Intellectual Property” means, collectively or individually, the Business Data, Copyrighted Materials, Improvements, Know-how, Marks and System.

“Interim Manager” means the Person we designate to temporarily manage your Restaurant under the circumstances described in §8.4.

“Interim Term” means a month-to-month extension of the Term under the circumstances described in §4.3.

“IP Dispute” means any one or more of the following: (a) any apparent infringement of the Intellectual Property; (b) any challenge to your use of the Intellectual Property; or (c) any claim by any Person of any rights in or to the Intellectual Property.

“Know-how” means and includes our (and our affiliates’) trade secrets and other proprietary information

relating to the design, construction, development, marketing or operation of a Restaurant including, but not limited to: architectural plans, drawings and specifications for a prototype Restaurant; site selection criteria; recipes; methods and techniques; standards and specifications; policies and procedures; supplier lists and information; marketing strategies; merchandising strategies; financial information; and information comprising the System or included in the Manual.

“Law” means and includes all laws, judgments, decrees, orders, rules, regulations, ordinances, advisory opinions or official legal interpretations of any Governmental Authority.

“Local Advertising Commitment” means the minimum amount of money you must spend each month on local advertising and marketing to promote your Restaurant in accordance with §10.3(a).

“Losses and Expenses” means and includes any or all of the following: compensatory, exemplary and punitive damages; fines and penalties; attorneys’ fees; experts’ fees; court costs; costs associated with investigating and defending against Claims; settlement amounts; judgments; compensation for damages to reputation or goodwill; and all other costs, damages, liabilities and expenses associated with any of the foregoing losses and expenses or otherwise incurred by an Indemnified Party.

“Manual” means our confidential Brand Standards Manual for the operation of a Restaurant, as further described in §11.2.

“Marks” means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize Restaurants to use, including “CHOP5 Salad Kitchen[®]”, “CHOP5[®]” and the associated logos. The Marks also include any distinctive trade dress used to identify a Restaurant or the products it sells.

“Minority Interest Transfer” means a Transfer by an Owner of less than 20% of the Equity Interests in the Franchise Entity other than a Transfer that results in the Operating Partner owning less than 5% of the Equity Interests in the Franchisee Entity.

“Operating Partner” means the Owner you designate and we approve with primary responsibility for the overall management and supervision of your Restaurant in accordance with §8.1.

“Operational Data” means and includes all data and information pertaining to the operation of your Business including employee data, expense data, financial accounting data and Gross Sales data.

“Owner” means a Person who either: (a) directly signs this Agreement as the franchisee, either alone or in conjunction with one or more other Persons; or (b) directly or indirectly through one or more intermediaries owns any Equity Interest in the Franchisee Entity (if the franchisee under this Agreement is an Entity).

“PCI-DSS” means the payment card industry data security standard, which is a set of security requirements established by the following major credit card brands from time to time: American Express, Discover Financial Services, JCB International, MasterCard Worldwide, and Visa Inc., which standards are set forth at <https://www.pcisecuritystandards.org> as of the Effective Date.

“Permitted Transfer” means: (a) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer, other than a Transfer that results in the Operating Partner owning less than 5% of the ownership interests in the Restaurant or Franchisee Entity, as applicable; and/or (b) a Transfer by the Owners to a newly established Franchisee Entity for which such Owners collectively own and control 100% of the Equity Interests.

“Person” means an individual, Entity, unincorporated organization, joint venture, Governmental Authority, estate (or executor thereof) or trust (or trustee thereof).

“Post-Term Restricted Period” means, with respect to you, a period of one (1) year after the termination, expiration or Transfer of this Agreement.

“Post-Term Restricted Period” means, with respect to an Owner, a period of one (1) year after the earlier to occur of: (a) the termination, expiration or Transfer of this Agreement; or (b) the Owner’s Transfer of his or her entire ownership interest in the Restaurant or Franchisee Entity, as applicable.

“Program Participation Rules” means the policies, procedures, fees and other requirements pertaining to

any gift card, loyalty or other system-wide program we implement pursuant to §11.13.

“Prohibited Activities” means and includes any of the following: (a) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in any Competing Business, other than owning an interest of 5% or less in a publicly traded company that is a Competing Business; (b) disparaging or otherwise making negative comments about us, our affiliate, the System and/or any Restaurant; (c) diverting or attempting to divert any business from us, our affiliate or another franchisee; and/or (d) inducing any Person to transfer their business from a Restaurant to a competitor.

“Project Management Services” means the services provided by the Project Manager relating to the design, construction and development of your Restaurant, as further described in §6.2.

“Project Manager” means the Person we designate to serve as your Project Manager and provide the Project Management Services.

“Refurbishment Project” means any refurbishing that we require from time to time in order for your Restaurant to conform to our then-current standards and specifications, and which may include, without limitation: (a) structural modifications and remodeling of the premises; (b) renovation of the interior and exterior of the premises (including restoration and resurfacing of parking facilities); (c) redecoration and updating of trade dress; and (d) substitution or addition of new or improved furniture, fixtures, equipment and signage; *provided, however*, that a Refurbishment Project shall not be deemed to include the actions described in clause (c) and/or clause (d) unless such actions are required in conjunction with the actions described in clause (a) and/or clause (b).

“Restaurant” means any CHOP5 Salad Kitchen Restaurant that is authorized to operate under our Marks and use our System. A Restaurant may refer to a CHOP5 Salad Kitchen Restaurant operated by us, our affiliate, you or another franchisee, as the context may require.

“Restricted Territory” means: the geographic area within: (a) a 10-mile radius from your Restaurant (and including your Restaurant’s premises itself); and (b) a 10-mile radius from all other Restaurants that: (i) are operating or under construction as of the Effective Date; (ii) remain in operation or under construction during all or any part of the Post-Term Restricted Period; and (iii) are located in any state in which you or your affiliate operates (or operated) a Restaurant; *provided, however*, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then Restricted Territory means: the geographic area within: (a) a five (5) mile radius from your Restaurant (and including your Restaurant’s premises itself); and (b) a five (5) mile radius from all other Restaurants that: (i) are operating or under construction as of the Effective Date; (ii) remain in operation or under construction during all or any part of the Post-Term Restricted Period; and (iii) are located in any state in which you or your affiliate operates (or operated) a Restaurant.

“Site Approval Notice” means the Site Approval Notice attached as ATTACHMENT "B" that we may issue to you in accordance with §7.1 to identify the approved site for your Restaurant.

“Site Selection Area” means the geographic area described in Part C of ATTACHMENT "A" and within which you must find a site we approve for your Restaurant.

“Successor Agreement” means our then-current form of CHOP5 Salad Kitchen Franchise Agreement you must sign pursuant to §4.2 in order to renew your franchise rights.

“System” means our system developed for the operation of a Restaurant, the distinctive characteristics of which include: (a) proprietary recipes and methods of preparing food and beverage items, including made-to-order salads, bowls and soups; (b) distinctive interior and exterior designs, décor and color schemes; (c) standards and specifications for the furniture, fixtures and equipment utilized by a CHOP5 Salad Kitchen; (d) sales techniques and merchandising, marketing, advertising and inventory management systems; and (e) standardized procedures for operating and managing a CHOP5 Salad Kitchen.

“Technology Systems” means and includes all information and communication technology systems we specify from time to time, including, without limitation, computer systems, point-of-sale systems, online ordering systems, webcam systems, telecommunications systems, security systems, music systems and

similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps, and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems.

“Term” means the period of time beginning on the Effective Date and expiring on the earlier to occur of: (a) the 10th anniversary of the Effective Date; or (b) the date this Agreement is effectively terminated.

“Territory” means the protected territory for your Restaurant, as further described in §3.

“Transfer” means any direct or indirect, voluntary or involuntary, assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of:

- (a) this Agreement (or any interest therein);
- (b) the franchise or intellectual property rights granted by this Agreement (or any interest therein);
- (c) the Business you conduct pursuant to this Agreement (or any interest therein);
- (d) the right to manage the Restaurant or occupy its premises;
- (e) the Restaurant’s assets, other than the sale of fixtures or equipment in the ordinary course of business; or
- (f) an Equity Interest in the Franchisee Entity;

including by: merger or consolidation; judicial award, order or decree; issuance of additional Equity Interests in the Franchisee Entity; foreclosure of a security interest by a lender; or operation of Law, will or a trust upon the death of an Owner, including the Laws of intestate succession.

“Travel Expenses” means and includes all travel, meals, lodging, local transportation and other living expenses and costs incurred: (a) by us and our trainers, field support personnel, auditors and/or other representatives to visit your Restaurant; or (b) by you and your personnel to attend training programs or conferences.

“We” or “us” is defined in the Introductory Paragraph.

“You” is defined in the Introductory Paragraph.

2. **GRANT OF FRANCHISE.** We hereby grant you the right, license and obligation to own and operate one (1) Restaurant using our Intellectual Property from the site we approve. As a franchisee, you will establish and operate a fast-casual restaurant featuring made-to-order salads, bowls, soups and other healthy food options under the name CHOP5 Salad Kitchen[®]. We reserve all rights not expressly granted to you.
3. **TERRITORIAL RIGHTS AND LIMITATIONS.** We grant you a territory (your “Territory”) that consists of the area within a one-half (½) mile radius from the site that we approve for your Restaurant. During the Term we will not develop or operate, or license a third party to develop or operate, a Restaurant that is physically located within the Territory except as otherwise provided in this Section with respect to Captive Venues and Acquisitions. At any time during the Term we reserve the right to: (a) develop and operate, and license third parties to develop and operate, Restaurants in Captive Venues that are located within your Territory; and (b) engage in Acquisitions, even if as a result of an Acquisition one or more competitive businesses of the acquired or acquiring company begin using our Intellectual Property (including our Marks) and are located within the Territory. We reserve the right to sell, and license third parties to sell, competitive or identical goods and services (including under the Marks) within the Territory through Alternative Channels of Distribution.
4. **TERM AND RENEWAL.**
 - 4.1. **Generally.** This Agreement grants you the right to operate your Restaurant only during the Term. Provided that you satisfy all conditions for renewal specified below, you may enter into a maximum of two (2) Successor Agreements following the expiration of the Term. Each Successor Agreement shall be the current form of franchise agreement we use in granting franchises as of the expiration of the Term or renewal term, as applicable, the terms of which may vary materially and

substantially from the terms of this Agreement. Upon renewal, we reserve the right to modify the boundaries of your Territory in accordance with our then-current territory guidelines and criteria. Each renewal term will be five (5) years. The parties may agree to further renewals after expiration of the second (2nd) renewal term, but neither party is obligated to do so. If this Agreement is a Successor Agreement, the renewal provisions in your original franchise agreement will dictate the length of the Term of this Agreement and your remaining renewal rights, if any.

4.2. Renewal Requirements. In order to enter into a Successor Agreement, you and the Owners (as applicable) must:

- (i) notify us in writing of your desire to enter into a Successor Agreement not less than 180 days nor more than 270 days before the expiration of the Term or renewal term, as applicable;
- (ii) not be in default under any Definitive Agreement when you send the renewal notice or sign the Successor Agreement;
- (iii) sign the Successor Agreement and all ancillary documents we require franchisees to sign;
- (iv) sign a General Release;
- (v) pay us a \$2,000 renewal fee;
- (vi) agree to complete any Refurbishment Project we require and upgrade all of the Restaurant's furniture, fixtures and equipment to conform to our then-current standards and specifications within 180 days after the effective date of the Successor Agreement; and
- (vii) extend the term of your lease for the duration of the renewal term.

If we elect not to renew or offer you the right to renew, we will send you a written notice of non-renewal at least 180 days prior to the expiration date, which shall set forth the basis for our decision not to renew or offer you the right to renew. Our failure to send you a notice of non-renewal at least 180 days prior to the expiration date shall constitute our offer to renew your franchise in accordance with, and subject to, the renewal terms and conditions set forth above. If you have any objections to our notice of non-renewal, including any dispute as to the basis for our decision not to renew, you must send us a written notice of objection that sets forth the basis for your objections. Your notice of objection must be sent to us no later than 30 days after you receive our notice of non-renewal. Your failure to send us a written notice of objection during such 30-day period shall constitute your agreement to the non-renewal of your franchise.

4.3. Interim Term. If you do not sign a Successor Agreement but continue to operate your Restaurant after the expiration of the Term, we may either treat this Agreement as: (a) expired as of the Term expiration date with you operating in violation of our rights; or (b) continued on a month-to-month basis (the "Interim Term") until either party provides the other party with 30 days' prior written notice of the party's intention to terminate the Interim Term. In the latter case, all of your obligations will remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations and restrictions imposed on you upon the expiration or termination of this Agreement will be deemed to take effect upon the termination of the Interim Term.

5. TRAINING AND CONFERENCES

5.1. Initial Training Program. The Operating Partner and your initial managers must attend and successfully complete our initial training program before you open your Restaurant. Our initial training program includes: (a) approximately one (1) week of franchise management training conducted at our company-owned Restaurant or any other location we designate; and (b) approximately two (2) weeks of onsite training and grand opening assistance, as described in §5.2. If you are a multi-unit franchisee and this Agreement is for your second (2nd) or subsequent Restaurant, we reserve the right to limit or waive certain aspects of our initial training program, and provide you with a corresponding reduction or waiver of the initial training fee, based on our

subjective assessment of the qualifications and experience of you and your management team. If you hire a new manager or appoint a new Operating Partner after we conduct our preopening initial training program, the new manager or Operating Partner, as applicable, must attend and successfully complete our then-current initial training program before assuming responsibility for the management of your Restaurant.

- 5.2. **Onsite Training and Opening Assistance.** At no additional cost to you, we will send a representative to your Restaurant to provide approximately two (2) weeks of onsite training and assistance with the grand opening of your Restaurant.
- 5.3. **Ongoing Training Programs.** We may offer periodic refresher or supplemental training courses for your Operating Partner and/or managers. We may designate each training program as mandatory or optional. If we determine your Restaurant is not being operated in full compliance with this Agreement and/or the Manual, we may require that your Operating Partner and/or managers attend remedial training relevant to your operational deficiencies. Upon your written request, we may, but need not, provide additional assistance or training to you at a mutually convenient time.
- 5.4. **Staff Training.** You are solely responsible for providing initial and ongoing training for your employees and staff members (other than managers). You must follow any training curriculum we establish and utilize any training materials we designate.
- 5.5. **Training Fees and Expenses.** We provide our pre-opening initial training program in exchange for the \$5,000 initial training fee, which is due prior to commencement of initial training. We may charge you an additional training fee of up to \$500 per Person per day for any Person who: (a) attends our initial training program after you open your Restaurant; (b) attends a refresher or supplemental training program we conduct; (c) retakes training after failing a prior attempt; (d) attends a remedial training program; or (e) attends additional training requested by you. If we provide onsite training or assistance, you must also reimburse us for all Travel Expenses we incur; *provided, however*, that you do not reimburse us for Travel Expenses we incur to provide the initial onsite training and opening assistance described in §5.2. You are responsible for all wages and Travel Expenses you and your personnel incur to attend training programs.
- 5.6. **Conferences.** We may hold periodic conferences to discuss business and operational matters relevant to Restaurants. Attendance is mandatory unless: (a) we designate attendance as optional; or (b) we waive your obligation to attend based on showing of good cause. We may charge you a conference registration fee of up to \$1,000 per Person per conference. If you fail to attend a required conference without a waiver from us, then you must pay us the conference registration fee despite your non-attendance (we will provide you with a copy of any written materials distributed at the conference). You are responsible for all wages and Travel Expenses you and your personnel incur to attend conferences.

6. OTHER FRANCHISOR ASSISTANCE.

- 6.1. **Manual.** We provide you with access to our Manual during the Term. The Manual will help you develop and operate your Restaurant. The information in the Manual is confidential and proprietary and may not be disclosed to third parties without our prior approval.
- 6.2. **Project Management Services.** We will designate the Person who will serve as your Project Manager. You must pay the Project Manager a nonrefundable \$15,000 project management fee at the time you sign the lease or purchase agreement for your Restaurant's premises. In exchange for this fee, the Project Manager will provide project management services relating to the design, construction and development of your Restaurant ("Project Management Services") including assistance with: (a) developing a preliminary layout and design for your Restaurant; (b) coordinating with your architect and reviewing construction plans and permits; (c) preparing bids and selecting your general contractor; (c) monitoring construction progress; and (d) supporting the scheduling and installation of signage, furniture, fixtures and equipment. Most of the underlying

services are provided by outside suppliers and you pay these suppliers directly for their services. The Project Manager's role is to oversee and coordinate with the various members of your development team (architects, engineers, general contractor, etc.) in an effort to manage the overall Restaurant development process and allow you to open the Restaurant as quickly as possible.

- 6.3. **General Guidance.** Based on periodic inspections of your Restaurant or reports you submit to us, we provide our guidance and recommendations on ways to improve the operation of your Restaurant. We will be available to render advice, discuss problems and offer general guidance to you during normal business hours by telephone, e-mail or similar methods of communication.
- 6.4. **Field Visits.** We have the right, but not the obligation, to conduct periodic field visits for purposes of providing onsite consultation, assistance and guidance pertaining to the operation and management of your Restaurant. We may prepare and provide you with a report detailing any problems or concerns observed during the field visit together with required or suggested changes or improvements to address or resolve such problems or concerns. You must implement all required corrective measures in the time and manner we specify.
- 6.5. **Marketing Assistance.** As further described in §10.1 and §10.2, we will administer the brand and system development fund and provide other marketing assistance during the Term.
- 6.6. **Website.** We currently maintain a corporate website for our brand. We will also develop and host a local webpage for your Restaurant that will be linked to our corporate website. Your webpage will include localized information about your Restaurant, such as address, hours of operation and contact information. We must approve all content on your webpage but will consider information you suggest in good faith. Any custom content we approve will be incorporated at your expense. We will own the website (including your webpage) and domain name at all times. We may modify or discontinue the website and/or your local webpage at any time in our sole discretion.
- 6.7. **Email Addresses.** We may, but need not, provide you with one or more CHOP5 Salad Kitchen email addresses for use with your Restaurant. If we do so, we may charge you for the costs we incur to provide these email addresses to you (these costs would be added to the technology fee described in §11.9). You must exclusively use these email addresses for all communications with us, customers, suppliers and other Persons relating to your Restaurant. These email addresses may not be used for any purpose unrelated to your Restaurant. We own the email addresses and accounts but allow you to use them during the Term.
- 6.8. **Purchase Agreements.** We may, but need not, negotiate purchase agreements with suppliers to obtain discounted prices for franchisees. We will arrange for you to be able to purchase the goods directly from the supplier at the discounted prices we negotiate (subject to any rebates the supplier pays to us). We may also purchase certain items from suppliers in bulk and resell them to you at our cost plus shipping fees and a reasonable markup.
- 6.9. **New Developments.** We may, but need not, create new menu items, merchandise, retail items or other products or services for sale at your Restaurant. You must comply with any minimum inventory stocking requirements in the Manual.

7. ESTABLISHING YOUR BUSINESS

- 7.1. **Site Selection.** You must contract with our designated real estate company to assist you in finding a site for your Restaurant. However, it is your responsibility to find a site that meets both your and our minimum standards and criteria. You must locate and obtain our approval of the site for your Restaurant within 180 days after the Effective Date. The premises must be located within the Site Selection Area and conform to our minimum site selection criteria. You must send us a complete site report that includes all demographic, commercial and other information, photographs and videos we require as well as a site survey. We may accept or reject each site you propose in our commercially reasonable judgment. We will use best efforts to issue our approval or disapproval within 30 days after we receive all of the requisite materials. Your site is deemed disapproved if we

fail to issue our written approval within the 30-day period. If we approve the site for your Restaurant prior to execution of this Agreement, then the address of the approved site will be listed in Part D of ATTACHMENT "A". If we do not approve the site for your Restaurant prior to execution of this Agreement, then within 15 days after we approve your site we will send you a Site Approval Notice that identifies the address of your approved site. Within five (5) business days after we send you the Site Approval Notice, you must sign and date the franchisee acknowledgment section and send us a copy for our records. Our approval of the site shall be deemed immediately effective and binding on you at the time we issue the Site Approval Notice, regardless of whether you send us the signed acknowledgment. Our approval of a site does not constitute a representation or warranty of any kind, express or implied, of the suitability of the site for a Restaurant. It indicates only that we believe the site meets our minimum criteria.

- 7.2. **Lease.** You must contract with our designated real estate company to assist you in identify sites and reviewing and negotiating your lease or purchase agreement. If you lease the premises for your Restaurant, you must use best efforts to ensure your landlord signs the Lease Addendum attached to this Agreement as ATTACHMENT "C". If your landlord refuses to sign the Lease Addendum in substantially the form attached to this Agreement we may either: (a) waive the Lease Addendum requirement (or the provisions disapproved by the landlord); or (b) require you to find a new site for your Restaurant. You must promptly send us a copy of your fully executed lease and Lease Addendum for our records.
- 7.3. **Construction.** The Manual includes generic prototype plans for a Restaurant as well as our standards and specifications for the design, layout, equipping and trade dress for a Restaurant. You must hire a licensed and bonded architect to prepare the initial design plans for the construction of your Restaurant and leasehold improvements. We must approve the initial design plans to ensure they are consistent with our system standards. Once approved, your architect must prepare detailed construction plans that: (a) are consistent with the approved design plans; (b) satisfy all required standards and specifications in the Manual; and (c) comply with all Laws (including the Americans with Disabilities Act), building codes, permit and lease requirements and restrictions applicable to the premises. You must submit the final construction plans to us for approval. The limited purpose of our review is to verify the construction plans are consistent with our system standards. Once approved, you must, at your sole expense, construct and equip the premises according to the approved construction plans and the specifications in the Manual. You must also purchase (or lease) and install all equipment, fixtures, signs and other items we require. We must approve the architects, engineers, contractors and other suppliers you use to construct your Restaurant. At all times during the construction process, you must maintain the minimum general liability and property damage insurance required by the Manual.
- 7.4. **Opening.** You must open your Restaurant to the public no later than the earlier to occur of: (a) the first (1st) anniversary of the Effective Date of this Agreement; or (b) 180 days after we approve the site for your Restaurant. You may not open your Restaurant prior to receipt of our written authorization to open. We will not issue our authorization to open before:
- (i) the Operating Partner successfully completes our initial training program;
 - (ii) you purchase all required insurance and furnish us with evidence of coverage;
 - (iii) you obtain all required licenses, permits and other governmental approvals;
 - (iv) we review and approve the construction, build-out and layout of your Restaurant; and
 - (v) you fulfill all of your other preopening obligations under this Agreement and the Manual.

You must send us a written notice identifying your proposed opening date at least 45 days before opening. We may conduct a pre-opening inspection of your Restaurant. You must make all changes and modifications we require before you may open.

7.5. **Relocation.** You may relocate your Restaurant with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (a) engage our designated real estate company to provide site selection and related real estate services and pay the associated fee; (b) obtain our approval of the site for your new Restaurant within the Site Selection Area (but outside any territory granted or reserved to us, our affiliate or any other franchisee); (c) comply with §7.1 through §7.4 with respect to your new Restaurant (excluding the required opening set forth in §7.4); (d) comply with the de-identification obligations set forth §21.1(vii) with respect to your former Restaurant; (e) pay us a \$5,000 relocation fee at the time we approve your request to relocate; (f) pay the Project Manager its then-applicable fee for the Project Management Services it provides with respect to the development of your Restaurant at the new site; and (g) open your Restaurant at the new site and resume operations within 30 days after closing your Restaurant at the former site; *provided, however*, that if you relocate because your Restaurant is destroyed, condemned or otherwise rendered unusable due to the physical condition of the premises, then you have 180 days after closing your Restaurant at the former site to open your Restaurant at the new site.

