

FRANCHISE DISCLOSURE DOCUMENT

The QUIZNOS logo is displayed in a bold, black, sans-serif font. The letters are closely spaced, and the overall style is clean and modern.

QUIZ HOLDINGS, LLC
a Delaware limited liability company
4700 S. Syracuse St., Suite 225
Denver, Colorado 80237
Telephone: (720) 359-3300
www.quiznos.com
ownaquiznos.com
franchise@regorestaurants.com

Quiz Holdings, LLC is offering franchises to operate a QUIZNOS Restaurant serving submarine and other sandwiches, salads, soups, soft drinks and related other products under the service mark “QUIZNOS” and “QUIZNOS SUB.”

The QUIZNOS Restaurant is operated from a traditional in-line commercial space with or without a drive-thru, and a standalone building with or without a drive-thru, in addition to a non-traditional location, such as a mall, transportation center or school campus.

The total investment necessary to begin operation of a single QUIZNOS Restaurant is \$220,600 to \$611,000. This includes \$33,000 to \$35,000 that must be paid to the franchisor or affiliate.

Certain prospective franchisees may also be offered the opportunity to become a Multi-Unit Operator, earning the right to establish and operate a minimum of two QUIZNOS Restaurants under a Multi-Unit Development Agreement containing a development schedule. If you sign a Multi-Unit Development Agreement with us for two QUIZNOS Restaurants, the total investment necessary ranges from \$250,600 to \$641,000, which includes \$63,000 to \$65,000 that must be paid to the franchisor or affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Emilee Casey 4700 S. Syracuse St., Suite 225, Denver, Colorado 80237, (720) 359-3300, franchise@regorestaurants.com.

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

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

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

ISSUANCE DATE: May 14, 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 Exhibits G and H.
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 D 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 QUIZNOS 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 QUIZNOS Restaurant franchisee?	Item 20 or Exhibits G and H list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising Generally

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

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

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

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

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

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

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

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in 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 multi-unit development agreement require you to resolve disputes with the franchisor by arbitration or litigation only in Colorado. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Colorado than in your own state.
2. **Spousal Liability.** In certain states, your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even if 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.
3. **Turnover Rate.** During the last 3 years, a large number of franchised outlets were terminated, not renewed, re-acquired, or ceased operations for other reasons. This franchise could be a higher risk investment than a franchise in a system with a lower turnover rate.
4. **Financial Condition.** The auditor's report on the franchisor's financial statements expresses substantial doubt about the franchisor's ability to remain in business and continue as a going concern. This means that the franchisor may not have the financial resources to provide services and support to you.

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

**THE FOLLOWING APPLIES ONLY TO TRANSACTIONS GOVERNED BY
THE MICHIGAN FRANCHISE INVESTMENT LAW**

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 documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that the 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 terms 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 six (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 or under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

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

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

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

The fact 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 the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, and telephone (517) 373-7117.

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

TABLE OF CONTENTS

	PAGE
ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES	2
ITEM 2 BUSINESS EXPERIENCE.....	5
ITEM 3 LITIGATION	6
ITEM 4 BANKRUPTCY	14
ITEM 5 INITIAL FEES	15
ITEM 6 OTHER FEES	16
ITEM 7 ESTIMATED INITIAL INVESTMENT	20
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	23
ITEM 9 FRANCHISEE'S OBLIGATIONS	27
ITEM 10 FINANCING.....	28
ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING	29
ITEM 12 TERRITORY	39
ITEM 13 TRADEMARKS	40
ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION	42
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	43
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	44
ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP	44
ITEM 18 PUBLIC FIGURES	48
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS	48
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION	49
ITEM 21 FINANCIAL STATEMENTS	55
ITEM 22 CONTRACTS	55
ITEM 23 RECEIPTS	55

Exhibits

- A. List of State Administrators and Agents for Service of Process
- B. Form of Franchise Agreement and Ancillary Documents
- C. Form of Multi-Unit Development Agreement
- D. Financial Statements and Guarantee
- E. State Specific Addenda to Franchise Disclosure Document, Franchise Agreement, and Multi-Unit Development Agreement
- F. Franchisee Questionnaire and Acknowledgement
- G. Pre-Training Confidentiality Agreement
- H. Termination and Release Agreement (template)
- I. Conditional Approval of Transfer
- J. List of Current Franchisees
- K. List of Franchisees Who Have Left the System
- L. Table of Contents of Operations Manual
- M. State Effective Dates & Receipts

ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this Disclosure Document, “we” or “us” means Quiz Holdings, LLC, the Franchisor. “You” means the person or entity that buys the franchise. If the franchisee is a corporation, partnership or other entity, “you” also may mean its owners.

Franchisor

We are a Delaware limited liability company organized on January 22, 2018. Our principal business address is 4700 S. Syracuse St., Suite 225, Denver, Colorado 80237. Franchising under our limited liability company name and the “QUIZNOS” and “QUIZNOS SUB” trademarks (together, “QUIZNOS”) is the only business activity we conduct. We have no prior business activities. We do not operate businesses of the type being franchised. We disclose our agents for service of process and their principal business addresses in **Exhibit A**.

Parents

We are a wholly owned subsidiary of Quiz Franchisor, LLC (“**Parent**”). Parent owns the “QUIZNOS” trademarks, copyrights, confidential information, and other intellectual property (“**QUIZNOS IP**”). Parent licenses the QUIZNOS IP to us to use in, among other things, exercising our rights as the franchisor and to grant franchises for QUIZNOS Restaurants. Our other parents are REGO Intermediate Holding Company, LLC (“**REGOIHC**”), REGO Restaurant Holdings, LLC (“**REGORH**”), Super REGO, LLC (“**Super REGO**”) and High Bluff Capital Partners, LLC (“**HBCP**”). Parent’s and REGORH’s principal business addresses are the same as ours. REGOIHC’s principal business address is 3909 North Claremont Avenue, Chicago, Illinois 60618. HBCP’s and Super REGO’s principal business addresses are 12760 High Bluff Drive, Suite 310, San Diego, California 92130.

On June 8, 2018, Parent purchased from QCE LLC (“**QCE**”), QFA Royalties LLC (“**QFA**”), The Quizno’s Master LLC (“**TQM**”), American Food Distributors LLC (“**AFD**”), and various other subsidiaries of QCE, substantially all of the assets of the QUIZNOS franchise system, including all franchise agreements, trademarks, service marks and other intellectual property that comprise the QUIZNOS franchise system and the QUIZNOS brand (collectively, the “**Transaction**”). As part of the Transaction, Parent received ownership of the trademarks and service marks associated with the QUIZNOS brand, contributed to us all of the franchise agreements for the operation of franchised QUIZNOS Restaurants, and licensed us to use and sublicense the use of the trademarks and services marks associated with the QUIZNOS brand. As a result, we became the franchisor of the QUIZNOS franchise system and we now offer and sell franchises for the operation of QUIZNOS Restaurants. We have offered franchises for QUIZNOS Restaurants since September 28, 2018. However, our predecessors began offering QUIZNOS franchises beginning in 1991.

Predecessors

QFA offered franchises for QUIZNOS Restaurants from March 2008 through June 2018. QFA also granted master franchises for development in Indonesia and China through June 2018. The principal business address for QFA was 7595 Technology Way, Suite 200, Denver, Colorado 80237.

QFA’s predecessor was Quizno’s Franchising II LLC (“**QFII**”). From February 2005 to March 2008, QFII granted new QUIZNOS franchises and Area Director rights. In March 2008, QFII ceased granting franchises and distributed substantially all of its assets, including its franchise agreements, to QFA. The principal business address for QFII was 1475 Lawrence Street, Suite 400, Denver, Colorado 80202.

From March 1993 to January 2012, QFA and its predecessors offered franchises to Area Directors to (i) solicit and identify prospective franchisees within a defined geographic area, (ii) assist in locating and securing sites for QUIZNOS Restaurants within such area, and (iii) provide additional support to franchisees located within such area during and after the time the QUIZNOS Restaurants open. From November 2010 until January 2012, QFA also offered franchises for territory developers (“**Territory Developers**”) to act as sales representatives within a defined geographic area, and to solicit and identify prospective franchisees and provide certain pre-opening support services to franchisees within such area. As of the date of this Disclosure Document, there are no Area Directors or Territory Developers for QUIZNOS Restaurants.

From January 9, 2007 to March 27, 2008, QFII offered franchises to small market area directors (“**Small Market Area Directors**”) to solicit and refer to QFII qualified prospective QUIZNOS Restaurant franchisees and then to provide pre-opening supervision to franchisees located in particular small market geographic areas in exchange for a fee and continuing commissions. From February 11, 2008 to March 27, 2008, QFII also offered franchises to middle market area directors (“**Middle Market Area Directors**”) to solicit and refer to QFII qualified prospective QUIZNOS Restaurant franchisees and then to provide pre-opening supervision to franchisees located in particular middle market geographic areas in exchange for a fee and continuing commissions. QFA assumed the existing Small Market/Middle Market Area Director Marketing Agreements on March 28, 2008 and continued to offer franchises for Small Market Area Director businesses and Middle Market Area Director businesses from March 28, 2008, to July 31, 2008, under a separate disclosure document. Neither we nor QFA is still offering these franchises. As of the date of this Disclosure Document, there are no Middle Market Area Directors or Small Market Area Directors for QUIZNOS Restaurants.

Except as disclosed above, neither QFA nor QFII has conducted the type of business that you will operate or have offered franchises in any other line of business.

Affiliates.

Other than the parent companies disclosed above, we have the following affiliates:

We wholly-own Quizno’s Global Holdings LLC, Quiz Ad, Inc. and Quiz Gift Card LLC, all of which shares our principal business address.

Our Parent wholly-owns Quizno’s Holdings Canada, LLC (“QHC”), which wholly-own Quizno’s Canada Restaurant Holding Corporation (“QCRHC”) and Quizno’s Canada Advertising Fund Holdings Inc., which offer QUIZNOS Restaurant franchises in Canada. Quiz Ad, Inc. (“QAI”),

We also have affiliates through common ownership Super REGO and HBCP that own and franchise Taco Del Mar Restaurants (“TDM Affiliates”). These TDM Affiliates include: REGO Restaurant Holdings II, LLC (“RRH2”), REGO Restaurant Holdings III, LLC (“RRH3”), TDM Canada, LLC, TDM Holdings, LLC (“TDMF”), TDM IP Holder, LLC (“TDM IP”), TDM Leasing, LLC (“TDM Leasing”), TDM Leasing of Canada, ULC (“TDM Leasing Canada”), and TDM Franchising of Canada, ULC (“TDM Franchising Canada”). TDM Restaurants feature a variety of Mexican-style food items, such as tacos, quesadillas, burritos, and nachos, under the name “Taco Del Mar.” As of December 31, 2023, there are 47 franchised Taco Del Mar Restaurants in the United States and 13 franchised Taco Del Mar Restaurants operated outside of the United States.

We also have affiliates through common ownership with Super REGO and HBCP that own and franchise Church’s Chicken Restaurants (“Church’s Affiliates”). These Church’s Affiliates include: REGO Restaurant Holdings III, LLC (“RRH3”), Church’s Holding Corp. (“CHC”), Cajun Operating Company

("COC"), Cajun Holdings of Texas, LLC ("CHTX"), Church's Texas Holdings, LLC ("CTH"), Cajun Holdco LLC ("Cajun Holdco"), C.T. Restaurants LP ("CTR"), Cajun Global LLC ("Cajun Global"), Cajun Realty ("CR"), Cajun Funding Corp. ("CFC") and Cajun Restaurants LLC ("CR"). Church's Restaurants specialize in the sale of fried chicken and other quick-service food. As of December 29, 2023, there were 1,529 restaurants in the System worldwide, including 789 Church's Restaurants located within the domestic United States and 740 franchised Church's Restaurants located in Puerto Rico and in foreign countries (some which operate under the *Texas Chicken* name and trademarks). Of the Church's Restaurants located within the United States and its territories, as of December 29, 2023, there were 156 company-owned Church's Restaurants; and 633 franchised Church's Restaurants. The address of Super Rego, HBCP and RRHS is 12760 High Bluff Drive, Suite 310, San Diego, CA 92130. The address of all other of Church's Affiliates is 980 Hammond Drive, N.E., Suite 1100, Atlanta, GA 30328.

Additionally, we have affiliates through common ownership with Super Rego and HBCP that are franchisees operating Dairy Queen® Restaurants ("DF Affiliates"). These DF Affiliates include: Alaska Deep Freeze Holdings ("ADFH"), Alaska Deep Freeze Holdings II, LLC ("ADFH II") and PO Deep Freeze Holdings, LLC ("PODFH"). Dairy Queen Restaurants feature soft serve ice cream and fast-food items. As of December 31, 2023, DF Affiliates operated 8 Dairy Queen Restaurants in the United States. The principal business address of DF Affiliates is 4700 S. Syracuse St., Suite 225, Denver, Colorado 80237. Additionally, we have affiliates through common ownership with HBCP that are franchisees operating Hardee's® Restaurants ("Hardee's Affiliates"). These affiliates include ARC Burger, LLC, ARC Intermediate, LLC and ARC Parent, LLC. As of December 31, 2023, Hardee's Affiliates operated 80 Hardee's Restaurants in the United States. The principal place of business address of Hardee's Affiliates is 4994 Lower Roswell Road, Suite 17, Marietta, GA 30068.

Except as disclosed above, each of the affiliates disclosed above shares our principal business address. Except as disclosed above, none of the affiliates disclosed above have conducted the type of business that you will operate.

Description of the Franchise

We offer franchises to individuals or entities for QUIZNOS Restaurants that sell submarine and other sandwiches, salads, other food products and beverages, and related services ("**QUIZNOS Restaurant**" or "**QUIZNOS Restaurants**") under the form of Franchise Agreement attached as **Exhibit B** ("**Franchise Agreement**"). QUIZNOS Restaurants are licensed to use the service mark "QUIZNOS" and related trademarks ("**Marks**") and other QUIZNOS IP owned by Parent that make up the QUIZNOS marketing plan and proprietary business methods (collectively, the "**System**"), all of which have been sublicensed to us for our franchise program. The QUIZNOS Restaurant could be operated from a traditional in-line commercial space with or without a drive-thru, and a standalone building with or without a drivethru, in addition to a non-traditional location, such as a mall, transportation center or school campus.

We also offer qualified franchisees ("**Developers**") the right to develop and operate two or more QUIZNOS Restaurants within a protected territory ("**Development Territory**") under the terms of the Multi-Unit Development Agreement ("**Multi-Unit Development Agreement**"), attached to this Disclosure Document as **Exhibit C**. If you sign a Multi-Unit Development Agreement, you will sign our then-current form of Franchise Agreement for each QUIZNOS Restaurant you agree to develop under your Multi-Unit Development Agreement according to the dates specified on the development schedule ("**Development Schedule**"). As a result, you will be required to sign a form of Franchise Agreement that is different from the form of Franchise Agreement included in this Disclosure Document. The minimum number of Franchised QUIZNOS Restaurants to be opened under an Area Development Agreement is two.

The Market and Competition

In your market, you might compete with submarine and other sandwich restaurants that offer similar items. The market for submarine and other sandwiches is well developed and competitive. We believe that QUIZNOS Restaurants appeal to a broad range of customers because of the perceived variety and quality of the food products offered.

Regulations

There are no regulations specific to the operation of a QUIZNOS Restaurant, although you must comply with all local, state, and federal health and sanitation laws. The U.S. Food and Drug Administration, the U.S. Department of Agriculture, and various state and local departments of health and other agencies have laws and regulations concerning the preparation of food, display of nutrition facts and calorie counts, and sanitary conditions of QUIZNOS Restaurant facilities. Franchisees also must comply with all local, state, and federal laws of a more general nature that affect the QUIZNOS Restaurant, including employment, workers' compensation, insurance, corporate, tax, licensing, the Americans with Disabilities Act, and similar laws and regulations. You should familiarize yourself with these laws.

ITEM 2 BUSINESS EXPERIENCE

Vice President of Operations and Quiznos Brand Leader: Gregory Boudreaux

Gregory Boudreaux has been our and TDMF's Vice President of Operations and Quiznos Brand Leader since November 2020. From January 2020 to November 2020, he was our and TDMF's VP of Domestic Operations. From May 2019 to January 2020, he was our and TDMF's VP of Operation Services. From June 2018 to May 2019, he was our Director of Operation Services and Training. From October 2017 to June 2018, he was Director of Operation Services and Training of QSC LLC II, a Quiznos master franchisee in Denver, Colorado. From June 2016 to October 2017, he was Director of Operations Support of QSC LLC II in Denver, Colorado.

Vice President of Marketing: Sheila Zimmerman

Sheila Zimmerman has been our Vice President of Marketing since March 2024. From August 2022 to February 2024, she was self employed with her own marketing and public relations company and from December 2018 to February 2022 she was Rego Restaurant Group's Vice President of Marketing.

Director of Franchise Growth: Ron McRae

Ron McRae has been our Director of Franchise Growth since January 2023. Prior to that, he was the Director of Marketing from October 2013 to December 2022 for Rego Restaurant Group.

ITEM 3 LITIGATION

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

The following disclosures address litigation matters involving one or more of our predecessors.

COMPLETED PREDECESSOR LITIGATION:

In the Matter of Quizno's Franchising LLC and Quizno's Franchising II LLC, Case No. 2006-0179 (Administrative Proceeding before the Securities Commissioner of Maryland). On July 27, 2006, without trial or final adjudication of any issue of fact or law, and without QF or QFII admitting or denying any violation of law, QF and QFII voluntarily entered into a Consent Order with the Securities Commissioner of Maryland (the "Commissioner") with respect to its escrow obligations under § 14-217 of the Maryland Franchise Law, Maryland Franchise Regulation § 02 02 08 08 and the Commissioner's Escrow Order dated June 3, 2004. Under the Consent Order, QF and QFII agreed to comply with the Maryland Franchise Law and the terms of the Escrow Order going forward, employ a franchise law compliance training program approved by the Commissioner to monitor QF's and QFII's sales activities in Maryland and to Maryland residents for a period of 2 years, and pay the sum of \$5,000 as partial reimbursement of the costs of investigation and resolution of the matter.

Between December 19, 2012 and January 15, 2013, the following 11 separate lawsuits were filed in the District Court for the City and County of Denver, Colorado, by certain current and former QUIZNOS franchisees and their owners who claimed to have opted out of participation in the class action settlement Sweet Pickle Inc., et al v. QFA Royalties LLC, et al, Case No. 2012CV7604; Viadeli, Inc., et al v. QFA Royalties LLC, et al, Case No. 2012CV7633; Ranjer Foods LC, et al v. QFA Royalties LLC, et al, Case No. 2012CV7607; PT Sak, LLC, et al v. QFA Royalties LLC, et al, Case No. 2012CV7605; P&A Subs, Inc. et al v. QFA Royalties LLC, Case No. 2012CV7608; MMXII, Inc., et al v. QFA Royalties LLC, et al, Case No. 2012CV7602; Marpa LLC, et al v. QFA Royalties LLC, et al, Case No. 2012CV7610; MB Light House, Inc., et al v. QFA Royalties LLC, et al, Case No. 2012CV7611; Jammu Inc., et al v. QFA Royalties LLC, et al, Case No. 2012CV7606; Avengers, Inc., et al v. QFA Royalties LLC, et al, Case No. 2012CV7603; and Longwood Foods LLC, et al v. QFA Royalties, et al, Case No. 2013CV030169. On February 6, 2013, the following two separate lawsuits were filed in the District Court for the City and County of Denver, Colorado, by certain current and former QUIZNOS franchisees and their owners: Newrent Overland, LLC, et al v. QFA Royalties LLC, et al, Case No. 2013CV030563; and KTJW Enterprises, LLC, et al v. QFA Royalties LLC, et al, 2013CV030566. These franchisees alleged their claims were not subject to the class action settlement.

Each lawsuit asserted virtually identical claims against virtually identical defendants: 1) QFA and certain of its affiliates (collectively ("QUIZNOS Defendants")); 2) QCE Holding (QFA's former ultimate parent), QCE Incentive LLC (QFA's former affiliate), Quiznos Finance LLC, The Cervantes Holding Company, Cervantes Capital LLC, Cervantes Master LLC, Richard E. Schaden, Richard F. Schaden, Patrick E. Meyers, Steven B. Shaffer (collectively "Schaden"); 3) Avenue Capital Group, LLC ("Avenue" was not a defendant in the P&A Subs or Sweet Pickle lawsuits); and 4) certain third-party food vendors ("Distributors"). All 13 of the lawsuits alleged claims similar to those asserted in the previously settled class actions, including that the defendants engaged in fraudulent schemes to sell mandated essential goods at inflated prices and to sell franchise agreements, abusive couponing and discounting programs, and unlawful control over franchisees through a pattern of racketeering activity. They also alleged that Schaden and others engaged in a plan to render QFA insolvent. The complaints alleged that the defendants' acts constituted: (1) violations of the Colorado Organized Crime Control Act, C.R.S. 18-17-101 et seq.; (2) violation of, conspiracy to violate and aiding and abetting the violation of the Colorado Consumer Protection Act, C.R.S. 6-1-101 et seq.; (3) breach of contract; (4) breach of the implied covenant of good faith and fair dealing; (5) unjust enrichment; (6) fraud in the inducement, conspiracy to commit fraud in the inducement, and aiding and abetting fraud in the inducement; (7) promissory fraud, conspiracy to commit promissory fraud, and aiding and abetting promissory fraud; (8) fraud; (9) negligent misrepresentation; (10) illusory and unconscionable contract; (11) violation of, conspiracy to violate, and aiding and abetting violation of Colorado's Civil Theft Act, C.R.S. 18-4-405 et seq.; and (12) violation of, conspiracy to violate, and aiding and abetting the violation of Colorado's Uniform Fraudulent Transfer Act, C.R.S. 38-8-101 et

seq. The plaintiffs in each of the 13 cases sought injunctive relief, a declaration that certain provisions of the plaintiffs' franchise agreements were unenforceable, monetary damages in an amount to be determined (including compensatory, consequential, and statutory damages, treble damages, loss of investment capital, loss of income, and loss of assets and savings), pre- and post-judgment interest, costs, disgorgement of profits, attorneys' fees, rescission of the plaintiffs' franchise agreements, restitution, avoidance of allegedly fraudulent transfers, and other relief the court deemed appropriate.

QUIZNOS Defendants, Schaden, Avenue, and Distributors compelled arbitration to the American Arbitration Association in six of the cases (Avengers, Arbitration No. 77-114Y-432-13; Jammu, Arbitration No. 77-114Y-493-13; MB Light House, Arbitration No. 77-114Y-514-13; PT SAK, Arbitration No. 77-114Y-508-13; Sweet Pickle, Arbitration No. 77-114Y-512-13; and Viadeli, Arbitration No. 77-114Y-510-13).

In the Avengers, Jammu, Ranjer, Viadeli and Newrent matters, QFA had counterclaims alleging breach of the franchise agreement and breach of the guaranties arising from the franchisees closing their respective stores before the expiration of the term of the applicable franchise agreements. The counterclaims sought monetary damages in an amount to be determined, attorneys' fees, and costs. In a related (later consolidated) matter, QFA Royalties, LLC v. KTJW Enterprises, LLC, et al, Case No. 2013CV30475 (District Court for the City and County of Denver, Colorado), QFA filed a lawsuit against former franchisees KTJW Enterprises, LLC and AGJW Enterprises LLC and their respective principals alleging breach of the franchise agreement and breach of the guaranties arising from the franchisees closing their respective stores before the expiration of the term of the applicable franchise agreements and operating a Competitive Business thereafter. QFA also sought damages on a defaulted loan. QFA sought monetary damages in an amount to be determined, attorneys' fees, costs, and other relief as the court deemed just including preliminary and injunctive relief.

On November 13, 2013, the QUIZNOS Defendants, Schaden, Avenue, Distributors, and Newrent Overland, LLC and its owners settled their dispute. Newrent Overland, LLC and its owners agreed to release the QUIZNOS Defendants, Schaden, Avenue and Distributors from any and all claims in exchange for releases of any and all claims against Newrent Overland, LLC. No monetary payment was made by any party. The claims and counterclaims brought in Case No. 2013CV030563 (as consolidated into Case No. 2013CV30475) were dismissed with prejudice on November 22, 2013.

On or about January 17, 2014, Schaden informed the Denver District Court they had agreed to terms with the remaining franchisees and their owners to settle the claims in the lawsuits and arbitrations against Schaden. QUIZNOS Defendants, Avenue, and Distributors were neither parties to this settlement nor privy to its confidential terms.

On February 20, 2014, a federal judge in the Northern District of Illinois entered an order that settlement class members had settled and released all claims against QUIZNOS Defendants relating to the practice of marking-up products purchased to operate their QUIZNOS Restaurants and could not bring any future claims against QUIZNOS Defendants based on that practice. The ruling barred all claims related to marking-up products that had been brought by the plaintiffs in the KTJW Enterprises Inc. matter (who admitted that they were settlement class members) and any other plaintiffs who QUIZNOS Defendants could show were also settlement class members.

On or about March 10, 2014, the claims in the lawsuits against Schaden were dismissed with prejudice pursuant to the terms of their settlement agreement with the franchisees and their owners. Notices were filed with the American Arbitration Association advising the claims against Schaden were dismissed. Publicly available documents have since disclosed Schaden agreed to pay the remaining franchisees and their owners a total of \$2,500,000, in the aggregate.

On March 28, 2014, the remaining franchisees and their owners, QUIZNOS Defendants, Avenue, and Distributors finalized an agreement to settle their disputes. The franchisees agreed to release the QUIZNOS Defendants, Avenue, and Distributors from any and all claims in exchange for QFA's agreement to release the franchisees from all claims for lost future royalties or liquidated damages under any of the franchisees' terminated franchise agreements or any of the franchisees' franchise agreements that may be terminated in the future. No monetary payment was made by any party. On April 4, 2014, the QUIZNOS Defendants named as debtors in the United States Bankruptcy Court for the District of Delaware in Case No. 14-10543, *In Re: QCE Finance LLC, et. al.*, moved for court approval of the settlement. The motion was granted on April 25, 2014. The claims and counterclaims in the lawsuits and arbitrations were all dismissed with prejudice by April 30, 2014.

Filed in 2014 against predecessor

In re: Paul and Cynthia Bouley; Timothy P. Smith, Chapter 7 Trustee v. TQM, et al., BK Case No. 10-14948 (United States Bankruptcy Court, District of New Hampshire). On January 28, 2013, plaintiff, Trustee of a bankruptcy for a QUIZNOS franchisee, who claimed to have opted out of participation in the class action settlements (see discussion of the Bonanno, Westerfield, Siemer and Brunet cases for a description of those cases and settlements), filed a claim in bankruptcy court against: 1) QFII and certain of its affiliates (collectively "QUIZNOS Parties") and 2) Richard E. Schaden, Richard F. Schaden and QCE Holding LLC (collectively "Schaden Parties"). The action made allegations similar to those asserted in the previously settled class actions, including that the defendants engaged in fraudulent schemes to sell mandated essential goods at inflated prices and to sell franchise agreements, abusive couponing and discounting programs, and unlawful control over franchisees through a pattern of racketeering activity. The complaints alleged that the defendants' acts constituted: (1) violations of the New Hampshire Consumer Protection Act, RSA Ch. 358-A; (2) breach of contract; (3) breach of the implied covenant of good faith and fair dealing; (4) unjust enrichment; (5) fraud in the inducement; (6) breach of fiduciary duty; (7) negligence; (8) negligent misrepresentation; and (9) civil conspiracy. The plaintiff sought actual damages in an amount to be determined, treble damages, costs, attorneys' fees, compensation for lost income and future damages, and such other relief as the court deemed necessary. On May 8, 2014, the Trustee, QUIZNOS Parties, and Schaden Parties finalized an agreement to settle their disputes. The Trustee agreed to release the QUIZNOS Parties and Schaden Parties from any and all claims in exchange for payments of \$2,000 from the QUIZNOS Parties and \$15,000 from the Schaden Parties. On July 9, 2014, the court approved the settlement over the objection of the debtors. The action was dismissed with prejudice on July 25, 2014.

Bruckal Properties (USA), Inc., a Colorado corporation, individually and derivatively on behalf of Seattle Area Directorship II LLC, a Colorado limited liability company, v. QCE Finance LLC, et al., Case No. 12 CV 7345 (District Court for the City and County of Denver, Colorado). The plaintiff alleged the defendants breached their fiduciary duty to the minority shareholder in an area directorship. A trial occurred February 3, 2014. The court entered a judgment against QFA and certain affiliates for \$1,677,388 plus post-judgment interest from September 2, 2014. As this judgment was an unsecured claim, it is subject to the In re QCE Finance LLC, et al. bankruptcy case identified above.