8. MANAGEMENT AND STAFFING.

8.1. **Owner Participation.** You must designate an Owner who will have overall responsibility for the management and operation of your Restaurant (the “Operating Partner”). The Operating Partner must: (a) be approved by us; (b) successfully complete all training programs we require; (c) dedicate full-time efforts to the Business; and (d) at all times hold at least a 5% ownership interest in the Restaurant or Franchisee Entity, as applicable, unless we waive this requirement. Any new Operating Partner you appoint must successfully complete our then-current initial training program before becoming involved with the supervision, management or operation of the Restaurant.

8.2. **Managers.** You may hire one or more managers to assist the Operating Partner with the onsite management and supervision of the Restaurant. Any Person you hire as a manager must: (a) be approved by us; (b) successfully complete all training programs we require; and (c) sign a Brand Protection Agreement. At all times during normal business hours, either the Operating Partner or a manager must be present at your Restaurant to provide onsite management and supervision. The Operating Partner must monitor and supervise the managers to ensure the Restaurant is operated in accordance with this Agreement and the Manual.

8.3. **Employees.** You must determine appropriate staffing levels for the Restaurant to ensure full compliance with this Agreement and our system standards. You may hire, train and supervise employees to assist you with the proper operation of the Restaurant. You must pay all wages, commissions, fringe benefits, worker’s compensation premiums and payroll taxes (and other withholdings required by Law) due for your employees. These employees will be employees of yours and not of ours. We do not control the day-to-day activities of your employees or the manner in which they perform their assigned tasks. You must inform your employees that you exclusively supervise their activities and dictate the manner in which they perform their assigned tasks. In this regard, you must use your legal business Entity name (not our Marks or a fictitious name) on all employee applications, paystubs, pay checks, employment agreements, time cards, and similar items. We also do not control the hiring or firing of your employees. You have sole responsibility and authority for all employment-related decisions, including employee selection and promotion, hours worked, rates of pay, benefits, work assignments, training and working conditions. We will not provide any advice or guidance on these matters. You must require that your employees review and sign the acknowledgment form we prescribe that explains the nature of the franchise relationship and notifies the employee that you are his or her sole employer. You must also post a conspicuous notice for employees in the back-of-house area explaining your franchise relationship with us and that you (and not we) are the employee’s sole employer. We may prescribe the form and content of this notice.

8.4. **Interim Manager.** We have the right, but not the obligation, to designate an individual of our choosing (an “Interim Manager”) to manage your Restaurant if either: (a) you fail to appoint an

approved replacement Operating Partner, who has successfully completed all training we require, within 30 days after your Operating Partner ceases to perform the responsibilities of an Operating Partner for any reason; or (b) you fail to cure a material breach before the expiration of the cure period. The Interim Manager will cease to manage your Restaurant at such time that you appoint an approved replacement Operating Partner who has completed training or you cure the material breach, as applicable. If we appoint an Interim Manager, you agree to: (a) pay us a management fee equal to \$500 per day during the period of time that the Interim Manager manages your Restaurant; and (b) reimburse us for all Travel Expenses incurred by the Interim Manager. The Interim Manager will have no liability to you except for gross negligence or willful misconduct. We have no liability to you for the activities of an Interim Manager unless we are grossly negligent in appointing the Interim Manager.

9. **FRANCHISEE AS ENTITY.** You represent that Part A of ATTACHMENT "A" includes a complete and accurate list of your Owners. Upon request, you must send us a resolution of the Franchisee Entity authorizing the execution of this Agreement, a copy of the Franchisee Entity's organizational documents and a current Certificate of Good Standing (or the functional equivalent thereof). All Owners of the Franchisee Entity and their spouses must sign a Franchise Owner Agreement.

10. **ADVERTISING & MARKETING.**

10.1. **Brand and System Development Fund.** We will establish and administer a brand and system development fund to promote public awareness of our brand and improve our System. On each royalty payment due date, you must pay us a brand fund fee in the amount we designate from time to time. The table below identifies the currently imposed brand fund fee and the maximum brand fund fee we may charge. We will provide you with at least 180 days' notice before we implement any increase to the brand fund fee.

BRAND FUND FEE		
Time Period (measured from opening date)	Current Amount	Maximum Amount
0 through 12 th month	0.5% of Gross Sales	4.5% of Gross Sales
13 th month through 24 th month	1% of Gross Sales	5% of Gross Sales
25 th month through remainder of Term	1.5% of Gross Sales	5.5% of Gross Sales

We may use the fund to pay for any of the following in our sole discretion:

- (i) developing, maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs;
- (ii) conducting and administering promotions, contests or giveaways;
- (iii) improving public awareness of the Marks;
- (iv) public and consumer relations and publicity;
- (v) brand development;
- (vi) sponsorships;
- (vii) charitable and non-profit donations and events;
- (viii) research and development of technology, products and services;
- (ix) website development and search engine optimization;
- (x) development and maintenance of an ecommerce platform;
- (xi) development and implementation of quality control programs, including the use of mystery

- shoppers or customer satisfaction surveys;
- (xii) conducting market research;
 - (xiii) changes and improvements to the System;
 - (xiv) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts;
 - (xv) collecting and accounting for contributions to the fund;
 - (xvi) preparing and distributing financial accountings of the fund;
 - (xvii) any other programs or activities we deem appropriate to promote or improve the System; and
 - (xviii) direct or indirect labor, administrative, overhead and other expenses incurred by us and/or our affiliates relating to any of these activities, including salary, benefits and other compensation of any of our (and any of our affiliate's) officers, employees or independent contractors based on time spent working on any brand fund matters described above.

We have sole discretion in determining the content, concepts, materials, media, endorsements, frequency, placement, location and all other matters pertaining to marketing or advertising activities. Any surplus in the fund may be invested and we may lend money to the fund if there is a deficit. The fund is not a trust and we have no fiduciary obligations to you with respect to our administration of the fund. We will prepare, and make available to you upon request, an annual statement of fund operations, including deposits and disbursements. In terms of marketing activities paid for by the fund, we do not ensure that: (a) expenditures in (or affecting) a given geographic area are proportionate or equivalent to the brand fund fees paid by franchisees in that geographic area; or (b) franchisees benefit directly or in proportion to their brand fund fees. We may suspend or discontinue the fund at any time in our sole discretion upon 30 days' prior notice.

10.2. Marketing Assistance From Us. We will provide our recommended marketing plan for your Business, which may be included in the Manual. We may create and make available to you advertising and other marketing materials. We may use the brand fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may provide online access to these materials, in which case you must print the materials at your expense. We may also contract with third-party suppliers to create advertising or marketing materials that you may purchase. We will provide reasonable marketing consulting, guidance and support throughout the Term on an as-needed basis.

10.3. Your Marketing Activities.

- (a) Generally. In addition to your brand fund fees, you must spend the minimum amount of money we require from time to time (the "Local Advertising Commitment") on approved local advertising and marketing to promote your Restaurant in your local market. The table below identifies the currently imposed Local Advertising Commitment and the maximum Local Advertising Commitment we may impose. We will provide you with at least 180 days' notice before we implement any increase to the Local Advertising Commitment.

LOCAL ADVERTISING COMMITMENT		
Time Period (measured from opening date)	Current Amount	Maximum Amount
0 through 12 th month	8% of Gross Sales	10% of Gross Sales
13 th month through remainder of Term	3% of Gross Sales	5% of Gross Sales

We measure your compliance with the Local Advertising Commitment on a rolling six-month basis, meaning as long as your average monthly expenditure on local advertising over

the six-month period equals or exceeds the Local Advertising Commitment, you are deemed in compliance even if your expenditure in any given month is less than the Local Advertising Commitment. Brand fund contributions are in addition to, and not credited towards, your Local Advertising Commitment. You must participate at your own expense in all advertising, promotional and marketing programs we require, including any advertising cooperative we establish pursuant to §10.4.

- (b) Grand Opening. During the period beginning 30 days before opening and ending 90 days after opening, you must spend between at least \$15,000 on grand opening advertising and marketing to promote the opening of your Restaurant.
- (c) Standards for Advertising. All advertisements and promotions you create or use must be completely factual, conform to the highest standards of ethical advertising and comply with all Laws. You must ensure your advertisements and promotional materials do not infringe upon the intellectual property rights of others. You must comply with any minimum advertised pricing policy we establish from time to time.
- (d) Extraterritorial Advertising. You may advertise and market outside your Territory as long as you: (i) comply with all policies and procedures in the Manual governing extra-territorial marketing; and (ii) do not engage in targeted marketing directed into any territory or development territory assigned to us, our affiliate or another franchisee (unless the marketing is conducted as part of an advertising cooperative that includes the affected territory). Marketing that is distributed, circulated or received both within your Territory and within another territory is not deemed to be “targeted marketing” if: (i) you use reasonable efforts to limit the circulation or distribution of the advertising to areas within your Territory; and (ii) the majority of the recipients of the advertising are located within your Territory and there is only incidental circulation or distribution within a territory assigned to us, our affiliate or another franchisee. The meaning of “targeted marketing” that is “directed into a territory” may be further defined in the Manual, but examples include direct mail sent to addresses within a given territory, digital advertising sent to devices with IP addresses registered within a given territory and conducting promotional events within a given territory.
- (e) Approval of Advertising. Prior to use, we must approve all advertising and marketing materials and programs you intend to use, including: (i) all advertising and marketing materials we did not prepare or previously approve; and (ii) any materials we prepare or approve and you modify. We must also approve the media you intend to use. You may not use any advertising materials, programs or media that: (i) we have not approved; or (ii) we approve and later disapprove. We have 14 business days to review and approve or disapprove advertising and marketing materials and programs you submit. Our failure to issue our approval within the 14 business-day period constitutes our disapproval. Any advertising you propose and we approve will be deemed an “Improvement” for purposes of §17.5.
- (f) Social Media. You may promote your Restaurant using social media provided that:
 - (i) you only utilize social media platforms we approve;
 - (ii) you strictly comply with our social media policy, as revised from time to time;
 - (iii) you immediately remove any post we disapprove, even if it complies with our social media policy;
 - (iv) you contract with and exclusively utilize any social media company we designate;
 - (v) you provide us with full administrative rights to your social media accounts; and
 - (vi) we retain ownership of all social media accounts relating to your Restaurant.

- (g) Internet and Websites. Without our prior approval, which we may withhold in our sole discretion, you may not: (i) develop, host, create or otherwise maintain a website or other online or digital presence in connection with your Restaurant, including any website bearing our Marks; (ii) conduct digital or online advertising or marketing; or (iii) engage in ecommerce.

10.4. Advertising Cooperative. We may, but need not, establish regional advertising cooperatives for purposes of creating and/or purchasing advertising programs for the benefit of all Restaurants located in a particular region. We may: (a) determine the boundaries of the cooperative; (b) specify the manner in which the cooperative is organized and governed; (c) require the cooperative to be administered in accordance with written bylaws, organizational documents or other governing documents that we approve; and (d) require you to participate in the cooperative according to its rules and procedures and abide by its decisions. You must pay the cooperative advertising fee, which will be due on each royalty payment due date or on such other date established by the cooperative. We may set the minimum cooperative advertising fee or we may allow the cooperative to set the cooperative advertising fee based on majority vote of its members. In either case, the cooperative advertising fee will not exceed the amount of your Local Advertising Commitment. We may either: (a) collect cooperative advertising fees and remit them to the applicable cooperative; or (b) require you to pay these fees directly to the cooperative. All cooperative advertising fees you pay are credited towards your Local Advertising Commitment. We reserve the right to form, change, merge or dissolve advertising cooperatives in our discretion.

10.5. Cap on Required Advertising Expenditures. Notwithstanding anything in §10 to the contrary, the maximum total amount we may charge you at any given time for brand fund fees, the Local Advertising Commitment and Cooperative Advertising Fees, on a combined basis, shall be capped at 8.5% of Gross Sales.

11. OPERATING STANDARDS.

11.1. Generally. You must operate your Restaurant in full compliance with this Agreement, the Manual and our standards in order to maintain the goodwill associated with the Marks.

11.2. Brand Standards Manual. You must develop and operate your Restaurant in strict compliance with the Manual. The Manual may contain, among other things:

- (i) architectural plans and specifications for the design, dimensions, layout, equipping and trade dress for a prototype Restaurant;
- (ii) a list of (a) goods and services (or specifications for goods and services) you must purchase to develop and operate your Restaurant and (b) designated and approved suppliers;
- (iii) a description of the menu items, beverages, merchandise, retail items and other authorized goods and services you may sell;
- (iv) specifications, techniques, methods, operating procedures and quality standards; and
- (v) policies and procedures pertaining to: (a) reporting; (b) insurance; (c) marketing and advertising; (d) gift card and/or loyalty programs; (e) catering and/or delivery services; (f) maintenance and retention of books and records; (g) data entry; (h) data ownership, protection, sharing and use; and (i) any other matter we deem appropriate.

The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by Restaurants. We can modify the Manual at any time. Modifications are binding at the time we notify you of the change, subject to any “grace period” we provide to implement the change. All mandatory provisions in the Manual (whether included now or in the future) are binding on you.

11.3. Authorized Goods and Services. You must offer all goods and services we require from time to

time in our commercially reasonable discretion. You may not offer any other goods or services without our prior written permission. We may change authorized goods and services at any time and you must comply with our instructions regarding same. Any such change shall not constitute a termination of this Agreement.

- 11.4. Preparation of Menu Items.** All menu items and food products must be prepared only by properly trained personnel and strictly in accordance with our recipes, techniques and processes (including the handling and storage of both ingredients and fully prepared menu items). Without limiting the generality of the foregoing, you must comply with all instructions in the Manual relating to inventory (including any policies for minimum inventory stocking and order frequency), ingredients, recipes, methods of preparation and service, portions, weight and dimensions of food served, appearance, presentation, display, quality, coloring, flavoring, packaging and similar matters. These requirements are integral to the System and necessary in order to: (a) ensure all menu items prepared at your Restaurant meet our high standards for health and wellness, taste, texture, appearance and freshness; and (b) protect the goodwill associated with our Marks. Your failure to adhere to these requirements will be detrimental to the System and the Marks.
- 11.5. Sales Restrictions.** You must offer catering and delivery service. You must strictly comply with all associated policies and procedures in the Manual, including, without limitation, use of designated third-party delivery service providers, pricing policies and restrictions on delivery service areas. Except for catering and delivery service, you may only sell to retail customers while they are present at the Restaurant. Unless you receive our prior written approval, you may not: (a) offer or sell food, beverage, merchandise or other goods or services from any location other than your Restaurant's premises; (b) produce, sell or provide food, beverage, merchandise or other goods or services through any other channel of distribution, including utilizing the services of a ghost kitchen or through an ecommerce site; (c) sell food, beverage, merchandise or other goods or services to any Person for purposes of resale; or (d) use, or allow any other Person to use, the kitchen in your Restaurant as a ghost kitchen (or in any similar capacity) for purposes of preparing menu items for other brands or culinary concepts.
- 11.6. Pricing.** We will provide you with our current corporate retail pricing model utilized at company-owned Restaurants. Our corporate pricing model has not been adapted for use within your local market. You may deviate from our corporate retail pricing model at your discretion; *provided, however*, that we reserve the right to require that you obtain our approval of any deviation that is more than 10% higher or lower than our corporate retail pricing unless such pricing is part of a temporary advertising campaign we approved. We also reserve the right to set maximum or minimum prices on the goods and services you sell to the extent permitted by applicable Law, including in connection with local, regional and/or national promotions.
- 11.7. Customer Payments.** You must, at your expense, lease or purchase the necessary equipment and/or software and have arrangements in place with Visa, MasterCard, American Express and all other credit card issuers we designate, in order for you to be able to accept such methods of payment from customers. You must accept debit cards, credit cards, stored value cards, and other non-cash systems (including, for example, APPLE PAY and/or GOOGLE WALLET) that we specify. You must acquire and install all necessary hardware and/or software used in connection with these non-cash systems.
- 11.8. Suppliers and Purchasing.** You must purchase or lease all products, supplies, equipment, services and other items specified in the Manual. The Manual may require that you purchase certain goods and services only from suppliers we designate or approve. These suppliers may include (or be limited exclusively to) us or our affiliate. Our right to specify the suppliers you use is necessary so we can control the uniformity and quality of goods and services used, sold or distributed in connection with the development and operation of Restaurants, protect our trade secrets, negotiate bulk purchase discounts, and protect the reputation and goodwill associated with the System and the Marks. We have no liability to you for the acts, errors or omissions of, or any defective goods or services supplied by, any third-party supplier we designate or approve, provided that we exercise

our discretion in good faith in designating or approving such supplier. If we receive rebates or other consideration from suppliers based on your purchases, we have no obligation to pass them through to you or use them for any particular purpose. If you wish for us to approve a supplier, you must send us a written request for approval specifying the supplier's name and qualifications and provide all additional information we request. We will use best efforts to approve or reject your request within 45 days after we receive your request and all information and samples we require. We are deemed to have rejected your request if we fail to issue our approval within the 45-day period. Within 10 days after invoicing, you must reimburse us for all costs and expenses we incur to review suppliers or products you propose.

11.9. Technology Systems.

- (a) Generally. You must acquire and utilize all Technology Systems we require from time to time. Technology Systems may relate to matters such as purchasing, pricing, accounting, order entry, inventory control, security, information storage, retrieval and transmission, customer information, customer loyalty, marketing, communications, copying, printing and scanning, or any other business purpose we deem appropriate. You must also utilize any Intranet and/or Extranet we establish in the manner we require, including for purposes of submitting reports, accessing the Manual, completing online training and communicating with us. We may require that you acquire new or substitute Technology Systems and/or replace, upgrade or update existing Technology Systems at your expense upon reasonable prior notice.
- (b) Use and Access. You must utilize your Technology Systems in accordance with the Manual. You may not load or permit any unauthorized programs or games on your Technology Systems. You must ensure your employees are adequately trained in the use of the Technology Systems. You agree to take all steps necessary to provide us with independent and unlimited access to data collected through your Technology Systems, including Gross Sales data for purposes of calculating fees owed. Upon request, including upon termination or expiration of this Agreement, you must provide us with the user IDs and passwords for your Technology Systems.
- (c) Disruptions. You are solely responsible for protecting against computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders. Upon request, you must obtain and maintain cyber insurance and business interruption insurance for technology disruptions.
- (d) Fees and Costs. You are responsible for all fees, costs and expenses associated with acquiring, licensing, utilizing, updating and upgrading the Technology Systems. Certain components of the Technology Systems must be purchased or licensed from third-party suppliers. We and/or our affiliate may develop proprietary software, technology or other components of the Technology Systems that will become part of our System. If this occurs, you agree to: (i) pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees; and (ii) upon request, enter into a license agreement with us (or our affiliate) in a form we prescribe governing your use of the proprietary software, technology or other component of the Technology Systems. We may enter into master agreements with third-party suppliers relating to any components of the Technology Systems and charge you for all amounts we pay to these suppliers based on your use of their software, technology, equipment, or services. The "technology fee" includes all amounts you pay us and/or our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to third-party suppliers based on your use of their systems, software, technology or services. The amount of the technology fee may change based on changes to the Technology Systems or prices charged by third-party suppliers with whom we enter into master agreements. We may include within the technology fee a commercially reasonable administrative fee to compensate us for the time,

money and resources we invest in administering the technology platform and associated components, negotiating and managing contracts with third-party licensors, and collecting and remitting technology fees owed to third-party licensors on behalf of franchisees under master license arrangements. The technology fee does not include any amounts you pay directly to third-party suppliers for any components of the Technology Systems. The technology fee is due 10 days after invoicing or as we otherwise specify. We will list the current technology fee in the Manual.

11.10. Refurbishment Projects. You must, at your expense, complete any Refurbishment Project that we reasonably require from time to time in order for your Restaurant to conform to our then-current standards and specifications; *provided, however*, that we will not require you to complete a Refurbishment Project during the final 12 months of the Term except as a condition to Transfer or entering into a Successor Agreement. There are no other limitations on the cost or frequency of Refurbishment Projects we may require. You must complete the Refurbishment Project within 180 days after notice from us (or such longer period of time that we agree to in writing). You may not remodel or significantly alter your premises without our prior written approval. We need not approve any proposed remodeling or alteration that does not conform to our then-current standards and specifications.

11.11. Restaurant Maintenance. You must maintain your Restaurant in good order and condition, reasonable wear and tear excepted, and make all necessary repairs, including replacements, renewals and alterations, at your sole expense, to conform to our standards and specifications. Without limiting the generality of the foregoing, you agree to take the following actions at your expense: (a) thorough cleaning, repainting, redecorating of the interior and exterior of the Restaurant's premises at the intervals we prescribe (or at such earlier times that such actions are required or advisable); and (b) interior and exterior repair of the Restaurant's premises as needed. You must comply with any maintenance, cleaning or facility upkeep schedule we prescribe. There is no limitation on the cost or frequency of these maintenance and repair obligations.

11.12. Equipment Maintenance and Changes. You must, at your expense, maintain your equipment in good condition and promptly replace or repair any equipment that is damaged, worn-out or obsolete. We may require that you change your equipment. Our right to require significant equipment changes is critical to our ability to administer and change the System and you must comply with these changes within the time period we reasonably specify.

11.13. System Programs.

- (a) Generally. We may periodically develop and implement loyalty programs, gift card programs and other system-wide programs. You must fully participate in all programs we designate as mandatory. In order to participate you must: (i) comply with all policies and procedures we establish for participation in the program; (ii) purchase (or license) and utilize all equipment, software, mobile applications (Apps), technology and others items we designate as being necessary for participation in the program, and pay all associated fees and costs; and (iii) pay us, our affiliate, or a third party we designate, all program fees and other amounts we specify as being necessary for participation in the program (collectively, "Program Participation Rules"). Program Participation Rules may be set forth in the Manual. We may change Program Participation Rules at any time and you must comply with these changes. We may develop and implement new or successor programs and/or modify or terminate existing programs at any time in our discretion.
- (b) Loyalty Programs. You must fully participate and implement all required customer loyalty, rewards and other affinity programs designed to increase customer loyalty, generate new customers or improve overall demand for Restaurants.
- (c) Gift Card Programs. You must participate in any gift card program we establish and honor all gift cards, including gift cards purchased from us or another franchisee. You may not

offer or sell gift cards we have not approved. We have the right to: (i) determine how gift card proceeds are divided or otherwise accounted for; (ii) require that gift card proceeds be paid to us or deposited into a trust account we control for subsequent disbursement to the Restaurant(s) where the gift card is redeemed; and (iii) retain proceeds from unredeemed gift cards.

11.14. Hours of Operation. Your Restaurant must be open for business during the minimum days and hours of operation set forth in the Manual, subject to any conflicting requirements imposed by law or under your lease. You must establish specific days and hours of operation and submit them to us for approval.

11.15. Customer Complaints. If you receive a customer complaint, you must follow the complaint resolution process we specify to protect the goodwill associated with the Marks.

11.16. Quality Assurance Programs. For quality control purposes we may: (a) periodically inspect your Restaurant in accordance with §6.4 and §16.1; and/or (b) engage the services of a “mystery shopper” or quality assurance firm to inspect your Restaurant. Inspections may address a variety of issues, including customer service, food safety, sanitation, inventory rotation, etc. You must fully cooperate with all inspections. If we engage a mystery shopper or quality assurance firm, we may require that you directly pay the mystery shopper or firm for the cost of the inspection. Alternatively, we may pay for the cost of the inspection, in which case you must reimburse us within 10 days of invoicing. We may implement a scoring system pursuant to which each Restaurant receives a “grade” or “score” based on the inspection results. Your failure to achieve a passing grade or score constitutes a default under this Agreement. You must take all actions we specify within the period of time we prescribe in order to rectify any non-compliance issues revealed by an inspection.