Horowitz, et al. v. QFA Royalties LLC, et. al., Case No. 031006/2014 (Supreme Court of the State of New York, County of Rockland). On February 25, 2014, plaintiffs, who are a former franchisee of QFA, its owner, and a guarantor of the franchise agreement and claim to have opted out of participation in the class action settlements (see discussion of the Bonanno, Westerfield, Siemer and Brunet cases in this Item for a description of those cases and settlements), filed a complaint against QFA and other QFA affiliates, an employee, an area director, and two of the area director's employees alleging claims similar to those asserted in the previously settled class actions, including that the defendants engaged in fraudulent schemes to sell franchise agreements and mandated essential goods at inflated prices, established abusive couponing

and discounting programs, and asserted unlawful control over franchisees through a pattern of racketeering activity (the “N.Y. Action”). The complaint alleged that defendants’ acts constituted: (1) violations of the New York Franchise Act and GBL §349; (2) breach of contract; (3) breach of the implied covenant of good faith and fair dealing; (4) fraud; (5) fraud in the inducement; and (6) negligent misrepresentation. Plaintiffs sought actual damages in an amount to be determined, treble damages, costs, attorneys’ fees, and such other relief as the court deemed necessary. Plaintiffs had previously filed a similar action in the United States District Court Southern District of New York, Case No. 11CV6123. The court in that action dismissed plaintiffs’ claim under the Racketeer Influenced and Corrupt Organizations Act. Without a claim based on a violation of federal law, the court lacked jurisdiction over the action and dismissed the remaining claims without prejudice.

The N.Y. Action was stayed during In re QCE Finance LLC, et al., Case No. 14-10543 (U.S. Bankruptcy Court for the District of Delaware), which is discussed in Item 4. On June 12, 2015, the U.S. Bankruptcy Court for the District of Delaware approved an agreement for the parties to settle their disputes. The plaintiffs agreed to release the defendants from any and all claims in exchange for defendants’ agreement to release the plaintiffs from all claims and the franchisee being permitted a general unsecured claim in the bankruptcy in the amount of \$330,000. As part of In re QCE Finance LLC, et al., the franchisee was distributed \$22,131.44 in full satisfaction of its general unsecured claim of \$330,000. The N.Y. Action was dismissed with prejudice on November 30, 2015.

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

ITEM 4 BANKRUPTCY

We have no bankruptcy that is required to be disclosed in this Item.

The following disclosure addresses bankruptcy involving our predecessor:

In re QCE Finance LLC, et al., Case No. 14-10543 (U.S. Bankruptcy Court for the District of Delaware). On March 14, 2014, QFA, its parent, and various affiliates of QFA (the “Other Debtors”) filed a “Debtor’s Joint Prepackaged Chapter 11 Plan of Reorganization” (the “Plan”) in the United States Bankruptcy Court for the District of Delaware. QFA and the Other Debtors had their address and principal place of business at 7595 Technology Way, Suite 200, Denver, Colorado 80237. The Plan contemplated the elimination of certain debt and the creation of new debt facilities with new lenders. On May 12, 2014, the court entered an order approving the Plan. On June 30, 2014, the Plan became effective pursuant to its terms, and QFA and the Other Debtors emerged from bankruptcy. The court closed the matter on December 15, 2015.

Except as disclosed above, no bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Initial Franchise Fee and Initial Franchise Support Fee

If you desire to operate a QUIZNOS Restaurant, you must pay to us an initial franchise fee of \$5,000 (“**Initial Franchise Fee**”) and an initial franchise support fee of \$25,000 (“**Initial Support Fee**”) when you sign the Franchise Agreement. Including other support, the Initial Support Fee includes grand opening marketing activities. The Initial Franchise Fee and the Initial Support Fee are fully earned by us

upon receipt and is not refundable under any circumstances. During the 2023 fiscal year, we collected Initial Franchise fees ranging from \$0 to \$30,000.

Initial Franchise Fees For Multi-Unit Development Agreement and Reduced Support Fee

If you sign a Multi-Unit Development Agreement (“MUDA”) to develop two or more QUIZNOS Restaurants in the Development Territory, you must pay to us at the time you sign the MUDA, the Initial Franchise Fee for the each QUIZNOS Restaurant to be developed by you under the MUDA. At the time you sign the MUDA, you will also pay to us the Initial Support Fee for the first QUIZNOS Restaurant to be developed by you under the MUDA. At the time you sign a Franchise Agreement for the second and for each subsequent QUIZNOS Restaurant to be developed under the MUDA, you will pay a reduced Initial Support Fee of \$15,000 (“**Reduced Initial Support Fee**”) for each. The Initial Franchise Fee and the Reduced Initial Support Fees are fully earned at the time you make the payment to us and are not refundable regardless of whether you ultimately open any or all of your QUIZNOS Restaurants. The Initial Franchise Fee and the Reduced Initial Support Fee may not be uniform for all franchisees due to the variable nature of negotiation including the size of the Development Territory to be developed, the number of QUIZNOS Restaurants to be opened, demographic data and trends and other conditions, and we reserve the right to charge different Initial Franchise Fees and Reduced Initial Support Fees in our sole discretion. The number of QUIZNOS Restaurants that you may develop under a particular Multi-Unit Development Agreement is determined by mutual agreement.

By way of example only, below is an illustration of the fees that would be due for a 3-unit MUDA:

Upon signing the MUDA and Franchise Agreement for the first QUIZNOS Restaurant: \$15,000 Initial Franchise Fee (\$5,000 x 3 units) and \$25,000 Initial Support Fee = \$40,000 Total

Upon signing the Franchise Agreement for the second QUIZNOS Restaurant: Reduced Initial Support Fee of \$15,000

Upon signing the Franchise Agreement for the third QUIZNOS Restaurant: Reduced Initial Support Fee of \$15,000

During the 2023 fiscal year, we did not collect any Reduced Initial Franchise Fees.

Non-Traditional QUIZNOS Restaurant

While we reserve the right to us to develop and operate a modified QUIZNOS Restaurant in a non-traditional space (such as a gas station, convenience store, theme or entertainment park, military facility, public transportation facility, mall, airport, stadium or arena, casino, college or university, or hotel) (“**Non-Trad Restaurant**”), we may, in our sole discretion, grant you the right in certain circumstances to develop and operate a Non-Trad Restaurant. The Initial Franchise Fee is the same as for a traditional QUIZNOS Restaurant and the initial franchise support fee is \$10,000.

Opening Inventory

Before opening a QUIZNOS Restaurant, as described in Items 7 and 8, you are required to purchase your opening inventory of QUIZNOS Restaurant products and supplies from a vendor designated by us, which could be one of our affiliates. We estimate that you will need \$9,000 to \$15,000 of opening inventory

for the QUIZNOS Restaurant. The amounts will be payable prior to opening and are not refundable under any circumstances.

Training Expenses

If this is a transfer of an existing QUIZNOS Restaurant to you, you are required to pay us a training fee of \$3,000 to \$5,000 for all required initial training programs, for attendance by one person. Your expenses will be higher if more than one individual attends the training program.

ITEM 6 OTHER FEES

Type of Fee⁽¹⁾	Amount	Due Date	Remarks
Royalty	5% of Gross Sales ⁽²⁾ based on the prior week's Gross Sales	Payable on the day of the week periodically designated by us	Your bank account will be debited for Royalties due. ⁽³⁾ We currently measure a week for purposes of determining weekly Royalties and other weekly amounts due to us as the period from Monday through Sunday, but we may revise this weekly period.
Marketing Fee	Currently 2% of Gross Sales based on the prior week's Gross Sales	Payable on the day of the week periodically designated by us	Your bank account will be debited for Marketing Fee. We reserve the right to increase the Marketing Fee up to a maximum of 5% of Gross Sales based on the prior week's Gross Sales; however, we may not increase the Marketing Fee by more than 1/2% in any given year (by way of example, we may only increase the Marketing Fee to 2.5% of Gross Sales after the first year of the Initial Term of the Franchise Agreement).
POS Systems Fee (inclusive of online ordering platform)	Currently ranges from \$230 to \$340 (plus applicable taxes) per terminal per month	Monthly	You must pay this fee for point-of-sale software we designate for your QUIZNOS Restaurant. Because we reserve the right to change the POS Systems provider at any time, the POS Systems Fee may increase or decrease from time to time depending on such provider, as set forth in the Operations Manual.
Music Fee	Ranges from \$40 to \$50 (plus applicable taxes) per month	Monthly	You must pay this fee for music we designate for your QUIZNOS Restaurant. Because we reserve the right to change the music provider at any time, the Music Fee may increase or decrease from time to time depending on such provider, as set forth in the Operations Manual.
Gift Card Service Charge	\$0.50 to \$1.20 per card, plus pro rata share of	Payable on the day we pay you for gift card redemptions	If a customer uses a gift card at your QUIZNOS Restaurant to purchase products or services, we will pay you

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
	third-party vendor commission, if applicable		the amount redeemed, minus a 3% - 15% service fee. We will also deduct a pro rata amount of the third-party vendor commission for the card, if applicable.
Training Program Expenses ⁽⁴⁾	Included for up to 2 individuals to attend the Initial Training Program	As incurred	You must pay travel, lodging and living expenses, wages, and applicable test facility fees for all attendees who attend the Initial Training Program as well as any food-safety certifications that are required. We may occasionally require additional training based on need and demonstration of ability. We may charge a training fee for each special program in which you participate. Our current training fee is \$255 per day, which includes an educational technology fee.
Interest on Late Payments	2% interest per month on any late payment to us, including Royalty and Marketing Fee payments	As incurred	Due on late payments.
Marketing Materials	Varies. Currently, some materials are at our cost.	As incurred	We may directly purchase certain marketing materials through non-affiliated, third-party vendors and distribute the materials to our franchisees, but we do not currently add a markup to the purchase price when franchisees purchase these materials.
Testing	Not currently charged, but if implemented it will be the actual cost of testing	As incurred	This covers the costs of testing new products or inspecting new vendors you propose.
Transfer Fee	\$5,000	Before the transfer	Payable when your interest in the Franchise Agreement, a material portion of the QUIZNOS Restaurant's assets, or an interest in you is transferred.
Successor Fee	\$5,000	When you and we sign a Successor Franchise Agreement	
Inspection and Audit Fee	(1) Interest on past due amount at lesser of 2% per month or maximum commercial contract interest rate allowed by law and (2) costs of audit	On demand	Costs of audit payable only if you understate your Gross Sales by 2% or more; interest payable if you understate your Gross Sales by any amount. The maximum interest rate in the state of California is 10% annually.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Payable if we prevail in a judicial or other proceeding.
Indemnification	Will vary under circumstances	As incurred	You must reimburse us and our affiliates if any of us are held liable for claims related to your QUIZNOS Restaurant's operations. Upon request, you will advance our and our affiliates' fees (including attorneys' fees) incurred in defending any claim.
Management Fee	3% of Gross Sales plus direct out-of-pocket costs and expenses	As incurred	Due when we (or a third party) manage your QUIZNOS Restaurant after your default or abandonment.
Default Fee	\$250 per occurrence and per week	As incurred	Payable when you are not in compliance with the terms of the Franchise Agreement, Multi-Unit Development Agreement, Operations Manual or other stated standards. You will continue to incur this fee until you become compliant.
Termination Fee	An amount equal to the net present value of the Royalties and Marketing Fees that would have become due following termination of the Franchise Agreement for the period the Franchise Agreement would have remained in effect but for your default	Upon termination of the Franchise Agreement	See Note 5

Notes:

1. Type of Fee. Except as otherwise noted, fees are collected by and payable to us or our designated affiliates. No fees are refundable. Existing QUIZNOS franchisees may have fees that differ from those stated in the table above.
2. Gross Sales. The term "**Gross Sales**" is defined as sales of any kind for all services or products from or through your QUIZNOS Restaurant, including any sales made for cash or upon credit, or partly for cash and partly for credit, regardless of collection of charges for which credit is given, regardless of whether sales are conducted in compliance with or in violation of the terms of the Franchise Agreement, and regardless of whether sales occur at the site of your QUIZNOS Restaurant or off-site, but excluding discounts, sales taxes, or other similar taxes and credits. The term "Gross Sales" also includes (i) the fair market value of any services or products you receive in barter or exchange for your services and products and all insurance proceeds that you receive for loss of business due to a casualty to or similar event at the QUIZNOS Restaurant and (ii) the gross amount of any gift card redemptions at your QUIZNOS Restaurant.
3. Automatic Debit. Before opening, you must sign and deliver all documents needed to permit our designated representative to debit your bank account for Royalties, Marketing Fees, and other payments

due under the Franchise Agreement or otherwise, including interest due on late payments. However, you must pay all amounts due by means other than automatic debit whenever we deem appropriate.

4. **Training Program Expenses.** Currently, we do not require you to pay a tuition fee for up to 2 people to attend the Initial Training Program, but we require you to pay all expenses associated with travel, meals, lodging, and educational technology while you and the other attendees attend the Initial Training Program, as well as any fees charged by the training or test facilities. All of these expenses are paid to third parties. Although we currently do not do so, we may in the future charge a tuition fee for training additional managers. We require all franchisee owners, designated operators and each of your QUIZNOS Restaurant's manager to complete a manager food safety certification and continue to hold valid certification throughout the manager's employment in the QUIZNOS Restaurant. This training is not included in our initial training program and you will be responsible for all costs and fees associated with obtaining this mandatory training. ServSafe is the designated vendor for this certification and certification is valid for five years; however, we will accept an ANSI-accredited manager/owner level food-safety certification. These courses and tests may be administered at facilities operated by independent third parties or online. You must pay for the online course and exam, whether in person or online, which we estimate will not be more than \$100 to \$250. If a third party administers a course and test, you must pay any course and test fees charged by these third parties, which we estimate will not be more than \$150 to \$250 per person per course and test, although fees may exceed that amount depending on the facility. You also will bear any other costs related to taking these courses and tests, including travel, meals, lodging, and educational technology costs while you attend. (See Item 11)

5. **Termination Fee.** You will be required to pay us this fee if we terminate the Franchise Agreement based on your default. Royalties and Marketing Fees will be calculated by multiplying (1) the number of calendar months remaining under the term of the Franchise Agreement by (2) the aggregate percentages of the Royalties and Marketing Fees, by (3) the average monthly Gross Sales of your QUIZNOS Restaurant during the 12 months preceding the termination date. If you have not operated your QUIZNOS Restaurant for at least 12 months preceding the termination date, Royalties and Marketing Fees will be calculated based on the average monthly Gross Sales of all QUIZNOS Restaurants during our last fiscal year.

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT FOR A SINGLE UNIT FRANCHISE

Type of Fee ¹	Amount ²	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee	\$5,000	Lump Sum	At signing of Franchise Agreement	Us
Initial Franchise Support Fee	\$25,000	Lump Sum	At signing of Franchise Agreement	Us
Leasehold Improvements ³	\$50,000-\$250,000	Lump Sum	As arranged	Vendors
Architectural ⁴	\$15,000 - \$60,000	As arranged	Before opening	Vendors
Restaurant Equipment ⁵	\$77,500 to \$175,000	As arranged	Before opening	Vendors

Type of Fee ¹	Amount ²	Method of Payment	When Due	To Whom Payment is to be Made
Uniforms	\$500	Lump Sum	Before opening	Vendors
Computer Systems, Online Ordering, Telephones, Point-of-Sale and Delivery Equipment ⁶	\$3,000 - \$27,500	Lump Sum	Before opening	Vendors
Security Deposits, Utility Deposits, Permits and Business Licenses ⁷	\$3,600 - \$8,000	As agreed	Before opening	Landlord; Vendors; or Government Agencies
Training Expenses ⁸	\$3,000 - \$5,000	As agreed	Before opening	Us
Opening Inventory and Supplies	\$3,000 - \$15,000	Lump Sum	Before opening	One of our Affiliates or Vendors
Additional Funds (3 months) ⁹	\$35,000 - \$40,000	As arranged	As incurred	Vendors and your Employees
TOTAL ESTIMATED INITIAL INVESTMENT¹⁰ (excluding real estate lease or acquisition costs)	\$220,600 – \$611,000			

Notes:

1. Type of Expenditure. Unless otherwise noted, all amounts that you pay to us or our Affiliates are nonrefundable. Third party vendors will decide if payments to them are refundable. We do not offer, either directly or indirectly, financing to you for any items.
2. Amount. Investment figures represent approximate costs based on your QUIZNOS Restaurant's geographic location, site preparation, proximity and access to utility lines, landlord's concessions and other site and location specific requirements. The figures vary greatly depending upon whether you are developing a QUIZNOS Restaurant to be operated from a freestanding building, a non-traditional location or from a traditional QUIZNOS location in a strip center or mall with a dining room, in addition to a drive-thru at any of those types of locations.
3. Leasehold Improvements. Leasehold improvement costs, including floor covering, wall treatment, counters, ceilings, painting, window coverings, electrical, carpentry and similar work, and contractor's fees, depending upon the site's condition, location, and size; the demand for the site among prospective lessees; the site's previous use; the build-out required to conform the site for your QUIZNOS Restaurant; and any construction or other allowances the landlord grants. Real estate costs are not included in this range. Real Estate costs vary greatly and depend on whether you own the Franchised Location before signing the Franchise Agreement or instead purchase or lease your Franchised Location. A QUIZNOS Restaurant is typically located in an outdoor or enclosed mall or a strip shopping center and generally is from 950 to 1,200 square feet. If you lease your Franchised Location, the amount of rent depends on the market, QUIZNOS Restaurant size, and common area expenses passed through to tenants. Rent for enclosed mall locations generally will be higher.

4. Architectural. These amounts include the cost of layout of the space and stamped drawings required submission to the municipality to obtain permits.
5. Restaurant Equipment. We will provide you with a list of equipment and specifications for the equipment needed for a Quiznos Restaurant. You may purchase the equipment from any vendor using our specifications.
6. Computer Systems, Online Ordering, Telephones, Point-of-Sale and Delivery Equipment. You must purchase from a designated vendor our authorized point-of-sale system, computer system, including a tablet or laptop, and credit/debit and gift card processing system, kiosk and locker system. You may also, at your option, elect to finance our authorized point-of-sale system, electronic cash register and computer system through the designated vendor. The amount you pay will vary depending upon the number of terminals and tablets you purchase.
7. Security Deposits, Utility Deposits, Permits and Business Licenses. The above amounts will vary depending upon the jurisdiction in which your QUIZNOS Restaurant will be located and the requirements of your landlord, local governmental agencies and utility companies.
8. Training Expenses. You are responsible for arranging and paying for transportation and paying the expenses for meals, lodging and salaries for any persons attending the Initial Training Program. The amount expended will depend on the distance you travel, type of transportation and accommodations you choose, and potentially any local travel mandates and health authority protocol that may require isolation or quarantine before or after your travel. The estimate contemplates attendance by one person. Your expenses will be higher if more than one individual attends the training program.
- 9.. Additional Funds. This range estimates the funds needed to cover your initial expenses for the first three months of operation. These expenses may include insurance, legal fees, accounting fees, utilities, food orders, paper supplies, and miscellaneous supplies. All of these expenses are paid to third parties. We have relied on our predecessor's and our principals' many collective years of experience in the QUIZNOS Restaurant industry to compile these estimates.
10. Total Estimated Initial Investment. This range does not include real estate leasing or acquisition costs. Because these figures are only estimates, it is possible both to reduce and to exceed costs in any of the areas listed above. Actual costs will vary depending on physical size and current condition of the premises. In addition, actual costs may substantially exceed these estimates in a major metropolitan market and the high range figures in this Item 7 do not reflect these costs. Neither we nor our affiliates offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions. The estimate does not include any finance charge, interest, or debt service obligation.

YOUR ESTIMATED INITIAL INVESTMENT - DEVELOPMENT AGREEMENT

Two Units

Type of Fee ¹	Amount ²	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fees ¹	\$35,000	Lump Sum	Upon signing the Development Agreement	Us
Initial Franchise Support Fee	\$25,000	Lump Sum	At signing of Franchise Agreement	Us
Leasehold Improvements ³	\$50,000-\$250,000	Lump Sum	As arranged	Vendors
Architectural ⁴	\$15,000 - \$60,000	As arranged	Before opening	Vendors
Restaurant Equipment ⁵	\$77,500 to \$175,000	As arranged	Before opening	Vendors
Uniforms	\$500	Lump Sum	Before opening	Vendors
Computer Systems, Online Ordering, Telephones, Point-of-Sale and Delivery Equipment ⁶	\$3,000 - \$27,500	Lump Sum	Before opening	Vendors
Security Deposits, Utility Deposits, Permits and Business Licenses ⁷	\$3,600 - \$8,000	As agreed	Before opening	Landlord; Vendors; or Government Agencies
Training Expenses ⁸	\$3,000 - \$5,000	As agreed	Before opening	Us
Opening Inventory and Supplies	\$3,000 - \$15,000	Lump Sum	Before opening	One of our Affiliates or Vendors
Additional Funds (3 months) ⁹	\$35,000 - \$40,000	As arranged	As incurred	Vendors and your Employees
TOTAL ESTIMATED INITIAL INVESTMENT¹⁰ (excluding real estate lease or acquisition costs)	\$250,600 – \$641,000			

Explanatory Notes

1. Initial Franchise Fees for Multi-Unit Development Agreement. If you sign a Multi-Unit Development Agreement (“MUDA”) to develop two or more QUIZNOS Restaurants in the Development Territory, you must pay to us at the time you sign the MUDA, the Initial Franchise Fee for the each QUIZNOS Restaurant to be developed by you under the MUDA. At the time you sign the MUDA, you will also pay to us the Initial Support Fee for the first QUIZNOS Restaurant to be developed by you under the MUDA. At the time you sign a Franchise Agreement for the second and for each subsequent QUIZNOS Restaurant to be developed under the MUDA, you will pay a reduced Initial Support Fee of \$15,000 (“**Reduced Initial Support Fee**”) for each. The Initial Franchise Fee and the Reduced Initial Support Fees are fully earned at the time you make the payment to us and are not refundable regardless of whether you ultimately open any or all of your QUIZNOS Restaurants. The Initial Franchise Fee and the Reduced Initial Support Fee may not be uniform for all franchisees due to the variable nature of negotiation including the

size of the Development Territory to be developed, the number of QUIZNOS Restaurants to be opened, demographic data and trends and other conditions, and we reserve the right to charge different Initial Franchise Fees and Reduced Initial Support Fees in our sole discretion. The number of QUIZNOS Restaurants that you may develop under a particular Multi-Unit Development Agreement is determined by mutual agreement. The chart provides your initial investment to open your QUIZNOS Restaurants assuming you sign a Development Agreement to develop two QUIZNOS Restaurants.

2. Amount. Investment figures represent approximate costs based on your QUIZNOS Restaurant's geographic location, site preparation, proximity and access to utility lines, landlord's concessions and other site and location specific requirements. The figures vary greatly depending upon whether you are developing a QUIZNOS Restaurant to be operated from a freestanding building, a non-traditional location or from a traditional QUIZNOS location in a strip center or mall with a dining room, in addition to a drive-thru at any of those types of locations.

3. Leasehold Improvements. Leasehold improvement costs, including floor covering, wall treatment, counters, ceilings, painting, window coverings, electrical, carpentry and similar work, and contractor's fees, depending upon the site's condition, location, and size; the demand for the site among prospective lessees; the site's previous use; the build-out required to conform the site for your QUIZNOS Restaurant; and any construction or other allowances the landlord grants. Real estate costs are not included in this range. Real Estate costs vary greatly and depend on whether you own the Franchised Location before signing the Franchise Agreement or instead purchase or lease your Franchised Location. A QUIZNOS Restaurant is typically located in an outdoor or enclosed mall or a strip shopping center and generally is from 950 to 1,200 square feet. If you lease your Franchised Location, the amount of rent depends on the market, QUIZNOS Restaurant size, and common area expenses passed through to tenants. Rent for enclosed mall locations generally will be higher.

4. Architectural. These amounts include the cost of layout of the space and stamped drawings required submission to the municipality to obtain permits.

5. Restaurant Equipment. We will provide you with a list of equipment and specifications for the equipment needed for a Quiznos Restaurant. You may purchase the equipment from any vendor using our specifications.

6. Computer Systems, Online Ordering, Telephones, Point-of-Sale and Delivery Equipment. You must purchase from a designated vendor our authorized point-of-sale system, computer system, including a tablet or laptop, and credit/debit and gift card processing system, kiosk and locker system. You may also, at your option, elect to finance our authorized point-of-sale system, electronic cash register and computer system through the designated vendor. The amount you pay will vary depending upon the number of terminals and tablets you purchase.

7. Security Deposits, Utility Deposits, Permits and Business Licenses. The above amounts will vary depending upon the jurisdiction in which your QUIZNOS Restaurant will be located and the requirements of your landlord, local governmental agencies and utility companies.

8. Training Expenses. You are responsible for arranging and paying for transportation and paying the expenses for meals, lodging and salaries for any persons attending the Initial Training Program. The amount expended will depend on the distance you travel, type of transportation and accommodations you choose, and potentially any local travel mandates and health authority protocol that may require isolation or quarantine before or after your travel. The estimate contemplates attendance by one person. Your expenses will be higher if more than one individual attends the training program.

9.. Additional Funds. This range estimates the funds needed to cover your initial expenses for the first three months of operation. These expenses may include insurance, legal fees, accounting fees, utilities, food orders, paper supplies, and miscellaneous supplies. All of these expenses are paid to third parties. We have relied on our predecessor's and our principals' many collective years of experience in the QUIZNOS Restaurant industry to compile these estimates.

10. Total Estimated Initial Investment. This range does not include real estate leasing or acquisition costs. Because these figures are only estimates, it is possible both to reduce and to exceed costs in any of the areas listed above. Actual costs will vary depending on physical size and current condition of the premises. In addition, actual costs may substantially exceed these estimates in a major metropolitan market and the high range figures in this Item 7 do not reflect these costs. Neither we nor our affiliates offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions. The estimate does not include any finance charge, interest, or debt service obligation.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You are required to use only authorized and/or designated vendors (which may be us or our affiliates) for certain goods and services and are required to enroll in certain mandatory service programs, as described below and as set forth in our Operations Manual. You must purchase all goods and services required for the development and operation of the QUIZNOS Restaurant from authorized and/or designated vendors or distributors (which there may be only one vendor or distributor for any given good or service) under terms and in the manner designated by us or any of our affiliates.

Except as noted in this Item, we and our affiliates currently are not authorized vendors of any item, although our affiliates may become authorized vendors at any time in the future and may even be the designated or sole vendor of one or more items, in which case you would have to buy the items from our affiliates at their then current prices.

If you desire to purchase equipment, products, services, supplies, or materials from vendors other than those previously authorized, we may permit you to do so, but you first must submit a written variance request to change the vendor. We will notify you in writing or via electronic communication of authorization or rejection of the proposed alternative vendor within a reasonable time (typically no longer than 30 business days) after completing our investigation. We may withhold authorization of the proposed vendor for any reason. In order to make a decision, we may require that samples of a proposed new product first be delivered for testing. Permission for inspection will be a condition of the continued authorization of any vendor. We may require you to pay a fee not to exceed the actual cost of the test. We and our affiliates may periodically inspect the facilities and products of any authorized vendor and to revoke authorization upon the vendor's failure to continue to meet any of our then-current criteria. Such criteria are not generally made available to franchisees. If an exclusive vendor already has been designated for the equipment, products, services, supplies, or materials proposed to be offered by a new vendor, your request for a new vendor likely will be rejected without further review or investigation.

QUIZNOS standards and specifications will be formulated and modified based on our affiliates' and franchisees' experience in operating QUIZNOS Restaurants. We use the Operations Manual or other communications to issue QUIZNOS standards and specifications and the names of authorized or designated vendors to franchisees. We will also use the Operations Manual to modify such specifications.

Equipment and Fixtures

You must follow all QUIZNOS standards and specifications for construction, design, and remodeling of your QUIZNOS Restaurant premises, food products, packaging, advertising materials, supplies, ingredients, equipment, point-of-sale system, fixtures, furnishings, computer, and other items used in operating your QUIZNOS Restaurant. You must purchase or lease (as designated) these items only from vendors or other sources authorized and/or designated for the QUIZNOS System. We and our affiliates may designate a single authorized vendor for certain items and our affiliates may be an authorized or the designated vendor for certain items. If there is no authorized or designated vendor for a particular item, you must obtain all products and services from vendors who meet QUIZNOS specifications and standards as to quality, composition, appearance, and service and adequately demonstrate their capacity to supply your needs in the quantities, at the times, and with the reliability required for an efficient operation. We have the right to choose the vendors to the QUIZNOS System.

Wi-Fi Enabled Tablet Operations, Training and Communication System

You must purchase and enable a secure Wi-Fi system and tablet computers dedicated to training, operations, and franchise-related communications. We currently do not require you to purchase the tablets from any certain vendor or supplier.