11.17. Failure to Comply with Standards. You acknowledge the importance of every one of our standards and operating procedures to the reputation and integrity of the System and the goodwill associated with the Marks. If we notify you of a failure to comply with our standards or operating procedures (including failure to submit required reports in a timely manner) and you fail to correct the non-compliance within the period of time we prescribe, then, in addition to any other remedies available to us under this Agreement, we may impose a noncompliance fee of up to \$500 per occurrence. We may impose an additional \$500 fee every 48 hours the same non-compliance issue remains uncured after we impose the initial fee. Any noncompliance fees we collect are paid in consideration of us refraining from exercising our contractual right to terminate this Agreement. If we take steps to cure any default committed by you after the expiration of any applicable cure period, including, without limitation, obtaining required insurance coverage on your behalf or paying amounts you owe to approved or designated suppliers, then you must reimburse us for all costs and expenses we incur, either directly or indirectly, in connection with our efforts to cure your default. Our acceptance of noncompliance fees and default expense reimbursements shall not be construed as a waiver of any of our rights or remedies under this Agreement and we retain the right to terminate this Agreement in accordance with §20 should the default continue following our collection of these amounts.

12. FRANCHISE ADVISORY COUNCIL. We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We consider all suggestions in good faith but are not bound by them. The council would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of council representatives to communicate with us on matters raised by the council. You would have the right to be a council member as long as you comply with this Agreement and do not act in a disruptive, abusive or counter-productive manner. As a member, you would be entitled to all voting rights and privileges granted to other council members. Each member would have one vote on all matters on which members are authorized to vote.

13. FEES

- 13.1. Initial Franchise Fee.** You agree to pay us an initial franchise fee in the amount set forth in Part B of ATTACHMENT "A" in one lump sum at the time you sign this Agreement. The initial franchise fee is fully earned by us and nonrefundable once this Agreement is signed.
- 13.2. Royalty Fee.** On the day of each week we specify (the "royalty fee due date"), you must pay us a royalty fee equal to 6% of Gross Sales generated during the immediately preceding reporting period. The current reporting period runs from the opening of business on Monday through the close of business on Sunday and the current royalty payment due date is the Wednesday immediately following the end of the prior reporting period. We may periodically change the reporting period and weekly royalty payment due date through updates to the Manual.
- 13.3. Other Fees and Payments.** You must pay all other fees, expense reimbursements and other amounts specified in this Agreement in a timely manner as if fully set forth in §13. You also agree to promptly pay us an amount equal to all taxes levied or assessed against us based on goods or services you sell or goods or services we furnish to you, excluding income taxes imposed on us based on fees you pay us under this Agreement.
- 13.4. Due Date & Late Fee.** Payments are due 10 days after invoicing unless otherwise specified. If any sum due under this Agreement has not been received by us when due or there are insufficient funds in your Account to cover the sum when due, then in addition to this sum you must pay us \$100 plus default interest on the amount past due at a rate equal to the lesser of 18% per annum (pro-rated on a daily basis) or the highest rate permitted by applicable Law. If no due date is specified, interest begins to run 10 days after we bill you. We will not impose a late fee for any amount paid pursuant to §13.5 if, but only to the extent that, sufficient funds were available in your Account to be applied towards the payment when due; *provided, however*, that if we are unable to determine the amount due because of your failure to record sales or submit Gross Sales reports in a timely manner, we may assess a late fee on the entire amount that was due. This §13.4 shall not constitute our agreement to accept late payments or extend credit to you.
- 13.5. Method of Payment.** No later than 15 days after the Effective Date, you must send us a completed and fully executed ACH Agreement authorizing us to electronically debit your designated Account for all amounts owed to us and our affiliates on the applicable due date, excluding any amounts due within 15 days after the Effective Date. You must sign all other documents required by us or your bank to enable us to debit your Account for amounts owed. You must deposit all Gross Sales into the Account and ensure sufficient funds are available for withdrawal before each payment due date. If there are insufficient funds in your Account, any excess amounts you owe will be payable upon demand, together with any late fee imposed pursuant to §13.4. We may also impose a \$50 NSF fee for each instance where either: (a) there are insufficient funds in your Account to cover amounts owed when due; or (b) a check you issue to us is returned due to insufficient funds.
- 13.6. CPI Adjustments.** We reserve the right to periodically adjust all fees expressed as a fixed dollar amount based on changes to the Consumer Price Index (CPI) in the United States. We may review these fees every every two (2) years and increase the fees based on CPI changes, but only if the then-current CPI ("Current CPI") is more than 5% higher than the corresponding CPI in effect on: (a) the Effective Date of this Agreement (for the initial fee adjustments); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments) ("Baseline CPI"). The adjusted fee shall be calculated by multiplying the current fee by a fraction: (a) the numerator of which is an amount calculated as the product of (i) 100 and (ii) the difference of Current CPI minus Baseline CPI; and (b) the denominator of which is Baseline CPI. We may utilize any CPI index series published by the U.S. Department of Labor or any comparable Governmental Authority that we deem appropriate. We currently use the following index: All Urban Wage Earners and Clerical Workers (CPI-W), U.S. City Average (1982-84 = 100), "All Items". We will notify you of any CPI adjustment at least 60 days before the fee adjustment becomes effective. If we, in our sole discretion, determine not to increase the fees in a given two-year period despite a 2% or greater

CPI increase, that potential fee increase will accumulate and may be carried forward and applied in connection with a subsequent fee adjustment.

14. **BRAND PROTECTION COVENANTS.**

14.1. Reason for Covenants. The Intellectual Property, training and assistance we provide would not be acquired except through implementation of this Agreement. You agree that competition by you, the Owners or Persons associated with you or the Owners (including family members) could seriously jeopardize our franchise system because you and the Owners received an advantage through knowledge of our day-to-day operations and Know-how. You and the Owners agree to comply with the covenants in §14 to protect the Intellectual Property and our franchise system.

14.2. Intellectual Property and Confidential Information. You and the Owners agree to:

- (i) refrain from using any Intellectual Property or Confidential Information in any business or for any purpose other than the operation of your Restaurant pursuant to this Agreement;
- (ii) maintain the confidentiality of all Confidential Information at all times;
- (iii) refrain from making unauthorized copies of documents containing Confidential Information;
- (iv) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and
- (v) stop using the Intellectual Property and Confidential Information immediately upon the expiration, termination or Transfer of this Agreement (and any Owner who ceases to be an Owner before the expiration, termination or Transfer of this Agreement must stop using the Intellectual Property and Confidential Information immediately at the time he or she ceases to be an Owner).

14.3. Unfair Competition. You and the Owners may not engage in any Prohibited Activities during the Term or Post-Term Restricted Period. Notwithstanding the foregoing, you and the Owners may have an interest in a Competing Business during the Post-Term Restricted Period as long as the Competing Business is not located within the Restricted Territory. If you or an Owner engages in a Prohibited Activity during the Post-Term Restricted Period (other than having an interest in a Competing Business permitted by this Section), then the Post-Term Restricted Period applicable to you or the non-compliant Owner, as applicable, shall be extended by the period of time during which you or the non-compliant Owner, as applicable, engaged in the Prohibited Activity.

14.4. Family Members. Because (a) an Owner could circumvent the intent of §14 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild) and (b) it would be difficult for us to prove whether the Owner disclosed Confidential Information to the family member, each Owner agrees that he or she will be presumed to have violated the terms of §14 if any member of his or her immediate family engages in any Prohibited Activities during the Term or Post-Term Restricted Period or uses or discloses Confidential Information. However, the Owner may rebut this presumption with evidence conclusively showing he or she did not disclose Confidential Information to the family member.

14.5. Employees. You must ensure all employees, officers, directors, partners, members, independent contractors and other Persons associated with you or your Restaurant sign and send us a Confidentiality Agreement before they are given access to any Confidential Information. Any Person who signs a Brand Protection Agreement need not sign a Confidentiality Agreement. You must: (a) use best efforts to ensure these individuals comply with the Brand Protection Agreements and Confidentiality Agreements, as applicable; (b) immediately notify us of any breach that comes to your attention; and (c) reimburse us for all expenses we incur to enforce a Brand Protection Agreement or Confidentiality Agreement, including attorneys' fees and court costs.

14.6. Covenants Reasonable. You and the Owners agree that: (a) the covenants in §14 are reasonable

both in duration and geographic scope; (b) our use and enforcement of similar covenants with respect to other franchisees benefits you and the Owners by preventing others from unfairly competing with your Restaurant; and (c) you and the Owners have sufficient resources, business experience and opportunities to earn an adequate living while complying with the covenants in §14.

14.7. Breach of Covenants. You and the Owners agree that: (a) any failure to comply with §14 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at Law; and (b) we are entitled to injunctive relief if you or an Owner breaches §14, together with any other relief available at equity or Law. We will notify you if we intend to seek injunctive relief, but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the required amount of the bond may not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at Law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

15. YOUR OTHER RESPONSIBILITIES

15.1. Insurance. For your protection and ours, you agree to maintain the following insurance policies:

- (i) “all risk” property insurance coverage on all assets, including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of your Restaurant, which must include coverage for fire, vandalism and malicious mischief and have coverage limits of at least full replacement cost;
- (ii) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your Restaurant, containing minimum liability protection of \$1,000,000 combined single limit per occurrence;
- (iii) privacy and cyber security liability insurance containing minimum liability protection of \$1,000,000 combined single limit per occurrence;
- (iv) umbrella insurance containing minimum liability protection of \$1,000,000 combined single limit per occurrence and \$2,000,000 in the aggregate;
- (v) business interruption insurance providing coverage for 100% of all expenses and financial obligations for a minimum period of 12 months, including fees owed to us, which shall be deemed to include average weekly royalty fees and brand fund fees imposed during the 12-month period preceding the event triggering coverage under the insurance policy;
- (vi) automobile liability and property damage insurance covering all loss, liability, claim or expense of any kind whatsoever resulting from the use, operation, or maintenance of any automobiles or motor vehicles, owned, leased or used by you or your officers, directors, employees, partners or agents in the operation of your Restaurant, containing minimum liability protection of \$1,000,000 combined single limit per occurrence;
- (vii) employer’s liability insurance and employment practices liability insurance containing minimum liability protection of \$1,000,000 per occurrence and \$2,000,000 in the aggregate;
- (viii) worker’s compensation insurance as required by Law;
- (ix) any insurance required under your lease, any financing arrangement with a lender or by Law; and
- (x) any other insurance we specify in the Manual from time to time.

You must provide us with proof of coverage prior to opening, within 10 days after any policy renewal and at any other time on demand. You must obtain these policies from licensed insurance carriers rated A-VIII or better by Alfred M. Best & Company, Inc. Each policy must be endorsed

to: (a) name us and our members, officers, directors, and employees as additional insureds; (b) contain a waiver by the insurance carrier of all subrogation rights against us; and (c) provide that we receive at least 30 days' prior written notice of the termination, expiration, cancellation or modification of the policy. If any policy fails to meet these criteria, we may disapprove the policy and you must immediately secure a new policy meeting our criteria. Upon 10 days' notice, we may increase the minimum liability coverage amount of any policy and/or require different or additional types of insurance due to inflation, special risks, changes in Law or standards of liability, higher damage awards or other relevant changes in circumstances. If you fail to maintain a required policy, we may, at our option, obtain the policy on your behalf. If we do so, you must promptly sign any application or other form required to obtain the policy and reimburse us for all premiums and other costs we incur.

15.2. Books and Records. You must prepare complete and accurate books, records, accounts and tax returns pertaining to your Business and keep copies for at least five (5) years after their preparation. You must comply with all requirements in the Manual pertaining to the preparation and retention of books and records. You must send us copies of your books and records within seven (7) days of our request.

15.3. Reports.

- (a) Generally. You must prepare all reports we require including, without limitation, the reports described below. Reports must be prepared in the form and manner we specify. You must send us a copy of any report we require upon request. We also have the right to independently access your Technology Systems to retrieve and compile Business Data and generate any reports we deem appropriate, including Gross Sales reports.
- (b) Report of Initial Investment Costs. To assist us in updating future versions of our Franchise Disclosure Document, you must complete and send us a report, in the form we designate, listing all expenses you incur in connection with the development and opening of your Restaurant. You must send us the completed report within 60 days after the opening date of your Restaurant.
- (c) Gross Sales Reports. No later than each royalty payment due date, you must prepare and send us a statement of your Gross Sales for the prior reporting period. If you miscalculate Gross Sales, you must notify us of the error no later than the end of the next Gross Sales reporting period. Otherwise, you will not be entitled to any refund or credit of any fees paid to us based on previously reported Gross Sales.
- (d) Advertising Expenditure Reports. No later than 30 days after the expiration of your grand opening period, you must prepare and send us a report detailing your expenditures on your grand opening marketing campaign in accordance with §10.3(b). No later than the 10th day of each month, you must prepare and send us a monthly report detailing your expenditures incurred during the prior month on local advertising required by §10.3(a). All advertising expenditure reports must include copies of receipts for the reported expenditures.

15.4. Financial Statement. You must prepare and send us all financial statements required by the Manual in the format we prescribe, including, without limitation: (a) monthly financial statements, which are due no later than 20 days after the end of each month; (b) quarterly financial statements, which are due no later than 60 days after the end of each calendar quarter; and (c) annual financial statements, which are due no later than 90 days after the end of each calendar year. If you own multiple Restaurants, we may require you to provide consolidated financial statements reflecting the financial condition and operations of all Restaurants owned by you and your affiliates. In addition to any other requirements described in the Manual, all financial statements must be: (a) verified and signed by you certifying to us that the information is true, complete, and accurate; (b) prepared on an accrual basis in compliance with Generally Accepted Accounting Principles; and (c) submitted in any format we reasonably require. We may require that your annual financial

statements be reviewed or audited by a certified public accountant if you submit materially inaccurate financial statements on a prior occasion. You must send us a copy of any required financial statements upon request. You hereby authorize us to disclose Operational Data to prospective franchisees, Governmental Authorities and other Persons for any reasonable business purpose, provided the disclosure is not prohibited by applicable Law.

15.5. Legal Compliance. You must: (a) secure and maintain all required licenses, permits and regulatory approvals; (b) operate your Restaurant in compliance with all applicable Laws; (c) notify us in writing within two (2) business days after you become aware of any Claim, or any order, demand or disciplinary action issued by a Governmental Authority, that may adversely affect the operation of your Restaurant; and (d) immediately send us a copy of any inspection report or other communication from a Governmental Authority alleging violation of a health or safety Law.

15.6. Ownership and Protection of Data. We are the exclusive owner of all Business Data collected by you, us or any other Person. We hereby grant you a license to utilize the Business Data solely for purposes of operating your Restaurant in compliance with this Agreement. You must protect all Customer Data with a level of control proportionate to the sensitivity of data. You must adhere to applicable privacy Laws with respect to data which, if compromised, could have a negative impact on our image or consumer confidence. You agree to: (a) comply with all applicable data protection Laws and our data processing and data privacy policies in the Manual (if any); and (b) upon request, sign any data processing or data privacy agreement required by us or by Law. You further agree to:

- (i) obtain, maintain and adhere to all applicable compliance standards established by PCI-DSS;
- (ii) establish appropriate administrative, technical and physical controls consistent with Law and PCI-DSS to preserve the security and confidentiality of any credit card information, in any form whatsoever, that you store, process, transmit or come in contact with;
- (iii) promptly notify us if you suspect there is, or has been, a security breach or potential compromise of any such credit card information;
- (iv) provide us with updates regarding the status of PCI-DSS, which update may be through a completed PCI AOC (Attestation of Compliance), PCI-DSS SAQ (Self-Assessment Questionnaire) or other method mutually agreed; and
- (v) promptly notify us of any noncompliance with PCI-DSS requirements to discuss your remediation efforts and timeline.

16. INSPECTION AND AUDIT

16.1. Inspections. For quality control purposes and to ensure compliance with this Agreement, we (or our representative) may enter your Restaurant, evaluate your operations and inspect your books, records, accounts and tax returns. We will determine the scope of the inspection, which may include, among other things:

- (i) evaluating the physical condition of your Restaurant for cleanliness, sanitation and state of repair;
- (ii) examining and copying your books, records, accounts and tax returns;
- (iii) inspecting and testing your equipment;
- (iv) sampling your menu items;
- (v) removing samples of your food and beverage products and other inventory items for testing purposes;
- (vi) monitoring and speaking with your staff; and

(vii) contacting your landlord and customers.

We may conduct the inspection at any time and without prior notice. During the inspection, we (or our representative) will use reasonable efforts to minimize any interference with the operation of your Restaurant. You and your employees must cooperate and not interfere with the inspection. You consent to us accessing your Technology Systems and retrieving any Business Data we deem appropriate. You must reimburse us for all Travel Expenses and other costs we incur to conduct an inspection to determine if you remedied: (a) a health or safety issue identified by a Governmental Authority; or (b) a breach of our system standards we brought to your attention. We bear the cost of all other inspections.

16.2. Audit. We may audit your books and records at any time. You must fully cooperate with us and any Person we hire to conduct the audit. If an audit reveals an understatement of Gross Sales, you must immediately pay us all additional fees you owe together with any late fee imposed pursuant to §13.4. You must reimburse us for the cost of any audit (including reasonable accounting and attorneys' fees and Travel Expenses incurred by us or the auditor) that (a) is required due to your failure to timely provide information we request, preserve records or file reports as required by this Agreement on three (3) or more occasions in any 12-month period or (b) reveals an understatement of Gross Sales by at least 3%. We bear the cost of all other audits. We shall not be deemed to have waived our right to terminate this Agreement by accepting reimbursement of our audit costs.

17. INTELLECTUAL PROPERTY

17.1. Ownership and Use. You acknowledge that: (a) we are (or our affiliate is) the exclusive owner of the Intellectual Property and the associated goodwill; (b) your right to use the Intellectual Property is derived solely from this Agreement; and (c) your right to use the Intellectual Property is limited to a license to operate your Restaurant during the Term pursuant to, and only in compliance with, this Agreement and the Manual. You may not use the Intellectual Property in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized by us. Any unauthorized use of the Intellectual Property constitutes an infringement of our rights. You must comply with all provisions in the Manual governing use of the Intellectual Property. You will not acquire any goodwill, title or interest in or to the Intellectual Property.

17.2. Changes to Intellectual Property. We may change the Intellectual Property at any time in our sole discretion, including by changing the Copyrighted Materials, Know-how, Marks and/or System. You must, at your expense, implement all Intellectual Property changes we require in accordance with our instructions. We are not liable for any expenses, losses or damages you incur (including the loss of any goodwill associated with a Mark) as a result of any change to the Intellectual Property.

17.3. Use of Marks. You agree to: (a) use the Marks as the sole identification of your Restaurant; *provided, however*, that you must identify yourself as the independent owner of your Restaurant in the manner we prescribe; (b) prominently display the Marks in the manner we prescribe on or in connection with any advertising, promotional materials, displays, receipts, stationery and forms we designate to give notice of trademark and service mark registrations and copyrights; and (c) obtain any fictitious or assumed name registrations required by applicable Law. You may not: (a) use the Marks in any modified form or as part of a corporate or trade name or with any prefix, suffix, or other modifying words, designs or symbols (other than logos we license to you); (b) use the Marks when signing a contract, lease, check or other agreement or in any other manner that may cause confusion or imply we are liable for your obligations; (c) register or attempt to register any Marks or any other trademarks confusingly similar to the Marks with any Governmental Authority; or (d) challenge or contest the validity or ownership of our Marks.

17.4. Use of Know-how. We disclose Know-how to you during training programs, in the Manual and through other guidance furnished during the Term. You will not acquire any interest in the Know-how other than the right to utilize it in compliance with this Agreement. The Know-how is

proprietary and disclosed to you solely for use in the development and operation of your Restaurant during the Term.

17.5. Improvements. If you or any of your Owners or employees conceives of or develops an Improvement, you must send us a written notice describing the Improvement. You must obtain our approval prior to using any such Improvement. Any Improvement we approve may be used by us and any third parties we authorize to operate a Restaurant, without any obligation to pay royalties or other fees to you or any other Person. You or your Owner or employee, as applicable, must assign to us or our designee, without charge, all rights to the Improvement, including the right to grant sublicenses. In return, we will authorize you to use Improvements developed by other Persons that we approve for use in connection with the operation of a Restaurant.

17.6. IP Disputes. You must immediately notify us of any IP Dispute. You may not communicate with any Person other than us and our counsel in connection with any IP Dispute. We have sole discretion in deciding what action, if any, to take in response to the IP Dispute. We may exclusively control any litigation or other proceeding relating to the IP Dispute. You must execute all documents, render all assistance, and perform all acts that are, in our counsel's opinion, necessary or advisable to protect or maintain our interest in the litigation or proceeding and/or protect the Intellectual Property.

18. INDEMNITY.

18.1. Your Indemnification Obligations. You agree to indemnify the Indemnified Parties and hold them harmless for, from and against any and all Losses and Expenses they incur as a result of or in connection with:

- (i) the marketing, use or operation of your Restaurant;
- (ii) the breach of any Definitive Agreement committed by you or your Owners or affiliates;
- (iii) the breach of any agreement with a third party committed by you or your Owners or affiliates;
- (iv) any Claim relating to taxes or penalties assessed by any Governmental Authority against us that are directly related to your failure to pay or perform functions required of you under this Agreement;
- (v) any acts, errors or omissions of you or your affiliate, or any Owner, officer, director, partner, agent, representative, independent contractor or employee of yours or your affiliate, in connection with the performance of any activities pertaining to your Restaurant;
- (vi) libel, slander or disparaging comments made by you or any of your Owners, officers, employees or independent contractors regarding the System, a Restaurant or an Indemnified Party;
- (vii) any labor, employment or similar type of Claim pertaining to your employees (including Claims alleging we are a joint employer of your employees) or our relationship with you or your Owners (including Claims alleging we are an employer of you and/or any of your Owners); or
- (viii) any actions, investigations, rulings or proceedings conducted by any Governmental Authority (including the United States Department of Labor, Equal Employment Opportunity Commission or National Labor Relations Board) relating to your employees.

You and your Owners must immediately notify us of any Claim or proceeding described above. The Indemnified Parties shall have the right, in their sole discretion, to: (a) retain counsel of their choosing to represent them with respect to any Claim; and (b) control the response thereto and the defense thereof, including the right to enter into an agreement to settle the Claim. You may participate in such defense at your expense. You must fully cooperate and assist the Indemnified

Parties with the defense of the Claim. You must reimburse the Indemnified Parties for all of their costs and expenses in defending the Claim, including court costs and reasonable attorneys' fees, within 10 days of receipt of an invoice itemizing such costs and expenses.

18.2. Our Indemnification Obligations. Provided that you are in full compliance with all Definitive Agreements, we will indemnify you and your Owners and hold them harmless for, from and against any and all Losses and Expenses incurred by any of them as a result of or in connection with any Claim asserted against you and/or your Owners alleging that your use of our Marks in strict compliance with the terms of this Agreement and the Manual violates a third-party's intellectual property rights. You must promptly notify us of any such Claim and fully cooperate with our defense of the Claim.

19. TRANSFERS

19.1. By Us. This Agreement is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for any obligations incurred by us prior to the effective date of the assignment. We may also delegate our obligations under this Agreement to one or more Persons without assigning the Agreement.

19.2. By You. The rights and duties created by this Agreement are personal to you and the Owners. We are granting you franchise rights in reliance upon the character, skill, attitude, business ability and financial resources of you and your Owners. Because this Agreement is a personal services contract, neither you nor any Owner may engage in a Transfer (other than a Permitted Transfer) without our prior written approval. Any Transfer (other than a Permitted Transfer) without our approval is void and constitutes a breach of this Agreement. We will not unreasonably withhold approval if all of the following conditions are satisfied:

- (i) we believe the proposed transferee has sufficient business experience, aptitude and financial resources to own and operate a Restaurant and meets our minimum criteria for franchisees;
- (ii) you and your affiliates and Owners are in full compliance with all Definitive Agreements;
- (iii) the transferee's owners successfully complete, or make arrangements to attend, the initial training program and the transferee pays us any applicable training fee;
- (iv) your landlord consents to the assignment of your lease to the transferee, or the transferee is diligently pursuing an approved substitute location within the Site Selection Area;
- (v) the transferee and its owners obtain all licenses and permits required by applicable Law to own and operate the Restaurant;
- (vi) the transferee: (a) agrees to discharge and guarantee all of your obligations under this Agreement and any other agreement relating to the Business (such as supplier contracts); and (b) signs any agreement we require to confirm the foregoing;
- (vii) the transferee and its owners sign our then-current form of franchise agreement (unless we instruct you to assign this Agreement to the transferee) except that: (a) the Term and renewal term(s) shall be the Term and renewal term(s) remaining under this Agreement; and (b) the transferee need not pay a separate initial franchise fee;
- (viii) the transferee agrees to complete any Refurbishment Project we require and upgrade the Restaurant's furniture, fixtures and equipment to comply with our then-current standards and specifications (these changes must be completed within six (6) months after completion of the Transfer or within such shorter period of time that we specify);
- (ix) you or the transferee pay us a transfer fee equal to the greater of (a) \$4,000 or (b) 10% of our then-current, non-discounted, initial franchise fee applicable to a franchisee's purchase of their first (1st) Restaurant (if the transferee is found by a broker we engage, you must also

reimburse us for all commissions we pay the broker, which amount shall be in addition to the transfer fee);

- (x) you and your Owners sign a General Release;
- (xi) you agree to subordinate the transferee's financial obligations to you to the transferee's financial obligations owed to us pursuant to the franchise agreement (we may require you to enter into a written subordination agreement);
- (xii) we choose not to exercise our right of first refusal described in §19.5; and
- (xiii) you or the transferring Owner, as applicable, and the transferee satisfy all other conditions we reasonably require as a condition to approval of the Transfer.

In connection with a Transfer that qualifies as a Minority Interest Transfer, we will waive clauses (iii) through (xiii) set forth immediately above. Our consent to a Transfer shall not constitute a waiver of: (a) any Claims we have against the transferor; or (b) our right to demand the transferee comply with all terms of the franchise agreement.

19.3. Permitted Transfers. You may engage in a Permitted Transfer without our prior approval, but you must: (a) give us at least 10 days' prior written notice; and (b) upon our request, cause any Entity that was the Franchisee Entity immediately prior to the Permitted Transfer to sign a corporate guarantee in the format we require to secure performance of the new Franchisee Entity's financial obligations under all Definitive Agreements. You and the Owners (and the transferee) must sign all documents we reasonably request to effectuate and document the Permitted Transfer.

19.4. Owner Death or Disability. Within 180 days after the death or permanent disability of an Owner, the Owner's ownership interest must be assigned to another Owner or to a third party we approve. Any assignment to a third party will be subject to all terms and conditions of §19.2 unless the assignment qualifies as a Permitted Transfer. An Owner is deemed to have a "permanent disability" only if he/she has a medical or mental problem preventing him/her from substantially complying with his/her obligations under this Agreement or operating the Business in the manner required by this Agreement and the Manual for a continuous period of at least six (6) months.

19.5. Our Right of First Refusal. If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain and send us a bona-fide offer executed by the purchaser after completion of due diligence. We have 30 days after receiving the offer to decide whether to purchase the interest for the same price and upon the same terms contained in the offer, except we may substitute cash for any non-cash form of payment proposed in the offer. If we notify you within the 30-day period that we intend to purchase the interest, you or the Owner, as applicable, must sell the interest to us. We will have an additional 30 days to prepare for closing. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you (as the seller of the assets) or the Owner (as the seller of the ownership interest) or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to the terms of the offer, subject to the requirements of §19.2, including our approval of the transferee. However, if the sale is not completed within 120 days after delivery of the offer to us, or there is a material change to the terms of sale, we will again have the right of first refusal specified in this Section. Our right of first refusal shall not apply to a Permitted Transfer or a Minority Interest Transfer.

20. TERMINATION

20.1. By You. You may terminate this Agreement if we commit a material breach and fail to cure within 30 days after receipt of a default notice specifying the nature of the breach. If you terminate pursuant to §20.1, you must still comply with your post-term obligations described in §21 (other than payment of liquidated damages) and all other obligations that survive the termination of this

Agreement.

20.2. By Us. We may terminate this Agreement, effective upon delivery of a written notice of termination to you, for any of the following reasons, all of which constitute material events of default and “good cause” for termination, and without opportunity to cure except for any cure period expressly set forth below:

- (i) if you become insolvent by reason of your inability to pay your debts as they become due;
- (ii) if you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution or composition or other settlement with creditors under any Law, or you are the subject of an involuntary bankruptcy (which may or may not be enforceable under the Bankruptcy Act of 1978);
- (iii) if your Restaurant, or a substantial portion of the assets associated with your Restaurant, are seized, taken over or foreclosed by a Government Official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor;
- (iv) if a final judgment against you remains unsatisfied for 30 days unless a supersedes or other appeal bond has been filed;
- (v) if a levy of execution has been made upon the license granted by this Agreement or any property used in your Business and is not discharged within five (5) days of the levy;
- (vi) if the Operating Partner fails to satisfactorily complete initial training as required by §5.1;
- (vii) if you fail to obtain our approval of your site within the time period required by §7.1;
- (viii) if you fail to open your Restaurant within the time period required by §7.4;
- (ix) if you abandon or fail to operate your Restaurant for three (3) consecutive business days, unless the failure is due to Force Majeure (in which case §24.6 governs) or another reason we approve;
- (x) if a Governmental Authority suspends or revokes a license or permit held by you or an Owner that is required to operate the Restaurant even if you or the Owner have appeal rights;
- (xi) if you or an Owner (a) is convicted of or pleads no contest to a felony, a crime involving moral turpitude or any other material crime or (b) is subject to any material administrative disciplinary action or (c) fails to comply with a material Law applicable to your Restaurant;
- (xii) if you or an Owner commits an act that can reasonably be expected to materially and adversely affect the reputation of the System or the goodwill associated with the Marks;
- (xiii) if you manage or operate your Restaurant in a manner that presents a health or safety hazard to your customers, employees or the public and fail to cure seven (7) days after receipt of a default notice (we may require you to immediately close the Restaurant until cured);
- (xiv) if you or an Owner makes any material misrepresentation to us, whether occurring before or after being granted the franchise;
- (xv) if you fail to obtain any required insurance within 10 days after receive of a default notice;
- (xvi) if you fail to pay any amount owed to us, our affiliate or an approved or designated supplier within 10 days after demand for payment, except to the extent you dispute the amount owed in good faith and pay the undisputed portion within 10 days after demand for payment;
- (xvii) if you underreport Gross Sales by at least 3% on two (2) or more occasions;
- (xviii) if you make an unauthorized Transfer;

- (xix) if you use the Intellectual Property in an unauthorized manner;
- (xx) if you breach any brand protection covenants described in §14;
- (xxi) if you or an Owner breaches any representations in §23.4;
- (xxii) if an Owner or the spouse of an Owner breaches a Franchise Owner Agreement;
- (xxiii) if the lease for your premises is terminated due to your default;
- (xxiv) if we send you three (3) or more valid default notices within any 12-month period, regardless of whether you cure the defaults;
- (xxv) if we or our affiliate terminates any Definitive Agreement (other than an area development agreement) due to a default by you or your affiliate; or
- (xxvi) if you or an Owner breaches any other provision of this Agreement (including any mandatory provision in the Manual) and fails to cure the breach within 30 days after receipt of a default notice from us.

If we send you a default notice pursuant to §20.2 we may cease to perform our obligations under this Agreement until you cure the breach.

20.3. Mutual Agreement to Terminate. You and we may mutually agree in writing to terminate this Agreement, in which case you and we are deemed to have waived any required notice period.

21. POST-TERM OBLIGATIONS.

21.1. Obligations of You and the Owners. After the termination, expiration or Transfer of this Agreement, you and the Owners agree to:

- (i) immediately cease use of the Intellectual Property;
- (ii) pay us all amounts you owe including, if applicable, liquidated damages pursuant to §21.3;
- (iii) comply with all covenants in §14 that apply after the expiration, termination or Transfer of this Agreement or the disposal of an ownership interest by an Owner;
- (iv) comply with our instructions to return or destroy all copies of the Manual, all Copyrighted Materials and all signs, brochures, menus, recipes, advertising and promotional materials, forms and other materials bearing the Marks or containing Confidential Information;
- (v) comply with our data retention policies pertaining to the Business Data;
- (vi) cancel all fictitious or assumed name registrations relating to your use of the Marks;
- (vii) alter the interior and exterior of the premises to the extent necessary, or to the extent we require, to prevent any further resemblance to or connection with a Restaurant or our System, including, without limitation, repainting the exterior and interior with new colors, removing trade dress, fixtures and décor items associated with a Restaurant, removing all signage and discontinuing use of approved wall décor items and window decals;
- (viii) notify all telephone, listing and domain name registration companies of the termination or expiration of your right to use: (a) any telephone numbers and/or domain names associated with your Restaurant; and (b) any regular, classified or other telephone directory listings associated with the Marks (you hereby authorize the foregoing companies to transfer such telephone numbers, domain names and listings to us and you authorize us, and appoint us and any officer we designate as your attorney-in-fact to direct these companies to transfer the telephone numbers, domain names and listings to us if you fail or refuse to do so); and
- (ix) provide us with satisfactory evidence of your compliance with the above obligations within

30 days after the effective date of the termination, expiration or Transfer of this Agreement.

Subsections (iv), (vii) and (viii) above shall not apply if you Transfer your Restaurant to an approved transferee or we exercise our right to purchase your Restaurant.

21.2. Right to Purchase Facility and Assets.

- (a) Generally. Upon the termination or expiration of this Agreement we have the option to purchase your Restaurant and/or its assets at fair market value. If we exercise this option, fair market value shall be determined as of the effective date of the termination or expiration of this Agreement. We will notify you of the specific items we wish to purchase (the "Acquired Assets"). We may require you to assign your lease to us at no additional charge.
- (b) Selecting Qualified Appraisers. Each party shall appoint an appraiser with experience appraising businesses comparable to a Restaurant in the United States. This appointment of the appraisers shall be made within 30 days after the termination or expiration of this Agreement by giving written notice to the other party of the name and address of the appraiser. If either party fails to appoint an appraiser within the 30-day period, the appraisal shall be made by the sole appraiser appointed within that period. If each party appoints an appraiser within the 30-day period, then within 30 days after that, the two (2) appraisers shall appoint a third (3rd) appraiser. If the two (2) appraisers fail to agree on the third (3rd) appraiser within the 30-day period, then a third (3rd) appraiser shall be appointed by the American Arbitration Association, acting through its office located closest to our corporate headquarters, as promptly as possible after that, upon application by either party. Nothing in this provision shall prohibit the parties from jointly approving a single appraiser.
- (c) Information for Appraisal. You must furnish to the appraisers a copy of your current financial statements and your financial statements for the prior three (3) years (or the period of time you have operated your Restaurant if less than three (3) years), together with the work papers and other financial data, documents or information that the appraisers request. The appraisers may take into account any other information and factors they deem relevant.
- (d) Appraisal Process. Within 60 days after the appointment of the third appraiser, the three (3) appraisers shall appraise the assets at fair market value without taking into account any value for goodwill (the "Appraised Value"). If the three (3) appraisers agree on a single value, then they shall issue a joint report and the Appraised Value shall be the value determined by the agreement of the three (3) appraisers. If two (2) of the three (3) appraisers agree on a single value, these two (2) appraisers shall issue a joint report, and the dissenting appraiser may (but need not) issue a separate report, and the value determined by agreement of the two (2) appraisers who shall agree shall be the Appraised Value. If none of the appraisers are able to agree on a single value, each appraiser shall issue a report setting forth the value determined by him or her, and the average of the two values that are closest to each other shall be the Appraised Value. Before the issuance of a report by any appraiser, each appraiser shall advise the others of the value that will appear in his or her report to ensure that the determination of value made by any appraiser is made with knowledge of the values determined by the other appraisers. If for any reason there shall be only a single appraiser, then the Appraised Value shall be the value determined by the single appraiser. You and we shall equally bear the cost of the appraisal.
- (e) Closing. Once the Appraised Value has been determined, we have 60 additional days to prepare for the closing. The purchase price will be paid as follows: (i) 20% is due at the time of closing; and (ii) the remaining balance will be paid in 60 equal monthly installments of principal plus interest at a rate of interest per annum equal to the prime lending rate charged by Branch Banking & Trust of Winston-Salem North Carolina (or such other bank we designate in the future) determined as of the closing date, with annual adjustments based on the prime rate charged on each anniversary date. We will be entitled to receive from you all

customary representations and warranties given by you as the seller of the Acquired Assets and you must transfer good and clean title to the Acquired Assets, subject to any exceptions we agree to. We may deduct from the Appraised Value all amounts you owe us or our affiliates under this Agreement or any other Definitive Agreement, including any damages owed as a result of our termination of this Agreement due to your breach (including liquidated damages, if applicable).

21.3. Liquidated Damages. You must pay us liquidated damages in the amount calculated below if either: (a) we terminate this Agreement due to your default; or (b) you terminate this Agreement without cause or in any manner other than as permitted by §20.1 or §20.3. The amount of liquidated damages shall be calculated by multiplying: (a) the combined average weekly royalty fee and brand fund fee (without regard to any fee waivers or other reductions, and regardless of collection) imposed on you pursuant to this Agreement during the prior 52-week period (or during the period of time you operated your Restaurant if less than 52 weeks); and (b) the lesser of: (i) 104 (representing two (2) years of fees); or (ii) the total number of full weeks remaining under the Term as of the termination effective date. Liquidated damages are due 30 days after we send you an invoice detailing our calculation of the amount of liquidated damages owed. Liquidated damages are in addition to and not in lieu of: (a) any fees and payments incurred by you prior to the termination of this Agreement, all of which must be paid by you in accordance with the terms of this Agreement; or (b) any damages we or our affiliate incur as a result of your breach of this Agreement; *provided, however*, that we may not pursue a claim against you for recovery of lost future profits if you pay us all liquidated damages owed when due. The parties agree the amount of liquidated damages set forth in this Section is in proportion to, and is necessary to protect, our legitimate interests, including: (a) encouraging our franchisees to commit to the 10-year franchise relationship in which both parties have already invested time and expense to develop; (b) the time and expense we will incur to recruit a new franchisee to acquire franchise rights to the Territory; (c) the time and expense we will incur to ensure your timely and orderly departure from our franchise network; (d) protecting the reputation and goodwill associated with our Marks; and (e) partially compensating us for the financial damages we will incur due to your breach and the resulting termination of this Agreement or your unlawful termination of this Agreement.

22. DISPUTE RESOLUTION.

22.1. Negotiation and Mediation. Except as otherwise provided below with respect to Excluded Claims, the parties shall attempt in good faith to resolve any Dispute through informal discussions and negotiations. If these efforts are unsuccessful, the parties agree to submit the Dispute to mediation before a mutually-agreeable mediator prior to arbitration. All negotiations and mediation proceedings (including without limitation, discovery conducted therein, as well as all statements and settlement offers made by either party or the mediator in connection with the mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose. The mediator may not be called as a witness in any court or arbitration proceeding for any purpose. Any Dispute involving claims alleging a breach of §14 and/or §17 (referred to as “Excluded Claims”) will not be subject to mandatory negotiation or mediation.

22.2. Arbitration. If the Dispute is not resolved by mediation within 60 days after either party makes a demand for mediation, the parties will submit the Dispute to mandatory and binding arbitration conducted pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The party filing the arbitration must initially bear the cost of any arbitration fees or costs. The arbitrators will not have authority to award exemplary or punitive damages. Any Dispute involving an Excluded Claim will not be subject to mandatory arbitration.

22.3. Litigation. If a Dispute involves an Excluded Claim, then either party may file a lawsuit in any state or federal court of general jurisdiction in accordance the choice of venue provision set forth below. The parties hereby express their clear and unequivocal intent that a court, rather than a

mediator or arbitrator, shall have exclusive jurisdiction to decide the threshold issue of whether a Dispute involves an alleged Excluded Claim (i.e., whether there are any claims alleging a breach of §14 and/or §17).

- 22.4. Venue.** All mediation, arbitration and litigation shall take place in the county in which we maintain our principal place of business at the time the Dispute arises (currently, Jefferson County, Kentucky). The parties irrevocably waive any objection to such venue and, with respect to litigation proceedings, submit to the jurisdiction of such courts.
- 22.5. Attorney's Fees and Costs.** If either party must enforce this Agreement in a judicial or arbitration proceeding, the substantially prevailing party is entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees and arbitration costs. In addition, if you or an Owner breaches any term of a Definitive Agreement, you must reimburse us for all reasonable legal fees and other expenses we incur relating to such breach, regardless of whether the breach is cured prior to commencement of formal dispute resolution proceedings.
- 22.6. Waivers.** UNLESS PROHIBITED BY APPLICABLE LAW, ANY DISPUTE (OTHER THAN FOR PAYMENT OF MONIES OWED OR A VIOLATION OF §14 OR §17) MUST BE BROUGHT BY FILING A WRITTEN DEMAND FOR MEDIATION WITHIN ONE (1) YEAR FOLLOWING THE CONDUCT, ACT OR OTHER EVENT OR OCCURRENCE GIVING RISE TO THE CLAIM, OR THE RIGHT TO ANY REMEDY WILL BE DEEMED FOREVER WAIVED AND BARRED. WE AND YOU IRREVOCABLY WAIVE: (a) TRIAL BY JURY; AND (b) THE RIGHT TO ARBITRATE OR LITIGATE ON A CLASS ACTION BASIS IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY A PARTY.

23. REPRESENTATIONS.

- 23.1. Corporate Representations.** You and the Owners jointly and severally represent and warrant to us that the execution and delivery of this Agreement, and the performance of your obligations hereunder, does not: (a) conflict with, breach or constitute a default under any other agreement to which you are (or any affiliate of yours is) a party or by which your (or your affiliate's) assets may be bound; (b) violate any order, writ, injunction, decree, judgment or ruling of any Governmental Authority; or (c) violate any applicable Law. If the franchisee is an Entity, you and the Owners also jointly and severally represent and warrant to us that: (a) the Franchisee Entity is duly organized, validly existing and in good standing under the Laws of the state of its formation and has the requisite power and authority to enter into this Agreement and perform each of its obligations hereunder; and (b) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action and this Agreement shall constitute the legal, valid and binding obligation of the Franchisee Entity and shall be enforceable against the Franchisee Entity in accordance with its terms.
- 23.2. Franchise Compliance Representations.** You and the Owners jointly and severally represent and warrant to us that you received: (a) an exact copy of this Agreement and its attachments, with all material terms filled in, at least seven (7) calendar days before you signed this Agreement; and (b) our Franchise Disclosure Document at the earlier of (i) 14 calendar days before you signed a binding agreement or paid any money to us or our affiliates in connection with this franchise or (ii) such earlier time in the sales process that you requested a copy.
- 23.3. General Representations.** You and the Owners jointly and severally represent and warrant to us that you and the Owners are aware that: (a) other franchisees may operate under different forms of agreement and our obligations and rights with respect to franchisees differs materially in certain circumstances; and (b) we may negotiate terms or offer concessions to other franchisees and we have no obligation to offer you the same or similar negotiated terms or concessions.
- 23.4. Anti-Terrorism Compliance.** You and the Owners jointly and severally represent and warrant to us that, to the best of your and their knowledge: (a) no property or interest owned by you or any Owner is subject to being "blocked" under any Anti-Terrorism Law; (b) neither you nor any

Owner, nor any of their respective funding sources (including any legal or beneficial owner of any Equity Interest in you) or related parties is, or has ever been: (i) a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Law; or (ii) identified by name (or alias, pseudonym or nickname) or address on any Terrorist List, including on the list of “Specially Designated Nationals” or “Blocked Persons” maintained by the U.S. Treasury Department’s Office of Foreign Assets Control (texts currently available at www.home.treasury.gov); and (c) you and the Owners are in compliance with, and shall continue to comply with, the Anti-Terrorism Law and all other Laws (either currently in effect or enacted in the future) prohibiting corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government that are in effect within the United States of America. The foregoing representations and warranties are ‘continuing’ representations and warranties for the duration of the franchise relationship. Accordingly, you agree to notify us immediately in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

24. GENERAL PROVISIONS

- 24.1. Governing Law.** Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), this Agreement and the franchise relationship are governed by the Laws of the State of Kentucky without reference to its principles of conflicts of law, but any Law of the State of Kentucky that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.
- 24.2. Relationship of the Parties.** Nothing in this Agreement creates a fiduciary relationship between the parties or is intended to make either party a general or special agent, legal representative, joint venture, partner, employee or servant of the other for any purpose. Throughout the Term you must, in all dealings with third parties, conspicuously identify yourself as a franchisee and the independent owner of your Restaurant. We may require that you display a written notice of independent ownership, in the form we prescribe, at any location within your Restaurant that we specify. You must also include a written indication of independent ownership on all agreements, forms, letterhead, advertising materials, business cards and other materials that we specify. Neither party may: (a) make any express or implied agreement, warranty or representation, or incur any debt, in the name of or on behalf of the other; or (b) represent that our relationship is other than franchisor and franchisee. In addition, neither party will be obligated by any agreements or representations made by the other that are not expressly authorized by this Agreement.
- 24.3. Severability and Substitution.** Each section of this Agreement, and any portion thereof, shall be considered severable. If applicable Law imposes mandatory non-waivable terms that conflict with a provision of this Agreement, the terms required by such Law shall govern to the extent of the inconsistency. If a court or arbitrator concludes that any promise or covenant in this Agreement is unreasonable or unenforceable: (a) the court or arbitrator may modify such promise or covenant to the minimum extent necessary to make it enforceable; or (b) we may unilaterally modify such promise or covenant to the minimum extent necessary to make it enforceable.
- 24.4. Waivers.** Each party may waive any obligation imposed on the other party in writing. Neither party shall be deemed to have waived or impaired any of its contractual rights under this Agreement, including the right to require strict compliance with all terms of this Agreement or terminate this Agreement due to the other party’s failure to comply with such terms, by virtue of: (a) any custom or practice of the parties at variance with the terms of this Agreement; (b) any failure, refusal or neglect by either party to exercise any right under this Agreement or require the other party to strictly comply with its obligations under this Agreement; (c) our waiver, failure or refusal to exercise any of our rights with respect to other franchisees; or (d) our acceptance of payments from you after your breach.
- 24.5. Approvals.** Whenever this Agreement requires our approval, you must make a timely written

request for approval. Our approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request.