Point-of-Sale System, Computer System, Credit/Debit and Gift Card Processing System

You must purchase, lease or finance from our designated vendor our authorized point-of-sale system hardware and download software to run the point-of-sale system, inclusive of an online ordering system which is also provided by a third-party software company. You must purchase, lease or finance from our designated vendor our credit/debit and gift card processing system.

Facilities Services

You must use one of our designated vendors of certain applicable facilities services (for example, mats, mops, and towels).

Music Services

We require that franchisees subscribe to music services provided by a designated vendors. The fee for music services may be payable to us or our affiliates, or directly to the vendor.

Delivery Website

In order to standardize delivery services and enhance the customers' experience in the delivery process, we may require franchisees that offer delivery services to subscribe to a delivery website provided by a designated vendor.

Beverages

You must purchase all fountain beverage products and certain ready-to-drink packaged beverage products from a designated vendor (currently Coca-Cola). In addition, you will obtain fountain-beverage equipment and a beverage cooler from our designated vendor.

QUIZNOS Restaurant Operations Management Tool

You must use our designated vendor to purchase and maintain the required operational checklists, temperature logs, prep charts, contact logs, and other QUIZNOS Restaurant brand operations management tools.

Insurance

You are required throughout the term of the Franchise Agreement to maintain certain minimum amounts and types of insurance coverage as we specify in the Operations Manual periodically. Currently, we require that, at a minimum, you must maintain the following types and minimum amounts of insurance coverage, described in greater detail in the Operations Manual: commercial general liability — bodily injury and property damage (\$1 million per occurrence), including products/completed operations (\$2 million general aggregate); automobile liability — any owned, hired and non-owned vehicles (\$1 million per accident, which is a separate limit from the general liability limit) that includes delivery operations (if you offer delivery services); workers compensation — in compliance with state and local laws; cyber-risk insurance — data and privacy breach (\$1 million per occurrence/\$2 million general aggregate); and property insurance in amounts that protect your business personal property, fixtures, improvements and betterments, and business interruption. The minimum coverages we specify are for our benefit and are not intended to be relied upon by you as a recommendation as to the types of coverages and coverage limits which are or might be appropriate for your particular business. You should also consult your lease for required insurance coverages. Additional coverages and limits might be appropriate based, for example, on the location of your QUIZNOS Restaurant, and we recommend that you consult your insurance advisor regarding such additional coverages. If you fail to purchase this insurance, we or our affiliates may obtain insurance for you, and you must reimburse us or them for its cost. All liability insurance policies must: name us and our affiliates as additional insureds with the same coverages as provided to you without limitation, using a form of endorsement we have authorized; not be considered excess to any of our or our affiliates' policies; and give all of us at least 30 days' prior written notice of termination, material amendment, or cancellation. You also must provide certificates of insurance evidencing your insurance coverage in compliance with these minimums, complete copies of your insurance policies, and evidence the policies' premiums have been paid no later than 10 days before your QUIZNOS Restaurant opens and each year when your policies renew.

Marketing

All marketing and promotion of your QUIZNOS Restaurant must conform to QUIZNOS standards and specifications. You must submit (through the mail or electronic mail, return receipt requested) for advanced authorization samples of all advertising and promotional materials that you want to use that we or our affiliates have not prepared or previously authorized. Any proposed uses not previously authorized by us or our affiliates must be submitted to us or our affiliates at least 10 days before use. We have designated an authorized marketing products website vendor where franchisees can access and place orders for various types of marketing materials for their QUIZNOS Restaurant. We have also designated an authorized marketing products vendor, to make these marketing materials available for purchase by our franchisees. We may directly purchase these marketing materials through these vendors and distribute the materials to our franchisees, but we do not currently, but may in the future, add a markup to the purchase price when franchisees purchase these materials. These vendors are not affiliated with us.

As noted above, our affiliates may receive revenue directly from sales to franchisees of required products or services. In addition, we and our affiliates have the right to receive payments from unaffiliated vendors on account of their actual or prospective dealings with you and other franchisees and to use the amounts received without restriction (unless we or our affiliates agree otherwise with the vendor) for any

purpose we or our affiliates deem appropriate. Our affiliates negotiate purchase arrangements with vendors for the benefit of the QUIZNOS System, which often include volume discounts. Some vendors pay fees to us and/or our affiliates for products purchased through these negotiated agreements, and willingness to pay us and/or our affiliates rebates may be a condition for authorizing a vendor. For Coke products, QUIZNOS receives, these rebates generally range from \$7.91 to \$8.23 per gallon. These rebates are usually based on an amount per case or per pound of product ordered and generally range from less than \$1 to \$22 per case or from less than \$1 to \$4.60 per pound. We also receive a fee ranging approximately from \$0.01 to \$0.03 per transaction from our credit card processing vendor.

Other than stated above, we nor our affiliates have received revenue or other material consideration from franchisees based on required purchases or leases by franchisees.

Except as otherwise disclosed in this Item 8, neither we nor our affiliates are the only authorized vendor for any goods or services purchased or leased by franchisees.

We do not provide any material benefits (including, for example, renewal or granting additional franchises) to a franchisee based on the franchisee's purchase of particular products or services or use of designated or authorized vendors. We estimate that the cost of your purchases from designated or authorized vendors, or according to QUIZNOS standards and specifications, will range from 80% to 100% of the total cost of establishing, and approximately 35% to 45% of the total cost of operating, your QUIZNOS Restaurant. These estimates are the same for franchisees operating under any Special Product (defined in Item 11) program. There currently are no purchasing or distribution cooperatives within the QUIZNOS System. None of our officers have ownership interests in any of our authorized or designated vendors. We do negotiate purchase arrangements with vendors for the benefit of franchisees.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement and Multi-Unit Development Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Sections 2.3, 4.1, 4.2, 4.3 and 11.1.1, of Franchise Agreement; Section 2.4 of the Multi-Unit Development Agreement	5, 7, 8, and 11
(b) Pre-opening purchases/leases	Section 4.4, 4.5, 4.6 and 4.8 of Franchise Agreement	7, 8, and 10
(c) Site development and other pre-opening requirements	Sections 4.2, 4.3, 4.4, 4.5, 4.6, 4.7 and 4.8 of Franchise Agreement	7, 8, 11, and 12
(d) Initial and ongoing training	Sections 8.1, 8.2 and 8.3 of Franchise Agreement	11
(e) Opening	Section 4.8 of Franchise Agreement; Section 2.1 and 2.2 of the Multi-Unit Development Agreement	11

Obligation	Section in Franchise Agreement and Multi-Unit Development Agreement	Disclosure Document Item
(f) Fees	Sections 3.3.2, 5.1, 5.2, 5.3, 5.4, 5.5, 5.6, 5.7, 6.1, 6.2, 8.2, 8.3, 10.5, 11.2.4, 12.2, 12.3, 12.6, 12.15, 13.1, 13.5, 14.3, 16.4, 17.3, 18.1.8, 21.1, 21.2, 25.2.3, and 27.2 of Franchise Agreement; Section 3.1 and 3.2 of the Multi-Unit Development Agreement	5, 6, 7, 10 and 11
(g) Compliance with standards and policies/Operations Manual	Sections 1.3, 2.6, 3.3, 4.5, 4.6, 8.3, 9.1, 13.1, 13.2, 14.1, 14.2, 14.3 and 17.2 of Franchise Agreement	8 and 11
(h) Trademarks and proprietary information	Sections 1.2, 10.1, 10.4, 15.1, 15.2, 15.3 and 15.4 of Franchise Agreement	13 and 14
(i) Restrictions on products/services offered	Sections 4.8, 4.9, 12.6, 14.3, 14.4 and 14.5 of Franchise Agreement	8, 11, and 16
(j) Warranty and customer service requirements	Not applicable	
(k) Territorial development and sales quotas	Not applicable	
(l) On-going product/service purchases	Sections 4.5, 4.6, 14.4 and 14.5 of Franchise Agreement	8
(m) Maintenance, appearance and remodeling requirements	Sections 3.3, 4.4, and 4.5 of Franchise Agreement	11
(n) Insurance	Sections 12.12 and 12.13 of Franchise Agreement	6, 7, and 8
(o) Advertising	Sections 5.7, 12.14, 12.15, 13.1, 13.2, 13.3, 13.4 and 13.6 of Franchise Agreement	6, 7, and 11
(p) Indemnification	Section 21.1 of Franchise Agreement; Section 7.3 of the Multi-Unit Development Agreement	6
(q) Owner's participation/management/staffing	Sections 7.1, 7.2, 7.3, 12.1 and 12.4 of Franchise Agreement	11 and 15
(r) Records and reports	Sections 10.6, 16.1, 16.2, and 16.3 of Franchise Agreement	11
(s) Inspections and audits	Sections 4.7, 14.2 and 16.4 of Franchise Agreement	6
(t) Transfer	Section 17.1 through 17.7 of Franchise Agreement	17
(u) Renewal	Sections 3.2, 3.3, 3.4, and 3.5 of Franchise Agreement	17
(v) Post-termination obligations	Sections 19.1, 23.3 and 24.5 of Franchise Agreement	17
(w) Non-competition covenants	Sections 23.3 of Franchise Agreement	17

Obligation	Section in Franchise Agreement and Multi-Unit Development Agreement	Disclosure Document Item
(x) Dispute resolution	Section 24 of Franchise Agreement; Section 7 of the Multi-Unit Development Agreement	17

ITEM 10 FINANCING

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

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

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

Our Obligations Before the QUIZNOS Restaurant Opens

Before you open a QUIZNOS Restaurant, we or another authorized representative (which may be an affiliate of ours) will perform for you the services listed below.

1. We will give you specifications for the QUIZNOS Restaurant’s site if you do not have an authorized location when you sign the Franchise Agreement. Authorization of any proposed site is based on information you submit to us in a site submittal package. While we may provide you with certain third-party demographic information regarding the market area around your proposed site, you are responsible for compiling the information necessary for us to evaluate your site. (Sections 4.1 and 11.1(a), Franchise Agreement)
2. Give you advice regarding the required build-out, interior design, layout, floor plan, signs, design, color, and decoration of the QUIZNOS Restaurant’s premises. (Sections 4.4, 4.5 and 11.1(b), Franchise Agreement)
3. Give you advice regarding QUIZNOS standards and specifications for the equipment, supplies, and materials used in, and the menu items offered for sale by, your QUIZNOS Restaurant and the selection of vendors We may prescribe the maximum and/or minimum prices that you may charge customers for products and services offered and sold by your QUIZNOS Restaurant, (Sections 4.6 and 11.1(c) and (f), Franchise Agreement)
4. Train the Multi-Unit Developer, Franchise Owner/Operator or operating partner (“**Designated Operating Partner**”) and the general manager (“**Designated Manager**”) that you designate to assume primary responsibility for managing the QUIZNOS Restaurant in a training facility designated by us (in a training restaurant we designate, in a virtual classroom, or another location designated by us). (Sections 8.1 and 11.1(e), Franchise Agreement)
5. Loan you, or make available online, one electronic copy of an Operations Manual (and appropriate updates and revisions), covering the QUIZNOS Restaurant’s operating and marketing techniques. (Sections 9.1, 9.2 and 11.1(h), Franchise Agreement)

6. Remotely provide opening assistance to assist you in opening your QUIZNOS Restaurant. (Section 11.1(g), Franchise Agreement)

7. Guide you in implementing advertising and marketing programs, operating and sales procedures, and bookkeeping and accounting guidelines. (Section 11.1(d), Franchise Agreement)

Typical Length of Time Before Operation

We estimate that the typical length of time between the date you sign the Franchise Agreement (and any applicable addendum) and open a new QUIZNOS Restaurant is twelve (12) months. The length of time depends on your ability to locate a site, secure financing, and obtain a Lease; upgrade or remodel an existing location; procurement of equipment, inventory, and supplies; and completing training.

Except as described below, you must open a new QUIZNOS Restaurant within twelve (12) months after you sign the Franchise Agreement. However, if we determine, in our sole discretion, that you are continuing to diligently work toward obtaining a suitable location and/or Lease so that you can reasonably be expected to open your QUIZNOS Restaurant within eighteen (18) months, we will not terminate the Franchise Agreement until the earlier of eighteen (18) months after signing your Franchise Agreement or such time as we determine, in our sole discretion, that you are no longer actively and diligently pursuing the opening of the QUIZNOS Restaurant.

Continuing Assistance

During the operation of your QUIZNOS Restaurant, we, or another authorized representative (which may be an affiliate of ours) will perform for you the services listed below.

1. If you request, provide telephone consultation regarding the continued operation and management of your QUIZNOS Restaurant and advice regarding QUIZNOS Restaurant services, product quality control, menu items, customer relations, and similar matters. (Section 11.2(a), Franchise Agreement)

2. Give you access to advertising and promotional materials developed for the QUIZNOS System. (Section 11.2(b), Franchise Agreement)

3. Provide you, as deemed necessary, on-going updates of information and programs regarding menu items and their preparation, the QUIZNOS Restaurant business, and related licensed methods, including information about special or new services, products or methods of operation developed for the QUIZNOS System and made available to franchisees. (Section 11.2(c), Franchise Agreement)

4. Train replacement or additional Franchise Owner/Operators or Designated Operating Partners or additional Designated Managers during the franchise term. You may be required to pay a tuition or fee for training, payable in advance, equal to then current rates. (See Item 6). You must pay all travel and living expenses for your personnel during the training program in addition to wages. The availability of the training programs depends on space considerations and prior commitments to other QUIZNOS franchisees. (Sections 11.2(d), Franchise Agreement)

5. Provide guidance and consultation to you and/or your bookkeeping service providers, as we deem appropriate, with respect to compliance with QUIZNOS standards and specifications for the provision of those services. (Section 11.1(d), Franchise Agreement) (See Items 6 and 8)

Our Obligations During the Multi-Unit Development Agreement

A developer signs the Franchise Agreement for the first QUIZNOS Restaurant to be developed in the Development Schedule at the time the Multi-Unit Development Agreement is signed. Our obligations under the Franchise Agreement apply to a developer. Each time a developer signs another Franchise Agreement, our obligations are activated for the new QUIZNOS Restaurant to be established. We do not have separate obligations under the Multi-Unit Development Agreement.

Marketing and Promotion

You must pay a Marketing Fee of 2% of your weekly Gross Sales (see Item 6), which is deposited in a bank, commercial account, or savings account (“**Marketing Fund**”). We reserve the right to increase the Marketing Fee up to a maximum of 5% of Gross Sales based on the prior week’s Gross Sales; however, we may not increase the Marketing Fee by more than 1/2% in any given year (by way of example, we may only increase the Marketing Fee to 2.5% of Gross Sales after the first year of the Initial Term of the Franchise Agreement). Affiliate-owned QUIZNOS Restaurants may not pay into the Marketing Fund on an equal percentage basis with all franchised QUIZNOS Restaurants. Certain QUIZNOS Restaurants may not contribute to the Marketing Fund or may contribute on a different percentage basis. Upon written request, annual unaudited financial statements are available to franchisees 120 days after the end of the Marketing Fund’s fiscal year. The Marketing Fund is not audited.

One or more of our affiliates may administer and control the Marketing Fund, which is used to create, produce, and place advertising, in-store signs, in-store promotions, and commercial or online/digital advertising; to pay agency costs and commissions; to create and produce video, audio, and written advertisements; to administer multi-regional advertising programs, including direct mail and other media advertising; to employ advertising agencies and in-house staff assistance; to support public relations, market research, and other advertising and marketing activities; to conduct product and menu testing and develop product recipes; to create, produce, and implement websites for us and/or our franchisees; to conduct crypto currency and other blockchain promotions; develop and maintain a presence on any virtual platform (including, without limitation, the metaverse) and to develop and maintain application software designed to run on computers and similar devices, including tablets, smartphones and other mobile devices, as well as any evolutions or “next generations” of any such devices, and to promote virtual brands offered to franchisees to sell out of QUIZNOS Restaurants. The advertising may be disseminated in print, television, radio, or other interactive media. The coverage has been local, regional and national. The Marketing Fund will not be used for direct solicitation of franchisees.

Our affiliates may be reimbursed from the Marketing Fund for administrative costs, salaries, and overhead expenses related to administering the Marketing Fund and its marketing programs, including conducting market research, preparing material, and collecting and accounting for Marketing Fund contributions. In any fiscal year, the Marketing Fund may spend more or less than the aggregate contribution of all QUIZNOS Restaurants to the Marketing Fund in that year. QUIZNOS affiliates may, periodically and in our discretion, make additional investments into the Marketing Fund to supplement the efforts of that fund.

The Marketing Fund may also borrow from QUIZNOS affiliates (at commercially reasonable rates) or third-party lenders to cover deficits or invest any surplus for future use. Any amounts that remain in the Marketing Fund at the end of each year accrue and are applied toward the next year’s expenses. The Marketing Fund is not our or any affiliate’s asset. The Marketing Fund is to maximize recognition of the Marks and patronage of QUIZNOS Restaurants. Although our affiliates will try to use the Marketing Fund to develop advertising and marketing materials and programs and to place advertising and marketing that will benefit all franchisees, they need not ensure that Marketing Fund expenditures in or affecting any

geographic area are proportionate or equivalent to Marketing Fund contributions by QUIZNOS Restaurants operating in that geographic area or that any franchisee benefits directly or in proportion to its Marketing Fund contribution from the development of advertising and marketing materials or the placement of advertising. We and our affiliates have the right to deposit into the Marketing Fund any advertising, marketing, or similar allowances paid by vendors. (See Item 8). We and our affiliates assume no other direct or indirect liability or obligation to you for collecting amounts due to or maintaining, directing, or administering, any advertising account.

Our affiliates may use collection agents and institute legal proceedings to collect Marketing Fund contributions at the Marketing Fund's expense. Our affiliates also may forgive, waive, settle, and compromise all claims by or against the Marketing Fund. Our affiliates may at any time defer or reduce a franchisee's contributions and, upon 30 days' prior written notice to you, reduce or suspend Marketing Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Marketing Fund. If the Marketing Fund is terminated, our affiliates will distribute all unspent monies to the contributors in proportion to their respective Marketing Fund contributions during the preceding 12-month period.

You may create your own advertising and promotion materials; however, all your advertising and promotion must be in authorized media and formats, be conducted in a dignified manner, and conform to QUIZNOS standards and requirements. You may not use any advertising or promotional plans or materials until you receive our written authorization.

You must participate in any promotion campaigns, advertising, loyalty programs, and other programs periodically established or authorized for QUIZNOS Restaurants, whether on a national, regional or local basis. This includes accepting coupons and gift cards that we or our affiliates issue. In some instances, while participation is mandatory, we may allow you to participate at different price points (subject to our right to establish maximum and minimum pricing). We do not require franchisees to participate in any local or regional advertising cooperatives.

In-house personnel and outside ad agencies create advertising and promotions for the Marketing Fund. During the fiscal year ending December 31, 2023, the Marketing Fund spent 45% of its total expenses on digital advertising, loyalty programs and social media, 11% on print and production; 10% on brand promotion and 34% on administrative expenses.

Franchisee Advisory Council

We currently have an advisory council composed of franchisees that volunteer to serve a 2-year term. The advisory council provides feedback on brand direction, strategic programs, key initiatives and makes recommendations for operational improvements. Council participants provide insight to us in an advisory capacity only on how we can continue to improve business initiatives and drive growth; they do not have authorization or veto rights of any expenditures. Council members are selected by us. We may remove a council member at any time for any reason. There is no set number of council members or limit on the number of terms they may serve. We may expand, reduce, change, or dissolve the advisory council at any time.

Grand Opening Advertising Campaign

You must conduct a grand opening advertising campaign for your QUIZNOS Restaurant when and in the manner specified by us. The cost to conduct the grand opening will be included in your Initial Support Fee.

Site Selection Assistance

We may provide certain assistance in finding a site for you. However, it is your responsibility to locate suitable premises for your QUIZNOS Restaurant. A particular site or area in which you have expressed an interest prior to signing your Franchise Agreement may not be available, and your obligations under the Franchise Agreement are not conditioned upon securing any particular site or a site in a particular area. We do not generally own the site for your QUIZNOS Restaurant and lease it to you.

If we present you with a site that meets QUIZNOS criteria and you refuse to secure the site for any reason, we may present the site to another franchisee. The site we present you may be a site that is currently being operated as a QUIZNOS Restaurant by a franchisee or by our affiliate.

We, either directly or through our affiliate, will make the final determination to authorize or reject any site which you propose to us. That determination may be based on various criteria and procedures (such as general location and neighborhood, traffic patterns, parking, and demographics) which may change periodically in our discretion. We will typically make our determination within 45 days of our receipt of all materials we require relating to your site selection. If you propose a site and we determine that it does not meet our criteria, it will be rejected, and you will be required to propose an alternative site. If we cannot agree on an alternative site, we have the right to terminate the Franchise Agreement, in which case you will lose the Initial Franchise Fee and the Initial Support Fee paid. It is your responsibility to find a site that meets our criteria. You are responsible for conforming the premises to local ordinances and building codes and obtaining the appropriate permits.

Before you sign a Lease, we have the right, but not the obligation, to review and accept the terms of the Lease. However, whether we elect to review and accept the Lease or not, the Lease must contain certain provisions we require, including a collateral assignment of lease, under the form of Lease Addendum attached as Exhibit D to the Franchise Agreement. If you or the landlord requests that we consider any modifications to the Lease Addendum, and we elect to do so, we may also require you to reimburse us all expenses that we incur (including attorneys' fees) in connection with this review. We estimate this review may take up to 30 days. You must deliver to Franchisor a signed copy of the Lease and Lease Addendum within 14 days after the execution of the Lease.

Generally, it may take twelve months to find a site, sign a Lease and open your QUIZNOS Restaurant. If you do not find an authorized site and sign a Lease so that you can open your QUIZNOS Restaurant within 12 months after signing the Franchise Agreement, we may terminate the Franchise Agreement, unless we determine, in our sole discretion, that you are continuing to actively and diligently obtain a suitable location and/or Lease. If we determine at the end of 12 months that you are diligently working toward obtaining a suitable location and/or Lease so that you can reasonably be expected to open your QUIZNOS Restaurant within 18 months after signing the Franchise Agreement, we will not terminate the Franchise Agreement until the earlier of 18 months after signing the Franchise Agreement or such time as we determine, in our sole discretion, that you are no longer actively and diligently seeking to obtain a suitable location and/or Lease.

We, either directly or through our affiliate, will make the final determination to authorize or reject any site which you propose to us. That determination may be based on various criteria and procedures which may change periodically in our discretion. We will typically make our determination within 7 days of our receipt of all materials we require relating to your site selection. If you propose a site and we determine that it does not meet our criteria, it will be rejected, and you will be required to propose an alternative site. It is your responsibility to find a site that meets our criteria. Our authorization of your site is for our sole benefit and the benefit of the QUIZNOS System. You are responsible for assessing whether

a proposed site meets your needs by conducting your own due diligence. You are responsible for conforming the premises to local ordinances and building codes and obtaining the appropriate permits.

Computer Hardware and Software/Point-of-Sale Systems

You must obtain for your QUIZNOS Restaurant our authorized point-of-sale system for taking customer orders, recording sales, and running local reports. You must additionally purchase a personal computer that is Microsoft compatible utilizing a currently supported Microsoft operating system with Microsoft internet browser and a letter-quality printer to print reports generated by your personal computer. The personal computer must have in-store access to a high-speed internet connection. We and our affiliates may require you to use other specific software programs. All hardware components are the proprietary property of their manufacturers, who need not provide ongoing maintenance, repairs, upgrades, or updates unless you pay for them. Their charges may vary. We and our affiliates may update specifications periodically. We and our affiliates will have independent access to the sales information and data produced by your point-of-sale system and computer system. We and our affiliates may also electronically poll your point-of-sale system and download information contained in the point-of-sale system. There are no contractual limitations on our and our affiliates' right to access this information and data. You have a contractual obligation to update hardware components and software to meet then current QUIZNOS standards and specifications and to address technological developments or events, and there is no contractual limitation on the frequency of this requirement.

You must purchase or lease from a designated vendor our authorized point-of-sale system bundle, computer system, music system, and credit/debit and gift card processing system. We will have access to your records contained on your cash register system. You will also purchase equipment and software necessary to operate the online ordering system, which is currently provided by Olo at is \$40 per month plus a \$0.20 per transaction fee.

The cost of your computer hardware and software will be approximately \$2,400 to \$3,000 (excluding taxes, shipping and other fees) per terminal. The monthly cost for the point-of-sale system bundle and related software license and technical support is \$230 per month, per terminal (plus applicable taxes and fees). [Please confirm]

Operations Manual

Exhibit L to this Disclosure Document is the table of contents of the QUIZNOS Operations Manual. There are approximately 220 pages in the Operations Manual.

Training

After you sign the Franchise Agreement, you, your Designated Operating Partner or your Designated Manager, if applicable, must attend and satisfactorily complete the Initial Training Program at such time or times designated by us. There is no charge for up to two (2) individuals, although you must pay travel and living expenses, wages, and applicable test facility fees for all attendees who attend the Initial Training Program.

Currently, the Initial Training Program is conducted on an as-needed basis via paper-based and digital tools, e-learning platforms, virtual and traditional classrooms and in-person training in a QUIZNOS Restaurant operated by us or an affiliate ("**Training QUIZNOS Restaurant**") at a location we designate, under the guidance of a tenured franchise owner and their tenured staff ("**QUIZNOS-certified Training Mentor**"). We may conduct initial training virtually, or at any other training location we designate, including at our offices located in Denver, Colorado.

Our Initial Training Program for Multi-Unit Owners/Developers that must be completed is currently a self-paced program, ranging between 5 to 16 days, depending on your needs and personal rate of learning (“**Initial Training Program for Multi-unit Owners and Developers**”), which includes both self-lead/self-paced learning, and in-person/hands-on training (“**Initial Training Program for Franchise Owner/Operators or Designated Operating Partners**”). Our Initial Training Program for Franchise Owner/Operators or Designated Operating Partners ranges between 10 to 20 days, consisting of self-paced individual on-your-own learning and hands-on in-person restaurant training. Our training program for Designated Managers ranges between 15 to 20 days consisting of self-paced individual on-your-own learning and hands-on, in-person restaurant training (“**Initial Training Program for Designated Managers**”).

Once Multi-Unit Owners/Developers open and operate 3 QUIZNOS Restaurants and have been a Multi-Unit Owner/Developer for at least 2 years, the Multi-Unit Owner/Developer is expected to provide some of the initial and ongoing training, in Franchisor’s sole discretion.

The required initial training will be supplemented with ongoing, as-needed continuous learning and development as determined by your QUIZNOS field leadership partner(s) and your individual needs. The program includes self-paced, self-directed exploration of paper-based, digital, and online coursework materials. Additionally, trainees may be required to complete the self-paced study and testing as a prerequisite assignment before they enter the Initial Training Program or progress to the in-person restaurant training. The Initial Training Program and curriculum may change at any time. If you are a corporation, partnership, or limited liability company, you must have a Designated Operating Partner (multi-unit) or Designated Manager (single unit) who owns at least 10% of the entity’s ownership interests attend the Initial Training. We may require the Managing Owner, Designated Operating Partner, or Designated Manager, if known, to demonstrate they can perform basic math and English language communication (reading, writing, verbal) before they begin the Initial Training Program. There may be additional training and testing attendees must pass before beginning certain portions of the training. Currently, we require all Owners, Designated Operating Partners and Managers to complete a manager/owner-level food safety certification. ServSafe is the designated vendor for this certification; however, we will accept ANSI accredited manager/owner level food-safety certifications if current and valid. These courses and tests may be administered at facilities operated by independent third parties or online. You must pay for the online course and exam, which we estimate will not be more than \$150 to \$250 per person per course and test; although, fees or taxes may exceed that amount depending on the facility. You also will bear any other costs related to taking these courses and tests including travel, lodging, and other living costs.

If you (or Designated Operating Partner) and your Designated Manager request additional training during the Initial Training Program, we will provide such additional training to you (or your Designated Operating Partner) and Designated Manager so long as you pay to us an amount equal to our then current per diem charge for such training, which includes a fee for educational technology and materials used during training. However, if you or your Designated Operating Partner and Designated Manager satisfactorily complete the Initial Training Program, and do not notify us in writing at the end of the Initial Training Program that you (or your Designated Operating Partner) and the Designated Manager are not completely trained in the operation of a QUIZNOS Restaurant, then you will be deemed to have been trained sufficiently to operate a QUIZNOS Restaurant.

We may require you (or your Designated Operating Partner), your Designated Manager, and your other employees to attend, at your expense, additional training if your QUIZNOS Restaurant does not meet certain performance standards established by us, or if we solely determine that additional training is necessary or required. Additionally, we reserve the right to conduct (and to authorize third parties to conduct) training programs, meetings, seminars, or conferences at locations to be determined by us to

discuss relevant business trends and share new information relating to the QUIZNOS Restaurant System, including, but not limited to, advertising programs, new operations methods, training, management, sales, or sales promotions. Attendance at periodic market meetings by you (or your Managing Owner, Designated Operating Partner) and your Designated Manager is required. All such mandatory training will be offered without tuition or a fee; however, Franchisee will be responsible for any and all travel and living expenses incurred in connection with attending such training, as well as wages or salaries, if any, to the person(s) receiving training. There are no limits on the number of meetings we may require you to attend each year.