- 24.6. Force Majeure.** Neither party shall be liable for loss or damage or deemed to be in breach of this Agreement if such party's failure to perform its obligations results from an event of Force Majeure; *provided, however,* that an event of Force Majeure shall not excuse or permit any failure to perform for more than 90 days. If the period of non-performance exceeds 90 days from receipt of notice of the Force Majeure event, the party whose ability to perform has not been affected may immediately terminate this Agreement by giving written notice of termination to the other party.
- 24.7. Binding Effect.** This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any Person not a party to this Agreement; *provided, however,* that the additional insureds listed in §15.1 and the Indemnified Parties are intended third-party beneficiaries under this Agreement with respect to §15.1 and §18, respectively.
- 24.8. Integration.** THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT, EXCEPT AS PERMITTED BY §11.2 AND §24.3, BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. In addition, our issuance of the Site Approval Notice attached hereto as ATTACHMENT "B" shall be deemed to amend this Agreement to identify the approved site for your Restaurant, regardless of whether you countersign and/or return the Site Approval Notice. Any email or other informal electronic communication shall not be deemed to modify this Agreement unless it is signed by both parties and specifically states it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. As referenced above, all mandatory provisions of the Manual are part of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) 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.
- 24.9. Covenant of Good Faith.** If applicable Law implies into this Agreement a covenant of good faith and fair dealing, the covenant shall not imply any rights or obligations that are inconsistent with the express terms of this Agreement. This Agreement, and the relationship of the parties inherent in this Agreement, grants us discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests. We will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees, but without considering the individual interests of you or any other particular franchisee.
- 24.10. Rights of Parties are Cumulative.** The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by Law.
- 24.11. Survival.** All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement, or the Transfer of an ownership interest in the Restaurant or Franchisee Entity, shall continue in full force and effect subsequent to and notwithstanding its termination,

expiration or Transfer and until they are satisfied in full or by their nature expire, including, without limitation, §13, §14, §16, §18, §21, §22 and §24.

24.12. Construction. The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term “you” as used in this Agreement is applicable to one or more Persons, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.

24.13. Time of Essence. Time is of the essence in this Agreement and every term thereof.

24.14. Notice. All notices given under this Agreement must be in writing, delivered by hand, email (to the last email address provided by the recipient) or first class mail, to the following addresses (which may be changed upon 10 business days’ prior written notice):

YOU: As set forth in Part A of ATTACHMENT "A"

US: CHOP5 Franchise LLC
6011 Brownsboro Park Blvd., Suite F
Louisville, Kentucky 40207
Attention: Brian Mills, President
Email: brianm@chop5.com

Notice shall be considered given at the time delivered by hand, or one (1) business day after sending by email or comparable electronic system, or three (3) business days after placed in the mail, postage prepaid, by certified mail with a return receipt requested.

24.15. Counterparts. This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

[Signature Page Follows]

The parties below have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

CHOP5 Franchise LLC, a Kentucky limited liability company

By: _____
Name: _____
Title: _____

YOU (If you are an Entity):

_____,
a(n) _____
By: _____
Name: _____
Title: _____

YOU (If you are not an Entity):

Name: _____

Name: _____

Name: _____

Name: _____

ATTACHMENT "A"
TO FRANCHISE AGREEMENT
DEAL TERMS

A. Franchisee Details.

Name of Franchisee: [_____]

Is the franchisee one or more natural persons signing in their individual capacity? **Yes:** ____ **No:** ____

Type of Entity and State of Formation* (if applicable): [_____]

** If the franchisee is a business Entity, each natural person holding a direct or indirect ownership interest in the business Entity, and spouse of each such person, must sign the Franchise Owner Agreement concurrently with the execution of this Agreement.*

The following table includes the full name of each natural person holding a direct or indirect ownership interest in the franchise (or the franchisee business Entity if applicable) along with a description of their ownership interest.

Owner's Name	% Ownership Interest	Direct or Indirect (if indirect, describe nature of interest)

Notice Address: _____

 Attention: _____
 Email: _____

B. Initial Franchise Fee.

The amount of your initial franchise fee is as follows: (franchisor to check box by appropriate amount):

____ Standard Initial Franchise Fee: \$40,000 (no discount)

____ Veteran's Discount: \$36,000 (10% discount)

C. Site Selection Area.

The Site Selection Area referenced in the Franchise Agreement consists of the following geographic area:
 [_____]

** The Site Selection Area is not your territory and there are no protections associated with this area.*

D. Approved Site.

We hereby approve the site listed below for your Restaurant.

Approved Address: [_____]

* *If the site for your Restaurant has not been approved by us at the time this Agreement is signed, we will send you a Site Approval Notice in accordance with §7.1 listing the address of your approved site.*

ATTACHMENT "B"
TO FRANCHISE AGREEMENT
FORM OF SITE APPROVAL NOTICE

[See Attached]

SITE APPROVAL NOTICE

CHOP5 Franchise LLC (“we” or “us”) is issuing this Site Approval Notice (this “Notice”) to _____ (“you”), effective _____, 202____, in connection with the CHOP5 Salad Kitchen Franchise Agreement (the “Franchise Agreement”) that we executed with you on _____, 202____. The purpose of this Notice is to confirm our approval of the site you proposed for your Restaurant.

Approved Address:

Pursuant to §7.1 of the Franchise Agreement, we hereby approve the site listed below for your Restaurant:

By signing below, you and we agree that the address identified in this Notice shall be deemed the approved site for your Restaurant established and operated pursuant to the Franchise Agreement. You acknowledge and agree that our acceptance of the site you proposed is in no way a representation by us that your site will be successful. Rather, our acceptance merely indicates the site meets our minimum standards and requirements.

We request that you sign below and send us an executed copy of this Notice to acknowledge your receipt. However, your failure or refusal to sign below will not invalidate or otherwise affect our designation of your approved site. Our designation of your approved site, as set forth in this Notice, shall be binding on you effective as of the effective date listed in the first paragraph in this Notice.

Franchisor

Franchisee

CHOP5 Franchise LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

ATTACHMENT "C"
TO FRANCHISE AGREEMENT

LEASE ADDENDUM

[See Attached]

Lease Addendum

This Lease Addendum (this “Agreement”) is executed as of _____, 202__ by and among CHOP5 Franchise LLC, a Kentucky limited liability company (“Franchisor”), [_____] a(n) [_____] with principal offices located at [_____] (“Landlord”), and [_____] a(n) [_____] with principal offices located at [_____] (“Tenant”).

Background

- A. On [_____] 202[___], Franchisor and Tenant executed a CHOP5 Salad Kitchen Franchise Agreement (the “Franchise Agreement”), pursuant to which Franchisor granted Tenant the right and obligation to develop, open and operate a CHOP5 Salad Kitchen restaurant at the premises described in Exhibit “A” (the “Premises”).
- B. Concurrently with the execution of this Agreement, Landlord and Tenant are executing a lease agreement (the “Lease”), pursuant to which Landlord will lease the Premises to Tenant.
- C. To protect Franchisor’s rights and interests under the Franchise Agreement, Landlord agrees to grant certain rights to Franchisor as set forth below.

Agreement

- 1. Default Notices. Landlord agrees to provide Franchisor with copies of all written default notices sent to Tenant at the same time such notices are sent to Tenant. Landlord agrees to send such copies to Franchisor by email and registered mail as set forth below (Franchisor may change the notice email and address from time to time by sending written notice to Landlord):

Email: brianm@chop5.com

Mail: CHOP5 Franchise LLC
6011 Brownsboro Park Blvd., Suite F
Louisville, Kentucky 40207
Attention: Brian Mills, President

- 2. Right to Cure. If Tenant defaults under the Lease, Franchisor has the right (but not the duty) to cure such default within 15 days following the expiration of any applicable cure period. In such event, Franchisor may immediately commence occupancy of the Premises as the tenant under the Lease without obtaining Landlord’s or Tenant’s consent. Franchisor may thereafter assign the Lease to another CHOP5 Salad Kitchen franchisee or to an entity owned and/or controlled by Franchisor. If it does, Franchisor must first obtain Landlord’s written approval of the assignee. Landlord, however, must neither unreasonably withhold nor delay its approval thereof. Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.
- 3. Right to Assign. At any time, including, without limitation, upon the expiration or termination of the Franchise Agreement, and without Landlord’s prior consent, Tenant may assign the Lease to Franchisor. In such event, Franchisor may thereafter assign the Lease to another CHOP5 Salad Kitchen franchisee or to an entity owned and/or controlled by Franchisor. If it does, Franchisor must first obtain Landlord’s written approval of the assignee. Landlord, however, must neither unreasonably withhold nor delay its approval thereof. Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.
- 4. Right of First Refusal. Landlord hereby grants Franchisor the first right of refusal to lease the Premises as the new tenant upon the expiration or termination of the Lease. Franchisor shall have a period of 30 days after the expiration or termination of the Lease to decide whether to exercise its right of first refusal.
- 5. Expiration or Termination of Franchise Agreement. Landlord agrees that the expiration or termination of the Franchise Agreement shall constitute a default under the Lease, giving Franchisor the right, but not

the obligation, to cure such default by succeeding to Tenant's interests under the Lease in accordance with §2 above.

6. Acknowledgement of Rights. Landlord acknowledges Franchisor's rights under the Franchise Agreement to enter the Premises, without being guilty of trespass or any other tort or crime, to: (a) make any modifications or alterations to the Premises that Franchisor deems necessary to protect its franchise system or trademarks; and (b) remove any trade fixtures, interior or exterior signs and other items bearing Franchisor's trademarks or service marks upon the expiration or termination of the Franchise Agreement.
7. Modification of Lease. Landlord and Tenant will not amend, modify, supplement, terminate, renew or extend the Lease without Franchisor's written consent.
8. Miscellaneous.
 - (a) In the event of any inconsistency between the terms of this Agreement and the terms of the Lease, the terms of this Agreement control.
 - (b) All of the terms of this Agreement, whether so expressed or not, are binding upon, inure to the benefit of, and are enforceable by the parties and their respective personal and legal representatives, heirs, successors and permitted assigns.
 - (c) This Agreement may be amended, supplemented, waived or changed only by a written document signed by all the parties to this Agreement and making specific reference to this Agreement.
 - (d) This Agreement may be executed in one or more counterparts, each of which is an original, but all of which together constitute one and the same instrument.

In witness whereof, this Agreement has been executed the date and year first above written.

FRANCHISOR:

CHOP5 Franchise LLC, a Kentucky limited liability company

By: _____
Name: _____
Date: _____

LANDLORD:

_____, (a)n _____

By: _____
Name: _____
Date: _____

TENANT:

_____, (a)n _____

By: _____
Name: _____
Date: _____

EXHIBIT "A" TO LEASE ADDENDUM

DESCRIPTION OF PREMISES

[_____]

ATTACHMENT "D"
TO FRANCHISE AGREEMENT
FRANCHISE OWNER AGREEMENT

[See Attached]

FRANCHISE OWNER AGREEMENT

This Franchise Owner Agreement (this “Agreement”) is entered into by: (a) each of the undersigned owners of Franchisee (defined below); and (b) the spouse of each such owner, in favor of CHOP5 Franchise LLC, a Kentucky limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement. Each signatory to this Agreement is referred to as “you”.

1. Definitions. For purposes of this Agreement the following terms have the meanings given to them below:

“Business Data” means all data pertaining to Franchisee’s Restaurant, customers and business operations, whether collected by you, Franchisee, us or any other person.

“Competing Business” means any business that meets at least one of the following criteria: (a) any fast casual restaurant that derives, or is reasonably expected to derive, at least 35% of its revenue from the sale of made-to-order salads, salad bowls, grain bowls and/or soups; (b) any business that solicits, offers or sells franchises or licenses for a business that meets the criteria in clause (a) of this definition; and/or (c) any business that services, trains, supports, consults with, advises or otherwise assists any Person with respect to the development, management and/or operation of a business that meets the criteria in clause (a) of this definition. A Competing Business does not include any CHOP5 Salad Kitchen Restaurant operated pursuant to a valid franchise agreement or license agreement with us or our affiliate.

“Confidential Information” means and includes: (a) the Know-How; (b) the Business Data; (c) the terms of the Franchise Agreement and all related agreements signed by Franchisee in connection with the Restaurant, and all attachments thereto and amendments thereof; (d) the components of the System; (e) all information within or comprising the Manual; and (f) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that: (i) are designated as confidential; (ii) are known by you to be considered confidential by us; and/or (iii) are by their nature inherently or reasonably to be considered confidential. Confidential Information does not include any information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you, Franchisee or Franchisee’s owners, employees or other constituents); (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before we, any person associated us, Franchisee, or any person associated with Franchisee, disclosed the information to you; (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you without breaching any obligation of confidentiality imposed on such third party.

“Copyrighted Materials” means all copyrightable materials for which we or our affiliate secure common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Restaurant.

“Franchise Agreement” means the CHOP5 Salad Kitchen Franchise Agreement executed by Franchisee with an effective date of _____, 202__.

“Franchisee” means _____.

“Improvement” means any idea, addition, modification or improvement to the (a) goods or services offered or sold at a Restaurant, (b) method of operation of a Restaurant, (c) processes, systems or procedures utilized by a Restaurant, (d) marketing, advertising or promotional materials, programs or strategies utilized by a Restaurant or (e) trademarks, service marks, logos or other intellectual property utilized by a Restaurant, whether developed by you, Franchisee, us or any other person.

“Intellectual Property” means, collectively or individually, the Business Data, Copyrighted Materials, Improvements, Know-how, Marks and System.

“Know-how” means and includes our (and our affiliates’) trade secrets and other proprietary information relating to the design, construction, development, marketing or operation of a Restaurant including, but

not limited to: architectural plans, drawings and specifications for a prototype Restaurant; site selection criteria; recipes; methods and techniques; standards and specifications; policies and procedures; supplier lists and information; marketing strategies; merchandising strategies; financial information; and information comprising the System or included in the Manual.

“Manual” means our confidential brand standards manual for the operation of a Restaurant.

“Marks” means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize Restaurants to use, including “CHOP5 Salad Kitchen[®]”, “CHOP5[®]” and the associated logos. The Marks also include any distinctive trade dress used to identify a Restaurant or the products it sells.

“Prohibited Activities” means and includes any of the following: (a) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in any Competing Business, other than owning an interest of 5% or less in a publicly traded company that is a Competing Business; (b) disparaging or otherwise making negative comments about us, our affiliate, the System and/or any Restaurant; (c) diverting or attempting to divert any business from us, our affiliate or another franchisee; and/or (d) inducing any Person to transfer their business from a Restaurant to a competitor.

“Restaurant” means a fast-casual restaurant featuring made-to-order salads, bowls, soups and other healthy food options under the name CHOP5 Salad Kitchen[®].

“Restricted Period” means the one (1) year period after the earliest to occur of the following: (a) the termination or expiration of the Franchise Agreement; (b) the date on which Franchisee assigns the Franchise Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect ownership interest; or (c) the date on which neither you nor your spouse holds any direct or indirect ownership interest in the Franchisee entity or the Restaurant that it operates.

“Restricted Territory” means: the geographic area within: (a) a 10-mile radius from Franchisee’s Restaurant (and including the Restaurant’s premises itself); and (b) a 10-mile radius from all other Restaurants that: (i) are operating or under construction as of the date of this Agreement; (ii) remain in operation or under construction during all or any part of the Restricted Period; and (iii) are located in any state in which Franchisee (or any affiliate of Franchisee) operates, or has operated, a Restaurant; *provided, however*, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then Restricted Territory means: the geographic area within: (a) a five (5) mile radius from Franchisee’s Restaurant (and including the Restaurant’s premises itself); and (b) a five (5) mile radius from all other Restaurants that: (i) are operating or under construction as of the date of this Agreement; (ii) remain in operation or under construction during all or any part of the Restricted Period; and (iii) are located in any state in which Franchisee (or any affiliate of Franchisee) operates, or has operated, a Restaurant.

“System” means our system developed for the operation of a Restaurant, the distinctive characteristics of which include: (a) proprietary recipes and methods of preparing food and beverage items, including made-to-order salads, bowls and soups; (b) distinctive interior and exterior designs, décor and color schemes; (c) standards and specifications for the furniture, fixtures and equipment utilized by a CHOP5 Salad Kitchen; (d) sales techniques and merchandising, marketing, advertising and inventory management systems; and (e) standardized procedures for operating and managing a CHOP5 Salad Kitchen.

- 2. Background.** In your capacity as an owner (or the spouse of an owner) of Franchisee, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our franchise system if you were to unfairly compete with us or misuse our Intellectual Property. In addition, you understand that certain terms of the Franchise Agreement apply to “owners” and not just Franchisee. You agree to comply with this Agreement to: (a) avoid damaging our System by engaging in unfair competition; and (b) bind yourself to the terms of the Franchise Agreement applicable to owners.

3. Brand Protection Covenants.

- (a) Intellectual Property and Confidential Information. You agree to:
- (i) refrain from using the Intellectual Property or Confidential Information in any capacity or for any purpose other than the operation of Franchisee's Restaurant in compliance with the Franchise Agreement and Manual;
 - (ii) maintain the confidentiality of Confidential Information at all times;
 - (iii) refrain from making unauthorized copies of documents containing Confidential Information;
 - (iv) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and
 - (v) immediately stop using the Intellectual Property and Confidential Information at such time that you are (or your spouse is) no longer an owner of Franchisee.

You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize and sublicense the same.

- (b) Unfair Competition. You may not engage in any Prohibited Activities at any time: (i) that you are (or your spouse is) an owner of Franchisee; or (ii) during the Restricted Period. Notwithstanding the foregoing, you may have an interest in a Competing Business during the Restricted Period as long as the Competing Business is not located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period (other than having an interest in a Competing Business permitted by this Section), your Restricted Period will be extended by the period of time during which you engaged in the Prohibited Activity. Any such extension of time will not constitute a waiver of your breach or impair any of our rights or remedies relating to your breach.
- (c) Family Members. Because you could circumvent the purpose of §3 by disclosing Confidential Information to an immediate family member (i.e., parent, sibling, child, or grandchild) and it would be difficult for us to prove any such breach, you will be presumed to have breached this Agreement if a member of your immediate family (i) engages in any Prohibited Activities at any time that you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses Confidential Information. However, you may rebut this presumption with evidence conclusively showing you did not disclose Confidential Information to the family member.
- (d) Covenants Reasonable. You agree that: (i) the covenants in §3 are reasonable both in duration and geographic scope; and (ii) you have sufficient resources, business experience and opportunities to earn an adequate living while complying with these covenants. Although you and we both believe the covenants in §3 are reasonable we may, upon written notice to you, unilaterally modify the brand protection covenants in §3 of this Agreement by limiting the scope of the Prohibited Activities, narrowing the definition of a Competing Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under §3 of this Agreement to ensure the covenants are enforceable under applicable law.
- (e) Breach. You agree that: (i) any failure to comply with §3 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (ii) we are entitled to injunctive relief if you breach §3 together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief, but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the required amount of the bond may not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary

damages.

4. **Transfer Restrictions.** If you are an owner of Franchisee, you acknowledge that we must approve all persons who hold a direct or indirect ownership interest in the Franchisee entity. Accordingly, you agree that you will not directly or indirectly sell, assign, mortgage, pledge or in any manner transfer any direct or indirect ownership interest in the Franchisee entity except in accordance with §19 of the Franchise Agreement.
5. **Financial Security.** In order to secure Franchisee's financial obligations under the Franchise Agreement and all ancillary agreements executed by Franchisee in connection with the Franchise Agreement, including any agreement for the purchase of goods or services from us or our affiliate and any promissory note related to payments owed to us (collectively, the "Secured Agreements"), you, jointly and severally, personally and unconditionally: (a) guarantee to us and our successor and assigns, that Franchisee shall punctually fulfil all of its payment and other financial obligations under the Secured Agreements; and (b) agree to be personally bound by, and personally liable for, each and every monetary provision in the Secured Agreements. You waive:
 - (i) acceptance and notice of acceptance by us of the foregoing undertakings;
 - (ii) notice of demand for payment of any indebtedness guaranteed;
 - (iii) protest and notice of default to any party with respect to the indebtedness guaranteed;
 - (iv) any right you may have to require that an action be brought against Franchisee or any other person as a condition of liability; and
 - (v) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed.

You agree that: (a) your direct and immediate liability under this guaranty shall be joint and several with Franchisee and all other signatories to this Agreement; (b) you will render any payment required under the Secured Agreements upon demand if Franchisee fails to promptly do so; (c) your liability shall not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person; and (d) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of each of the Secured Agreements and following the termination, expiration or transfer of each of the Secured Agreements to the extent any financial obligations under any such Secured Agreements survive such termination, expiration or transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy of Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Secured Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

6. **Dispute Resolution.** Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution procedures in the Franchise Agreement. Notwithstanding the foregoing, if any dispute resolution procedures in the Franchise Agreement conflict with any terms of this Agreement, the terms of this Agreement shall prevail. **You acknowledge and agree that your breach of this Agreement constitutes a material event of default under the Franchise Agreement, permitting us to terminate the Franchise Agreement in accordance with its terms.**
7. **Miscellaneous.**
 - (a) If either party hires an attorney or files suit against the other party for breach of this Agreement, the

losing party must reimburse the prevailing party for its reasonable attorneys' fees and costs.

- (b) This Agreement will be governed by, construed and enforced under the laws of Kentucky and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.
- (c) Any claim, defense or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.
- (d) Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion. The parties agree that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.
- (e) You agree that we may deliver to you any notice or other communication contemplated by this Agreement in the same manner and to the same address listed in the notice provisions of the Franchise Agreement and any such delivery shall be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice shall be delivered in the manner and to the address listed in the Franchise Agreement.

In witness whereof, each of the undersigned has executed this Agreement as of the date or dates set forth below.

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

ATTACHMENT "E"
TO FRANCHISE AGREEMENT
ACH AUTHORIZATION FORM

[See Attached]

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name _____ Business No. _____

Franchisee Mailing Address (street) _____ Franchisee Phone No. _____

Franchisee Mailing Address (city, state, zip) _____

Contact Name, Address and Phone number (if different from above) _____

Franchisee Fax No. _____ Franchisee Email Address _____

Bank Account Information:

Bank Name _____

Bank Mailing Address (street, city, state, zip) _____

Bank Account No. _____ Checking Savings
(check one) _____ Bank Routing No. (9 digits) _____

Bank Mailing Address (city, state, zip) _____ Bank Phone No. _____

Authorization:

Franchisee hereby authorizes CHOP5 Franchise LLC (“Franchisor”) to initiate debit entries to Franchisee’s account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee’s account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: _____ Date: _____

Name: _____

Title: _____

Federal Tax ID Number: _____

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.

ATTACHMENT "F"
TO FRANCHISE AGREEMENT
BRAND PROTECTION AGREEMENT

[See Attached]

BRAND PROTECTION AGREEMENT

This Agreement (this “Agreement”) is entered into by the undersigned (“you”) in favor of CHOP5 Franchise LLC, a Kentucky limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement the following terms have the meanings given to them below:

“Business Data” means all data pertaining to Franchisee’s Restaurant, customers and business operations, whether collected by you, Franchisee, us or any other person.

“Competing Business” means any business that meets at least one of the following criteria: (a) any fast casual restaurant that derives, or is reasonably expected to derive, at least 35% of its revenue from the sale of made-to-order salads, salad bowls, grain bowls and/or soups; (b) any business that solicits, offers or sells franchises or licenses for a business that meets the criteria in clause (a) of this definition; and/or (c) any business that services, trains, supports, consults with, advises or otherwise assists any Person with respect to the development, management and/or operation of a business that meets the criteria in clause (a) of this definition. A Competing Business does not include any CHOP5 Salad Kitchen Restaurant operated pursuant to a valid franchise agreement or license agreement with us or our affiliate.