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Currently, the following initial trainings are provided, based on role:

TRAINING PROGRAM: MULTI-UNIT OWNERS AND DEVELOPERS
(average completed within 5-16 days)

Subject	Approximate Hours of Self-paced Individual Learning (virtual or paper-based)	Approximate Hours of hands-on, on-the-job Training (in-training restaurant)	Location
ServSafe Manager Certification	6-10	n/a	Third-party online or in-person facilitator with proctored exam
Quiznos TableStakes and Brand Standards	1-2	6-8	Training QUIZNOS Restaurant or other Location
Quiznos Ownership & Operations Overview	3-8	6-8	Training QUIZNOS Restaurant or other Location
Marketing Support	1-2	2-4	Training QUIZNOS Restaurant or other Location
Technology & Support	1-2	2-4	Training QUIZNOS Restaurant or other Location
Tools and Reports	1-3	2-4 (plus 2-4 hours of homework)	Training QUIZNOS Restaurant or other Location
Supply Chain Support	1-2	1-2	Training QUIZNOS Restaurant or other Location
Field Support	2-4	4-8	Training QUIZNOS Restaurant or other Location
Market & Business Plan Presentation	1-2	1 (plus 2-4 hours of homework)	Training QUIZNOS Restaurant or other Location
Total	17-35	24-39 (plus 4-8 hours of homework)	

**TRAINING PROGRAM: DESIGNATED OPERATING PARTNER OR FRANCHISE
OWNER/OPERATOR**

(average completed between 8-20 days)

Subject	Approximate Hours of Self-paced Individual Learning	Approximate Hours of hands-on, on-the-job Training	Location
ServSafe Manager Certification	6-10	n/a	Third-party online or in-person facilitator with proctored exam
Quiznos TableStakes & Brand Standards	1-2	6-8	Training QUIZNOS Restaurant or other Location
Quiznos Restaurant Operations	3-8	10-15 (plus 8 hours of homework)	Training QUIZNOS Restaurant or other Location
Restaurant Management Basics	10-15	5-10 (plus 10 hours of homework)	Training QUIZNOS Restaurant or other Location
Marketing & Sales Channels	1-2	5-8 (plus 2 hours of homework)	Training QUIZNOS Restaurant or other Location
Restaurant Technology	1-2	5-10	Training QUIZNOS Restaurant or other Location
Supply Chain	1-2	5-8	Training QUIZNOS Restaurant or other Location
Tools and Reports	1-3	5-10 (plus 5-10 hours of homework)	Training QUIZNOS Restaurant or other Location
Operations, Sales, & Marketing Plan	1-3	1 (plus 5-10 hours of homework)	Training QUIZNOS Restaurant or other Location
Written Exam	10	1-2	Training QUIZNOS Restaurant or other Location
Demonstration of Restaurant Management Capabilities	2-3	8-16	Training QUIZNOS Restaurant or other Location
Total	37-60	46-88 (plus 30-40 hours of homework)	

TRAINING PROGRAM: DESIGNATED MANAGER
(average completed between 15-20 days)

Subject	Approximate Hours of Self-paced Individual Learning	Approximate Hours of hands-on, on-the-job Training	Location
ServSafe Manager Certification	6-10	n/a	Third-party online or in-person facilitator with proctored exam
Quiznos TableStakes & Brand Standards	1-2	6-8	Training QUIZNOS Restaurant or other Location
Quiznos Restaurant Operations	3-8	25-35 (plus 8 hours of homework)	Training QUIZNOS Restaurant or other Location
Restaurant Management Basics	10-20	25-35 (plus 10 hours of homework)	Training QUIZNOS Restaurant or other Location
Marketing & Sales Channels	1-2	3-5 (plus 3 hours of homework)	Training QUIZNOS Restaurant or other Location
Tools and Reports	1-3	6-12 (plus 5-10 hours of homework)	Training QUIZNOS Restaurant or other Location
Restaurant Operations & Marketing Plan	1-3	1 (plus 5-10 hours of homework)	Training QUIZNOS Restaurant or other Location
Written Exam	10	1-2	Training QUIZNOS Restaurant or other Location
Demonstration of Restaurant Management Capabilities	1-2	16	Training QUIZNOS Restaurant or other Location
Total	34-60	83-114	

Our Operations Manual, Quiznos Learner’s Guide Training Workbooks, and Point-of-Sale Workbook, job aids, and required operational tools will be used as the principal instruction materials. There may be additional training required for each special product we periodically authorize (each a “**Special Product**”), which will not exceed 11 days. These topics are interwoven throughout the Initial Training Program and in-person on-the-job training, classroom, homework, and online coursework. Actual hours depend on location of training, class size, and complexity of material. In addition to in-person on-the-job

training, you are required to complete the QUIZNOS online training and homework in conjunction with training at the Training QUIZNOS Restaurant, virtual classroom, or other location.

Gregory Boudreaux supervises Quiznos training programs delivered by designated Certified QUIZNOS-Training Mentors for Multi-Unit Owners/Developers and Designated Operating Partners, assistance from field leadership. Mr. Boudreaux has more than 10 years of experience in restaurant and leadership training, and more than 25 years of experience in the restaurant industry. Certified QUIZNOS Training Mentors have a minimum of two years with the QUIZNOS system, and three years of franchise QUIZNOS restaurant experience. Other Parent employees and employees of the Training QUIZNOS Restaurant or other location (who concentrate in the areas they teach) will also participate in leading training.

ITEM 12 TERRITORY

You will not receive an exclusive or protected territory. You may face competition from other franchisees, from QUIZNOS Restaurants that we own or from other channels of distribution or competitive brands that we control. We and our affiliates may establish other franchised and company-owned units anywhere we want that compete with you, regardless of proximity to your QUIZNOS Restaurant. Under the Franchise Agreement, you must operate your QUIZNOS Restaurant at a specific location identified in the Franchise Agreement (“**Franchised Location**”).

If the Franchised Location has not yet been identified when we and you sign the Franchise Agreement (and any applicable addendum), you will look for an authorized site after signing the Franchise Agreement. You will propose a location to us for authorization. If a site you propose is not authorized, you must propose a new site for our review. It is your responsibility to locate a site that meets our criteria. The site you propose may be a site you present to us, or a site that has been presented to you by us or our authorized representatives. We may authorize or reject the proposed location according to the terms of the Franchise Agreement and then-current QUIZNOS site selection criteria and procedures. We use various criteria and procedures to evaluate a location you propose, which may change periodically. There are no restrictions on us in any area, either before or after you select and we authorize a location. You must locate a site and sign a Lease and open your QUIZNOS Restaurant within 12 months of signing the Franchise Agreement. If you do not find an authorized site and sign a Lease so that you can open your QUIZNOS Restaurant within 12 months after signing the Franchise Agreement, we may terminate the Franchise Agreement, unless we determine, in our sole discretion, that you are continuing to actively and diligently obtain a suitable location and/or Lease. If we determine at the end of 12 months that you are diligently working toward obtaining a suitable location and/or Lease so that you can reasonably be expected to open your QUIZNOS Restaurant within 18 months after signing the Franchise Agreement, we will not terminate the Franchise Agreement until the earlier of 18 months after signing the Franchise Agreement or such time as we determine, in our sole discretion, that you are no longer actively and diligently seeking to obtain a suitable location and/or Lease.

Once you select and propose a site that we authorize, and sign a lease pursuant to Section 4.2 of the Franchise Agreement, it will be the Franchised Location. While you are required to continuously operate the QUIZNOS Restaurant in accordance with the licensed methods and the Operations Manual, you are not required to achieve any minimum sales quota. You may not relocate the QUIZNOS Restaurant without our written consent, and we retain the right to authorize your proposed relocated site in the same manner, using the same criteria, and under the same terms that are applied to your first site selection.

We also follow the site selection process described here in connection with each additional outlet to be developed by you under the Multi-Unit Development Agreement.

You may advertise your QUIZNOS Restaurant and solicit customers from any area and serve all customers who enter your QUIZNOS Restaurant. We do not grant you any options or similar rights to acquire additional franchises in any area contiguous to your QUIZNOS Restaurant.

We and our affiliates retain the right under the Franchise Agreement: (1) to use, and to license others to use, the Marks and licensed methods to operate QUIZNOS Restaurants at any location other than your Franchised Location; (2) to use the Marks and licensed methods with services and products, in promotional and marketing efforts or with related items, or in alternative channels of distribution, without regard to location; (3) to use and license the use of alternative proprietary marks or methods for the operation of restaurants or other businesses under names that are not the same as or confusingly similar to the Marks, which businesses may be the same as, or similar to, or different from QUIZNOS Restaurants; (4) to own and operate virtual QUIZNOS Restaurants (or virtual stores under other names or marks)_ on any virtual platform (including, without limitation, the metaverse) and (5) to engage in any other activities not expressly prohibited in the Franchise Agreement.







We have no obligation to compensate you if we exercise any of these rights.


As described in Item 1, our affiliate, TDMF, offers franchises for restaurants featuring a variety of Mexican-style food items, such as tacos, quesadillas, burritos, and nachos, under the name “Taco Del Mar.” Taco Del Mar restaurants are both franchised and owned by TDMF or its affiliates. Operators of Taco Del Mar restaurants are not restricted from soliciting or accepting orders from customers of your QUIZNOS Restaurant. We are not obligated to resolve potential conflicts between our franchisees and operators of Taco Del Mar Restaurants. TDMF’s principal business address is 4700 South Syracuse Street, Suite 225, Denver, Colorado 80237.

[remainder of page blank]

**ITEM 13
TRADEMARKS**

Under the Franchise Agreement, we grant you the non-exclusive right to use the Marks to operate your QUIZNOS Restaurant. Except as noted below, all of the primary Marks are registered on the Principal Register of the United States Patent and Trademark Office (USPTO):

Mark	Registration Number	Registration Date	Intl. Class
“Q” stylized 	3,615,802	May 5, 2009	29
“Q” stylized 	2,722,381	June 3, 2003	30
“Q” stylized 	2,945,298	April 26, 2005	35
“Q” stylized 	3,279,229	August 14, 2007	39
“Q” stylized 	2,714,443	May 6, 2003	42
“QUIZNO’S”	1,317,421	January 29, 1985	42
“QUIZNOS”	3,615,799	May 5, 2009	29
“QUIZNOS”	3,279,228	August 14, 2007	39
“QUIZNOS”	2,728,066	June 17, 2003	43
“QUIZNOS Delivery” 	3,564,673	January 20, 2009	43
“QUIZNOS SUB”	3,616,010	May 5, 2009	30 & 43
“QUIZNOS SUB” stylized	2,843,107	May 18, 2004	43

Mark	Registration Number	Registration Date	Intl. Class
Quiznos Sub			
“BATCH 83”	3,020,912	November 29, 2005	30
Quiznos stylized QUIZNOS	6,798,890	July 19, 2022	43
Quiznos Deli + Eatery stylized 	6,902,206	November 15, 2022	43

As described in Item 1, Parent currently owns the Marks. Parent (or its predecessor) filed all required affidavits of use. No registration is due to be renewed (although all important Marks will be renewed when required).

Under an IP License Agreement entered into between us and Parent in June 2018, Parent licensed us the right to (a) use the Marks, (b) sublicense the Marks in granting new QUIZNOS Restaurant franchises to our franchisees in the United States and Puerto Rico, (c) sublicense the Marks to our existing QUIZNOS Restaurant franchisees in the United States and Puerto Rico, and (d) sublicense the Marks to our affiliates for use in, among other things, manufacturing, distributing, buying, and reselling QUIZNOS-branded food and other products for QUIZNOS Restaurants in the United States and Puerto Rico. The IP License Agreement has a term of 99 years. Under the IP License Agreement, Parent agrees that termination or expiration of the agreement will not affect our then-existing Franchise Agreements with our franchisees or any renewal term and will only terminate our license with respect to new franchisees from the effective date of termination or expiration.

If we materially violate any of the terms of the IP License Agreement and do not cure that violation within 30 days after notice of the breach or if we cease to be an affiliate of Parent, Parent may terminate the IP License Agreement, potentially resulting in our loss of the right to use and sublicense the Marks. If Parent elects not to prosecute an infringement, imitation, dilution, misappropriation or unauthorized use of the Marks which substantially affects our rights under the IP License Agreement, and we believe it is necessary to do so to protect our rights under the agreement, we have the right to institute any suit or take any action reasonably necessary to prosecute such claims.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, nor are there any pending infringement, opposition, or cancellation proceedings or material litigation, involving the Marks. Except as provided above, no agreements limit our right to use or sublicense the use of the Marks.

You must follow our and our affiliates’ rules when you use the Marks. The Marks are the only Marks you may use to identify your QUIZNOS Restaurant. There might be additional requirements for use of the Marks if you participate in a Special Product program. You must identify yourself as the independent owner of the QUIZNOS Restaurant as we require. You may not use any Mark as part of any corporate or trade name; with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos licensed to you); as part of any domain name or electronic address you maintain on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system or in any user

name, screen name or profile in connection with any social networking websites (including LinkedIn®, Twitter®, Instagram®, Facebook® or YouTube®) or on any metaverse platform, except in accordance with our guidelines provided for in the Operations Manual or otherwise in writing periodically; to advertise unauthorized services or products; or in any other manner not expressly authorized in writing.

You must modify or discontinue your use of a Mark, at your own expense, if we so require. We and our affiliates need not reimburse you for your direct expenses of changing the QUIZNOS Restaurant's signs, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute mark.

You must immediately notify us of any apparent infringement or challenge to your use of any Mark and may not communicate with any person other than us and our affiliates, or our counsel, regarding this matter. You may not settle any claim without our and our affiliates' written consent. We and our affiliates may take the action we collectively deem appropriate and control exclusively any litigation, USPTO proceeding, or other administrative proceeding arising out of any infringement, challenge, or claim.

We and our affiliates are not contractually obligated to protect you against claims of infringement or unfair competition regarding your use of the Marks.

We and our affiliates do not currently know of any infringing uses or superior prior rights that could materially affect your use of the Marks.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We do not own any patents or pending patent applications that are material to the franchise. The QUIZNOS Operations Manual, recipes, and related materials are considered proprietary and confidential, to be used only as described in the Franchise Agreement. We and our affiliates claim copyrights in the Operations Manual, advertising and marketing materials, and similar items used in operating the franchise. We and our affiliates have not registered these copyrights with the United States Registrar of Copyrights but need not do so to protect them. You may use these items only as specified while operating your franchise (and must stop using them if so directed).

Under the IP License Agreement described in Item 13, Parent has licensed to us the right to use certain confidential and proprietary materials and information (non-trademark QUIZNOS IP) and to sublicense them to our franchisees. Our right to use and sublicense non-trademark QUIZNOS IP comes from Parent under the IP License Agreement. Under the IP License Agreement, Parent agrees that termination or expiration of the agreement will not affect our then-existing Franchise Agreements with our franchisees or any renewal term and will only terminate our license with respect to new franchisees from the effective date of termination or expiration.

There currently are no effective determinations of the USPTO, the United States Copyright Office or any court regarding the copyrighted materials. Except for our current agreement with Parent, no agreement limits our right to use or allow others to use the copyrighted materials. We do not actually know of any infringing uses that could materially affect your using the copyrighted materials in any state. We and our affiliates need not protect or defend copyrights, although we intend to do so if in the System's best interests. We and our affiliates may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We and our affiliates need not participate in your defense or indemnify you for damages or expenses in a proceeding involving a copyright.

The Operations Manual and other materials contain QUIZNOS confidential information. This information includes site selection criteria; methods, formats, specifications, standards, systems, recipes, procedures, sales and marketing techniques, knowledge, and experience in developing and operating QUIZNOS Restaurants; marketing and advertising programs for QUIZNOS Restaurants; knowledge of specifications for and vendors of certain equipment, products, materials, and supplies; and knowledge of the operating results and financial performance of QUIZNOS Restaurants other than your QUIZNOS Restaurant.

All ideas, concepts, techniques, or materials concerning a QUIZNOS Restaurant, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be Parent's sole and exclusive property, part of the QUIZNOS System, and works made-for-hire for Parent. To the extent any item does not qualify as a "work made-for-hire" for Parent, you assign ownership of and all related rights to that item to Parent and must sign whatever assignment or other documents Parent requests to show its ownership or to help Parent obtain intellectual property rights in the item.

You may not use confidential information in an unauthorized manner. You must take reasonable steps to prevent its improper disclosure to others.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Under the Franchise Agreement, you personally (or, if you are not an individual, your managing owner) or your Designated Manager, if applicable, must devote full time and best efforts to manage and operate your QUIZNOS Restaurant, and you (or your Managing Owner) and your Designated Manager must successfully complete our mandatory Initial Training Program. We may require the Managing Owner and your Designated Manager, if known, to demonstrate that they can perform basic math and read, write and converse in the English language when you sign the Franchise Agreement. We may also require all other attendees to demonstrate that they can perform basic math and read, write and converse in the English language before they begin the Initial Training Program. Although we recommend it, you (or your Managing Owner) need not participate personally in the QUIZNOS Restaurant's on-site operation. In that case, however, your Designated Manager must manage the QUIZNOS Restaurant's daily operations on a full-time basis. (See Item 11) You must keep your QUIZNOS Restaurant open during the business hours we designate.

If you are a corporation, limited liability company, or partnership, we do not require your Designated Manager to have an equity interest in you. However, your Designated Manager and all of your officers, directors, partners, shareholders, and members (and, if you are an individual, your spouse) must agree to be bound by the nondisclosure provisions of the Franchise Agreement.

We require each of your owners with a 25% or more interest in you to sign the Guaranty and Assumption of Franchisee's Obligations (which is attached to the Franchise Agreement) personally assuming and agreeing to perform all obligations of the franchisee and to be bound by the terms of the Franchise Agreement. Also, because some state laws require a spousal signature in order to bind the assets of the marital estate, married owners residing in a state with a spousal signature requirement may have to have their spouse consent in writing to their signing of such guaranty and the binding of the assets of the marital estate under such guaranty.

We require each of your Bound Parties, Designated Managers, and all of your employees who have access to Confidential Information to execute a form of Nondisclosure and Noncompetition Agreement

acceptable to Franchisor. However, your employees who you deem qualify as nonexempt employees under the Fair Labor Standards Act (FLSA) are not required to sign any such agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale and sell all of the products and provide all the services, and only those products and services, that we authorize or specify for the QUIZNOS Restaurant. You may not offer for sale any products or offer any services that we have not authorized. (See Items 8 and 9) We have the right to change the types of authorized products and services periodically. There are no limits on our right to do so. We may prescribe maximum prices that you may charge customers for products and services offered and sold by your QUIZNOS Restaurant.

You must subscribe to an online ordering website, which may or may not have associated usage fees, that allows customers to place online orders for pick-up and/or delivery. In addition, we reserve the right to require you to provide delivery services from your QUIZNOS Restaurant, in which case you will be required to subscribe to a delivery website that allows customers to place online orders for delivery from your QUIZNOS Restaurant. If you operate a convenience, non-traditional, or drive-thru QUIZNOS Restaurant, you may be required to offer breakfast at your QUIZNOS Restaurant. If you operate any other type of QUIZNOS Restaurant other than as stated above and desire to offer breakfast at your QUIZNOS Restaurant, allow your customers to place online orders for pick-up or offer delivery services, you may do so but only with our prior consent and only in accordance with our standards and specifications. However, we may cease authorizing QUIZNOS Restaurants to offer these programs in the future.

We impose no other restrictions on goods or services you offer or the customers to whom you may sell.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP

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

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	Section 3.1 of the Franchise Agreement; Section 4.1 of the Multi-Unit Development Agreement	10 years or coterminous with the Lease, not to exceed 10 years.
b. Renewal or extension of the term	Section 3.2 of the Franchise Agreement;	Option to renew for additional 10-year term or coterminous with the Lease, if you meet requirements.
c. Requirements for franchisee to renew or extend	Sections 3.3, 3.4 and 3.5 of the Franchise Agreement	You must execute our Successor Franchise Agreement, which may include materially different terms and conditions from those in the previous franchise agreement, such as a different Royalty and other fee amounts, and performance standards; you must pay a successor fee; execute a general release; you and your staff must complete

Provision	Section in franchise or other agreement	Summary
		any new training requirements; must make all capital expenditures necessary to remodel the Franchised Location to comply with then-current Operations Manual. Written notice at least 180 days before expiration of Franchise Agreement. If you do not sign a Successor Franchise Agreement, but continue to accept benefits after the expiration, the Agreement may be treated as expired as of the date of expiration or continued on a month-to-month basis until one party provides the other of written notice of an intent to terminate.
d. Termination by franchisee	Not applicable.	You have no right to terminate the Franchise Agreement or the Multi-Unit Development Agreement, subject to applicable state law.
e. Termination by franchisor without cause	Section 18.1 of the Franchise Agreement; Section 5.1 and 5.3 of the Multi-Unit Development Agreement	Subject to immediate termination unless precluded by applicable law.
f. Termination by franchisor with cause	Section 18.2 of the Franchise Agreement; Section 5.2 and 5.3 of the Multi-Unit Development Agreement	30 days or within any shorter period expressly set forth in the Franchise Agreement.
g. "Cause" defined - curable defaults	Section 18.2 of the Franchise Agreement; Section 5.2 and 5.3 of the Multi-Unit Development Agreement	Cancellation of required license, permit, or certification; 30 days to designate a qualified replacement Designated Manager; breach of term of Agreement or Operations Manual; circumvention of POS system; failure to comply with reporting requirements.
h. "Cause" defined - non-curable defaults	Section 18.1 of the Franchise Agreement; Section 5.1, 5.2 and 5.3 of the Multi-Unit Development Agreement	Unauthorized opening; unauthorized disclosure; fraud or conduct which adversely impairs the Marks or the system; abandonment; insolvency; assignments; unsatisfied judgments; levy; foreclosure; criminal conviction; failure to make payments; financial reporting; failure to complete training; failure to commence operation; misuse of Marks; repeated noncompliance; right to possession of property; unauthorized transfer; termination of other QUIZNOS franchise agreement under which you (or one of your owners with a 25% ownership interest in you) are the franchisee or a managing owner; loan default; unsafe or unsanitary conditions; violation of health/safety laws/regulations; material misrepresentation; failure to obtain financing for the QUIZNOS Restaurant within six months after the Effective Date; insurance.

Provision	Section in franchise or other agreement	Summary
i. Franchisee's obligations on termination/non-renewal	Sections 19.1 of the Franchise Agreement; Section 5.4 of the Multi-Unit Development Agreement	Pay us all amounts owed; cease operating business and using confidential information and Marks; de-identify the Franchised Location; deliver to us signage and other property containing Marks; deliver to us the Operations Manual and all other proprietary material; cease operating or using any websites or other electronic mediums, including social networking websites, take any action that may be required to disable such websites or social networking website accounts, cancel all rights for such Social Media; cancel all name or equivalent registrations or assign to us at our discretion; notify the telephone company and all directory publishers.
j. Assignment of contract by franchisor	Section 4.3 and Exhibit D of the Franchise Agreement; Section 6.1 of the Multi-Unit Development Agreement	No restriction on our right to assign.
k. "Transfer" by franchisee – defined	Section 17.1 of the Franchise Agreement	Includes transfer of any interest in the Franchise Agreement, franchisee entity, QUIZNOS Restaurant, or its assets.
l. Franchisor approval of transfer by franchisee	Section 17.6 of the Franchise Agreement	Assignment of the Franchise Agreement by us to a third party who expressly assumes the obligations under the Franchise Agreement.
m. Conditions for franchisor approval of transfer	Section 17.2 of the Franchise Agreement	Full compliance required; all amounts due under Franchise Agreement (and other franchise agreements with us) must be paid in full; all reports and statements must be submitted; you have not breached any obligation under Franchise Agreement (and other franchise agreements with us) during 60-day period before you requested our consent to the transfer and the period between your request and the effective date of transfer; transferee signs our current form of franchise agreement (which may differ materially), passes an English competency and other required tests, and satisfactorily completes the Initial Training Program; you provide written notice to us at least 30-days prior to proposed effective date of transfer, provide information for us to evaluate terms and conditions of proposed transfer; transferee provides information for us to assess its business experience, aptitude, and financial qualifications; transferee and its owners and affiliates cannot have ownership interest or operate in competitive business; you and transferee must agree to renovate, refurbish, remodel, or replace QUIZNOS Restaurant property within specified timeframe to meet current image, operational, performance standards; landlord consents to assignment; if

Provision	Section in franchise or other agreement	Summary
		financing not in excess of maximum debt limits, excess portion cannot be secured by QUIZNOS Restaurant or its assets; you must execute a non-disparagement agreement and general release of claims against us, our affiliates, respective shareholders, officers, directors, employees, and agents; you agree to abide by post-termination covenants; must have our written consent to take over possession of the QUIZNOS Restaurant before completion of the transfer process; you must pay us a transfer fee.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 17.5 of the Franchise Agreement	For 30-day period, we have right of first refusal.
o. Franchisor's option to purchase franchisee's business	Section 17.5 of the Franchise Agreement	For 30-day period, we have right of first refusal and option to purchase business.
p. Death or disability of franchisee	Section 17.7 of the Franchise Agreement	Franchise must be assigned to approved third party within 120 days (or longer if required by probate proceedings); there must at all times be a Designated Manager at the QUIZNOS Restaurant.
q. Non-competition covenants during the term of the franchise	Sections 23.2 of the Franchise Agreement	No direct or indirect interest in a competitive business; may not perform services; may not divert or attempt to divert any business related to the QUIZNOS Restaurant. A "Competitive Business" means any business operating, or granting franchises or licenses to others to operate, a QUIZNOS Restaurant or other food service business deriving more than 10% of its gross receipts, excluding gross receipts relating to the sale of alcoholic beverages, from the sale of submarine, hoagie, hero-type, and/or other sandwiches (other than another QUIZNOS Restaurant operated by you). A "sub-sandwich" means a submarine, hoagie, hero-type, or deli-style sandwich. A "branded sandwich" means any sandwich marketed by a fast food franchisor or chain, whose primary menu items consist of sandwiches, under a locally, regionally, or nationally known or registered trade name, trademark, or service mark.
r. Non-competition covenants after the franchise is terminated or expires	Section 23.3 of the Franchise Agreement	No interest in competitive business for two years at former Franchised Location or within five miles of former Franchised Location or any other QUIZNOS Restaurant.
s. Modification of the agreement	Section 27.3 of the Franchise Agreement	No modifications generally, but Operations Manual subject to change.
t. Integration/merger clause	Section 27.4 of the Franchise Agreement; Section 8.4 of the Multi-	Only terms of Franchise Agreement and exhibits are binding (subject to state law). Any representations or promises outside of the

Provision	Section in franchise or other agreement	Summary
	Unit Development Agreement	Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 24.1 of the Franchise Agreement; Section 7.1 of the Multi-Unit Development Agreement	We and you must arbitrate all disputes at a location within 50 miles of our current principal place of business (currently, Denver, Colorado) (subject to state law).
v. Choice of forum	Section 24.3 of the Franchise Agreement	Denver, Colorado (subject to state law).
w. Choice of law	Section 24.2 of the Franchise Agreement; Section 7.2 of the Multi-Unit Development Agreement	Except for federal law, Colorado law applies (unless prohibited by state law).

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

The following table reflects the annual sales for the fiscal year ending on December 31, 2023.

2023 Annual Sales			
	Non-Traditional Franchised Restaurants	Non-Traditional Company Owned Restaurants	Traditional Franchised Restaurants
Count of Stores	43	1	112
Average (\$)	\$502,654	\$5,468,736	\$417,139

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Quiz Holdings, LLC, 4700 S. Syracuse St., Suite 225, Denver, Colorado 80237, Attn: Legal Department, (720) 359-3300, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1

**FRANCHISED QUIZNOS RESTAURANT
SYSTEMWIDE QUIZNOS RESTAURANT SUMMARY FOR
YEARS 2021 to 2023**

Outlet Type	Year	QUIZNOS Restaurants at the Start of the Year	QUIZNOS Restaurants at the End of the Year	Net Change
Franchised	2021	228	201	-27
	2022	201	165	-36
	2023	165	156	-9
Company- Owned ⁽¹⁾	2021	1	1	0
	2022	1	1	0
	2023	1	1	0
Total Outlets	2021	229	202	-27
	2022	202	166	-36
	2023	166	157	-9

Notes

1. Company-owned QUIZNOS Restaurants are operated by our affiliate, Quiz-DIA Holdings, LLC.

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TABLE NO. 2

**FRANCHISED QUIZNOS RESTAURANT
TRANSFERS OF QUIZNOS RESTAURANTS FROM FRANCHISEES TO
NEW OWNERS (OTHER THAN FRANCHISOR OR AN AFFILIATE)
FOR YEARS 2021 to 2023**

State	Year	Number of Transfers
Arizona	2021	1
	2022	1
	2023	1
Arkansas	2021	1
	2022	0
	2023	0
Colorado	2021	0
	2022	0
	2023	3
Idaho	2021	3
	2022	0
	2023	0
Michigan	2021	0
	2022	0
	2023	1
Missouri	2021	1
	2022	0
	2023	0
North Carolina	2021	0
	2022	1
	2023	1
Texas	2021	1
	2022	1
	2023	1
Washington	2021	0
	2022	1
	2023	1
Wyoming	2021	1
	2022	0
	2023	0
Total	2021	8
	2022	4
	2023	8

TABLE NO. 3

**FRANCHISED QUIZNOS RESTAURANT
STATUS OF FRANCHISED QUIZNOS RESTAURANTS
FOR YEARS 2021 to 2023**

State	Year	QUIZNOS Restaurants at Start of Year	QUIZNOS Restaurants Opened	Termi- nations	Non- Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons ¹	QUIZNOS Restaurants at End of Year
Alabama	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Alaska	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Arizona	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	3	0	0	0	0	7
Arkansas	2021	4	0	1	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
California	2021	24	0	4	0	0	0	20
	2022	20	0	0	1	0	2	17
	2023	17	0	0	0	0	3	14
Colorado	2021	14	0	2	0	0	0	12
	2022	12	0	0	1	0	0	11
	2023	11	0	0	0	0	3	8
Connecticut	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Delaware	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	1	0
District of Columbia	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	1	0
	2023	0	0	0	0	0	0	0
Florida	2021	7	1	1	0	0	0	7
	2022	7	0	0	0	0	0	7
	2023	7	5	0	0	0	0	12
Georgia	2021	5	0	1	0	0	0	4
	2022	4	0	0	1	0	0	3
	2023	3	0	0	1	0	0	2
Hawaii	2021	3	0	0	1	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Idaho	2021	1	0	0	0	0	0	1
	2022	1	0	0	1	0	0	0
	2023	0	0	0	0	0	0	0
Illinois	2021	9	0	1	1	0	0	7
	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	0	7

State	Year	QUIZNOS Restaurants at Start of Year	QUIZNOS Restaurants Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons ¹	QUIZNOS Restaurants at End of Year
Indiana	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	1	4
	2023	4	0	0	0	0	0	4
Iowa	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
Kansas	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	1	1
	2023	1	0	0	0	0	0	1
Kentucky	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	1	0
	2023	0	0	0	0	0	0	0
Louisiana	2021	8	0	0	1	0	0	7
	2022	7	0	0	0	0	2	5
	2023	5	0	0	0	0	0	5
Maryland	2021	6	0	0	0	0	0	6
	2022	6	0	1	0	0	0	5
	2023	5	0	0	3	0	0	2
Michigan	2021	6	0	0	1	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
Minnesota	2021	8	0	0	0	0	0	8
	2022	8	0	0	1	0	2	5
	2023	5	0	0	0	0	1	4
Mississippi	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	1	1
Missouri	2021	6	0	1	1	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	2	2
Montana	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Nebraska	2021	3	0	1	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	3	0	0	0	0	5
Nevada	2021	5	0	0	1	0	0	4
	2022	4	0	0	1	0	0	3
	2023	3	1	0	0	0	0	4
New Jersey	2021	2	0	0	0	0	0	2
	2022	2	0	0	2	0	2	0
	2023	0	0	0	0	0	0	0
New Mexico	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	2	0
New York	2021	1	1	0	0	0	0	2
	2022	2	0	0	2	0	0	0
	2023	0	0	0	0	0	0	0

State	Year	QUIZNOS Restaurants at Start of Year	QUIZNOS Restaurants Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons ¹	QUIZNOS Restaurants at End of Year
North Carolina	2021	7	0	0	2	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
North Dakota	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Ohio	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	1	2
	2023	2	0	0	0	0	0	2
Oklahoma	2021	3	0	0	0	0	0	3
	2022	3	0	0	1	0	1	1
	2023	1	2	0	0	0	0	3
Oregon	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	1	0
Pennsylvania	2021	3	0	1	0	0	0	2
	2022	2	0	0	1	0	0	1
	2023	1	0	0	1	0	0	0
Puerto Rico	2021	5	0	2	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
South Carolina	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
South Dakota	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Tennessee	2021	7	0	1	0	0	0	6
	2022	6	0	0	0	0	2	4
	2023	4	0	0	0	0	0	4
Texas	2021	23	0	3	0	0	0	20
	2022	20	1	0	0	0	3	18
	2023	18	0	0	0	0	5	13
Utah	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Vermont	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Virginia	2021	4	0	0	1	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	1	2
Washington	2021	16	0	0	0	0	0	16
	2022	16	0	0	2	0	0	14
	2023	14	2	0	0	0	2	14
West Virginia	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	1	0

State	Year	QUIZNOS Restaurants at Start of Year	QUIZNOS Restaurants Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons ¹	QUIZNOS Restaurants at End of Year
Wisconsin	2021	8	0	1	0	0	0	7
	2022	7	0	0	1	0	2	4
	2023	4	0	0	0	0	0	4
Wyoming	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Totals	2021	228	2	20	9	0	0	201
	2022	201	2	1	13	0	24	165
	2023	166	16	0	5	0	21	156

Notes:

1. These numbers include franchisees whose QUIZNOS Restaurants are temporarily non-operational. For example, QUIZNOS Restaurants that have temporarily closed because of seasonality of operations, force majeure, or other extenuating circumstances.

TABLE NO. 4

**STATUS OF COMPANY-OWNED OUTLETS⁽¹⁾
FOR YEARS 2021 to 2023**

State	Year	QUIZNOS Restaurants at Start of Year	QUIZNOS Restaurants Opened	QUIZNOS Restaurants Reacquired from Franchisee	QUIZNOS Restaurants Closed	QUIZNOS Restaurants Sold to Franchisee	QUIZNOS Restaurants at End of Year
Colorado	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Totals²	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1

Notes:

1. Company-owned QUIZNOS Restaurants are owned by our affiliate, Quiz-DIA Holdings, LLC.

TABLE NO. 5

**PROJECTED OPENINGS
AS OF THE ISSUANCE DATE OF THIS FDD**

State	Franchise Agreements Signed But QUIZNOS Restaurant Not Opened	Projected New Franchised QUIZNOS Restaurants in the Next Fiscal Year	Projected New Company-Owned QUIZNOS Restaurants in the Next Fiscal Year
Louisiana	1	0	0
Michigan	1	0	0
TOTAL	2	0	0

Exhibit G is a list of the names of all franchisees and the addresses and telephone numbers of their QUIZNOS Restaurants as of December 31, 2023. **Exhibit G** also includes franchisees who signed a Franchise Agreement but had not yet opened a QUIZNOS Restaurant as of December 31, 2023. **Exhibit H** is a list of the names, cities and states and business telephone numbers (or, if unknown, the last known home telephone numbers) of every franchisee who had an outlet terminated, cancelled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement, during the period from December 31, 2023, through December 31, 2024, or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. **Exhibit H** also includes such franchisees who had not opened a QUIZNOS Restaurant. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, current and former franchisees have signed confidentiality clauses. In some instances, current and former franchisees have signed provisions restricting their ability to speak openly about their experience with us. You may want to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

There are no trademark-specific franchisee organizations created, sponsored, or endorsed by us, and no independent franchisee organizations have asked to be included in this Disclosure Document.

ITEM 20

FINANCIAL STATEMENTS

Exhibit D contains our parent's, REGO Intermediate Holding Company, LLC (“**REGOIHC**”), audited financial statements for the fiscal years ending on December 31, 2023, December 25, 2022, and December 26, 2021. Exhibit D also includes an executed copy of the Guarantee of Performance provided by REGOIHC. Our fiscal year closes on the last Sunday of the calendar year, which was December 31, 2023, December 25, 2022 and December 26, 2021. Also attached in Exhibit D are the unaudited financial statements as of March 24, 2024.

ITEM 21

CONTRACTS

The following agreements are exhibits to this Disclosure Document:

- Exhibit B - Form of Franchise Agreement
- Exhibit C - Form of Multi-Unit Development Agreement
- Exhibit E - State Specific Addenda to Franchise Disclosure Document, Franchise Agreement, and Multi-Unit Development Agreement
- Exhibit F - Franchisee Questionnaire and Acknowledgement

ITEM 22

RECEIPTS

Our and your copies of the Disclosure Document Receipt are attached as **Exhibit O** of this Disclosure Document.

QUIZNOS

EXHIBIT A

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	California Department of Financial Protection and Innovation One Sansome Street, Suite 600 San Francisco, CA 94104 415-972-8559 1-866-275-2677	California Commissioner of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles 90013-2344 1-866-275-2677
CONNECTICUT	Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 860-240-8230	Connecticut Banking Commissioner Same Address
FLORIDA	Department of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800 850-245-6000	Same
GEORGIA	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 404-656-3790	Same
HAWAII	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, HI 96813 808-586-2722	Commissioner of Securities of the State of Hawaii Dept. of Commerce and Consumer Affairs Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
IOWA	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 515-281-4441	Same
KENTUCKY	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 502-696-5389	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
LOUISIANA	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801 504-342-7013 (gen. info.) 504-342-7900	Same
MAINE	Department of Business Regulations State House - Station 35 Augusta, ME 04333 207-298-3671	Same
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-6360	Maryland Securities Commissioner Same Address
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 525 W. Ottawa Street G. Mennen Williams Building, 1 st Floor Lansing, MI 48913 517-373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101 651-539-1500	Minnesota Commissioner of Commerce Same Address
NEBRASKA	Department of Banking and Finance Bureau of Securities/Financial Institutions Division 1526 K Street, Suite 300 Lincoln, NE 68508-2732 P.O. Box 95006 Lincoln, Nebraska 68509-5006 Tele: 402-471-2171	Same
NEW HAMPSHIRE	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 603-271-3641	Same
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 212-416-8222	Secretary of State of New York 99 Washington Avenue Albany, New York 12231
NORTH CAROLINA	Secretary of State's Office/Securities Division 2 South Salisbury Street Raleigh, NC 27601 919-733-3924	Secretary of State Secretary of State's Office Same Address
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, 14th Floor, Dept 414 Bismarck, ND 58505-0510 701-328-4712; Fax: 701-328-0140	North Dakota Securities Commissioner Same Address

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
OHIO	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215 614-466-8831 or 800-282-0515	Same
OKLAHOMA	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 405-521-2451	Same
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 503-378-4387	Director Department of Insurance and Finance Same Address
RHODE ISLAND	Rhode Island Department of Business Regulation 1511 Pontiac Avenue, Building 68-2 Cranston, RI 02920 401-222-3048	Director, Rhode Island Department of Business Regulation Same address
SOUTH CAROLINA	Secretary of State P.O. Box 11350 Columbia, SC 29211 803-734-2166	Same
SOUTH DAKOTA	South Dakota Department of Labor and Regulation Division of Insurance Securities Regulation 124 S. Euclid Avenue, Suite 104 Pierre, SD 57501 605-773-3563	Director of the South Dakota Division of Insurance, Securities Regulation Same Address
TEXAS	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 512-475-1769	Same
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 801-530-6601	Same
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising Tyler Building, 9 th Floor 1300 E. Main Street Richmond, VA 23219 804-371-9051	Clerk of the State Corporation Commission Tyler Building, 1st Floor 1300 E. Main Street Richmond, VA 23219 804-371-9733
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 360-902-8760	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
WISCONSIN	Wisconsin Dept. of Financial Institutions Division of Securities 345 W. Washington Avenue, 4th Floor Madison, WI 53703 608-266-8557	Wisconsin Commissioner of Securities Same Address



EXHIBIT B

FORM OF FRANCHISE AGREEMENT AND ANCILLARY DOCUMENTS



QUIZ HOLDINGS, LLC
FRANCHISE AGREEMENT

TABLE OF CONTENTS

Article	Page
1. INTRODUCTION	1
2. GRANT OF FRANCHISE	1
3. TERM OF AGREEMENT.....	3
4. DEVELOPMENT OF FRANCHISED LOCATION.....	4
5. INITIAL FRANCHISE FEE AND ONGOING FEES	7
6. PAYMENT OF FEES.....	8
7. DESIGNATED OPERATING PARTNER AND DESIGNATED MANAGER	9
8. TRAINING	9
9. OPERATIONS MANUAL	10
10. CONFIDENTIAL INFORMATION	10
11. FRANCHISOR ASSISTANCE.....	12
12. FRANCHISEE’S OPERATIONAL COVENANTS	13
13. ADVERTISING AND MARKETING	17
14. QUALITY CONTROL.....	19
15. MARKS, TRADE NAMES, AND PROPRIETARY INTERESTS	21
16. REPORTS, RECORDS, AND FINANCIAL STATEMENTS.....	22
17. TRANSFER	23
18. DEFAULT AND TERMINATION	26
19. OBLIGATIONS OF FRANCHISEE UPON TERMINATION OR EXPIRATION	29
20. INDEPENDENT CONTRACTORS.....	30
21. INDEMNIFICATION.....	31
22. FRANCHISEE’S REPRESENTATIONS, WARRANTIES, AND COVENANTS.....	32
23. FRANCHISEE’S RESTRICTIVE COVENANTS.....	33
24. DISPUTE RESOLUTION	34
25. NOTICES.....	37
26. ENFORCEMENT	37
27. MISCELLANEOUS PROVISIONS.....	38

EXHIBITS:

EXHIBIT A	FRANCHISED LOCATION
EXHIBIT B	STATEMENT OF OWNERSHIP
EXHIBIT C	GUARANTY AND ASSUMPTION OF FRANCHISEE’S OBLIGATIONS
EXHIBIT D	FORM OF LEASE ADDENDUM

QUIZ HOLDINGS, LLC FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this “**Agreement**”) is made and entered into by and between QUIZ HOLDINGS, LLC, a Delaware limited liability company with its principal business address at 4700 S. Syracuse St., Suite 225, Denver, Colorado 80237 (“**Franchisor**”), and the person(s) or entity listed as Franchisee on the signature block of this Agreement (“**Franchisee**”). This Agreement is made effective as of the date signed by Franchisor and set forth below Franchisor’s signature on this Agreement (“**Effective Date**”).

1. INTRODUCTION

1.1 Franchisor and its affiliates have developed a distinctive business system for establishing, operating, and franchising QUIZNOS Restaurants offering submarine and other sandwiches, wraps, soups, salads, other food products and beverages, and related restaurant, delivery and carry out services (“**QUIZNOS Restaurant**” or “**QUIZNOS Restaurants**”), which are associated with the Marks (as defined below), copyrights, distinctive interior and exterior building designs, décor, furnishings, menus, uniforms, signs, color combinations, uniformity requirements, standards of consistency and quality, procedures, cleanliness, sanitation, controls, specifications, training, marketing, advertising, techniques, and instructions promulgated by Franchisor (“**System**”), and has extensively publicized the name “QUIZNOS®” to the public as an organization of QUIZNOS Restaurant businesses operating under the System .

1.2 Franchisor has the right and authority to license the use of the name “QUIZNOS®” and the other trademarks, trade names, service marks, logos, commercial symbols, phrases, slogans and tag lines designated by Franchisor in writing which are owned by Franchisor’s parent and licensed to Franchisor (“**Marks**”) for use in connection with the System to selected persons, businesses or Entities that will comply with Franchisor’s uniformity requirements and quality standards.

1.3 Franchisee desires to develop, own and operate a QUIZNOS Restaurant (in conformity with the System and Franchisor’s uniformity requirements and quality standards as established and promulgated from time to time by the Franchisor. Franchisee understands and acknowledges the benefits to be derived from being identified and associated with Franchisor, and being able to utilize the QUIZNOS Restaurant system and concepts, and therefore desires to establish a QUIZNOS Restaurant at an authorized location.

Pursuant to this Introduction and in consideration of the mutual promises and covenants set forth in this Agreement, Franchisor and Franchisee agree and contract as follows:

2. GRANT OF FRANCHISE

2.1 Grant of Franchise. Franchisor hereby grants to Franchisee, and Franchisee accepts from Franchisor, the right to operate one (1) QUIZNOS Restaurant in conformity with the System using the name “QUIZNOS” and other specified Marks only at the specific address and location (“**Franchised Location**”) described in Exhibit A to this Agreement.

2.2 Limitation on Franchise Rights. The rights granted to Franchisee are for the specific Franchised Location and cannot be transferred to any other location, except with Franchisor’s prior written consent. The Marks and System are licensed to Franchisee only for the Franchised Location.

2.3 Undetermined Franchised Location. If the Franchised Location has not yet been determined as of the Effective Date of this Agreement, then when the address of the Franchised Location

is determined, the street address, city, state, and zip code for the Franchised Location will be inserted into Exhibit A to this Agreement via an amendment to this Agreement that Franchisor and Franchisee will execute. Franchisor will authorize or reject a proposed Franchised Location in accordance with the terms of this Agreement and Franchisor's then-current site selection and authorization criteria and procedures set forth in the Operations Manual. Franchisor may use a variety of criteria and procedures to evaluate a proposed Franchised Location submitted to Franchisor by Franchisee.

2.4 Protected Area. Franchisee will receive the "Protected Area" defined in Exhibit A to this Agreement.

2.5 Franchisor's Reservation of Rights. So long as Franchisee is not in default of this Agreement, Franchisor and its affiliates will not have the right to develop any QUIZNOS Restaurants that are physically located within Franchisee's Protected Area. Notwithstanding the foregoing, the Franchisor and its affiliates will have the absolute right to:

(a) Operate, and license others to operate, a QUIZNOS Restaurant at any location outside of the Protected Area; and

(b) Develop other restaurant business concepts under other trademarks, service marks, or trade names, so long as such concepts are not Competitive Businesses (as such term is defined below), even if the locations for such concepts are within the Protected Area; and

(c) Develop QUIZNOS Restaurants and/or Competitive Businesses inside or outside the Protected Area if they are located within a host facility (such as a gas station, convenience store, interstate service plaza, theme or entertainment park, military facility, airport or other public transportation facility, stadium or arena, casino, college or university, or hotel), in another "non-traditional" venue, or at any other location where the operation of the QUIZNOS Restaurant will, because of its location, vary from the operation of a traditional QUIZNOS Restaurant, as solely determined by Franchisor; and

(d) Market, offer, distribute, and sell, within and outside the Protected Area, on a wholesale or retail basis, any frozen, pre-packaged food products, merchandise, gift cards or other goods or services associated with the System (now or in the future) or identified by the Marks, or any other trademarks, service marks, or trade names, by direct sale, the Internet (or any other existing or future form of electronic commerce), mail order, infomercials, telemarketing or any other method of marketing or distribution, without compensation to Franchisee, even if such sales are made to customers, distributors, or retailers who are located within the Protected Area; and

(e) Own, operate, manage, franchise and/or license other individuals or entities to own, manage and/or operate Competitive Businesses (defined below) inside the Protected Area if the Franchisor or an affiliate of Franchisor derived its ownership interests or other rights to such restaurants as part of an acquisition or purchase of a majority of the ownership interests in, or substantially all of the assets of, another entity;

(f) to own and operate virtual QUIZNOS Restaurants (or virtual stores under other names or marks) on any virtual platform (including, without limitation, the metaverse); and

(g) Engage in any other activities not expressly prohibited in this Agreement.

"Competitive Business" means any business operating, or granting franchises or licenses to others to operate, a restaurant or other food service business deriving more than ten percent (10%) of its gross receipts, excluding gross receipts relating to the sale of alcoholic beverages, from the sale of submarine,

hoagie, hero-type, and/or other sandwiches or wraps (other than another QUIZNOS Restaurant operated by Franchisee).

2.6 Catering, Online Ordering, and Delivery Services. Franchisee will not offer catering or delivery services from the Franchised Location within or outside of the Protected Area, except as specified in the Operations Manual (as defined in this Agreement) or otherwise authorized by Franchisor in writing. In the event Franchisor requires or permits Franchisee to offer catering, online ordering, or delivery services from the Franchised Location, Franchisee must comply with Franchisor's standards, policies, and requirements as set forth in the Operations Manual or otherwise in writing by Franchisor. Franchisor reserves the right to withdraw its permission for Franchisee to offer catering or delivery services from the Franchised Location on 30 days' prior written notice.

3. TERM OF AGREEMENT

3.1 Term. The initial term ("**Initial Term**") of this Agreement will commence on the Effective Date and will continue for a period of ten (10) years, unless sooner terminated pursuant to the terms of this Agreement; provided, however, that if the Lease for the Franchised Location is not effective until after the Effective Date, then the Initial Term of this Agreement will commence on the effective date of the Lease and will be coterminous with such Lease, not to exceed a period of ten (10) years, unless sooner terminated pursuant to the terms of this Agreement.

3.2 Successor Term. At the end of the Initial Term, Franchisee might, at its option, have the right to continue operating the QUIZNOS Restaurant at the Franchised Location for one additional term ("**Successor Term**") commencing at the end of the Initial Term and extending for a period of ten (10) years (or coterminous with the Lease, not to exceed a period of ten (10) years), so long as Franchisee, as solely determined by Franchisor: (a) exercises its option for a Successor Term by giving written notice of such exercise to Franchisor not less than 180 days and no more than one (1) year prior to the expiration of the Initial Term; (b) is not in default of this Agreement at the time it gives such written notice of its desire to exercise its option for a Successor Term; (c) has been in Compliance (defined below) with all provisions of this Agreement during the Initial Term, including the payment on a timely basis of all Royalties and other fees; and (d) meets all of Franchisor's then-current criteria and requirements for incoming franchisees. "**Compliance**" will mean, at a minimum, that Franchisee has not received written notification from Franchisor of a default more than four (4) times during the Initial Term.

3.3 Conditions for a Successor Term. In addition to meeting the requirements set forth in Section 3.2 above, Franchisee must meet all of the following conditions to obtain the right to any Successor Term:

(a) Franchisee must execute Franchisor's then-current form of franchise agreement ("**Successor Franchise Agreement**"), which might include terms and conditions that differ materially from those in this Agreement, such as a different Royalty amount and other fee amounts; and

(b) In lieu of paying the Initial Franchise Fee specified in the Successor Franchise Agreement, Franchisee must pay to Franchisor a successor fee ("**Successor Fee**") in an amount equal to Five Thousand Dollars (\$5,000); and

(c) Franchisee, together with its owners and guarantors, must execute a general release in a form and non-disparagement agreement satisfactory to Franchisor of any and all claims against Franchisor, Franchisor's parent, and Franchisor's affiliates, and their respective shareholders, officers, directors, attorneys, and employees; and

(d) Franchisee and its staff must complete any new training requirements designated by Franchisor; and

(e) Before the effective date of the Successor Franchise Agreement, Franchisee has made all capital expenditures necessary to remodel the Franchised Location, as determined by Franchisor, to comply with the then-current Operations Manual requirements.

3.4 Exercise of Operation to Successor Term. Franchisee must exercise its option for a Successor Term by giving Franchisor written notice of Franchisee's election to do so at least one hundred eighty (180) days and no more than one (1) year prior to the expiration of the Initial Term (or immediately preceding Successor Term, as the case may be).

3.5 Interim Period. If Franchisee does not sign a Successor Franchise Agreement prior to the expiration of this Agreement and Franchisee continues to accept the benefits of this Agreement after the expiration of this Agreement, then at the Franchisor's option, this Agreement may be treated either as (i) expired as of the date of expiration with Franchisee then operating without a license to do so and in violation of Franchisor's rights; or (ii) continued on a month-to-month basis ("**Interim Period**") until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after receipt of the notice to terminate the Interim Period and the provisions of Section 19 will apply. In the latter case, all of Franchisee's obligations will remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement will be deemed to take effect upon termination of the Interim Period.

4. DEVELOPMENT OF FRANCHISED LOCATION

4.1 Authorization of Franchised Location. Franchisee may operate a QUIZNOS Restaurant only at a site authorized by Franchisor. Franchisee must follow Franchisor's site selection procedures in locating a Franchised Location for the QUIZNOS Restaurant as provided in this Agreement and the Operations Manual. Franchisee must submit a completed site submittal package, including demographics and other materials requested by Franchisor, containing all information reasonably required by Franchisor to assess a proposed Franchised Location. The Franchised Location site submittal package will be reviewed during the monthly Real Estate Selection Committee meeting and Franchisor will notify Franchisee of its final determination to authorize or reject any site which Franchisee proposes to Franchisor for the Franchised Location. Franchisor's determination may be based on various criteria and procedures which Franchisor may change from time to time and without notice to Franchisee. If Franchisee proposes a site for the Franchised Location, and Franchisor determines that it does not meet Franchisor's criteria, it will be rejected, and Franchisee may be required to propose an alternative site for the Franchised Location.

4.2 Schedule. Franchisee acknowledges and agrees that it has twelve (12) months from the Effective Date of this Agreement within which to execute a lease, sublease, or other document for the Franchised Location ("**Lease**"), complete the Initial Training Program described in Section 8.1 of this Agreement, and perform all other pre-opening obligations and commence operation of the QUIZNOS Restaurant. If Franchisee does not commence operation of the QUIZNOS Restaurant by the end of such twelve (12) month period, and Franchisor determines that Franchisee is actively and diligently working to obtain a site acceptable to Franchisor so that Franchisee can reasonably be expected to open the QUIZNOS Restaurant within eighteen (18) months from the Effective Date of this Agreement, Franchisor will extend the deadline to commence operation for another six (6) months so long as Franchisee continues to actively and diligently seek to obtain a suitable location and/or lease and otherwise pursue the opening of the QUIZNOS Restaurant. Franchisee acknowledges and agrees that, unless Franchisor extends the deadline, Franchisor may terminate this Agreement any time after the expiration of the first twelve (12) month period

if Franchisee has not commenced operation of the QUIZNOS Restaurant. Franchisee further acknowledges and agrees that, if Franchisor extends the deadline and Franchisor determines that Franchisee fails to actively and diligently pursue the opening of the QUIZNOS Restaurant during such period, Franchisor may, upon notice, rescind the extension and terminate this Agreement, and Franchisee will lose the Initial Franchise Fee and the Initial Support Fee paid to Franchisor. Franchisor also has the right to terminate this Agreement upon the expiration of the eighteen (18) month period, in which case Franchisee will lose the Initial Franchise Fee and the Initial Support Fee paid to Franchisor.

4.3 Lease Addendum. Before Franchisee signs the Lease, Franchisor has the right, but not the obligation, to review and accept the terms of the Lease. Regardless as to whether or not Franchisor elects to review and accept the Lease, the Lease must contain certain terms and provisions required by Franchisor, including a collateral assignment of lease, pursuant to the form of lease addendum attached to this Agreement as Exhibit D (“**Lease Addendum**”). It is Franchisee’s sole responsibility to obtain a fully executed Lease Addendum in connection with executing Franchisee’s Lease. The Lease Addendum is intended to provide Franchisor certain protections under the Lease and may not benefit Franchisee or the landlord. If Franchisee or the landlord requests that Franchisor consider any modifications to the Lease Addendum, and Franchisor elects to do so, Franchisor may also require Franchisee to reimburse Franchisor all expenses that Franchisor incurs (including attorneys’ fees) in connection with such review. Franchisor may also reject any request for modifications to the Lease Addendum for any reason. Franchisee must deliver to Franchisor a signed copy of the Lease and Lease Addendum within fourteen (14) days after the execution of the Lease.

4.4 Construction and Design. Franchisee acknowledges that the layout, design, decoration, and color scheme of QUIZNOS Restaurants are an integral part of the System, and, accordingly, Franchisee agrees to design and construct the Franchised Location in accordance with Franchisor’s plans, designs, and specifications as outlined in the Operations Manual. Franchisee also must obtain Franchisor’s written consent of authorization to begin the construction of the Franchised Location, and any related costs, are Franchisee’s sole responsibility. Franchisor’s consent to Franchisee’s plans will not constitute an affirmation by Franchisor that they conform to law or impose any liability on Franchisor.

4.5 Conversion and Remodel. Franchisee acknowledges that the layout, design, decoration, and color scheme of QUIZNOS Restaurants are an integral part of the System, and, accordingly, Franchisee agrees to convert and decorate the Franchised Location in accordance with Franchisor’s plans, designs, and specifications as outlined in the Operations Manual. Franchisee also must obtain Franchisor’s written consent to any conversion, design, or decoration of the Franchised Location before remodeling or decorating begins, recognizing that such remodeling and decoration, and any related costs, are Franchisee’s sole responsibility. Franchisor’s consent to Franchisee’s plans will not constitute an affirmation by Franchisor that they conform to law or impose any liability on Franchisor. Franchisor requires, in its sole discretion, either a remodel or a refresh (as further set forth in the Operations Manual) every five (5) years, in the event of a transfer of the Franchisee’s rights under this Agreement and/or upon renewal, if applicable, of this Agreement.