“Confidential Information” means and includes: (a) the Know-How; (b) the Business Data; (c) the terms of the Franchise Agreement and all related agreements signed by Franchisee in connection with the Restaurant, and all attachments thereto and amendments thereof; (d) the components of the System; (e) all information within or comprising the Manual; and (f) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that: (i) are designated as confidential; (ii) are known by you to be considered confidential by us; and/or (iii) are by their nature inherently or reasonably to be considered confidential. Confidential Information does not include any information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you, Franchisee or Franchisee’s owners, employees or other constituents); (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before the information was disclosed to you by us or Franchisee (or any person associated with us or Franchisee); (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you without breaching any obligation of confidentiality imposed on such third party.

“Copyrighted Materials” means all copyrightable materials for which we or our affiliate secure common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Restaurant.

“Franchisee” means the CHOP5 Salad Kitchen franchisee for whom you are an officer, director, employee or independent contractor.

“Improvement” means any idea, addition, modification or improvement to the (a) goods or services offered or sold at a Restaurant, (b) method of operation of a Restaurant, (c) processes, systems or procedures utilized by a Restaurant, (d) marketing, advertising or promotional materials, programs or strategies utilized by a Restaurant or (e) trademarks, service marks, logos or other intellectual property utilized by a Restaurant, whether developed by you, Franchisee, us or any other person.

“Intellectual Property” means, collectively or individually, the Business Data, Copyrighted Materials, Improvements, Know-how, Marks and System.

“Know-how” means and includes our (and our affiliates’) trade secrets and other proprietary information relating to the design, construction, development, marketing or operation of a Restaurant including, but not limited to: architectural plans, drawings and specifications for a prototype Restaurant; site selection criteria; recipes; methods and techniques; standards and specifications; policies and procedures; supplier

lists and information; marketing strategies; merchandising strategies; financial information; and information comprising the System or included in the Manual.

“Manual” means our confidential brand standards manual for the operation of a Restaurant.

“Marks” means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize Restaurants to use, including “CHOP5 Salad Kitchen[®]”, “CHOP5[®]” and the associated logos. The Marks also include any distinctive trade dress used to identify a Restaurant or the products it sells.

“Prohibited Activities” means and includes any of the following: (a) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in any Competing Business, other than owning an interest of 5% or less in a publicly traded company that is a Competing Business; (b) disparaging or otherwise making negative comments about us, our affiliate, the System and/or any Restaurant; (c) diverting or attempting to divert any business from us, our affiliate or another franchisee; and/or (d) inducing any Person to transfer their business from a Restaurant to a competitor.

“Restaurant” means a fast-casual restaurant featuring made-to-order salads, bowls, soups and other healthy food options under the name CHOP5 Salad Kitchen[®].

“Restricted Period” means the one (1) year period after you cease to be an officer, director, employee or independent contractor of Franchisee.

“Restricted Territory” means: the geographic area within: (a) a 10-mile radius from Franchisee’s Restaurant (and including the Restaurant’s premises itself); and (b) a 10-mile radius from all other Restaurants that: (i) are operating or under construction as of the date of this Agreement; (ii) remain in operation or under construction during all or any part of the Restricted Period; and (iii) are located in the state in which Franchisee’s Restaurant is located; *provided, however*, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then Restricted Territory means: the geographic area within: (a) a five (5) mile radius from Franchisee’s Restaurant (and including the Restaurant’s premises itself); and (b) a five (5) mile radius from all other Restaurants that: (i) are operating or under construction as of the date of this Agreement; (ii) remain in operation or under construction during all or any part of the Restricted Period; and (iii) are located in the state in which Franchisee’s Restaurant is located.

“System” means our system developed for the operation of a Restaurant, the distinctive characteristics of which include: (a) proprietary recipes and methods of preparing food and beverage items, including made-to-order salads, bowls and soups; (b) distinctive interior and exterior designs, décor and color schemes; (c) standards and specifications for the furniture, fixtures and equipment utilized by a CHOP5 Salad Kitchen; (d) sales techniques and merchandising, marketing, advertising and inventory management systems; and (e) standardized procedures for operating and managing a CHOP5 Salad Kitchen.

2. **Background.** You are an officer, director, employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our franchise system if you were to unfairly compete with us or misuse our Intellectual Property. To avoid such damage, you agree to comply with the terms of this Agreement.

3. **Brand Protection Covenants.**

(a) Intellectual Property and Confidential Information. You agree to:

- (i) refrain from using the Intellectual Property or Confidential Information in any business or for any purpose other than the operation of Franchisee’s Restaurant;
- (ii) maintain the confidentiality of all Confidential Information at all times;
- (iii) refrain from making unauthorized copies of documents containing Confidential Information;
- (iv) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential

Information; and

- (v) immediately stop using the Intellectual Property and Confidential Information at such time that you are no longer an officer, director, employee or independent contractor of Franchisee.

You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize and sublicense the same.

- (b) Unfair Competition. You may not engage in any Prohibited Activities at any time: (i) that you are an officer, director, employee or independent contractor of Franchisee; or (ii) during the Restricted Period. Notwithstanding the foregoing, you may have an interest in a Competing Business during the Restricted Period as long as the Competing Business is not located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period (other than having an interest in a Competing Business permitted by this Section), your Restricted Period will be extended by the period of time during which you engaged in the Prohibited Activity. Any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach.
- (c) Family Members. Because you could circumvent the purpose of this Agreement by disclosing Confidential Information to an immediate family member (i.e., parent, sibling, child, or grandchild) and it would be difficult for us to prove any such breach, you will be presumed to have breached this Agreement if a member of your immediate family engages in any Prohibited Activities at any time that you are prohibited from engaging in the Prohibited Activities or uses or discloses Confidential Information. However, you may rebut this presumption with evidence conclusively showing you did not disclose Confidential Information to the family member.
- (d) Covenants Reasonable. You agree that: (i) the covenants in this Agreement are reasonable both in duration and geographic scope; and (ii) you have sufficient resources, business experience and opportunities to earn an adequate living while complying with this Agreement. Although you and we both believe the covenants in this Agreement are reasonable, we may at any time unilaterally modify the terms of the brand protection covenants in §3 of this Agreement, upon written notice to you, by limiting the scope of the Prohibited Activities, narrowing the definition of a Competing Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under §3 of this Agreement to ensure that the covenants are enforceable under applicable law.
- (e) Breach. You agree that: (i) any failure to comply with §3 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (ii) we are entitled to injunctive relief if you breach §3 together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief, but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the required amount of the bond may not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

4. **Miscellaneous.**

- (a) If we hire an attorney or file suit against you for breach of this Agreement and we prevail, you must reimburse us for our reasonable attorneys' fees and costs.
- (b) This Agreement will be governed by, construed and enforced under the laws of Kentucky and the courts in that state shall have exclusive jurisdiction over any legal proceedings arising out of this Agreement.

- (c) Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion. The parties agree that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

- (d) If you are a resident of Washington, D.C. as of the date you sign this Agreement, then the noncompetition covenant set forth in this Agreement shall not be applicable to you and the definition of "Prohibited Activities" shall be deemed amended by deleting clause (a) from such definition.

This Brand Protection Agreement is executed as of the date or dates set forth below.

By: _____

Name: _____

Date: _____

ATTACHMENT "G"
TO FRANCHISE AGREEMENT
CONFIDENTIALITY AGREEMENT

[See Attached]

CONFIDENTIALITY AGREEMENT

This Agreement (this “Agreement”) is entered into by the undersigned (“you”) in favor of CHOP5 Franchise LLC, a Kentucky limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth below.

1. Definitions. For purposes of this Agreement the following terms have the meanings given to them below:

“Business Data” means all data pertaining to Franchisee’s Restaurant, customers and business operations, whether collected by you, Franchisee, us or any other person.

“Confidential Information” means and includes: (a) the Know-How; (b) the Business Data; (c) the terms of the Franchise Agreement and all related agreements signed by Franchisee in connection with the Restaurant, and all attachments thereto and amendments thereof; (d) the components of the System; (e) all information within or comprising the Manual; and (f) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that: (i) are designated as confidential; (ii) are known by you to be considered confidential by us; and/or (iii) are by their nature inherently or reasonably to be considered confidential. Confidential Information does not include any information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you, Franchisee or Franchisee’s owners, employees or other constituents); (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before the information was disclosed to you by us or Franchisee (or any person associated with us or Franchisee); (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you without breaching any obligation of confidentiality imposed on such third party.

“Copyrighted Materials” means all copyrightable materials for which we or our affiliate secure common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Restaurant.

“Franchisee” means the CHOP5 Salad Kitchen franchisee for whom you are an officer, director, employee or independent contractor.

“Improvement” means any idea, addition, modification or improvement to the (a) goods or services offered or sold at a Restaurant, (b) method of operation of a Restaurant, (c) processes, systems or procedures utilized by a Restaurant, (d) marketing, advertising or promotional materials, programs or strategies utilized by a Restaurant or (e) trademarks, service marks, logos or other intellectual property utilized by a Restaurant, whether developed by you, Franchisee, us or any other person.

“Intellectual Property” means, collectively or individually, the Business Data, Copyrighted Materials, Improvements, Know-how, Marks and System.

“Know-how” means and includes our (and our affiliates’) trade secrets and other proprietary information relating to the design, construction, development, marketing or operation of a Restaurant including, but not limited to: architectural plans, drawings and specifications for a prototype Restaurant; site selection criteria; recipes; methods and techniques; standards and specifications; policies and procedures; supplier lists and information; marketing strategies; merchandising strategies; financial information; and information comprising the System or included in the Manual.

“Manual” means our confidential brand standards manual for the operation of a Restaurant.

“Marks” means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize Restaurants to use, including “CHOP5 Salad Kitchen[®]”, “CHOP5[®]” and the associated logos. The Marks also include any distinctive trade dress used to identify a Restaurant or the products it sells.

“Restaurant” means a fast-casual restaurant featuring made-to-order salads, bowls, soups and other

healthy food options under the name CHOP5 Salad Kitchen[®].

“System” means our system developed for the operation of a Restaurant, the distinctive characteristics of which include: (a) proprietary recipes and methods of preparing food and beverage items, including made-to-order salads, bowls and soups; (b) distinctive interior and exterior designs, décor and color schemes; (c) standards and specifications for the furniture, fixtures and equipment utilized by a CHOP5 Salad Kitchen; (d) sales techniques and merchandising, marketing, advertising and inventory management systems; and (e) standardized procedures for operating and managing a CHOP5 Salad Kitchen.

2. **Background.** You are an officer, director, employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our franchise system if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.
3. **Intellectual Property and Confidential Information.** You agree to:
 - (i) refrain from using the Intellectual Property or Confidential Information in any business or for any purpose other than the operation of Franchisee’s Restaurant;
 - (ii) maintain the confidentiality of all Confidential Information at all times;
 - (iii) refrain from making unauthorized copies of documents containing any Confidential Information;
 - (iv) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and
 - (v) immediately stop using the Intellectual Property and Confidential Information at such time that you are no longer an officer, director, employee or independent contractor of Franchisee.

You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize and sublicense the same.

4. **Family Members.** Because you could circumvent the purpose of this Agreement by disclosing Confidential Information to an immediate family member (i.e., parent, sibling, child, or grandchild) and it would be difficult for us to prove any such breach, you will be presumed to have breached this Agreement if a member of your immediate family uses or discloses Confidential Information. You may rebut this presumption with evidence conclusively showing you did not disclose Confidential Information to the family member.
5. **Breach.** You agree that: (a) any failure to comply with this Agreement is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (b) we are entitled to injunctive relief if you breach this Agreement together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief, but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the required amount of the bond may not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.
6. **Miscellaneous.**
 - (a) If we hire an attorney or file suit against you for breach of this Agreement and we prevail, you must reimburse us for our reasonable attorneys’ fees and costs.
 - (b) This Agreement will be governed by, construed and enforced under the laws of Kentucky and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.
 - (c) Each section of this Agreement, including each subsection and portion thereof, is severable. If any

section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion. The parties agree that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

This Confidentiality Agreement is executed as of the date set forth below.

By: _____

Name: _____

Date: _____

EXHIBIT "D"
TO DISCLOSURE DOCUMENT
AREA DEVELOPMENT AGREEMENT

[See Attached]

CHOP5 SALAD KITCHEN
AREA DEVELOPMENT AGREEMENT

AREA DEVELOPER:

DATE:

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ATTACHMENTS

ATTACHMENT "A" Deal Terms

AREA DEVELOPMENT AGREEMENT

This Area Development Agreement (this "Agreement") is entered into as of _____, 202__ (the "Effective Date") between CHOP5 Franchise LLC, a Kentucky limited liability company ("we" or "us") and _____, a(n) _____ ("you").

1. DEFINITIONS. Capitalized terms used in this Agreement shall have the meanings given to them below, or if not defined below, the meanings given to them in the Initial Franchise Agreement.

"Developer Entity" means the Entity that: (a) signs this Agreement as the area developer (if this Agreement is signed by an Entity); or (b) assumes this Agreement subsequent to its execution by the original Owners.

"Development Business" means the franchised business you conduct pursuant to this Agreement consisting of developing and opening Restaurants within the Development Territory.

"Development Schedule" means the schedule described in §4.1 and Part D of ATTACHMENT "A" for the development of the Restaurants within the Development Territory.

"Development Territory" means the geographic area described in Part C of ATTACHMENT "A".

"Dispute" means any Claim, dispute or disagreement between the parties, including any matter pertaining to: (a) the interpretation or enforcement of this Agreement; (b) the offer or sale of the area development rights; or (c) the relationship between the parties.

"Franchise Agreement" means a CHOP5 Salad Kitchen Franchise Agreement executed by us and you (or your affiliate) for the development and operation of a Restaurant pursuant to this Agreement.

"General Release" means our then-current form of Waiver and Release of Claims that you and your Owners must sign pursuant to §8.2 in connection with a Transfer.

"Initial Franchise Agreement" means the Franchise Agreement you execute for the first Restaurant to be developed pursuant to this Agreement.

"Minority Interest Transfer" means a Transfer by an Owner of less than 20% of the Equity Interests in the Developer Entity other than a Transfer that results in the Operating Partner owning less than 5% of the Equity Interests in the Developer Entity.

"Owner" means a Person who meets any of the following criteria: (a) the Person directly signs this Agreement as the area developer, either alone or in conjunction with one or more other Persons; (b) the Person directly or indirectly through one or more intermediaries owns any Equity Interest in the Developer Entity (if the area developer under this Agreement is an Entity); (c) the Person directly signs a Franchise Agreement as the franchisee, either alone or in conjunction with one or more other Persons; and/or (d) the Person directly or indirectly through one or more intermediaries owns any Equity Interest in any affiliate of yours that executes a Franchise Agreement as authorized by §6.

"Permitted Transfer" means: (a) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer, other than a Transfer that results in the Operating Partner owning less than 5% of the ownership interests in the Development Business or Developer Entity, as applicable; and/or (b) a Transfer by the Owners to a newly established Developer Entity for which such Owners collectively own and control 100% of the Equity Interests.

"Term" means the period of time beginning on the Effective Date of this Agreement and expiring on the earlier to occur of: (a) the opening date listed in the Development Schedule for the last Restaurant you are required to open; or (b) the date this Agreement is effectively terminated.

"Transfer" means any direct or indirect, voluntary or involuntary, assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of:

- (a) this Agreement (or any interest therein);
- (b) the area development rights granted by this Agreement (or any interest therein);

- (c) the Development Business you conduct pursuant to this Agreement (or any interest therein);
- (d) the right to manage a Restaurant or occupy the Restaurant's premises; or
- (e) an Equity Interest in the Developer Entity, including public and private offerings;

including by: merger or consolidation; judicial award, order or decree; issuance of additional Equity Interests in the Developer Entity; foreclosure of a security interest by a lender; or operation of Law, will or a trust upon the death of an Owner of the Developer Entity, including the Laws of intestate succession.

2. GRANT OF DEVELOPMENT RIGHTS. Subject to the terms of this Agreement, we hereby grant you the right and obligation to develop, open and operate each of the Restaurants referred to in the Development Schedule. Each Restaurant must be located within the Development Territory. This Agreement does not grant you any right or license to use our Intellectual Property.

3. TERRITORIAL PROTECTIONS AND LIMITATIONS. During the Term we will not develop or operate, or license a third party to develop or operate, a Restaurant that is physically located within the Development Territory other than: (a) any Restaurant that is operating, under development, or for which a franchise agreement has been executed, in each case as of the Effective Date, and that is (or will be) located within the Development Territory; and (b) any Restaurant otherwise permitted by this Section. At any time during the Term we reserve the right to: (a) develop and operate, and license third parties to develop and operate, Restaurants in Captive Venues located within the Development Territory; and (b) engage in Acquisitions even if, as a result of an Acquisition, one or more competitive businesses of the acquired or acquiring company begin using our Intellectual Property (including our Marks) and are located within the Development Territory. We reserve the right to sell, and license third parties to sell, competitive or identical goods and services (including under the Marks) within the Development Territory through Alternative Channels of Distribution.

4. DEVELOPMENT OBLIGATIONS

4.1. Development Schedule. You must develop, open and operate all Restaurants listed in the Development Schedule. You must develop and open each Restaurant in strict compliance with the opening dates set forth in the Development Schedule. We may, in our sole discretion, extend one or more opening dates listed in the Development Schedule if you demonstrate to our satisfaction that you used best efforts to comply with the opening date and the need for the extension is due to unforeseeable delays rather than your lack of diligence or funding. The opening date listed in the Development Schedule for a given Restaurant may be earlier than the opening date required under the terms of the associated Franchise Agreement. In order to comply with the Development Schedule you must open each Restaurant by the opening date listed in the Development Schedule even if such date is earlier than the opening date required by the associated Franchise Agreement.

4.2. Site Selection. You must select a specific site within the Development Territory for each Restaurant in compliance with our then-current site selection criteria. Each site you select is subject to our prior approval in accordance with the applicable Franchise Agreement.

4.3. Franchise Agreements. You must sign a separate Franchise Agreement for each Restaurant. You must sign the Initial Franchise Agreement for your first (1st) Restaurant at the time you sign this Agreement. We will not review proposed sites for a Restaurant until you sign the applicable Franchise Agreement for that Restaurant. Each Franchise Agreement shall be our then-current form of CHOP5 Salad Kitchen Franchise Agreement, the terms of which may vary materially and substantially from the terms of the Initial Franchise Agreement; *provided, however*, that the royalty fee will not exceed that imposed under the Initial Franchise Agreement. The development fee paid pursuant to §5 shall be deemed to include and satisfy the initial franchise fee imposed under each Franchise Agreement you sign for a Restaurant identified in the Development Schedule. You have no right to construct or operate a Restaurant until the parties have signed the Franchise Agreement and all ancillary agreements for that Restaurant. You must develop, open and operate each Restaurant in compliance with the Franchise Agreement and the Manual.

- 4.4. Additional Restaurants.** You may not develop any Restaurant other than the Restaurants listed in the Development Schedule unless we, in our sole discretion, permit you to enter into a new area development agreement, which will be upon such terms that we specify, after you develop all Restaurants listed in the Development Schedule in accordance with this Agreement.
- 5. DEVELOPMENT FEE.** At the time you sign this Agreement you must pay us the development fee set forth in Part B of ATTACHMENT "A", which is calculated as the sum of the initial franchise fees imposed for all Restaurants you are required to develop under this Agreement. The amount of the initial franchise fee is: (a) \$40,000 per Restaurant for the first (1st) and second (2nd) Restaurant; (b) \$35,000 per Restaurant for the third (3rd), fourth (4th) and fifth (5th) Restaurant; and (c) \$25,000 per Restaurant for each additional Restaurant you commit to develop pursuant to this Agreement. The development fee is fully earned and nonrefundable upon execution of this Agreement.
- 6. AREA DEVELOPER AS ENTITY.** You represent that Part A of ATTACHMENT "A" includes a complete and accurate list of your Owners. Upon request, you must send us a resolution of the Developer Entity authorizing the execution of this Agreement, a copy of the Developer Entity's organizational documents and a current Certificate of Good Standing (or the functional equivalent thereof). You may form a separate Entity to enter into each Franchise Agreement provided that: (a) the Person or Persons owning the Equity Interests (and the percentage of the Equity Interests owned) in each such Entity must be the same Person or Persons owning the Equity Interests (with the same percentage of the Equity Interests owned) in the Developer Entity; and (b) each such Entity guarantees the performance of all other Entities formed under the authority of this §6. Each Owner, and the spouse of each Owner, must sign a Franchise Owner Agreement.
- 7. INDEMNITY.** You must indemnify the Indemnified Parties and hold them harmless for, from and against any and all Losses and Expenses they incur as a result of or in connection with any of the following:
- (i) the development, opening, marketing, use or operation of the Restaurants;
 - (ii) the breach of any Definitive Agreement by you or any of your Owners or affiliates;
 - (iii) the breach by you (or your affiliate) of any agreement between you (or your affiliate) and a third-party supplier relating to the Development Business or a Restaurant;
 - (iv) any acts, errors or omissions of you or your affiliate, or any Owner, officer, director, partner, agent, representative, independent contractor or employee of yours or your affiliate, in connection with the performance of any activities pertaining to the Development Business or any of your Restaurants;
 - (v) libel, slander, defamation or disparaging comments made by you or any of your Owners or affiliates about an Indemnified Party, the System or any Restaurant;
 - (vi) any Claim relating to taxes or penalties assessed by a Governmental Authority against us or our affiliate that results from your failure to perform any of your obligations under any Definitive Agreement; or
 - (vii) any labor, employment or similar type of Claim pertaining to you, your Owners or your employees, including Claims alleging we are a joint employer of your employees or we are an employer of you and/or any of your Owners.

You and your Owners must immediately notify us of any Claim or proceeding described above. The Indemnified Parties shall have the right, in their sole discretion to: (a) retain counsel of their choosing to represent them with respect to any Claim; and (b) control the response thereto and the defense thereof, including the right to enter into an agreement to settle the Claim. You may participate in such defense at your expense. You must fully cooperate and assist the Indemnified Parties with the defense of the Claim. You must reimburse the Indemnified Parties for all of their costs and expenses in defending such Claim,

including court costs and reasonable attorneys' fees, within 10 days of receipt of an invoice itemizing such costs and expenses.

8. TRANSFERS

8.1. By Us. This Agreement is fully assignable by us, without prior notice to you, and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for the performance of our obligations under this Agreement up to the effective date of the assignment.