4.6 Signs. Franchisee will purchase or otherwise obtain for use at the Franchised Location and in connection with the QUIZNOS Restaurant the maximum number and size of signs allowed by applicable building codes, which signs must comply with Franchisor’s standards and specifications. It is Franchisee’s sole responsibility to ensure that all signs comply with applicable local ordinances, building codes, and zoning regulations. Any modifications to Franchisor’s standards and specifications for signs due to local ordinances, codes, or regulations must be submitted to Franchisor for prior written approval. Franchisee acknowledges that the Marks, or any other name, symbol, or identifying marks on any signs, will be used only in accordance with Franchisor’s standards and specifications and only with Franchisor’s prior written approval.

4.7 Equipment. Franchisee will purchase or otherwise obtain for use in connection with the QUIZNOS Restaurant the equipment and computer hardware and software, of a type and in an amount which complies with Franchisor's standards and specifications and only from suppliers or other sources authorized and/or designated by Franchisor. Franchisor might authorize one or more vendors for certain items and/or may designate a single vendor for certain items, as set forth in the Operations Manual. Franchisor and/or its affiliates might be an authorized or the designated vendor for certain items. Franchisee acknowledges and agrees that the type, quality, configuration, capability, and performance of the QUIZNOS Restaurant's equipment are all standards and specifications which are a part of the System. Franchisee will purchase (as Franchisor and its affiliates designate) for use in the QUIZNOS Restaurant an electronic point-of-sale system and computer system, a music system, and a credit/debit and gift card processing system (collectively, the "**POS Systems**") authorized by Franchisor. The point-of-sale and/or computer system must accurately record every sale or other transaction. Franchisee will purchase and/or license from Franchisor or an affiliate or a third party designated by Franchisor, as determined by Franchisor, the software to be used by Franchisee in conjunction with the POS Systems. If Franchisee obtains a license, Franchisee understands and agrees that it will not own such licensed software and that such licensed software may only be used in accordance with the provisions of the applicable license. Franchisee will also obtain high speed Internet service for use at the QUIZNOS Restaurant. Franchisee will submit any required reports in a format designated from time to time by Franchisor. Franchisee grants Franchisor and its affiliates the right to access the POS Systems and to obtain sales, sales mix, and revenue information directly by modem or otherwise at any time. Franchisee acknowledges that Franchisor and its affiliates will use information from required reports primarily to make business and marketing decisions. Franchisee will be obligated to upgrade or update the POS Systems and the software, and any other equipment or Internet or telephone connectivity, at Franchisee's sole cost, to meet Franchisor's and its affiliates' then-current standards and specifications and to address technological developments or events. Franchisor and its affiliates have no obligation to reimburse Franchisee for any of these costs.

4.8 Permits and Licenses. Franchisee agrees to obtain all permits and licenses required for the lawful construction and operation of the QUIZNOS Restaurant together with all certifications from government authorities having jurisdiction over the Franchised Location that all requirements for construction, utilities and operation have been met, including, without limitation, zoning, access, sign, health, fire, and safety requirements; building and other required construction permits; licenses to do business; fictitious name registrations; sales tax permits; health and sanitation permits; and ratings and fire clearances. Franchisee agrees to obtain all customary contractors' sworn statements and partial and final lien waivers for construction, remodeling, decorating, and installation of equipment at the Franchised Location. Franchisee agrees to keep copies of all health department, fire department, building department, and other reports of inspections on file and available for inspection by Franchisor. Franchisee must immediately forward to Franchisor any such reports or inspections in which Franchisee has been found not to be in compliance with the underlying regulation.

4.9 Commencement of Operations. Franchisee must obtain the written consent of Franchisor prior to commencing operation of the QUIZNOS Restaurant, which consent will not be unreasonably withheld, but cannot be granted until Franchisor has authorized the Franchised Location and Franchisee has: (1) successfully completed the initial training program; (2) paid all fees and other amounts due to Franchisor and its affiliates; (3) furnished copies of all insurance policies required by this Agreement; (4) built out and equipped the Franchised Location in accordance with Franchisor's and its affiliates' standards and specifications and received a QUIZNOS certificate of occupancy from Franchisor; (5) purchased an inventory of authorized products and supplies; (6) entered into required contracts with required service providers; (7) met minimum uniform requirements; and (8) otherwise completed all other aspects of developing the QUIZNOS Restaurant as Franchisor has reasonably required. Notwithstanding the foregoing, Franchisee agrees to commence operation of the QUIZNOS Restaurant on or before the deadline

for commencement of operation set forth in Section 4.2 of this Agreement and within ten (10) days after Franchisor has authorized the Franchised Location for commencement of operation.

4.10 Special Products. From time to time, Franchisor may offer supplemental programs to be incorporated in certain QUIZNOS Restaurants (“**Special Products**”). Franchisee may not offer a Special Product except with Franchisor’s prior written permission, in which case Franchisor and Franchisee will execute an amendment to this Agreement as specified by Franchisor.

4.11 Online Ordering Platform. Franchisor reserves the right to establish and/or facilitate a branded digital ordering and payment software platform (“**Online Ordering Platform**”). Franchisee hereby agrees to participate in such Online Ordering Platform at the QUIZNOS Restaurant. Accordingly, Franchisee agrees to comply with all requirements established by Franchisor in connection with the Online Ordering Platform as set forth in the Operations Manual. Franchisee acknowledges and agrees that Franchisor reserves the right to establish such an Online Ordering Platform, and has no obligation to do so. Franchisee further acknowledges and agrees that Franchisor also reserves the right to modify or discontinue any such Online Ordering Platform once it has been established.

5. INITIAL FEES AND ONGOING FEES

5.1 Initial Fees. Upon execution of this Agreement, Franchisee agrees to pay to Franchisor an initial franchise fee (“**Initial Franchise Fee**”) in the amount set forth in Exhibit A of this Agreement, as well as the initial franchise support fee (“**Initial Support Fee**”) in the amount set forth in Exhibit A of this Agreement. Franchisee acknowledges and agrees that the Initial Franchise Fee represents payment for the initial grant of the right to use the Marks and System, and the Initial Support Fee represents payment for the initial support services provided to Franchisee and that Franchisor has earned the Initial Franchise Fee and the Initial Support Fee upon acceptance and execution of this Agreement by Franchisor. Franchisee acknowledges and agrees that the Initial Franchise Fee nor the Initial Support Fee are refundable under any circumstances.

5.2 Royalties. Franchisee will pay to Franchisor a weekly royalty (“**Royalty**”) equal to five percent (5%) of the total amount of Franchisee’s Gross Sales generated from or through the QUIZNOS Restaurant during the immediately preceding reporting period. “**Gross Sales**” means sales of any kind for all services or products from or through the QUIZNOS Restaurant (including catering, online ordering, and delivery, if authorized by Franchisor to offer such services), including any sale of services or products made for cash or upon credit, or partly for cash and partly for credit, regardless of collection of charges for which credit is given, and regardless of whether such sale is conducted in compliance with or in violation of the terms of this Agreement, or whether such sale is at the Franchised Location or off-site, but exclusive of discounts, sales taxes, or other similar taxes and credits. “Gross Sales” also includes (a) the fair market value of any services or products received by Franchisee in barter or exchange for its services and products and all insurance proceeds received by Franchisee for loss of business due to a casualty to or similar event at the Franchised Location and (b) the gross amount of any Gift Card (as defined below) redemptions at the QUIZNOS Restaurant.

5.3 Marketing Fee. Franchisee will pay to Franchisor or its designee (which may be one or more of Franchisor’s affiliates) on a weekly basis, concurrently with the payment of the Royalties, a marketing and promotion fee (“**Marketing Fee**”) equal to two percent (2%) of the total amount of Franchisee’s Gross Sales generated from or through the QUIZNOS Restaurant during the immediately preceding reporting period. Franchisee acknowledges and agrees that Franchisor reserves the right to increase the amount of such Marketing Fee up to a maximum of five percent (5%) of the total amount of Franchisee’s Gross Sales generated from or through the QUIZNOS Restaurant during the immediately preceding reporting period; provided, however, Franchisor may not increase such Marketing Fee by more

than one-half percent (1/2%) in any given year (by way of example, Franchisor may only increase the Marketing Fee to two and one-half percent (2.5%) of Franchisee's Gross Sales after the first year of the Initial Term of this Agreement). Such Marketing Fee will be deposited into one (1) or more advertising and marketing funds (collectively referred to herein as the "**Marketing Fund**"), which will be administered and controlled exclusively by Franchisor in accordance with Section 13.4 of this Agreement.

5.4 POS Systems Fee. Franchisee will pay to Franchisor or its designee (which may be one or more of Franchisor's affiliates) on a monthly basis a fee ("**POS Systems Fee**") for point-of-sale software and equipment designated by Franchisor in accordance with Section 4.7 of this Agreement and the Operations Manual. Franchisee acknowledges that the POS Systems Fee may increase or decrease from time to time depending on such POS Systems provider, as set forth in the Operations Manual.

5.5 Music Fee. Franchisee will pay to Franchisor or its designee (which may be one or more of Franchisor's affiliates) on a monthly basis a fee ("**Music Fee**") relating to a music provider in accordance with the Operations Manual. Franchisee acknowledges that the Music Fee may increase or decrease from time to time depending on such music provider, as set forth in the Operations Manual.

5.6 Management Fee. If Franchisor (or a third party designated by Franchisor ("**Designee**") assumes management of the QUIZNOS Restaurant in accordance with Section 18.4, Franchisor will pay to Franchisor, in addition to the Royalty, Marketing Fee, and other fees required by this Agreement, a management fee equal to three percent (3%) of the total amount of Franchisee's Gross Sales generated from or through the QUIZNOS Restaurant during such time Franchisor or Designee manages the QUIZNOS Restaurant ("**Management Period**"), plus all direct out-of-pocket costs and expenses incurred by Franchisor or Designee during such Management Period (collectively, the "**Management Fee**").

6. PAYMENT OF FEES

6.1 Payments. Royalty and Marketing Fee payments will be paid weekly by electronic funds transfer, due on Thursday (for the preceding Monday through Sunday period) or such other specific day of the week which Franchisor designates from time to time ("**Due Date**"). On the Due Date each week, Franchisee must report by telephone, electronic means, or in written form, as Franchisor directs (as more fully described in Section 16), Franchisee's Gross Sales and such additional information requested by Franchisor. Franchisor will have the right to verify such Gross Sales reports from time to time as it deems necessary in any reasonable manner. If Franchisee fails to have sufficient funds in its account or otherwise fails to pay any Royalty and Marketing Fee due as of the Due Date, Franchisee will owe, in addition to such Royalty and Marketing Fee, a late charge equivalent to two percent (2%) per month of any late payment; provided, however, in no event will Franchisee be required to pay a late payment at a rate greater than the maximum commercial contract interest rate permitted by applicable law.

6.2 Electronic Funds Transfer. Franchisee authorizes Franchisor and its affiliates to initiate debit entries and credit correction entries to Franchisee's checking, savings or other account for the payment of Royalties, Marketing Fees, and any other amounts due from Franchisee under this Agreement or otherwise. Franchisee must comply with Franchisor's and its affiliates' procedures and instructions in connection with the direct debit process, and must sign any document or take any action that may be required to effect this authorization. Franchisor may require Franchisee to pay the Royalty, Marketing Fees and other amounts due under this Agreement or otherwise by means other than automatic debit whenever Franchisor deems appropriate, and Franchisee agrees to comply with Franchisor's payment instructions.

6.3 Application of Payments. Notwithstanding any designation Franchisee might make, Franchisor may apply any payments made by Franchisee to any of Franchisee's past due indebtedness to Franchisor or its affiliates. Franchisee acknowledges that Franchisor has the right to set-off any amounts

Franchisee owes Franchisor or any of its affiliates against any amounts Franchisor or any of its affiliates might owe Franchisee (or any other legal entity in which Franchisee, or one of its owners with at least a twenty-five percent (25%) ownership interest in Franchisee, is an owner).

7. DESIGNATED OPERATING PARTNER AND DESIGNATED MANAGER

7.1 Managing Owner. In accordance with the Operations Manual, Franchisee must designate a managing owner (“**Designated Operating Partner**”), as set forth in Exhibit A, who will be responsible for overseeing the day-to-day operations of Franchisee.

7.2 Designated Manager. Franchisee must designate a person to assume primary responsibility for managing the QUIZNOS Restaurant (“**Designated Manager**”).

7.3 Basic Requirements. The Managing Owner and the Designated Manager (if designated at the time) may be required to demonstrate that they can perform basic math and read, write and converse in the English language before they begin training.

8. TRAINING

8.1 Initial Training Program. Franchisee or, if Franchisee is a corporation, partnership, or limited liability company, its Designated Operating Partner and the Designated Manager must attend and successfully complete the then-current initial training program (“**Initial Training Program**”) offered by Franchisor through paper-based and digital tools, e-learning platforms, virtual and traditional classrooms and in-person training one or more of Franchisor’s designated training facilities. There is no tuition charge for up to two (2) individuals to attend the Initial Training Program. Franchisee acknowledges and agrees that Franchisee will be responsible for any and all travel and living expenses incurred in connection with attending the Initial Training Program as well as wages or salaries, if any, and educational technology costs associated with the person(s) receiving training or undergoing testing. Franchisee (or its Designated Operating Partner) and the Designated Manager must successfully complete the Initial Training Program, as solely determined by Franchisor, before Franchisee begins operating the QUIZNOS Restaurant. Franchisor reserves the right to waive or alter all or any portion of the Initial Training Program.

8.2 Additional Training Requested by Franchisee. In the event Franchisee (or its Designated Operating Partner), and its Designated Manager request additional training during the Initial Training Program, Franchisor will provide such additional training to Franchisee (or its Designated Operating Partner) and the Designated Manager so long as Franchisee pays to Franchisor an amount equal to Franchisor’s then current per diem charge for such training, which includes a fee for educational technology utilized during the training. However, if Franchisee (or its Designated Operating Partner) and the Designated Manager satisfactorily complete Franchisor’s Initial Training Program, and do not inform Franchisor in writing at the end of the Initial Training Program that Franchisee (or its Designated Operating Partner) and the Designated Manager do not feel completely trained in the operation of a QUIZNOS Restaurant, then Franchisee will be deemed to have been trained sufficiently to operate a QUIZNOS Restaurant.

8.3 Additional Training Required by Franchisor. Franchisee (or its Designated Operating Partner), its Designated Manager, and other employees of Franchisee might be required by Franchisor to attend, at Franchisee’s expense, additional training, if Franchisee’s QUIZNOS Restaurant does not meet certain performance standards established by Franchisor or, if Franchisor solely determines that additional training is necessary or required. Additionally, Franchisor reserves the right to conduct (and to authorize third parties to conduct) training programs or seminars at locations to be determined by Franchisor to discuss relevant business trends and share new information relating to the QUIZNOS Restaurant business.

Attendance at periodic market meetings by Franchisee (or its Designated Operating Partner) and its Designated Manager is required. All such mandatory training will be offered without tuition or a fee; provided, however, Franchisee will be responsible for any and all travel and living expenses incurred in connection with attending such training as well as wages or salaries, if any, of the person(s) receiving training.

8.4 Release and Indemnification. Franchisee and its owners waive any right to sue for damages or other relief, and release all known and unknown claims it or they may allegedly have against Franchisor and/or any of its affiliates and their respective employees, agents, officers, and directors, arising out of the adequacy or accuracy of the information provided at or any activities occurring during any training program, additional training and/or opening assistance (collectively referred to as “**Training**”), or any harm or injury any attendee or participant suffers during and as a result of his/her attendance at or participation in the Training. Franchisee and its owners agree to hold the Franchisor, its affiliates and their employees, agents, officers and directors harmless for any claims or damages incurred by Franchisee, its owners, or any of their affiliates, employees, agents, officers and directors arising out of, in any way connected with or as a result of attendance at or participation in the Training. Franchisee, its owners, and any other persons who attend and participate in the Training on behalf of Franchisee will sign the documentation required by the Franchisor or an affiliate of Franchisor as a condition to their attendance at, participation in and successful completion of the Training.

9. OPERATIONS MANUAL

9.1 Operations Manual. Franchisor will provide Franchisee with access to books, pamphlets, training videos, discs, software, bulletins, newsletters, memoranda, letters, notices or other publications or documents prepared by or on behalf of Franchisor, whether in printed or electronic format, for use by QUIZNOS franchisees, setting forth information, advice, standards, requirements, operating procedures, instructions or policies relating to the operations of the QUIZNOS System (collectively the “**Operations Manual**”) electronically on a secure Internet webpage or by another method reasonably adopted by the Franchisor. Franchisee agrees that it will at all times comply with the terms of the Operations Manual, as amended from time to time, and that such terms are an essential part of Franchisee’s obligations under this Agreement. Franchisee will not use the Operations Manual or any information contained therein for any purpose other than the operation of Franchisee’s QUIZNOS Restaurant. The Operations Manual will at all times remain the sole and exclusive property of Franchisor. Any password or other digital identification necessary to access the Operations Manual on any intranet or extranet website will be deemed to be Franchisor’s proprietary information, subject to Section 10.1 below.

9.2 Updates to Operations Manual. Franchisor may, from time to time, update and revise the Operations Manual to address changes or improvements to the System, and Franchisee expressly agrees to operate its QUIZNOS Restaurant in accordance with all such revisions and updates. Franchisee will at all times keep its copy of the Operations Manual updated and current, and in the event of any dispute regarding the Operations Manual, the terms of the master copy of the Operations Manual maintained by Franchisor will be controlling in all respects. Franchisor will have the option of providing the updates and revisions to the Operations Manual to Franchisee electronically.

10. CONFIDENTIAL INFORMATION

10.1 Confidential Information. Franchisor and Franchisee expressly understand and agree that Franchisor will be disclosing and providing Franchisee and its employees and agents with “**Confidential Information,**” which will mean and include all of the business, operations, marketing, materials and data bases, technology, operational, and proprietary information developed, created, owned, or licensed by Franchisor which are developed and utilized in connection with the operation of the

QUIZNOS Restaurant, the Operations Manual, and the System. Franchisee agrees that all such Confidential Information is and will remain the sole and absolute property of Franchisor and its affiliates, and Franchisee will have no rights or interests in any Confidential Information, except the right to use the Confidential Information in the operations of the QUIZNOS Restaurant as provided in this Agreement. Any additions, changes, modifications and/or improvements made to any of the Franchisor's Confidential Information by Franchisee or its employees and agents will be the sole and exclusive property of the Franchisor. Franchisee will only disclose or provide the Franchisor's Confidential Information to its employees who must have access to it to properly execute their job functions and to operate Franchisee's QUIZNOS Restaurant. Franchisee, its existing and future owners, and its employees and agents will not, during the term of this Agreement or thereafter, reveal, communicate, sell, use, employ, copy, reverse engineer, lecture upon, rewrite, reproduce, disseminate, publish, disclose, or divulge any Confidential Information of Franchisor, or any abstracts thereof, to any person except as expressly authorized by this Agreement or by Franchisor in writing. Franchisee acknowledges that the Marks and the System have valuable goodwill attached to them, that their protection and maintenance are essential to Franchisor and its affiliates, and that any unauthorized use or disclosure of the Marks or System will result in irreparable harm to Franchisor and its affiliates.

10.2 Confidentiality of Operations Manual. Franchisee will treat the Operations Manual and any other manuals created for or approved for use in the operation of Franchisee's QUIZNOS Restaurant as Confidential Information. Franchisee will use all reasonable means to keep the contents of the Operations Manual secret.

10.3 Trade Secrets. Franchisee hereby acknowledges that one or more of Franchisor's affiliates own and control trade secrets that include, but are not limited to, some or all of the Confidential Information and the System. In such cases, Franchisee acknowledges that Franchisor and its affiliates have valuable rights in and to such trade secrets that have been licensed to Franchisor. Franchisee further acknowledges that it has not acquired any right, title, or interest in the Confidential Information and System, except for the right to use such Confidential Information and System in operating the QUIZNOS Restaurant.

10.4 Improvements. All ideas, concepts, techniques, or materials concerning a QUIZNOS Restaurant, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, must be promptly disclosed to Franchisor and will be deemed Franchisor's and its affiliates' sole and exclusive property, part of the QUIZNOS system, and works made-for-hire for Franchisor and its affiliates. To the extent any item does not qualify as a "work made-for-hire" for Franchisor and its affiliates, Franchisee assigns ownership of that item, and all related rights to that item, to Franchisor and its affiliates and must sign whatever assignment or other documents Franchisor and its affiliates request to show ownership or to help Franchisor and its affiliates obtain intellectual property rights in the item.

10.5 Confidentiality Agreement. Franchisee must cause each of its Bound Parties, Designated Managers (and, if applicable, the spouse of a Designated Manager), and all of Franchisee's employees who have access to Confidential Information to execute a form of Nondisclosure and Noncompetition Agreement acceptable to Franchisor agreeing (i) to maintain the confidentiality, during the course of their employment and thereafter, of all Confidential Information of Franchisor and (ii) not to participate in the ownership, management, control, or operation of a Competitive QUIZNOS Restaurant ("**Nondisclosure and Noncompetition Agreement**"); provided, however, employees of Franchisee whom Franchisee deems qualify as nonexempt under the Fair Labor Standards Act (FLSA) ("**Nonexempt Employees**") are not required to sign any such agreement. Franchisee will be responsible for (i) obtaining Franchisee's own professional advice with respect to the adequacy of the terms of provisions of any such Nondisclosure and Noncompetition Agreement; (ii) insuring that each person required to execute a Nondisclosure and Noncompetition Agreement does so; (iii) enforcing such confidentiality and noncompetition agreements,

and (iv) paying for the legal fees, costs, and expenses associated with such enforcement. Franchisor reserves the right to be a third-party beneficiary of or a party to such Nondisclosure and Noncompetition Agreement with independent enforcement rights.

10.6 Ownership of Business Records. Franchisee acknowledges and agrees that the Franchisor will at all times have unrestricted access to all business records (“**Business Records**”) with respect to customers, and other service professionals of, and/or related to, the QUIZNOS Restaurant including, without limitation, all databases (whether in print, electronic or other form), including all names, addresses, phone numbers, e-mail addresses, communications, customer purchase records, and all other records contained in the database, and all other Business Records created and maintained by Franchisee are the sole property of Franchisor. Franchisee further acknowledges and agrees that, at all times during and after the termination, expiration or cancellation of this Agreement, Franchisor may access such Business Records, and may utilize, transfer, or analyze such Business Records as Franchisor determines to be in the best interest of the System, in Franchisor’s sole discretion.

11. FRANCHISOR ASSISTANCE

11.1 Franchisor’s Development Assistance. To assist Franchisee in establishing the QUIZNOS Restaurant, Franchisor and/or its designated representatives (which may include its affiliates) will provide Franchisee with the following:

(a) Assistance related to authorizing a site for the QUIZNOS Restaurant, which includes providing general criteria for a satisfactory site, determining whether a proposed site fulfills the requisite criteria prior to formal authorization of a site selected by Franchisee, and (at Franchisor’s election) designating a real estate broker whom Franchisee must use to contact the landlord of a proposed site. Franchisee acknowledges that Franchisor has no obligation to select or acquire a site on behalf of Franchisee. Site selection, acquisition, and development will be the sole obligation of Franchisee, except as set forth in this Agreement or any other written agreement executed by Franchisor. Franchisee acknowledges that Franchisor is under no obligation to provide additional site selection services other than as set forth in a written, executed agreement and that Franchisor’s authorization of the site does not imply or guarantee the success or profitability of the site in any manner whatsoever.

(b) Provide standards and specifications for the build out, interior design, layout, floor plan, signs, designs, color, and decor of the QUIZNOS Restaurant.

(c) Advice regarding the standards and specifications for the equipment, supplies, and materials used in, and the menu items offered for sale by, the QUIZNOS Restaurant and advice regarding selecting suppliers for and purchasing such items.

(d) Guidance in implementing advertising and marketing programs, operating and sales procedures, and bookkeeping and accounting guidelines.

(e) Initial Training Program.

(f) Franchisor may prescribe the maximum and/or minimum prices that Franchisee may charge customers for products and services offered and sold by the QUIZNOS Restaurant, and, subject to applicable antitrust laws, Franchisee agrees to comply with these maximum or minimum prices, unless Franchisee determines that, by doing so, Franchisee would violate state law.

(g) Assistance in opening the QUIZNOS Restaurant in accordance with Franchisor’s then-current program for providing opening assistance; provided, however, that Franchisee will hire and be

exclusively responsible for the recruiting, hiring, training, compensation, work hours and schedules, work assignments, safety and security, discipline, supervision, and control of Franchisee's employees.

- (h) Access to the Operations Manual during the term of this Agreement.

11.2 Franchisor's Operating Assistance. Franchisor agrees that, during Franchisee's operation of the QUIZNOS Restaurant, Franchisor and/or its designated representatives (which may include its affiliates) will provide Franchisee with the following assistance:

- (a) Upon the reasonable request of Franchisee, telephone consultation regarding the continued operation and management of a QUIZNOS Restaurant and advice regarding QUIZNOS Restaurant services, product quality control, menu items, and customer relations issues.

- (b) Access to advertising and promotional materials developed by Franchisor and its affiliates through the Marketing Fund (as defined below).

- (c) Ongoing updates of information and programs regarding menu items and their preparation, the QUIZNOS Restaurant business, and System standards, including information about special or new services or products developed and made available to franchisees of Franchisor.

- (d) The Initial Training Program for replacement or additional Designated Operating Partners or additional Designated Managers during the term of this Agreement. Although Franchisor does not currently charge a tuition or fee, Franchisor reserves the right to charge a tuition or fee, payable in advance, commensurate with the then-current published prices of Franchisor for such training. Franchisee will be responsible for all travel and living expenses incurred by its personnel during such Initial Training Program.

12. FRANCHISEE'S OPERATIONAL COVENANTS

12.1 Business Operations. Franchisee acknowledges that it is solely responsible for the successful operation of its QUIZNOS Restaurant and that its continued operation depends on, among other things, Franchisee's compliance with this Agreement and the mandatory obligations contained in the Operations Manual.

12.2 Quality. Franchisee will maintain a clean, safe, and high-quality QUIZNOS Restaurant operation and promote and operate the business in accordance with the Operations Manual and otherwise conduct itself so as not to detract from or adversely reflect upon the name and reputation of Franchisor and the goodwill associated with the QUIZNOS name and Marks.

12.3 Compliance. Franchisee will conduct itself and operate its QUIZNOS Restaurant in compliance with all applicable laws (including federal and state privacy laws), by-laws, regulations, and other ordinances and in such a manner so as to promote a good public image in the business community and to enhance the goodwill of QUIZNOS Restaurants, QUIZNOS name, and the Marks. Franchisee will be solely and fully responsible for obtaining any and all licenses to operate the QUIZNOS Restaurant. Franchisee must keep copies of all health department, fire department, building department, and other similar reports of inspections on file and available for inspection by Franchisor and its affiliates. Franchisee must immediately forward to Franchisor and/or its designated representatives (which may include its affiliates) any such reports or inspections in which Franchisee has been found not to be in compliance with the underlying regulation.

12.4 Proper Management. Franchisee acknowledges that proper management of the QUIZNOS Restaurant is important and will ensure that Franchisee (or its Designated Operating Partner) or

a Designated Manager who has completed the Initial Training Program will be responsible for managing the QUIZNOS Restaurant after commencement of operations and be present at the Franchised Location during its operation. Franchisee (or its Designated Operating Partner) or the Designated Manager must work full time at the QUIZNOS Restaurant.

12.5 Responsibility for All Decisions. Franchisee hereby acknowledges that Franchisee is solely responsible for all decisions relating to employees, agents, and independent contractors who Franchisee may hire to assist in the operation of the QUIZNOS Restaurant. Franchisee agrees that any employee, agent, or independent contractor that Franchisee hires will be Franchisee's employee, agent, or independent contractor, and not Franchisor's employee, agent, or independent contractor. Franchisee also agrees that Franchisee is exclusively responsible for the terms and conditions of employment of Franchisee's employees, including recruiting, hiring, firing, training, compensation, work hours and schedules, work assignments, safety and security, discipline, supervision, and obtaining workers' compensation insurance as required by applicable law. Franchisee agrees to manage the employment functions of the QUIZNOS Restaurant in compliance with federal, state, and local employment laws.

12.6 Authorized Products and Services; Pricing. Franchisee acknowledges that the Franchisor requires and authorizes Franchisee to offer only authorized products and services as described in the Operations Manual, which may include, without limitation, submarine and other sandwiches, wraps, soups, salads, other authorized food and beverage products, and related restaurant and carry out or delivery services, and an online ordering platform. Separate certification or authorization may be required from time to time in order to be authorized to offer certain products or services. Franchisee must maintain at all times a sufficient supply of all menu items and related food and paper products to ensure, insofar as possible, that such items are at all times available to its customers. Franchisee must offer all types of services and products from time to time prescribed by Franchisor and will not offer any other types of services or products, or operate or engage in any other type of business or profession, from or through the QUIZNOS Restaurant, unless Franchisor's written consent is first obtained. Franchisee must participate in promotions designated by Franchisor. Participation in such promotions may include offering designated products during the promotional period and accepting coupons issued by Franchisor or its affiliates.