8.2. By You. The rights and duties created by this Agreement are personal to you and the Owners. We are granting you area development rights in reliance upon the character, skill, attitude, business ability and financial resources of you and your Owners. Because this Agreement is a personal services contract, neither you nor any Owner may engage in a Transfer (other than a Permitted Transfer) without our prior written approval. Any Transfer (other than a Permitted Transfer) without our approval shall be void and constitute a breach of this Agreement. We will not unreasonably withhold approval if all of the following conditions are satisfied:

- (i) we believe the proposed transferee has sufficient business experience, aptitude and financial resources to develop, own and operate all of the remaining Restaurants to be developed under this Agreement and meets our minimum criteria for area developers;
- (ii) you and your Owners and affiliates are in full compliance with all Definitive Agreements;
- (iii) the transferee's owners successfully complete, or make arrangements to attend, the initial training program and the transferee pays us any applicable training fee;
- (iv) the transferee and its owners sign our then-current form of area development agreement (unless we, in our sole discretion, instruct you to assign this Agreement to the transferee), except that: (a) the Term shall be the Term remaining under this Agreement; (b) the transferee need not pay a separate development fee; and (c) the Development Schedule and Development Territory shall be the same Development Schedule and Development Territory specified in this Agreement (modified to reflect the development obligations satisfied prior to the Transfer);
- (v) you or the transferee pay us a \$15,000 transfer fee (if the transferee is found by a broker we engage, you must also reimburse us for all commissions we pay to the broker, which amount shall be in addition to the transfer fee);
- (vi) you assign all Franchise Agreements to the transferee in accordance with the transfer provisions under each such Franchise Agreement, including payment of any transfer fee imposed under each such Franchise Agreement;
- (vii) you and your Owners sign a General Release;
- (viii) we choose not to exercise our right of first refusal described in §8.5; and
- (ix) you or the transferring Owner, as applicable, and the transferee satisfy all other conditions we reasonably require as a condition to our approval of the Transfer.

In connection with a Transfer that qualifies as a Minority Interest Transfer, we will waive clauses (iii) through (ix) set forth immediately above. You may not: (a) transfer less than all area development rights remaining under this Agreement (i.e., you may not retain the right to develop any Restaurant); or (b) transfer your area development rights to multiple transferees. Our consent to a Transfer shall not constitute a waiver of: (a) any Claims we may have against the transferor; or (b) our right to demand the transferee comply with all terms of the area development agreement.

8.3. Permitted Transfers. You may engage in a Permitted Transfer without our prior approval, but you must: (a) give us at least 10 days' prior written notice; and (b) upon our request, cause any Entity

that was the Developer Entity immediately prior to the Permitted Transfer to sign a corporate guarantee in the format we require to secure performance of the new Developer Entity's financial obligations under all Definitive Agreements. You and the Owners (and the transferee) agree to sign all documents we reasonably request to effectuate and document the Permitted Transfer.

- 8.4. Owner Death or Disability.** Within 180 days after the death or permanent disability of an Owner, the Owner's ownership interest in the Development Business or Developer Entity, as applicable, must be assigned to another Owner or to a third party we approve. Any assignment to a third party will be subject to all terms and conditions of §8.2 unless the assignment qualifies as a Permitted Transfer. An Owner is deemed to have a "permanent disability" only if he/she has a medical or mental problem that prevents him/her from substantially complying with his/her obligations under this Agreement for a continuous period of at least six (6) months.
- 8.5. Our Right of First Refusal.** If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain and send us a bona-fide offer executed by the purchaser after completion of due diligence. We have 30 days after receipt of the offer to decide whether to purchase the interest for the same price and upon the same terms contained in the offer, except we may substitute cash for any non-cash form of payment proposed in the offer. If we notify you within the 30-day period that we intend to purchase the interest, you or the Owner, as applicable, must sell the interest to us. We will have an additional 30 days to prepare for closing. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you (as the seller of the assets) or the Owner (as the seller of the ownership interest) or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to the terms of the offer, subject to the requirements of §8.2, including our approval of the transferee. However, if the sale is not completed within 120 days after delivery of the offer to us, or there is a material change to the terms of sale, we will again have the right of first refusal specified in this Section. Our right of first refusal shall not apply to a Permitted Transfer or a Minority Interest Transfer.

9. TERMINATION OF DEVELOPMENT RIGHTS

- 9.1. Reasonableness.** You represent that you: (a) have conducted your own independent investigation and analysis of the prospects for the development of the Restaurants within the Development Territory; (b) approve the Development Schedule as being reasonable and viable; and (c) recognize that any breach of the Development Schedule is a material breach of this Agreement.
- 9.2. Termination By Us.** We may terminate this Agreement, effective upon delivery of a written notice of termination to you, for any of the following reasons, all of which constitute material events of default and "good cause" for termination, and without opportunity to cure except for any cure period expressly set forth below:
- (i) if we terminate any Definitive Agreement due to a default committed by you or one of your Owners or affiliates; or
 - (ii) if you or one of your Owners or affiliates breaches any provision of this Agreement and fails to cure the breach within 30 days after receipt of a default notice from us.
- 9.3. Effect of Termination.** The termination of this Agreement will end all of your rights and development obligations under this Agreement, including without limitation, your interests in the Development Territory and right to sign new Franchise Agreements or open additional Restaurants. We will not refund any portion of the development fee.

- 10. DISPUTE RESOLUTION.** Any Dispute between the parties relating to this Agreement shall be resolved pursuant to the dispute resolution provisions in the Initial Franchise Agreement. All such dispute resolution provisions are incorporated herein by reference as if fully set forth in this Agreement.

11. REPRESENTATIONS.

- 11.1. Corporate Representations.** You and your Owners jointly and severally represent and warrant to us that the execution and delivery of this Agreement, and the performance of your obligations hereunder, does not: (a) conflict with, breach or constitute a default under any other agreement to which you are (or any affiliate of yours is) a party or by which your (or your affiliate's) assets may be bound; (b) violate any order, writ, injunction, decree, judgment or ruling of any Governmental Authority; or (c) violate any applicable Law. If the developer is an Entity, then you and your Owners also jointly and severally represent and warrant to us that: (a) the Developer Entity is duly organized, validly existing and in good standing under the Laws of the state of its formation and has the requisite power and authority to enter into this Agreement and to perform each of its obligations hereunder; and (b) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action and this Agreement shall constitute the legal, valid and binding obligation of the Developer Entity and shall be enforceable against the Developer Entity in accordance with its terms.
- 11.2. Franchise Compliance Representations.** You and your Owners jointly and severally represent and warrant to us that you received: (a) an exact copy of this Agreement and its attachments, with all material terms filled in, at least seven (7) calendar days before you signed this Agreement; and (b) our Franchise Disclosure Document at the earlier of (i) 14 calendar days before you signed a binding agreement or paid any money to us or our affiliates in connection with this franchise or (ii) such earlier time in the sales process that you requested a copy.
- 11.3. General Representations.** You and your Owners jointly and severally represent and warrant to us that: (a) other area developers may operate under different forms of agreement and our obligations and rights with respect to area developers differs materially in certain circumstances; and (b) we may negotiate terms or offer concessions to other area developers and we have no obligation to offer you the same or similar negotiated terms or concessions.
- 11.4. Anti-Terrorism Compliance.** You and your Owners jointly and severally represent and warrant to us that, to the best of your knowledge: (a) no property or interest owned by you or any Owner is subject to being "blocked" under any Anti-Terrorism Law; (b) neither you nor any Owner, nor any of their respective funding sources (including any legal or beneficial owner of any Equity Interest in you) or related parties is, or has ever been: (i) a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Law; or (ii) identified by name (or alias, pseudonym or nickname) or address on any Terrorist List, including on the list of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts currently available at www.home.treasury.gov); and (c) you and the Owners are in compliance with, and shall continue to comply with, the Anti-Terrorism Law and all other Laws (either currently in effect or enacted in the future) prohibiting corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government that are in effect within the United States of America. The foregoing representations and warranties are 'continuing' representations and warranties for the duration of the franchise relationship. Accordingly, you agree to notify us immediately in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

12. GENERAL PROVISIONS

- 12.1. Governing Law.** This Agreement and the franchise relationship are governed by the Laws of the State of Kentucky without reference to its principles of conflicts of law, but any Law of the State of Kentucky that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.
- 12.2. Severability.** Each section and subsection of this Agreement, and any portion thereof, shall be

considered severable.

- 12.3. Waivers.** Each party may waive any obligation imposed on the other party in writing. Neither party shall be deemed to have waived or impaired any of its contractual rights under this Agreement (including the right to require strict compliance with all terms of this Agreement or terminate this Agreement due to the other party's failure to comply with such terms) by virtue of: (a) any custom or practice of the parties at variance with the terms of this Agreement; (b) any failure, refusal or neglect by either party to exercise any right under this Agreement or require the other party to strictly comply with its obligations under this Agreement; (c) our waiver, failure or refusal to exercise any of our rights with respect to other area developers; or (d) our acceptance of payments from you after your breach.
- 12.4. Force Majeure.** Neither party shall be liable for loss or damage or deemed to be in breach of this Agreement if such party's failure to perform its obligations results from an event of Force Majeure; *provided, however*, that an event of Force Majeure shall not excuse or permit any failure to perform for more than 90 days. If the period of non-performance exceeds 90 days from receipt of notice of the Force Majeure event, the party whose ability to perform has not been affected may immediately terminate this Agreement by giving written notice of termination to the other party.
- 12.5. Binding Effect.** This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any Person not a party to this Agreement.
- 12.6. Integration.** THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. Any email or other informal electronic communication shall not be deemed to modify this Agreement unless it is signed by both parties and specifically states it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) 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.
- 12.7. Covenant of Good Faith.** If applicable Law implies into this Agreement a covenant of good faith and fair dealing, the covenant shall not imply any rights or obligations that are inconsistent with the express terms of this Agreement. This Agreement, and the relationship of the parties inherent in this Agreement, grants us discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests. We will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees, but without considering the individual interests of you or any other particular franchisee.
- 12.8. Rights of Parties are Cumulative.** The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by Law.
- 12.9. Survival.** All provisions that expressly or by their nature survive the termination, expiration or

Transfer of this Agreement, or the Transfer of an ownership interest in the Development Business or Developer Entity, shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire.

12.10. Construction. The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term “you” as used in this Agreement is applicable to one or more Persons, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.

12.11. Time of Essence. Time is of the essence in this Agreement and every term thereof.

12.12. Notice. All notices given under this Agreement must be provided in accordance with the Notice Provision of the Initial Franchise Agreement.

12.13. Counterparts. This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

* * *

The parties below have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

CHOP5 Franchise LLC, a Kentucky limited liability company

By: _____
Name: _____
Title: _____

YOU (If you are an Entity):

_____,
a(n) _____
By: _____
Name: _____
Title: _____

YOU (If you are not an Entity):

Name: _____

Name: _____

Name: _____

Name: _____

ATTACHMENT "A"
TO AREA DEVELOPMENT AGREEMENT
DEAL TERMS

A. Area Developer Details.

Name of area developer: [_____]

Is the area developer one or more natural persons signing in their individual capacity? **Yes:** ____ **No:** ____

Type of Entity and State of Formation* (if applicable): [_____]

** If the area developer is a business Entity, each Person holding a direct or indirect ownership interest in the business Entity, and spouse of each such Person who is a natural Person, must sign a Franchise Owner Agreement concurrently with the execution of this Agreement.*

The following table includes the full name of each Person holding a direct or indirect ownership interest in the area developer franchise (or the area developer business Entity if applicable) along with a description of their ownership interest.

Owner's Name	% Ownership Interest	Direct or Indirect (if indirect, describe nature of interest)

Notice Address: _____

Attention: _____
Email: _____

B. Development Fee.

The development fee is \$[_____].

C. Development Territory.

The Development Territory consists of, and shall be limited to, the following geographic area:

[_____]

If the boundaries that define the Development Territory change during the term, the boundaries of your Development Territory will remain unaffected and will continue to be defined by the boundaries that were in effect as of the Effective Date.

D. Development Schedule.

You must comply with the following minimum development obligations as specified in §4 of the Agreement:

DEVELOPMENT PERIOD ENDING	NUMBER OF RESTAURANTS OPENED DURING DEVELOPMENT PERIOD	CUMULATIVE NUMBER OF RESTAURANTS OPENED AND IN OPERATION
1 year after Effective Date		
2 years after Effective Date		
3 years after Effective Date		
4 years after Effective Date		
5 years after Effective Date		
6 years after Effective Date		
7 years after Effective Date		
8 years after Effective Date		
9 years after Effective Date		
10 years after Effective Date		
Total Number of Restaurants to be Developed: [<input type="text"/>]		

EXHIBIT "E"
TO DISCLOSURE DOCUMENT
TABLE OF CONTENTS OF BRAND STANDARDS MANUAL

[See Attached]

CHOP5 Salad Kitchen Operations Manual

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Additional Resources can be found digitally through our operations folder.

EXHIBIT "F"
TO DISCLOSURE DOCUMENT
LIST OF FRANCHISEES

Part A (Current Franchisees)

The following table lists franchisees that were open as of December 31, 2023.

FRANCHISEES OPEN AS OF DECEMBER 31, 2023				
State	City	Address	Phone	Owner Name(s)
None				

* These franchisees are also area developers that committed to open multiple franchised businesses under the terms of an area development agreement.

The following table lists franchisees with signed franchise agreements that were not open as of December 31, 2023.

FRANCHISEES NOT OPEN AS OF DECEMBER 31, 2023				
State	City	Address	Phone	Owner Name(s)
None				

* These franchisees are also area developers that have committed to open multiple franchised businesses under the terms of an area development agreement.

Part B (Former Franchisees Who Left System During Prior Fiscal Year)

State	City	Current Business Phone or Last Known Home Phone	Owner Name(s)
Florida	Miami	(954) 684-0820	Dani Shirmon

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

EXHIBIT "G"
TO DISCLOSURE DOCUMENT
FINANCIAL STATEMENTS

[See Attached]

CHOP5 FRANCHISE LLC

FINANCIAL REPORT
AS OF DECEMBER 31, 2023



CHOP5 FRANCHISE LLC

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Independent Auditor's Report

To the Member
CHOP5 Franchise LLC
Louisville, Kentucky

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying balance sheets of CHOP5 Franchise LLC as of December 31, 2023, and 2022 and the related statements of operations, member equity and cash flows for the years ended December 31, 2023, 2022, and 2021, and the notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CHOP5 Franchise LLC as of December 31, 2023, and 2022 and the results of their operations and their cash flows for the years ended December 31, 2023, 2022, and 2021 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 (GAAS). 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 CHOP5 Franchise 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 CHOP5 Franchise LLC's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

2580 East Harmony Road, Ste. 301-10 • Ft. Collins, CO 80528
Office: (303) 999-6485



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CHOP5 Franchise 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 CHOP5 Franchise 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.

Reese CPA LLC

Ft. Collins, Colorado
March 11, 2024

**CHOP5 FRANCHISE LLC
BALANCE SHEETS**

	AS OF DECEMBER 31,	
	2023	2022
ASSETS:		
CURRENT ASSETS		
Cash and equivalents	\$ 49,082	\$ 47,164
TOTAL CURRENT ASSETS	49,082	47,164
TOTAL ASSETS	\$ 49,082	\$ 47,164
LIABILITIES AND MEMBERS' EQUITY (DEFICIT):		
CURRENT LIABILITIES		
Advance from affiliate	\$ 50,000	\$ -
TOTAL CURRENT LIABILITIES	50,000	-
LONG-TERM LIABILITIES	-	-
TOTAL LIABILITIES	50,000	-
MEMBERS' EQUITY (DEFICIT)	(918)	47,164
TOTAL LIABILITIES AND MEMBERS' EQUITY (DEFICIT)	\$ 49,082	\$ 47,164

The accompanying notes are an integral part of these financial statements.

CHOP5 FRANCHISE LLC
STATEMENTS OF OPERATIONS

	YEARS ENDED DECEMBER 31,		
	2023	2022	2021
REVENUES	\$ -	\$ -	\$ -
OPERATING EXPENSES			
Professional fees	39,500	31,136	-
Advertising	8,400	-	-
General and administrative	182	21,700	-
TOTAL OPERATING EXPENSES	48,082	52,836	-
OPERATING (LOSS)	(48,082)	(52,836)	-
OTHER INCOME (EXPENSE)	-	-	-
NET (LOSS)	\$ (48,082)	\$ (52,836)	\$ -

The accompanying notes are an integral part of these financial statements.

CHOP5 FRANCHISE LLC
STATEMENTS OF CHANGES IN MEMBER EQUITY
YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021

	<u>Member Contributions</u>	<u>Accumulated (Deficit)</u>	<u>Total Member Equity</u>
BALANCE, DECEMBER 31, 2020	\$ 100,000	\$ -	\$ 100,000
Net income	-	-	-
BALANCE, DECEMBER 31, 2021	100,000	-	100,000
Net (loss)	-	(52,836)	(52,836)
BALANCE, DECEMBER 31, 2022	100,000	(52,836)	47,164
Net (loss)	-	(48,082)	(48,082)
BALANCE, DECEMBER 31, 2023	<u>\$ 100,000</u>	<u>\$ (100,918)</u>	<u>\$ (918)</u>

The accompanying notes are an integral part of these financial statements.

**CHOP5 FRANCHISE LLC
STATEMENT OF CASH FLOWS**

	YEARS ENDED DECEMBER 31,		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ (48,082)	\$ (52,836)	\$ -
Net cash used by operating activities	<u>(48,082)</u>	<u>(52,836)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash (used) in investing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Advance from affiliate	50,000	-	-
Net cash provided (used) by financing activities	<u>50,000</u>	<u>-</u>	<u>-</u>
NET INCREASE IN CASH	1,918	(52,836)	-
CASH, BEGINNING	<u>47,164</u>	<u>100,000</u>	<u>100,000</u>
CASH, ENDING	<u>\$ 49,082</u>	<u>\$ 47,164</u>	<u>\$ 100,000</u>
SUPPLEMENTAL DISCLOSURES			
Cash paid for interest	\$ -	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

CHOP5 FRANCHISE LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CHOP5 Franchise LLC ("the Company") was formed on March 22, 2019, (Inception) in the State of Kentucky as a limited liability company. The Company grants franchises to qualified persons for the establishment and operations of a CHOP5 Salad Kitchen restaurant featuring made-to-order salads, salad and grain bowls, soups, and other healthy food options under the CHOP5 name and mark (each a "CHOP5 Salad Kitchen"). All activities are conducted in a designated territory.

Parent and Affiliates

The Company is wholly owned by Chop5 LLC ("Parent") that was organized in the State of Kentucky as a limited liability company on February 18, 2016.

Chop5 Polaris LLC was organized in Ohio as a limited liability company on April 2, 2019. Chop5 Polaris LLC has owned and operated a CHOP5 Salad Kitchen.

CHOP5 IP LLC, was organized in Delaware as a limited liability company on April 10, 2019. CHOP5 IP LLC owns the Proprietary Marks and other intellectual property, which it has licensed to the Company so the Company may sub-license them to the Company's franchisees.

Chop5 Orlando UCF, LLC, was organized in Florida as a limited liability company on September 16, 2019. Chop5 Orlando UCF, LLC opened a Chop5 Salad Kitchen in March 2022.

Chop5 JV Boulder LLC was organized in Colorado as a limited liability company on March 15, 2019. Chop5 JV Boulder LLC opened a Chop5 Salad Kitchen in December 2021. This location closed on February 19, 2023.

A summary of significant accounting policies follows:

Development Stage Operations

The Company's planned franchising activities, as previously described, have not yet commenced. Since its inception the Company has not sold any franchises, has not earned any revenue, and has incurred no expenses. The Company's activities are subject to significant risks and uncertainties, including failing to secure additional capital to fund operations until the Company achieves break-even operational status.

Use of Estimates

Preparation of the Company's financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2023, and 2022.

CHOP5 FRANCHISE LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized subsequent to invoicing. Management evaluates individual customers' receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not have any accounts receivable or allowance for doubtful accounts as of December 31, 2023, and 2022 and did not charge-off any accounts receivable during the years ended December 31, 2023, 2022, and 2021.

Property, Plant & Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years). The Company had no property, plant & equipment at December 31, 2023, and 2022.

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with finite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable. The Company had no intangible assets at December 31, 2023, and 2022.

Income Taxes

The Company has adopted the liability method of accounting for income taxes ASC 740, "Income Taxes." Under ASC 740, deferred income taxes are recorded to reflect tax consequences on future years for the differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. Deferred tax assets, including tax loss and credit carryforwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Deferred income tax expense represents the change during the period in the deferred tax assets and deferred tax liabilities. The components of the deferred tax assets and liabilities are individually classified as current and non-current based on their characteristics. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

CHOP5 FRANCHISE LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (continued)

The Company adopted ASC 740-10-25-6 “Accounting for Uncertainty in Income Taxes”, that requires the Company to disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold upon examination by taxing authorities.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements. The Company’s evaluation was performed for the tax periods ending December 31, 2023, 2022 and 2021 for U.S. Federal Income Tax and Kentucky State Income Tax, the tax years which remain subject to examination by major tax jurisdictions as of December 31, 2023.

The Company’s Parent reports as C Corporation for income tax purposes and the Company’s operations are consolidated into the Parents income tax reporting. The Company has no deferred tax assets or liabilities as operations have not yet commenced.

Revenue Recognition

The Company recognizes revenue under the guidance of ASC 606 “Contracts with Customers”. The Company’s revenue will be principally generated through franchise agreements executed with the Company’s franchisees.

Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee. The Company is using the practical expedient under the guidance of ASU 2021-02 and is treating all pre-opening activities as distinct from the franchise license as defined in the next paragraph. The remainder of performance obligations not related to the grant of the license represent a single performance obligation. and are recognized over the term of the respective franchise agreement from the date the agreement is executed. Unearned initial fee revenues from franchisee acquisition and acceptance will be recorded as deferred revenue and recognized as revenue over the term of the contract. The Company has no revenue from initial fees during the years ended December 31, 2023, 2022, and 2021.

When a franchisee purchases a CHOP5 franchise, the Company grants the franchisee the right to use the proprietary methods, techniques, trade dress, trademarks, and logos (“the license”). This is considered to be symbolic intellectual property. Revenues related to the license are continuing royalties that are 5.0% of gross revenues. These revenues will be used to continue the development of the Company’s brand, the franchise system and provide on-going support for the Company’s franchisees. The royalties are billed weekly and are recognized as revenue when earned. The Company has no revenue from license fees during the years ended December 31, 2023, 2022, and 2021.

Commissions and other direct costs related to unsatisfied performance obligations will be recorded as a franchise acquisition asset and are recognized as expense when the related performance obligation has been satisfied. The Company has no commissions related to initial fees during the years ended December 31, 2023, 2022, and 2021.

CHOP5 FRANCHISE LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising and Marketing Fund Contribution

Contributions to the advertising and marketing fund are based on gross sales and range from .5% in year one to 1.5% in year three and every year thereafter. Contributions are billed weekly and recognized as revenue when earned. The Company had no contributions to the fund for the years ended December 31, 2023, 2022, and 2021.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2023, 2022, and 2021, were \$8,400, \$0, and \$0.

Fair Value of Financial Instruments

For the Company's financial instruments consist of cash and cash equivalents, the carrying amounts approximate fair value due to their short maturities.

Recently issued accounting pronouncements

The Company has adopted all recently issued Accounting Standards Updates (“ASU”). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

NOTE 2 – SUMMARY OF FRANCHISE ACTIVITY

Changes in the number of franchises for the years ended December 31, 2023, 2022 and 2021, consist of the following:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Units in operation, beginning	2	3	2
Units opened	-	-	1
Units terminated or closed	-	(1)	-
Units in operation, ending	<u>2</u>	<u>2</u>	<u>3</u>
Franchised units	-	-	-
Affiliate owned units	2	2	3

NOTE 3 – COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

CHOP5 FRANCHISE LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through March 12, 2024, the date on which the financial statements were available to be issued.

EXHIBIT "H"
TO DISCLOSURE DOCUMENT
OTHER AGREEMENTS

EXHIBIT “H”-1

STATE ADDENDA

[See Attached]

STATE ADDENDA AND AMENDMENTS TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES

BACKGROUND AND PURPOSE

The following modifications are made to the CHOP5 Salad Kitchen Franchise Disclosure Document (“FDD” or “Disclosure Document”) issued by CHOP5 Franchise LLC (“we” or “us” or “franchisor”) to franchisee (“you” or “franchisee”) and may supersede certain portions of the Franchise Agreement between you and us dated _____, 202__ (the “Franchise Agreement”). When the term “Supplemental Agreements” is used, it means any area development agreement, area representative agreement, master franchise agreement, or similar agreement entered into between us and you, if applicable.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement, Supplemental Agreements and other documents related to the sale of a franchise. This State-Specific Addendum (“State Addendum”) will modify these agreements to comply with the applicable state’s laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum (but only the State Addendum for the applicable State) will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements. If you sign this State Addendum, only the terms applicable to the state or states whose franchise laws apply to your transaction will govern. If you sign this State Addendum, but none of the state franchise laws listed above applies because their jurisdictional requirements have not been met, then this State Addendum will be void and inapplicable to you.

CALIFORNIA

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the Disclosure Document.
2. 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.
3. Neither the franchisor nor any person or franchise broker in Item 2 of the FDD 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.
4. The Franchise Agreement and Supplemental Agreements require binding arbitration. The arbitration will occur in Kentucky with the costs initially being borne by the party filing for arbitration.
5. Prospective franchisees are encouraged to consult 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 or Supplemental Agreement restricting venue to a forum outside the State of California.
6. The Franchise Agreement and Supplemental Agreements require application of the laws of Kentucky. This provision may not be enforceable under California law.
7. The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
8. The Franchise Agreement and Supplemental Agreements may contain a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
9. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.
10. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.
11. You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).
12. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT <https://dfpi.ca.gov/>.

HAWAII

1. The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.

2. Our registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

3. The states in which this filing is effective are listed on the Exhibit to the FDD titled "State Effective Dates".
4. The states in which this filing is or will be shortly on file include the following:

5. The states, if any, which have refused, by order or otherwise, to register these franchises include the following: _____
6. The states, if any, which have revoked or suspended the right to offer these franchises include the following: _____
7. The states, if any, in which the filing of these franchises has been withdrawn include the following:

ILLINOIS

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Disclosure Document and the Franchise Agreement and Supplemental Agreements are amended as follows:

1. Illinois law shall apply to and govern the Franchise Agreement and Supplemental Agreements.
2. In accordance with Section 4 of the Illinois Franchise Disclosure Act, any provision in the Franchise Agreement and Supplemental Agreements that designated jurisdiction and venue in a forum outside of the State of Illinois is void. However, the Franchise Agreement and Supplemental Agreements may provide for arbitration to take place outside of Illinois. Therefore, any arbitration proceeding may be brought in Kentucky in accordance with the dispute resolution provision set forth in the Franchise Agreement and Supplemental Agreements.
3. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
5. The Franchise Agreement and Supplemental Agreements are amended to state the following:

To the extent that any provision in the Illinois State Addendum is inconsistent with any provision in this Agreement, the provision in the Illinois State Addendum shall control.

INDIANA

In recognition of the requirements of the Indiana Franchise Disclosure Law, IC 23-2-2-2.5, the Franchise Agreement and Supplemental Agreements are amended as follows:

1. The laws of the State of Indiana supersede any provisions of the Disclosure Document, Franchise Agreement and Supplemental Agreements if such provisions are in conflict with Indiana law.
2. The Franchise Agreement and Supplemental Agreements are amended to provide that such agreements will be construed in accordance with the laws of the State of Indiana.
3. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Franchise Agreement and Supplemental Agreement issued in the State of Indiana.
4. The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the Franchise Agreement or Supplemental Agreement (as applicable), shall supersede the provisions of the Franchise Agreement or Supplemental Agreement (as applicable) in the State of Indiana to the extent they may be inconsistent with such prohibition.
5. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1(9).
6. Liquidated damages and termination penalties are prohibited by law in the State of Indiana and, therefore, the Disclosure Document, the Franchise Agreement and Supplemental Agreements are amended by the deletion of all references to liquidated damages and termination penalties and the addition of the following language to the original language that appears therein:

Notwithstanding any such termination, and in addition to the obligations of the franchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the franchisee nevertheless shall be, continue and remain liable to franchisor for any and all damages which franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the franchisee for the unexpired Term of the Franchise Agreement.

At the time of such termination of the Franchise Agreement, the franchisee covenants to pay to franchisor within 10 days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney's fees) incurred by franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Term of the Franchise Agreement. This Agreement does not constitute a waiver of the franchisee's right to a trial on any of the above matters.

7. No release language set forth in the Disclosure Document or Franchise Agreement or Supplemental Agreement shall relieve franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana. Any provision in the Franchise Agreement or Supplemental Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

In recognition of the requirements of the Maryland Franchise Law, the Franchise Agreement is amended to add the following:

1. Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.
2. Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.
3. You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Law.
4. This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.
5. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
6. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required 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.
7. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
8. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
9. 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, the parties hereto have duly executed and delivered this Addendum concurrently with the execution of the Franchise Agreement.

CHOP5 FRANCHISE LLC

[FRANCHISEE]

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

MARYLAND ADDENDUM TO AREA DEVELOPMENT AGREEMENT

In recognition of the requirements of the Maryland Franchise Law, the Area Development Agreement is amended to add the following:

1. Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.
2. Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.
3. You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Law.
4. This area development agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.
5. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
6. 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 the first franchise under the development agreement opens.
7. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
8. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area development agreement.
9. Except as expressly modified by this Addendum, the Area development agreement remains unmodified and in full force and effect.

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

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum concurrently with the execution of the Area development agreement.

CHOP5 FRANCHISE LLC

[FRANCHISEE]

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

MARYLAND ADDENDUM TO THE DISCLOSURE DOCUMENT

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law (the "Maryland Franchise Law"), the Disclosure Document is amended as follows:

1. Item 5 of the Disclosure Document is amended to add the following:

"Fee Deferral

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

2. Item 17 of the Disclosure Document is amended to add the following:
 - (a) The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply any liability under the Maryland Franchise Registration and Disclosure Law.
 - (b) A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
 - (c) Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
 - (d) The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).
 - (e) The franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.
3. Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.
4. You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Law.
5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

MICHIGAN

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

Each of the following provisions is void and unenforceable if contained in any document relating to a franchise:

- (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:
 - (v) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (vi) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (vii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (viii) 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.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Minnesota Rule 2860.4400(D) prohibits us from requiring you to assent to a general release.
2. We will comply with Minnesota Statute Section 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 or Supplemental Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.
3. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce 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. In addition, we will comply with the provisions of Minnesota Rule 2860.4400(J), which state that you cannot waive any rights, you cannot consent to our obtaining injunctive relief, we may seek injunctive relief, and a court will determine if a bond is required.
4. We will comply with Minnesota Statute Section 80C.12, Subd. 1(g), which requires that we protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
5. We will comply with Minnesota Statute Section 80C.17, Subd. 5 regarding limitation of claims.
6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. Items 5 and 7 of this Disclosure Document are amended to include the following:

“All fees referenced are subject to deferral pursuant to order of the State of Minnesota. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.”

NEW YORK

In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§680 through 695, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. The following information is added to the cover page of the Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3 of the Disclosure Document:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

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

3. The following is added to the end of Item 4 of the Disclosure Document:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership

that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5 of the Disclosure Document:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c) of the Disclosure Document, titled “**Requirements for franchisee to renew or extend,**” and Item 17(m) of the Disclosure Document, entitled “**Conditions for franchisor approval of transfer**”:

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

6. The following language replaces the “Summary” section of Item 17(d) of the Disclosure Document, titled “**Termination by franchisee**”:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j) of the Disclosure Document, titled “**Assignment of contract by franchisor**”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v) of the Disclosure Document, titled “Choice of forum”, and Item 17(w) of the Disclosure Document, titled “**Choice of law**”:

The foregoing 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.

9. We will not require that you prospectively assent to a release, assignment, novation, waiver, or estoppel that purports to relieve any person from liability imposed by the New York Franchise Law.
10. We will not place any condition, stipulation, or provision in the Franchise Agreement that requires you to waive compliance with any provision of the New York Franchise Law.
11. Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the New York Franchise Law is amended to provide for a three (3) year statute of limitations for purposes of bringing a claim arising under the New York Franchise Law.
12. Notwithstanding the transfer provision in the Franchise Agreement, we will not assign the Franchise Agreement except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement.

NORTH DAKOTA

In recognition of the requirements of the North Dakota Franchise Investment Law (the “North Dakota Franchise Law”), the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Covenants not to compete are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Law. Item 17(r) of the Disclosure Document and certain provisions in the Franchise Agreement and Supplemental Agreements include certain covenants restricting competition to which you must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Law. The Disclosure Document, Franchise Agreement and Supplemental Agreements are amended accordingly to the extent required by law.
2. Provisions requiring arbitration or mediation to be held at a location that is remote from the site of the franchisee’s business are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, the parties must agree on the site where arbitration or mediation will be held.
3. Provisions requiring jurisdiction in a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
4. Provisions requiring that agreements be governed by the laws of a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
5. Provisions requiring your consent to liquidated or termination damages are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
6. Provisions requiring you to sign a general release upon renewal of the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
7. Provisions requiring you to pay all costs and expenses incurred by us in enforcing the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.
8. Provisions requiring you to consent to a waiver of trial by jury have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
9. Provisions requiring you to consent to a limitation of claims within one year have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the statute of limitations under North Dakota Law will apply.
10. Provisions requiring you to consent to a waiver of exemplary and punitive damages have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Invest Law.

RHODE ISLAND

In recognition of the requirements of the Rhode Island Franchise Investment Act (the "Rhode Island Franchise Law"), the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Rhode Island Franchise Law. This provision does not apply to the settlement of disputes, claims, or civil lawsuits brought under the Rhode Island Franchise Law.
2. Section 19-28.1-14 of the Rhode Island Franchise Law provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." If a claim is enforceable under the Rhode Island Franchise Law, we will not restrict jurisdiction or venue to a forum outside the State of Rhode Island or require the application of the laws of another state.
3. We will not prohibit you from joining a trade association or association of franchisees. We will not retaliate against you for engaging in these activities.
4. Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the Rhode Island Franchise Law is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Rhode Island Franchise Law. Notwithstanding the foregoing, if a rescission offer has been approved by the Rhode Island director of business registration, then the statute of limitations is ninety (90) days after your receipt of the rescission offer.

VIRGINIA

In recognition of the requirements of the Virginia Retail Franchising Act, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Item 17 of the Disclosure Document is amended to add the following:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement or Supplemental 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.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee/area developer to surrender any right given to him under the applicable agreement.

2. If any provision of the Franchise Agreement or any Supplemental Agreement involves the use of undue influence by the franchisor to induce a franchisee/area developer to surrender any rights given to him under the applicable agreement, that provision may not be enforceable.
3. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Virginia Retail Franchising Act. This provision does not prohibit you and us from entering into binding arbitration consistent with the Virginia Retail Franchising Act.
4. Any provision in the Franchise Agreement or Supplemental Agreement that limits the time period in which you may assert a legal claim against us under the Virginia Retail Franchising Act is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Virginia Retail Franchising Act.
5. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it shall be unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement or Supplemental 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.
6. The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.
7. The Franchise Agreement is amended to state the following:

"The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.
8. The Area Development Agreement is amended to state the following:

"The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the development fee owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the development agreement."

WASHINGTON

In recognition of the requirements of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, will prevail.
2. RCW 19.100.180 may supersede the Franchise Agreement and Supplemental Agreements 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 and Supplemental Agreements in your relationship with the franchisor including the areas of termination and renewal of your franchise.
3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of 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.
7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.
8. The claims limitation provision in Section 22.6 of the Franchise Agreement does not apply to Washington franchisees.

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement and Supplement Agreements (if applicable) if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

(Signatures on following page)

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states (“**Addenda**”) is checked as an “Applicable Addenda” below, then that Applicable Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement, Supplemental Agreements (if applicable) and any other specified agreement(s) entered into by us and the undersigned franchisee. To the extent any terms of an applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement, Supplemental Agreement (if applicable) and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement. We are responsible for checking the appropriate box or boxes.

- | | | |
|-------------------------------------|---------------------------------------|---------------------------------------|
| <input type="checkbox"/> California | <input type="checkbox"/> Michigan | <input type="checkbox"/> South Dakota |
| <input type="checkbox"/> Hawaii | <input type="checkbox"/> Minnesota | <input type="checkbox"/> Virginia |
| <input type="checkbox"/> Illinois | <input type="checkbox"/> New York | <input type="checkbox"/> Washington |
| <input type="checkbox"/> Indiana | <input type="checkbox"/> North Dakota | <input type="checkbox"/> Wisconsin |
| <input type="checkbox"/> Maryland | <input type="checkbox"/> Rhode Island | |

Dated: _____, 202____

FRANCHISOR:

CHOP5 Franchise LLC

By: _____

Name: _____

Title: _____

FRANCHISEE:

[_____]

By: _____

Name: _____

Title: _____

EXHIBIT “H”-2

FRANCHISEE DISCLOSURE QUESTIONNAIRE

[See Attached]

MAY NOT BE SIGNED OR USED IF FRANCHISEE RESIDES WITHIN, OR THE FRANCHISED BUSINESS WILL BE LOCATED WITHIN CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON OR WISCONSIN.

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know CHOP5 Franchise LLC (“we” or “us), and you are preparing to enter into a Franchise Agreement for the operation of a CHOP5 Salad Kitchen franchise. We require that you complete this Questionnaire (a) so that we can determine whether our franchise sales team followed proper sales procedures and (b) to provide us with reasonable assurance that, prior to signing the Franchise Agreement, you have had an adequate opportunity to review the Franchise Disclosure Document and its attachments, consult with legal and/or business advisors of your choosing, and ask us questions about any disclosures or terms that you do not understand. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question.

- Yes__ No__ 1. Have you received from us and personally reviewed the Franchise Agreement and, if applicable, Area Development Agreement (“ADA”), together with all attachments to those agreements?
[If you answer “no,” please explain in Explanation Section]
- Yes__ No__ 2. Have you received from us and personally reviewed a Franchise Disclosure Document (“FDD”)?
[If you answer “no,” please explain in Explanation Section]
- Yes__ No__ 3. Did you sign a receipt for the FDD indicating the date you received it?
- Yes__ No__ 4. Do you understand all the information contained in the FDD, Franchise Agreement and ADA (if applicable)?
[If you answer “no,” please identify any information you don’t understand in Explanation Section]
- Yes__ No__ 5. Did you receive the FDD at least 14 calendar days before signing any agreement relating to the franchise (other than an NDA) or paying any money?
- Yes__ No__ 6. Did you receive a complete execution copy of the Franchise Agreement and ADA (if applicable), with all material terms filled in, at least seven (7) calendar days before you signed it?
- Yes__ No__ 7. Have you reviewed the FDD, Franchise Agreement and ADA (if applicable) with a lawyer, accountant or other professional advisor?
- Yes__ No__ 8. Have you discussed the benefits and risks of developing and operating a CHOP5 Salad Kitchen franchise with an existing CHOP5 Salad Kitchen franchisee?
- Yes__ No__ 9. Do you understand the risks of developing and operating a CHOP5 Salad Kitchen franchise?
- Yes__ No__ 10. Do you understand the success or failure of your franchise will depend in part upon your skills, abilities and efforts and those of the persons you employ as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs and other relevant factors?
- Yes__ No__ 11. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement or ADA (if applicable) must be arbitrated in Kentucky if not resolved informally or by mediation?

- Yes__ No__ 12. Do you understand that the Franchise Agreement, ADA (if applicable) and the attachments to those agreements contain the entire agreement between us and you concerning the franchise for the CHOP5 Salad Kitchen franchise, meaning any prior oral or written statements not set out in the Franchise Agreement, ADA or the attachments will not be binding?
- Yes__ No__ 13. Did any of our employees or representatives, or any person speaking on our behalf, make any statement or promise regarding the costs involved in operating a CHOP5 Salad Kitchen franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?
[If you answer "yes," please describe the statement or promise in Explanation Section]
- Yes__ No__ 14. Did any of our employees or representatives, or any person speaking on our behalf, make any statement or promise regarding the training, assistance or support that will be provided to you that is not contained in the FDD or that is contrary to, or different from, the information in the FDD?
[If you answer "yes," please describe the statement or promise in Explanation Section]
- Yes__ No__ 15. Did any of our employees or representatives, or any person speaking on our behalf, make any statement or promise regarding the actual, average, projected or hypothetical profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a CHOP5 Salad Kitchen business may generate, other than any information included in Item 19 of the FDD?
[If you answer "yes," please describe the statement or promise in Explanation Section]

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Dated _____

Dated _____

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Dated _____

Dated _____

EXPLANATION SECTION

Please include any explanations below and refer to the applicable question number.

EXHIBIT “H”-3

GENERAL RELEASE

[See Attached]

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (this “Agreement”) is made as of _____, 202__ (the “Effective Date”) by _____, a(n) _____ (“you”) and each individual holding a direct or indirect ownership interest in you (collectively “Owner”) in favor of CHOP5 Franchise LLC, a Kentucky limited liability company (“us,” and together with you and Owner, the “Parties”).

Background

- A. We signed a Franchise Agreement with you, dated _____, 202__ (the “Franchise Agreement”) pursuant to which we granted you the right to own and operate a CHOP5 Salad Kitchen restaurant.
- B. You have notified us of your desire to transfer the Franchise Agreement and all rights related thereto, or an ownership interest in the franchisee entity, to a transferee, [**enter into a successor franchise agreement**] and we have consented to such transfer [**agreed to enter into a successor franchise agreement**].
- C. As a condition to our consent to the transfer [**your ability to enter into a successor franchise agreement**], you and Owner have agreed to execute this Agreement upon the terms and conditions stated below.
- D. In consideration of our consent to the transfer [**our entering into a successor franchise agreement**], and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, you and Owner hereby agree as set forth below.

Agreement

1. Release. Owner, you, and each of your officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them (the “Franchisee Parties”), hereby release, acquit and forever discharge us, any and all of our past and present affiliates, parents, subsidiaries and related companies, divisions and partnerships, consultants, advisors and franchise sellers and its and their respective past and present officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and the spouses of such individuals (collectively, the “Franchisor Parties”), from any and all claims, liabilities, damages, expenses, actions or causes of action which any of the Franchisee Parties may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, directly or indirectly arising out of or relating to the execution and performance (or lack thereof) of the Franchise Agreement or the offer, sale or acceptance of the franchise related thereto (including, but not limited to any disclosures and representations made in connection therewith). The foregoing release shall not be construed to apply with respect to any obligations contained within this Agreement.
2. California Law. You and Owner hereby express your intention to release all existing claims, whether known or unknown, against the Franchisor Parties. Accordingly, you and Owner hereby waive §1542 of the California Civil Code, which provides the following:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

[Section 2 only applies for California franchisees; otherwise it is omitted]

3. Washington Franchise Law. The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, or the rules adopted thereunder.

[Section 3 only applies for Washington franchisees; otherwise it is omitted]

4. Nondisparagement. Each of the Franchisee Parties expressly covenant and agree not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Franchisor Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Franchisor Parties, the business conducted by any of the Franchisor Parties or the reputation of any of the Franchisor Parties.

Parties. For purposes of clarity, the obligations in this Section apply to all methods of communications, including the making of statements or representations through direct verbal or written communication as well as the making of statements or representations on the Internet, through social media sites or through any other verbal, digital or electronic method of communication. The obligations in this Section also prohibit the Franchisee Parties from indirectly violating this Section by influencing or encouraging third parties to engage in activities that would constitute a violation of this Section if conducted directly by a Franchisee Party.

5. Representations and Warranties. You and Owner each represent and warrant that: (a) [Insert franchisee entity name] is duly authorized to execute this Agreement and perform its obligations hereunder; (b) neither you nor Owner has assigned, transferred or conveyed, either voluntarily or by operation of law, any of their rights or claims against any of the Franchisor Parties or any of the rights, claims or obligations being terminated or released hereunder; (c) you and Owner have not and shall not (i) institute or cause to be instituted against any of the Franchisor Parties any legal proceeding of any kind, including the filing of any claim or complaint with any state or federal court or regulatory agency, alleging any violation of common law, statute, regulation or public policy premised upon any legal theory or claim whatsoever relating to the matters released in this Agreement or (ii) make any verbal, written or other communication that could reasonably be expected to damage or adversely impact any Franchisor Party's reputation or goodwill; and (d) the individuals identified as Owners on the signature pages hereto together hold 100% of the legal and beneficial ownership interests in [Insert franchisee entity name].
6. Miscellaneous.
 - (a) The Parties agree that each has read and fully understands this Agreement and that the opportunity has been afforded to each Party to discuss the terms and contents of said Agreement with legal counsel and/or that such a discussion with legal counsel has occurred.
 - (b) This Agreement shall be construed and governed by the laws of the State of Kentucky.
 - (c) In the event that it shall be necessary for any Party to institute legal action to enforce, or for the breach of, any of the terms and conditions or provisions of this Agreement, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.
 - (d) All of the provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective current and future directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, successors, affiliates, and assigns.
 - (e) This Agreement contains the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes and is in lieu of all prior and contemporaneous agreements, understandings, inducements and conditions, expressed or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. This Agreement may not be modified except in a writing signed by each of the Parties.
 - (f) If one or more of the provisions of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect or impair any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.
 - (g) The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the transactions contemplated hereby.
 - (h) This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one document.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

FRANCHISEE:

[REDACTED]

By: _____

Name: _____

Title: _____

FRANCHISE OWNERS:

Name: _____

Name: _____

Name: _____

EXHIBIT "I"
TO DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

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:

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	April 23, 2024

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT "J"
TO DISCLOSURE DOCUMENT

RECEIPTS

[See Attached]

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 CHOP5 Franchise LLC offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If CHOP5 Franchise 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, DC 20580, and the appropriate state agency listed in EXHIBIT "A" to this Disclosure Document.

The franchise seller(s) involved with the sale of this franchise is/are:

- _____ Brian Mills; 6011 Brownsboro Park Blvd., Suite F, Louisville, Kentucky 40207; (858) 717-5200
- _____ Lauren Wanamaker; 9112 East Verde Grove View | Suite 101-E, Scottsdale, AZ 85255; (303) 921-1155
- _____ Allen Hertzman; 6011 Brownsboro Park Blvd., Suite F, Louisville, Kentucky 40207; (858) 717-5200

Issuance Date: March 21, 2024

CHOP5 Franchise LLC’s agent to receive service of process is listed in EXHIBIT "A" to this Disclosure Document (for franchise registration states) or EXHIBIT "B" to this Disclosure Document (for all other states).

I received a Franchise Disclosure Document that included the following Exhibits:

- EXHIBIT "A" List of State Administrators and Agents for Service of Process
- EXHIBIT "B" Agent for Service of Process
- EXHIBIT "C" Franchise Agreement
- EXHIBIT "D" Area Development Agreement
- EXHIBIT "E" Table of Contents of the confidential Brand Standards Manual
- EXHIBIT "F" List of Franchisees
- EXHIBIT "G" Financial Statements of CHOP5 Franchise LLC
- EXHIBIT "H" Other Agreements
- EXHIBIT "H"-1 State Addenda
- EXHIBIT "H"-2 Franchisee Disclosure Questionnaire
- EXHIBIT "H"-3 General Release
- EXHIBIT "I" State Effective Dates
- EXHIBIT "J" Receipts

Print Name

(Signature) Prospective Franchise Owner

Date

(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner’s copy. The other Receipt must be signed and returned to CHOP5 Franchise LLC)

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