12.7 Prompt Payment. Franchisee must promptly pay when due all taxes and other obligations owed to third parties, including, without limitation, all federal, state, and local taxes and any and all accounts payable or other indebtedness incurred by Franchisee in operating the QUIZNOS Restaurant.

12.8 Compliance with Agreements. Franchisee must comply with all agreements with third parties related to the QUIZNOS Restaurant, including, in particular, all provisions of any premises lease or sublease and the payment of all third party obligations.

12.9 Renovations. Franchisee agrees to renovate, refurbish, remodel, or replace, at its own expense, the real and personal property and equipment used in operating the QUIZNOS Restaurant when reasonably required by Franchisor in order to comply with the image, standards of operation, and performance capability established by Franchisor from time to time. If Franchisor changes its image or standards of operation, it will give Franchisee a reasonable period of time within which to comply with such changes.

12.10 Management and Control by Franchisee. Franchisee must at all times during the term of this Agreement manage and control the QUIZNOS Restaurant. Upon request of Franchisor, Franchisee must promptly provide satisfactory proof of such ownership to Franchisor. Franchisee represents that the Statement of Ownership as provided in Exhibit B, attached hereto, is true, complete, accurate, and not misleading. Franchisee must promptly provide Franchisor with a written notification if it wishes to change

any of the information contained in the Statement of Ownership at any time during the term of this Agreement and must comply with the applicable transfer provisions contained in Section 17.

12.11 Business Hours. Franchisee must at all times during the term of this Agreement keep its QUIZNOS Restaurant open during the business hours as set forth in the Operations Manual. Any deviations from such required hours first must be approved in writing by Franchisor, which approval may be revoked or rescinded by Franchisor at any time on notice.

12.12 Insurance Policies. Franchisee must, at its expense, procure and maintain in full force and effect insurance policies in such amounts and on such terms, as prescribed by Franchisor in the Operations Manual, by an insurance company which is acceptable to and approved by the Franchisor at all times during the term of this Agreement, licensed in the state where coverage is provided, and carries an A.M. Best rating of at least A-VII. Franchisee must obtain all such policies before opening the QUIZNOS Restaurant, and the policies must provide coverage against claims of any person, employee, customer, agent or otherwise in an amount per occurrence of not less than such amount set forth in the Operations Manuals and adjusted by Franchisor periodically in Franchisor's sole determination. All such policies must insure Franchisor and its affiliates, and their respective officers, stockholders, directors, and all other parties designated by Franchisor, as additional named insureds against any liability that may accrue against them by reason of the ownership, maintenance, or operation by Franchisee of the QUIZNOS Restaurant, with the same coverages as provided to Franchisee without limitation thereof, using a form of endorsement that Franchisor has approved; not to be considered excess to any of Franchisor's and any affiliates of Franchisor's policies; and provide for thirty (30) days' advance written notice to Franchisor of their cancellation or modification. Franchisee acknowledges that, by establishing required minimum insurance, Franchisor is not advising Franchisee that such minimum insurance is sufficient or all that Franchisee needs or should procure for its business or the QUIZNOS Restaurant. Such required minimum insurance requirements represent only the minimum coverage that Franchisor deems acceptable to protect Franchisor's interests. Franchisee agrees to seek the advice of its insurance advisor with respect to the sufficiency of such insurance. Franchisor is not responsible if Franchisee sustains losses that exceed Franchisee's insurance coverage. No insurance coverage that Franchisee or any other party maintains will be deemed a substitute for Franchisee's indemnification obligations to Franchisor or the other Indemnified Parties under Section 22.1 or otherwise.

12.13 Proof of Insurance. Franchisee will provide proof of insurance to Franchisor, including certificates of insurance, complete copies of insurance policies, and evidence the policies' premiums have been paid, before opening the QUIZNOS Restaurant. Such proof of insurance will show that the insurer has been authorized to inform Franchisor in the event any policies lapse or are canceled or modified. Franchisor has the right to change the insurance Franchisee is required to maintain by giving Franchisee reasonable prior notice. Noncompliance with these insurance provisions will be deemed a material breach of this Agreement. If Franchisee fails to provide proof of insurance or in the event of any lapse in insurance coverage, in addition to all other remedies, Franchisor has the right to demand that Franchisee cease operations of the QUIZNOS Restaurant until coverage is reinstated.

12.14 Promotions. Franchisee will participate in promotion campaigns and advertising and other marketing programs periodically established or approved for QUIZNOS Restaurants by the Marketing Fund, as described in Section 13.4 below, whether on a national, regional or local basis.

12.15 Gift Cards. Franchisee will participate in all gift card, loyalty card, promotional card, award card, or other similar prepaid card, code, or other device (each a "**Gift Card**") program periodically established or approved for QUIZNOS Restaurants by Franchisor (each a "**Gift Card Program**"), and Franchisee will not create or issue any Gift Cards on its own. Franchisee acknowledges and agrees that Franchisor may charge Franchisee a 3% to 15% of Gross Sales from gift card purchase fee in connection with Franchisee's participation in such Gift Card Programs, which may include, without limitation, the cost

of any third party vendor commissions or fees incurred by Franchisor in connection such Gift Card Programs. Franchisee agrees to timely execute and deliver such documents, contracts, or agreements as Franchisor may reasonable require to facilitate such programs.

12.16 Personal Information. Franchisee acknowledges it is responsible for the security of personally identifiable information, cardholder data, and financial data in its possession or in the possession or control of any service provider or third party-provided payment application provider that Franchisee engages to perform under this Agreement. Accordingly, Franchisee agrees to implement all administrative, physical, and technical safeguards necessary to protect any such information that can be used to identify an individual, including names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords, financial information, credit card information, government-issued identification numbers, and credit-report information (“**Personal Information**”) in accordance with applicable law and industry best practices. It is entirely Franchisee’s responsibility (even if Franchisor provides Franchisee with any assistance or guidance in that regard) to confirm that the safeguards Franchisee uses to protect Personal Information comply with all applicable laws and industry best practices related to the collection, access, use, storage, disposal, and disclosure of Personal Information, including but not limited to the then-current Payment Card Industry Data Security Standards (“**PCI DSS**”). Franchisee must notify Franchisor immediately of becoming aware of any actual or suspected breach of security or unauthorized access involving Personal Information (“**Breach of Security**”). Such notice to Franchisor must include the following: (i) date and time that Franchisee discovered such Breach of Security and the date and time when the breach actually occurred, if discoverable; (ii) a detailed description of the Breach of Security; (iii) a list of the systems and data at risk, including a list of affected individuals; and (iv) a description of remediation actions taken after the Breach of Security was discovered, and what remediation actions Franchisee proposes to take to prevent further loss, misuse, compromise or unauthorized access to Sensitive Information. Thereafter, Franchisee must provide to Franchisor regular (but at least weekly) reports and updates describing the investigation into the Breach of Security and all corrective or remedial actions taken or to be taken by Franchisee or any subcontractor engaged by Franchisee, as the case may be, promptly provide any further information that Franchisor may request in connection with Breach of Security, cooperate with the Franchisor with respect thereto, and comply with applicable laws and regulations. Franchisor has the right, in its sole determination, to take any and all actions necessary or reasonable to remedy a Breach of Security, including conducting an investigation into the cause of the Breach of Security and notifying affected persons or government agencies accordingly. Franchisee will cooperate and provide Franchisor with all information reasonably necessary to (i) aid Franchisor’s compliance with all federal and state data breach notification laws and any other laws or regulations that may be applicable to a Breach of Security; and (ii) facilitate Franchisor’s determination of whether the breach was effectively mitigated. Franchisee will bear all costs and expenses incurred by Franchisor related to the Breach of Security and compliance with law, including but not limited to any government fines or penalties imposed on Franchisor as a result of the Breach of Security. Alternatively, Franchisor may require that Franchisee take action to remedy the Breach of Security at Franchisee’s expense.

12.17 Privacy Laws. In the operation of the QUIZNOS Restaurant, Franchisee will receive “Customer Data.” “Customer Data” is information, records, lists or data that contains “Personal Information.” “Personal Information” includes information that identifies, relates to, describes, is capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer, potential consumer, individual or household, as such term may be further defined or amended by applicable federal, state and local statutes, regulations, ordinances and requirements, including but not limited to, the California Consumer Privacy Act. Personal Information is collected, maintained or generated in the operation of the QUIZNOS Restaurant, including through the use of a point of sale system.

Franchisee agrees, at its sole cost and expense, to at all times:

- (a) comply with the data protection, collection, maintenance and use requirements for Customer Data set out in the Operations Manual and this Franchise Agreement, including all policies, procedures and controls that Franchisor implements now or in the future;
- (b) comply with all applicable federal, state and local statutes, regulations, ordinances and requirements, including but not limited to, the California Consumer Privacy Act, relating to the data protection, collection, maintenance and use of Customer Data (collectively, “**Privacy Laws**”);
- (c) assist and otherwise cooperate with Franchisor to ensure Franchisor’s and Franchisee’s compliance with applicable Privacy Laws;
- (d) promptly notify Franchisor in writing of any Security Incident (defined below) that Franchisee becomes aware of or discovers. Franchisee will assist and otherwise cooperate with Franchisor to investigate any such Security Incident and will take all required steps, as determined by Franchisor, to remedy Franchisee’s noncompliance with applicable Privacy Laws, this Agreement or the Operations Manual. For purposes of this Section 12.17, “**Security Incident**” means any actual or suspected accidental or unlawful destruction, loss, alteration, unauthorized disclosure of, or access to Customer Data in violation of applicable Privacy Laws, this Agreement or the Operations Manual;
- (e) promptly provide Franchisor with the ability to delete, access or copy Customer Data in Franchisee’s possession or control;
- (f) promptly notify Franchisor of any request regarding Customer Data received by the Franchisee from a “consumer” as defined by applicable Privacy Laws;
- (g) adopt policies, procedures, and controls, including those set out in the Operations Manual, if any, that enable Franchisee to respond, and to cause its agents and employees to respond, promptly to any rights request made pursuant to applicable Privacy Laws, including any disclosure request, deletion request, or opt-out request;
- (h) adopt policies, procedures, and controls, including those set out in the Operations Manual, if any, that limit access to Customer Data to only those employees that have a need-to-know basis based on specific job function or role. Franchisee will provide data privacy and security training to employees who have access to Customer Data or who operate or have access to system controls and will require employees to adhere to data confidentiality terms providing for the protection of Customer Data in accordance with this Agreement and the Operations Manual; and
- (i) maintain Customer Data in confidence in accordance with Section 10 of this Agreement.

13. ADVERTISING AND MARKETING

13.1 Authorization and Use of Advertising. Franchisee must obtain Franchisor’s prior written authorization of all written advertising or other marketing or promotional programs not previously authorized by Franchisor regarding the QUIZNOS Restaurant, including, without limitation, “Yellow Pages” advertising, newspaper ads, flyers, brochures, coupons, direct mail pieces, specialty and novelty items, radio and television advertising. Any proposed uses not previously authorized by Franchisor specifically with respect to Franchisee and the QUIZNOS Restaurant must be submitted to Franchisor or its affiliates at least ten (10) days prior to publication, broadcast, or use. Franchisee acknowledges that advertising and promoting the QUIZNOS Restaurant in accordance with Franchisor’s and its affiliates’ standards and specifications are essential aspects of the System, and Franchisee agrees to comply with all advertising standards and specifications. Franchisee also agrees to participate in any promotion campaigns,

local store marketing campaigns, and advertising and other programs that Franchisor and its affiliates periodically establish, which may include, without limitation, Franchisee's agreement to accept coupons issued by Franchisor or its affiliates.

13.2 Social Media. Franchisee, its Designated Operating Partner, its Designated Manager, and its employees and agents will not have the right to use any of the Marks or other intellectual property of the Franchisor on any social network, social media or online community on the Internet or any other online, digital or electronic medium including, but not limited to, any "blog," YouTube®, Facebook®, Instagram®, Wikipedia®, professional networks like Linked In®, live-blogging tools like Twitter®, virtual worlds, file, audio and video sharing sites, and other similar social networking media or tools ("**Social Media**"), except with the prior written permission of the Franchisor. Franchisee, its Designated Operating Partner, its Designated Manager, and its employees and agents will comply with all of Franchisor's policies, standards and procedures for use of any Social Media that in any way references the Marks or involves the QUIZNOS Restaurant. Franchisee acknowledges and agrees that all social media sites (e.g., Facebook, Instagram, Twitter, etc.) will be created and managed by Franchisor. Franchisee further acknowledges and agrees that Franchisee, its Designated Operating Partner, its Designated Manager, and its employees and agents do not have the right to create Internet pages or engage in any other social media communications at the local level. Additionally, Franchisee must list the QUIZNOS Restaurant with the online directories and subscriptions Franchisor periodically prescribes (such as Yelp® and Google®), and/or establish any other online presence that Franchisor requires or authorizes.

13.3 Grand Opening. At Franchisee's sole expense, Franchisee will conduct a grand opening advertising and promotional program for the QUIZNOS Restaurant and spend a minimum of \$5,000 at the time and in the manner specified by Franchisor in the Operations Manual.

13.4 Marketing Fund; Use of Marketing Fees. In accordance with Section 5.3 of this Agreement, Franchisee must pay to Franchisor the Marketing Fee which will be deposited into the Marketing Fund. The primary purpose of the Marketing Fund is to support sales by the entire QUIZNOS system and to build brand identity. The Marketing Fund will be administered and controlled exclusively by Franchisor. Accordingly, Franchisor will have the absolute and unilateral right to determine when, how and where the Marketing Fees and other payments deposited into the Marketing Fund will be spent, including but not limited to the following uses: the creation, production, and placement of advertising, in-store signs, in-store promotions, commercial or online and digital advertising; production and placement of media advertising, direct response literature, direct mailings, brochures, collateral advertising material, surveys of advertising effectiveness, other advertising or public relations expenditures relating to advertising QUIZNOS Restaurants services and products; providing professional services, materials, and personnel to support the marketing function; conducting product and menu testing; creating, producing, and implementing websites for Franchisor and/or its franchisees; developing and maintaining application software designed to run on computers and similar devices, including tablets, smartphones and other mobile devices, as well as any evolutions or "next generations" of any such devices; and any other business products and services Franchisor deems appropriate and in the best interests of all QUIZNOS Restaurants and the System. All administrative and other costs associated with or incurred in the administration of the Marketing Fund including, but not limited to, marketing and administrative personnel salaries, fringe benefits and travel expenses, telephone and data charges, office rental, FF&E, leasehold improvements, collection costs (including attorneys' fees paid in collecting past-due Marketing Fees) and office supplies may be paid from the Marketing Fund. Franchisee acknowledges and agrees that Franchisor will not be required to spend the Marketing Fees deposited into the Marketing Fund in: (a) any particular geographic or market area, (b) Franchisee's market area in proportion to the Marketing Fees paid by Franchisee, or (c) the calendar year in which the payments were made. Franchisee agrees to participate in any promotion campaigns and advertising and other programs that the Fund periodically establishes, which may include, without limitation, Franchisee's agreement to accept coupons issued by Franchisor or its affiliates.

Franchisor and its affiliates have the right to deposit into the Marketing Fund any advertising, marketing, or similar allowances paid by suppliers who deal with QUIZNOS Restaurants and with whom Franchisor and its affiliates have agreed that they will (or if Franchisor and its affiliates otherwise choose to) so deposit these allowances. QUIZNOS Restaurants that Franchisor or its affiliates own will contribute to the Fund on the same basis as franchisees.

13.5 Management of Marketing Fund. The Marketing Fund will be managed by Franchisor, and Franchisor will have the right to, in its Reasonable Business Judgment (as defined in Section 29.2 below), reimburse itself or its designated representatives (which may be one or more of Franchisor's affiliates) for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting, and legal expenses, taxes, and other reasonable direct and indirect expenses incurred by Franchisor or its representatives related in any way to Franchisor's administration and operation of the Marketing Fund. Franchisor and its representatives will not be liable for any act or omission that is consistent with this Agreement and done in good faith in its Reasonable Business Judgment. Franchisor and its representatives may spend in any fiscal year more or less than the aggregate contribution of all QUIZNOS Restaurants to the Marketing Fund in that year, and the Marketing Fund may borrow from Franchisor or others (including Franchisor's affiliates) to cover deficits or invest any surplus for future use. All interest accrued by the Marketing Fund will be the exclusive property of the Marketing Fund. Franchisor may cause the Marketing Fund to be incorporated or operated through a separate entity at such time as Franchisor deems appropriate, and such successor entity, if established, will have all rights and duties specified in this Section. Franchisor and its representatives have the right, but no obligation, to use collection agents and institute legal proceedings to collect Marketing Fund contributions at the Marketing Fund's expense. Franchisor and its representatives also may forgive, waive, settle, and compromise all claims by or against the Marketing Fund. Franchisor and its representatives may at any time defer or reduce contributions of a franchisee and, upon thirty (30) days' prior written notice to Franchisee, reduce or suspend Marketing Fund contributions and operations for one (1) or more periods of any length and terminate (and, if terminated, reinstate) the Marketing Fund. If the Marketing Fund is terminated, Franchisor and its representatives will disburse the remaining Marketing Fund as Franchisor sees fit in its Reasonable Business Judgment. Upon written request by Franchisee, Franchisor or its affiliates will make available to Franchisee, no later than one hundred twenty (120) days after the end of each calendar year, an annual unaudited financial statement for the Marketing Fund.

14. QUALITY CONTROL

14.1 Standards and Specifications. Franchisor will establish, and Franchisee must comply with, standards and specifications for services and products offered at or through the QUIZNOS Restaurant and the uniforms, recipes, materials, forms, menus (which may include nutritional information), items, and supplies used in connection with the franchised business (collectively, the "**Brand Standards**"). Franchisor and its affiliates reserve the right, from time to time, to change the Brand Standards, and Franchisee agrees to comply with such changes as they are communicated by Franchisor. Franchisee acknowledges that Franchisor's periodic modification of its Brand Standards may obligate Franchisee to invest additional capital in the QUIZNOS Restaurant and incur higher operating costs. Franchisee will permit Franchisor or its representatives (including Franchisor's affiliates) to inspect and audit the QUIZNOS Restaurant at any reasonable time, at Franchisor's or its affiliate's expense, to ensure Franchisee's compliance with the Brand Standards. In the event Franchisor or its representatives (including Franchisor's affiliates) has provided Franchisee in person or in writing with a notice that Franchisee has not complied with the Brand Standards, Franchisee will be solely responsible for reimbursing Franchisor (or its affiliates) for any inspections and audits of the QUIZNOS Restaurant undertaken by Franchisor or its representatives (including Franchisor's affiliates) after such notices have been provided to Franchisee and until the earlier of a cure of such noncompliance by Franchisee or termination of this Agreement.

14.2 Inspections. Franchisor and its representatives (including Franchisor's affiliates) will have the right to interview customers or examine the Franchised Location and to examine and copy its books, records, and documents, including, without limitation, the inventory, products, equipment, materials, or supplies, to ensure compliance with all standards and specifications set by Franchisor and its affiliates. Franchisor and its affiliates may conduct such inspections without prior notice to Franchisee.

14.3 Restrictions on Services and Products. Franchisee is prohibited from offering or selling any services or products from or through the QUIZNOS Restaurant that have not been previously authorized by Franchisor. However, if Franchisee proposes to offer, conduct, or utilize any services, products, materials, forms, items, or supplies in connection with or for sale through the QUIZNOS Restaurant that are not authorized by Franchisor, Franchisee must first notify Franchisor in writing requesting authorization. Franchisor may withhold such authorization for any reason, or no reason at all, based on its sole determination; however, in order to make such determination, Franchisor may require submission of specifications, information, or samples of such services, products, materials, forms, items, or supplies. Franchisor will advise Franchisee within a reasonable time whether such products, supplies, or services meet its specifications. Franchisor may require Franchisee to pay a fee not to exceed the actual cost of the review. If Franchisor determines that Franchisee fails to meet Franchisor's specifications and standards in connection with the provision of any products or services, including, without limitation, delivery services, Franchisor may permanently or temporarily terminate Franchisee's right to offer such products or services; provided that nothing contained herein will be deemed a waiver of Franchisor's right to terminate pursuant to Section 19 hereof.

14.4 Authorized Vendors. Franchisor and its affiliates reserve the right to authorize and/or designate, from time to time, manufacturers, vendors, distributors, suppliers, and producers (collectively referred to herein as "**Vendors**"), terms, and distribution methods for any goods or services (which include, but are not limited to, services, insurance, products, equipment, supplies, and materials). Franchisee must purchase all goods and services required for the operation of the QUIZNOS Restaurant from such authorized and/or designated Vendors (which may be only one Vendor for any given good or service) under terms, in the manner, and from the source designated by Franchisor or any of its affiliates. If Franchisor or any of its affiliates designates such goods and services are to be purchased through authorized and/or designated Vendors, then Franchisee must purchase such goods and services from such Vendors pursuant to the terms and in the manner authorized by Franchisor or its affiliates. Franchisor or any of its affiliates may be a Vendor, or otherwise party to these transactions, and may derive revenue or profit from such transactions. Franchisor and any of its affiliates may use such revenue or profit without restriction.

14.5 Request for Change of Vendor. In the event Franchisee desires to purchase equipment, products, services, supplies, or materials from vendors other than those previously authorized by Franchisor and its affiliates, Franchisee must, prior to purchasing any such equipment, products, services, supplies, or materials, give Franchisor a written request to change the vendor. Franchisor will notify Franchisee in writing of the authorization or rejection of the proposed vendor within a reasonable time after completion of the investigation of the proposed vendor. Franchisor and its affiliates may from time to time inspect any vendor's facilities and products to assure proper production, processing, storing, and transportation of equipment, products, services, supplies, or materials to be purchased from the vendor by Franchisee. Permission for such inspection will be a condition of the continued authorization of such vendor. Franchisor and its affiliates may, for any reason whatsoever or no reason at all, based on its or their sole determination, elect to withhold authorization of the vendor; however, in order to make such determination, Franchisor and its affiliates may require that samples from a proposed new vendor be delivered for testing prior to authorization and use. A charge not to exceed the actual cost of the test may be made by Franchisor and will be paid by Franchisee. Franchisee acknowledges that Franchisor and its affiliates are likely to reject Franchisee's request for a new vendor without conducting any investigation if Franchisor and its affiliates

already have designated an exclusive vendor for the equipment, products, services, supplies, or materials proposed to be offered by the new vendor as permitted in Section 14.4 above.

15. MARKS, TRADE NAMES, AND PROPRIETARY INTERESTS

15.1 Marks. Franchisee acknowledges that Franchisor and its affiliates have the sole right to license and control Franchisee's use of the Marks and that such Marks will remain under the sole and exclusive ownership and control of Franchisor and its affiliates. Franchisee acknowledges that it does not acquire any right, title, or interest in the Marks except for the right to use the Marks in operating its QUIZNOS Restaurant under this Agreement. Franchisee must display the Marks prominently at the QUIZNOS Restaurant, on packaging and serving materials, and in connection with forms, advertising, and marketing, all in the manner Franchisor prescribes. Franchisee further agrees that no Marks other than "QUIZNOS" or such other trademarks specified by Franchisor will be used in the marketing, promotion, identification, or operation of the QUIZNOS Restaurant, except with Franchisor's prior written consent. Franchisee may not, either during or after this Agreement's term, use any of the Marks or any similar word, phrase or symbol as part of any Social Media activity, except in accordance with Franchisor's guidelines set forth in the Operations Manual or otherwise in writing from time to time. If Franchisor approves the use of any Social Media activity relating to the operation of Franchisee's QUIZNOS Restaurant, Franchisee will do so only in accordance with Franchisor's guidelines. Franchisor will own the rights to any such Social Media activity. At Franchisor's request, Franchisee agrees to grant Franchisor access to each such Social Media activity, and to take whatever action (including signing assignment or other documents) Franchisor requests to evidence Franchisor's ownership of such Social Media activity, or to help Franchisor obtain exclusive rights in such Social Media activity. During the term of this Agreement and thereafter, Franchisee agrees not to (and to use Franchisee's best efforts to cause its current and former shareholders, members, officers, directors, principals, agents, partners, employees, representatives, attorneys, spouses, affiliates, successors and assigns not to) disparage or otherwise speak or write negatively, directly or indirectly, of Franchisor, Franchisor's affiliates, any of Franchisor's or its affiliates' directors, officers, employees, representatives or affiliates, the QUIZNOS brand, the franchise system, any other QUIZNOS Restaurant, any business using the Marks, or which would subject the QUIZNOS brand to ridicule, scandal, reproach, scorn, or indignity, or which would negatively impact the goodwill of the COMPANY or the QUIZNOS brand. Franchisee may not prepare any adaptation, translation, transliteration, or work derived from the Marks without Franchisor's consent. If Franchisor approves such adaptation, translation, transliteration, or work, Franchisee hereby agrees that the derivative work will be the property of Franchisor, and Franchisee hereby assigns all its right, title, and interest therein to Franchisor.

15.2 Trademark Infringement. Franchisee agrees to notify Franchisor immediately in writing of any possible infringement of a Mark or use by others of a trademark confusingly similar to the Marks coming to its attention. Franchisee acknowledges that Franchisor and its affiliates will have the sole right to determine whether any action will be taken in response to any possible infringement or illegal use and to control any action taken. Franchisee agrees to fully cooperate with Franchisor and its affiliates in any litigation or other action.

15.3 Franchisee's Business Name. Franchisee acknowledges that Franchisor and its affiliates have a prior and superior claim to the QUIZNOS trade name. Franchisee will not use the word "QUIZNOS" in the legal name of its corporation, partnership, or any other business entity. Franchisee also agrees not to register or attempt to register a trade name using the word "QUIZNOS" or any portion thereof in Franchisee's name or that of any other person or business entity.

15.4 Change of Marks. In the event Franchisor decides to modify or discontinue use of any proprietary Marks, or to develop additional or substitute marks, Franchisee will, within a reasonable time after receipt of written notice, take such action, at Franchisee's sole expense, necessary to comply with such

modification, discontinuation, addition, or substitution. Franchisor and its affiliates need not reimburse Franchisee for its direct expenses of changing the QUIZNOS Restaurant's signs, for any loss of revenue due to any modified or discontinued Mark, or for its expenses of promoting a modified or substitute trademark or service mark.

16. REPORTS, RECORDS, AND FINANCIAL STATEMENTS

16.1 Reports. Franchisee will maintain an accurate durable electronic or written record of the daily Gross Sales for the QUIZNOS Restaurant and other information specified by Franchisor, and will electronically submit reports for the QUIZNOS Restaurant using the forms, formats, and procedures set forth in the Operations Manual. If Franchisee fails or refuses to submit any such report when required by Franchisor, Franchisor will have the right to terminate this Agreement as provided for in Section 19. The information required to be contained in such reports will be determined by Franchisor (which Franchisor may change from time to time), will include, but not be limited to the following:

(a) Weekly summary reports, submitted by no later than the Due Date each week (defined in Section 6.1) and containing information relative to the previous weekly reporting period operations;

(b) Any other data, information, and supporting records reasonably requested by Franchisor from time to time (including, without limitation, daily and weekly reports of product sales by category);

(c) By the end of each month, or by the end of each Franchisee's monthly accounting period, an income statement of Franchisee's QUIZNOS Restaurant for the prior month and for the fiscal year to date, prepared in accordance with generally accepted accounting principles ("GAAP") consistently applied, in Franchisor's recommended format;

(d) Franchisee must deliver to Franchisor, within five (5) days after receipt, copies of any default notices received by Franchisee from any of its lenders. Franchisee agrees that Franchisor or its affiliates may contact Franchisee's bank, other lenders, and vendors to obtain information regarding the status of Franchisee's loan(s) and account(s) (including, without limitation, payment histories and any defaults), and Franchisee hereby authorizes its bank, other lenders, and vendors to provide such information to Franchisor and its affiliates; and

(e) Within one-hundred and twenty (120) days after the end of Franchisee's fiscal year, Franchisor may request an income statement and balance sheet of Franchisee's QUIZNOS Restaurant for such fiscal year (reflecting all year-end adjustments) and a statement of changes in cash flow of the QUIZNOS Restaurant, prepared in accordance with GAAP consistently applied and in Franchisor's recommended format. Franchisor reserves the right to require that Franchisee has reviewed financial statements prepared on an annual basis.

16.2 Financial Records Use and Access. Franchisor reserves the right to disclose financial and accounting data received from Franchisee or otherwise available to Franchisor. Franchisor reserves the right to require that Franchisee install and maintain a modem and/or dedicated line at the QUIZNOS Restaurant which Franchisor or its authorized representatives may access to obtain sales information and data of the POS Systems (defined in Section 4.6), and Franchisee agrees to cooperate with Franchisor's procedures regarding the POS Systems. With respect to the operation and financial condition of the QUIZNOS Restaurant, Franchisee agrees to furnish the required financial and accounting reports in the form prescribed by Franchisor, which may include, without limitation, computer file, electronic mail, and facsimile transmission.

16.3 Books and Records/Maximum Borrowing Commitment. Franchisee must maintain all books and records for its QUIZNOS Restaurant in accordance with GAAP consistently applied and preserve such records, including cash register tapes, shift reports, weekly operating summaries, and sales tax returns, for at least three (3) years (or such greater time as required by law) after the fiscal year to which they relate. Franchisee must maintain all books and records for the QUIZNOS Restaurant separate from any other businesses operated by Franchisee.

16.4 Audit Rights. Franchisee will permit Franchisor or its representatives (including Franchisor's affiliates) to inspect and audit the books, records, and other information of the QUIZNOS Restaurant at any reasonable time, and at or away from the Franchised Location, at Franchisor's or its affiliate's expense. Franchisor and its affiliates may collect the QUIZNOS Restaurant's books, records, and other information for review in any form or manner they reasonably determine, including, without limitation, requiring Franchisee to send documents to Franchisor's offices. If any audit discloses a deficiency in amounts owed to Franchisor, including but not limited to amounts owed to Franchisor pursuant to Article 5 of this Agreement, then such amounts will become immediately payable to Franchisor by Franchisee, with interest from the date such payments were due at the lesser of two percent (2%) per month or the maximum commercial contract interest rate allowed by law. In addition, if such audit discloses that the Gross Sales of the QUIZNOS Restaurant have been understated by two (2%) or more during the audit period, Franchisee will pay all reasonable costs and expenses that Franchisor or its affiliates incurred in connection with such audit.

17. TRANSFER

17.1 Transfer by Franchisee. Franchisee agrees that the rights and duties created by this Agreement are personal to Franchisee (or its shareholders, partners, members, or owners, if Franchisee is a corporation, partnership, limited liability company, or other business entity) and that Franchisor has entered into this Agreement in reliance upon Franchisor's perceptions of the individual or collective character, skill, aptitude, attitude, business ability, and financial capacity of Franchisee (or its shareholders, partners, members, or owners). Accordingly, without Franchisor's prior written consent, which will not be unreasonably withheld, Franchisee will not transfer any of the following (nor attempt to transfer any of the following, including by listing any of the following for sale on any sales directory or platform), this Agreement (or any interest in this Agreement), any part or all of the ownership of Franchisee, the QUIZNOS Restaurant or all or a substantial portion of its assets. Any unauthorized transfer is a breach of this Agreement, void, and of no effect. As used in this Agreement, the term "**transfer**" includes Franchisee's (or an owner's) voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition of any interest in: (1) this Agreement; (2) the Franchisee entity; (3) the QUIZNOS Restaurant governed by this Agreement; or (4) all or a substantial portion of the assets of the QUIZNOS Restaurant. It also includes an assignment of day-to-day operational responsibilities for the QUIZNOS Restaurant pursuant to an operating agreement or otherwise. A transfer of the QUIZNOS Restaurant's ownership, possession, or control, or all or a substantial portion of its assets, may be made only with a transfer of this Agreement. In addition, Franchisee may not assign or pledge this Agreement or an ownership interest in Franchisee (other than to Franchisor) as additional security for any loans or other financing.

17.2 Pre-Conditions to Franchisee's Transfer. Franchisee agrees that there may be no transfers before the QUIZNOS Restaurant has opened for business. Franchisor will not be obligated to approve a proposed transfer unless Franchisor determines that Franchisee (and its owners) is in full compliance with this Agreement and all other franchise agreements with Franchisor. The proposed transferee and its owners must be individuals of good moral character and otherwise meet Franchisor's then applicable standards for franchisees. If the proposed transfer is of this Agreement and the QUIZNOS Restaurant, day-to-day operational responsibilities for the QUIZNOS Restaurant, or a controlling interest in Franchisee, or is one of a series of transfers (regardless of the time period over which these transfers take

place) which in the aggregate transfer this Agreement and the QUIZNOS Restaurant or a controlling interest in Franchisee, all of the following conditions must be met before or concurrently with the effective date of the transfer:

(a) All amounts due and owing pursuant to this Agreement or otherwise (including under another franchise agreement) by Franchisee (or any other legal entity in which Franchisee, or one of its owners with at least a twenty-five percent (25%) ownership interest in Franchisee, is an owner) to Franchisor, its affiliates, or third parties whose debts or obligations Franchisor has guaranteed on behalf of Franchisee, if any, are paid in full; Franchisee has submitted all required reports and statements; and Franchisee has not violated any provision of this Agreement, the QUIZNOS Restaurant's Lease, or any other agreement with Franchisor and its affiliates (including another franchise agreement) during both the sixty (60) day period before Franchisee requested Franchisor's consent to the transfer and the period between Franchisee's request and the effective date of the transfer;

(b) The proposed transferee agrees to operate the QUIZNOS Restaurant as a QUIZNOS Restaurant, signs Franchisor's then-current form of franchise agreement, the provisions of which may differ materially from any and all of those contained in this Agreement, passes required tests and satisfactorily completes the Initial Training Program;

(c) Franchisee provides written notice to Franchisor at least thirty (30) days prior to the proposed effective date of the transfer and includes information reasonably detailed to enable Franchisor to evaluate the terms and conditions of the proposed transfer, which at a minimum includes a written offer from the proposed transferee;

(d) The proposed transferee provides information to Franchisor sufficient for Franchisor to assess the proposed transferee's business experience, aptitude, and financial qualification, and Franchisor approves the proposed transferee as a franchisee;

(e) Neither the transferee nor its owners or affiliates have an ownership interest in, or perform services as a director, officer, manager, employee, consultant, lessor, representative, agent, or otherwise for, a Competitive Business;

(f) Franchisee and the proposed transferee agree to renovate, refurbish, remodel, or replace, at their own cost, the real and personal property and equipment used in operating the QUIZNOS Restaurant within the timeframe specified by Franchisor in order to comply with Franchisor's and its affiliates' then current image, standards of operation, and performance capability;

(g) Franchisee's landlord consent to Franchisee's assignment of the QUIZNOS Restaurant's Lease to the transferee and landlord has signed the then current form of Lease Addendum;

(h) If Franchisee or its owners finance any part of the purchase price, such financing, together with any third-party financing, either does not exceed the maximum debt limits or debt service limits established by Franchisor for the QUIZNOS Restaurant or, to the extent it does exceed such maximum debt limits, the excess portion of such financing is not secured by the QUIZNOS Restaurant or its assets. Franchisee and/or its owners further agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in the QUIZNOS Restaurant are subordinate to the transferee's obligation to pay fees and other amounts due to Franchisor and its affiliates and otherwise to comply with this Agreement;

(i) Franchisee, its owners and guarantors execute a non-disparagement agreement and general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor, its affiliates, and their respective shareholders, officers, directors, employees, and agents;

(j) Franchisee, its owners and guarantors abide by all post-termination covenants, including, without limitation, the covenant not to compete set forth in Section 24.4; and

(k) If Franchisee is an individual transferring this Agreement and the QUIZNOS Restaurant to an entity wholly-owned by Franchisee, Franchisee agrees both to remain personally responsible for the entity's performance of its obligations under this Agreement and to continue to comply personally with all obligations under this Agreement. Neither the transferee nor its owners may, without Franchisor's prior written consent, take over possession of the QUIZNOS Restaurant until the transfer process has been completed. Franchisee acknowledges and agrees that Franchisor may, but will not be required to, release one or more guarantors of Franchisee's obligations upon transfer.

17.3 Transfer Fee. If Franchisor approves the proposed transfer, Franchisee or the proposed transferee must pay Franchisor a transfer fee in an amount equal to Five Thousand Dollars (\$5,000) ("**Transfer Fee**"). The Transfer Fee is to cover the costs incurred by the Franchisor in connection with the transfer; provided, however, the Transfer Fee will not be charged (and Franchisor's right of first refusal will not apply) for a transfer by Franchisee to an entity wholly-owned by Franchisee, between owners of a Franchisee entity, or to a spouse of Franchisee (or owner of Franchisee) upon the death or disability of Franchisee (or the owner) so long as (i) the transfer does not result in a change of control of Franchisee and (ii) Franchisee reimburses Franchisor for any direct costs Franchisor incurs in connection with documenting and otherwise processing such transfer, including Franchisor's reasonable legal fees. A person will be deemed to have a controlling interest in Franchisee if that person has the right to vote twenty-five percent (25%) or more of the voting securities or other forms of ownership interest of a corporation, partnership, or other form of entity, or is entitled to receive twenty-five percent (25%) or more of the net profits of any such entity, or is otherwise able to direct or cause the direction of that entity's management or policies.

17.4 Franchisor's Approval of Transfer. Franchisor has thirty (30) days from the date of the written notice to approve or reject, in writing, Franchisee's proposed transfer (assuming the conditions specified in Section 17.2 above have been satisfied). Franchisee acknowledges that the proposed transferee will be evaluated by Franchisor based on the same criteria as those currently being used to assess new franchisees and that the proposed transferee will be provided with such disclosures required by applicable law. Franchisor may review all information regarding the QUIZNOS Restaurant that Franchisee gives the transferee, and Franchisor may give the transferee copies of any reports that Franchisee has given Franchisor or Franchisor has made regarding the QUIZNOS Restaurant.

17.5 Right of First Refusal. Franchisee grants to Franchisor a thirty (30) day right of first refusal to purchase such rights, interest, or assets on the same terms and conditions as are contained in the written notice set forth in Section 17.2.3; provided, however, the following additional terms and conditions will apply: (a) the right of first refusal will be effective for each proposed transfer, and any material change in the terms or conditions of the proposed transfer will be deemed a separate offer for which Franchisor will have a new thirty (30) day right of first refusal; (b) the thirty (30) day right of first refusal period will run concurrently with the period in which the Franchisor has to approve or reject the proposed transferee; (c) if the consideration or manner of payment offered by a proposed transferee is such that Franchisor cannot reasonably be expected to furnish the same, then Franchisor may purchase the interest proposed to be sold for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the cash consideration, an independent appraiser will be designated by Franchisor, whose determination will be binding upon the parties; all expenses of the appraiser will be paid for equally by Franchisor and Franchisee; and, despite subparagraph (b), Franchisor will have fifteen (15) days after determination of the cash consideration to exercise its right of first refusal; and (d) if Franchisor chooses not to exercise its right of first refusal, Franchisee will be free to complete the transfer subject to compliance with Sections 17.2 and 17.4. Franchisor has the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section.

17.6 Transfer by Franchisor. Franchisee represents that it has not signed this Agreement in reliance on any shareholder, member, director, officer, or employee remaining with Franchisor in that capacity. Franchisor may change its ownership or form and/or assign this Agreement and any other agreement without restriction. After Franchisor's assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, Franchisor no longer will have any performance or other obligations under this Agreement.

17.7 Franchisee's Death or Disability. Upon the death or permanent disability of Franchisee (or an individual controlling a Franchisee entity), the personal representative of such person must transfer Franchisee's interest in this Agreement or such interest in the Franchisee entity to an approved third party. Such disposition of this Agreement or such interest (including, without limitation, transfer by bequest or inheritance) will be completed within a reasonable time, not to exceed one hundred twenty (120) days from the date of death or permanent disability (unless extended by probate proceedings), and will be subject to all terms and conditions applicable to transfers contained in this Section 17; provided, however, that for purposes of this Section, there will be no Transfer Fee charged by Franchisor. Failure to transfer the interest within said period of time will constitute a breach of this Agreement. The term "**permanent disability**" means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent Franchisee (or an owner controlling a Franchisee entity) from supervising the management and operation of the QUIZNOS Restaurant for a period of one hundred twenty (120) days from the onset of such disability, impairment, or condition. In any event, the QUIZNOS Restaurant will at all times be managed by a Designated Manager who has complied with all of Franchisor's training requirements, regardless of any death or permanent disability covered by this Section.

18. DEFAULT AND TERMINATION

18.1 Termination Effective Upon Notice. Franchisee will be deemed to be in default subject to immediate termination under this Agreement, without prior notice of the default from the Franchisor and without an opportunity to cure the default unless precluded by applicable law or otherwise as stated herein, if any of the following events occur:

(a) **Unauthorized Opening.** If Franchisee begins operating the QUIZNOS Restaurant without having obtained Franchisor's prior written consent, as required in Section 4.8; or

(b) **Unauthorized Disclosure.** If Franchisee or any person under Franchisee's control intentionally or negligently discloses to any unauthorized person, or copies or reproduces, the contents or any part of the Operations Manual or any other trade secrets or Confidential Information of Franchisor or its affiliates; or

(c) **Fraud or Conduct Which Adversely Impair the Marks.** If Franchisee commits fraud in connection with the purchase or operation of the QUIZNOS Restaurant or otherwise engages in conduct that, in the sole judgment of Franchisor, impairs or may impair the goodwill associated with the Marks or otherwise subjects the Marks or the QUIZNOS system to ridicule, scandal, reproach, scorn or indignity; or

(d) **Abandonment.** If Franchisee ceases to operate the QUIZNOS Restaurant or otherwise abandons the QUIZNOS Restaurant for a period of five (5) consecutive days, or Franchisee indicates an intent by Franchisee to permanently discontinue operation of the QUIZNOS Restaurant, unless and only to the extent that full operation of the QUIZNOS Restaurant is suspended or terminated due to fire, flood, earthquake, or other similar causes beyond Franchisee's control and not related to the availability of funds to Franchisee; or

(e) Insolvency; Assignments. If Franchisee becomes insolvent or is adjudicated as bankrupt; or any action is taken by Franchisee, or by others against Franchisee, under any insolvency, bankruptcy, or reorganization act (this provision might not be enforceable under federal bankruptcy law, 11 U.S.C. §§ 101 et seq.); or if Franchisee makes an assignment for the benefit of creditors; or a receiver is appointed for Franchisee; or

(f) Unsatisfied Judgments; Levy; Foreclosure. If any material judgment (or several judgments which in the aggregate are material) is obtained against Franchisee and remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas or other appeal bond has been filed); or if execution is levied against Franchisee's business or any of the property used in operating the QUIZNOS Restaurant and is not discharged within five (5) days; or if the real or personal property of Franchisee's business will be sold after levy by any sheriff, marshal, or constable; or

(g) Criminal Conviction. If Franchisee (or any of its Bound Parties, as defined in Section 20.1) is convicted of, or pleads no contest or guilty to, a felony, a crime involving moral turpitude, or any crime or offense reasonably likely, in the sole opinion of Franchisor, to materially and unfavorably affect the Licensed Methods, Marks, and associated goodwill and reputation; or

(h) Failure to Make Payments. If Franchisee (or any other legal entity in which Franchisee, or one of its owners with at least a twenty-five percent (25%) ownership interest in Franchisee, is an owner) fails to timely pay any amounts due Franchisor or any affiliate of Franchisor within five (5) days after delivery of notice to Franchisee that such fees or amounts are overdue, together with interest on the past-due obligations at the rate of 24% per annum and the applicable administrative fees; or

(i) Financial Reporting. If Franchisee intentionally underreports Gross Sales in any amount or negligently underreports Gross Sales by five percent (5%) or more during any reporting period; or

(j) Failure to Complete Training. If Franchisee (or its Designated Operating Partner or Designated Manager) fails or refuses to complete the Initial Training Program to Franchisor's satisfaction or to commence operations of the QUIZNOS Restaurant within the required time period; or

(k) Failure to Commence Operation. If Franchisee fails or refuses to commence operation of the QUIZNOS Restaurant within the required time period as set forth in Section 4.2; or

(l) Misuse of Marks. If Franchisee misuses or fails to follow Franchisor's directions and guidelines concerning use of the Marks and fails to correct the misuse or failure within ten (10) days after delivery of notice from Franchisor; or

(m) Repeated Noncompliance. If Franchisee has received three (3) notices of default from Franchisor relating to noncompliance with the Operations Manual and/or Brand Standards within a twenty-four (24) month period, regardless of whether the defaults were cured by Franchisee; or

(n) Right to Possession of Property. If Franchisee loses the right to occupy the QUIZNOS Restaurant's premises because of its default under the Lease or defaults under any agreement related to use or operation of the QUIZNOS Restaurant; or

(o) Unauthorized Transfer. If Franchisee sells, transfers, or otherwise assigns the franchise, an interest in the franchise or Franchisee entity, this Agreement, the QUIZNOS Restaurant, or a substantial portion of the assets of the QUIZNOS Restaurant without complying with the provisions of Section 17; or

(p) Termination of Other Franchise Agreement. If Franchisor or any of its affiliates issues a notice of termination with respect to any other franchise agreement between Franchisor or any such affiliate and Franchisee (or any other legal entity in which Franchisee, or one of its owners with at least a twenty-five percent (25%) ownership interest in Franchisee, is an owner) governing the operation of another QUIZNOS Restaurant; or

(q) Loan Default. If Franchisee commits a default under any loan from or equipment lease with Franchisor, its affiliates, or a third party and fails to cure that default by the date specified by the lender or equipment lessor; or

(r) Unsafe or Unsanitary Conditions. If Franchisee creates or allows to exist any condition in connection with the business, in or at the QUIZNOS Restaurant, or on or about the QUIZNOS Restaurant's premises, which Franchisor reasonably believes presents health or safety concerns for the QUIZNOS Restaurant's customers or employees; or

(s) Violation of Health/Safety Laws/Regulations. If Franchisee violates any health, safety, or sanitation law, ordinance, or regulation, and does not begin to cure the violation immediately, and correct the violation within seventy-two (72) hours after Franchisee receives notice from Franchisor or any other party, regardless of any longer period of time that any governmental authority or agency may have given Franchisee to cure such violation; or

(t) Material Misrepresentation. If Franchisee (or any of its owners) have made or make any material misrepresentation or omission in acquiring the franchise or operating the QUIZNOS Restaurant; or

(u) Failure to Obtain Financing. If Franchisee fails to obtain financing for the QUIZNOS Restaurant within six (6) months after the Effective Date; or

(v) Insurance. Franchisee fails or refuses to maintain any insurance policy required by the Franchisor, or otherwise fails or refuses to adhere to the requirements of Section 12.

If this Agreement is terminated by the Franchisor pursuant to this Section 18.1, then Franchisor will provide Franchisee with written notice that this Agreement is terminated and, in that event, the effective date of termination of this Agreement will be the day the written notice of termination is received by Franchisee.

18.2 Termination after Failure to Cure. Franchisee will be deemed to be in default under this Agreement and Franchisor will have the right to terminate this Agreement and all rights granted under this Agreement if within thirty (30) days, or within any shorter period expressly set forth in the following clauses as to such default or any longer cure period required by applicable law, after the Franchisor sends Franchisee written notification setting out the nature of the default ("**Notice of Default**"), Franchisee does not correct the default to Franchisor's satisfaction for any of the following events (for the purposes of this Agreement, an alleged breach of this Agreement by Franchisee will be deemed to be "corrected" if both Franchisor and Franchisee agree in writing that the alleged breach has been corrected):

(a) Cancelled Licenses. Any license, permit, or certification required for occupancy, operating, or food service at Franchisee's QUIZNOS Restaurant is canceled for any reason; or

(b) Replacement Designated Manager. Franchisee fails to designate a duly qualified replacement Designated Manager within thirty (30) days after the former Designated Manager ceases to serve in that capacity; or

(c) Breach of Agreement or Operations Manual. Franchisee breaches any provision, term, or condition of this Agreement or fails or refuses to comply with the Operations Manual; or

(d) Circumvention of POS Systems. Franchisee circumvents the POS Systems by not accurately recording every sale or other transaction in the POS Systems in accordance with Franchisor's requirements;

(e) Failure to Comply with Reporting Requirements. Franchisee fails to prepare and submit any statement or report required under Section 16; or

(f) Default of Other Franchise Agreement. If Franchisor or any of its affiliates issues a notice of default with respect to any other franchise agreement between Franchisor or any such affiliate and Franchisee (or any other legal entity in which Franchisee, or one of its owners with at least a twenty-five percent (25%) ownership interest in Franchisee, is an owner) governing the operation of another QUIZNOS Restaurant.

18.3 State and Federal Law. Franchisor and Franchisee acknowledge that, in the event that the terms of this Agreement regarding termination or expiration are inconsistent with applicable state or federal law, such law will govern Franchisee's right regarding termination or expiration of this Agreement.

18.4 Assumption of Management. Franchisor has the right (but not the obligation), under the circumstances described below, to enter the QUIZNOS Restaurant and assume management of the QUIZNOS Restaurant (or to appoint a third party to assume its management) for any time period it deems appropriate. If Franchisor or a Designee assumes management of the QUIZNOS Restaurant, Franchisee must pay the Management Fee set forth in Section 5.6 plus Franchisor or Designee's direct out-of-pocket costs and expenses, during the Management Period. If Franchisor (or Designee) assumes management of the QUIZNOS Restaurant, Franchisee acknowledges that Franchisor (or Designee) will have a duty to utilize only reasonable efforts and will not be liable to Franchisee or its owners for any debts, losses, or obligations the QUIZNOS Restaurant incurs, or to any of Franchisee's creditors for any supplies or services the QUIZNOS Restaurant purchases, while Franchisor (or Designee) manages it. Franchisor (or Designee) may assume the QUIZNOS Restaurant's management under the following circumstances: (i) if Franchisee abandons the QUIZNOS Restaurant; or (ii) if Franchisee fails to comply with any provision of this Agreement and does not cure the failure within the time period Franchisor specifies in its notice to Franchisee. The exercise of Franchisor's rights under this section will not affect Franchisor's right to terminate this Agreement.

18.5 Noncompliant Fee. Franchisor has the right to charge Franchisee a noncompliant fee of \$250 for each noncompliant event for which Franchisee is notified when Franchisee is in default of any of the terms of this Agreement or the requirements set forth in the Operations Manual.

19. OBLIGATIONS OF FRANCHISEE UPON TERMINATION OR EXPIRATION

19.1 Obligations of Franchisee Upon Termination or Expiration. Franchisee is obligated upon termination or expiration of this Agreement to immediately:

(a) Pay all Royalties and other amounts then owed Franchisor or its affiliates pursuant to this Agreement or otherwise;

(b) If this Agreement is terminated following a default by Franchisee, pay Franchisor an amount equal to the net present value of the Royalties and Marketing Fees that would have become due following termination of the Franchise Agreement for the period the Franchise Agreement would have

remained in effect but for Franchisee's default ("Termination Fee"). Royalties and Marketing Fees will be calculated by multiplying (1) the number of calendar months remaining under the term of the Franchise Agreement by (2) the aggregate percentages of the Royalties and Marketing Fees, by (3) the average monthly Gross Sales of the QUIZNOS Restaurant during the 12 months preceding the termination date. If Franchisee has not operated the QUIZNOS Restaurant for at least 12 months preceding the termination date, Royalties and Marketing Fees will be calculated based on the average monthly Gross Sales of all QUIZNOS Restaurants during Franchisor's last fiscal year.

(c) Cease identifying itself as a QUIZNOS franchisee and cease using any Marks, trade secrets, signs, symbols, devices, trade names, or other materials of Franchisor and its affiliates;

(d) Immediately cease to identify the Franchised Location as being, or having been, associated with the Marks and immediately cease using the Marks and Licensed Methods;

(e) Deliver to Franchisor all signs, sign-faces, advertising materials, forms, and other materials bearing any of the Marks or otherwise identified with the Marks, and allow Franchisor or its designee, without liability to Franchisee or third parties, to remove these items from the Franchised Location;

(f) Immediately deliver to Franchisor the Operations Manual and all other information, documents, and copies which are proprietary to Franchisor and its affiliates;

(g) If applicable, immediately (i) cease any Social Media activity related to Franchisee's QUIZNOS Restaurant or the Marks, (ii) take any action as may be required to disable any Social Media accounts, and (iii) cancel all rights in and to any accounts for such Social Media;

(h) Promptly take such action required to cancel all fictitious or assumed name or equivalent registrations relating to its use of any Marks or, at the option of Franchisor, assign the same to Franchisor or its designee;

(i) Notify the telephone company and all telephone directory publishers of the termination or expiration of Franchisee's right to use any telephone number and any regular, classified, or other telephone directory listings associated with any Mark and authorize their transfer to Franchisor or its designee. Franchisee acknowledges that, as between Franchisee and Franchisor, Franchisor has the sole rights to and interest in all telephone or facsimile machine numbers and directory listings associated with any Mark. Franchisee authorizes Franchisor, and hereby appoints Franchisor and any of its officers as Franchisee's attorney-in-fact, to direct the telephone company and all telephone directory publishers to transfer any telephone or facsimile machine numbers and directory listings relating to the QUIZNOS Restaurant to Franchisor or its designee, should Franchisee fail or refuse to do so, and the telephone company and all telephone directory publishers may accept such direction or this Agreement as conclusive of Franchisor's exclusive rights in such telephone numbers and directory listings and Franchisor's authority to direct their transfer; and

(j) Abide by all restrictive covenants set forth in Section 20 of this Agreement.

20. INDEPENDENT CONTRACTORS

20.1 Independent Businesspersons. Nothing in this Agreement is intended by the parties hereto to create a fiduciary relationship between them nor to constitute Franchisee as a subsidiary, joint venturer, partner, agent or employee of the Franchisor for any purpose whatsoever. It is understood and agreed that Franchisee is an independent contractor and is in no way authorized to make any warranty or representation on behalf of the Franchisor other than those contained in any disclosure document prepared

by the Franchisor for use by Franchisee, nor is Franchisee authorized to create any obligation or enter into any contract binding on Franchisor. Franchisor and Franchisee agree that neither of them will hold themselves out to be the agent, employer, or partner of the other and that neither of them has the authority to bind or incur liability on behalf of the other (unless expressly provided in this Agreement).

20.2 Payment of Third-Party Obligations. Neither party is liable or responsible for the other's debts or obligations, nor will either party be obligated for any damages to any person or property directly or indirectly arising out of the operation of the other party's business. Accordingly, Franchisor will have no liability for Franchisee's obligations to pay any third parties (including, without limitation, any product vendors), or for any sales, use, service, occupation, excise, gross receipts, income, property, or other taxes levied upon Franchisee, Franchisee's property, the QUIZNOS Restaurant, or Franchisor in connection with the sales made or business conducted by Franchisee (except any taxes Franchisor is required by law to collect from Franchisee with respect to purchases from Franchisor and Franchisor's income taxes). Franchisee must reimburse Franchisor for any taxes that Franchisor must pay to any state taxing authority on account of either Franchisee's operation or payments that Franchisee makes to Franchisor.

20.3 Operation of Business. Franchisee will be completely and solely responsible for the operation of its QUIZNOS Restaurant, and will control, supervise and manage all the employees, agents and independent contractors who work for or with Franchisee, including the right to hire and fire its employees. Franchisee will be responsible for the acts of its employees, agents and independent contractors, and will take all reasonable business actions necessary to ensure that its employees, agents and independent contractors comply with all federal, state and local laws, rules and regulations including, but not limited to, all discrimination laws, sexual harassment laws and laws relating to the disabled. Franchisor will not have any right, obligation or responsibility to control, supervise, or manage Franchisee's employees, agents or independent contractors, and will no way be involved in the day-to-day operations of Franchisee's QUIZNOS Restaurant.

21. INDEMNIFICATION

21.1 Indemnification. Franchisee will defend at its own cost and indemnify and hold harmless Franchisor, its shareholders, affiliates and subsidiaries and their respective directors, officers, employees and agents, from and against any and all loss, costs, expenses (including legal and other professional fees and expenses), damages and liabilities, however caused, resulting directly or indirectly from or pertaining to the breach by Franchisee of its obligations under this Agreement or the use, condition or construction, equipping, decorating, maintenance or operation of the QUIZNOS Restaurant, including the sale of any food products, service or merchandise sold from the QUIZNOS Restaurant. Such loss, claims, costs, expenses, damages and liabilities will include, without limitation, those arising from latent or other defects in the QUIZNOS Restaurant, whether or not discoverable by Franchisor, Franchisee's violation of any federal, state, or local law, statute, rule, or regulation, including but not limited to, violation of Privacy Laws, and those arising from the death or injury to any person or arising from damage to the property of Franchisee or Franchisor, their agents or employees, or any third person, firm or corporation, whether or not such losses, claims, costs, expenses, damages or liabilities were actually or allegedly caused wholly or in part through the active or passive negligence of Franchisor or any of its agents or employees or resulted from any strict liability imposed on Franchisor or any of its agents or employees.

21.2 Payment of Costs and Expenses. Each Indemnified Party will have the right to defend any such claim against it at Franchisee's expense and agree to settlements or take any other remedial, corrective, or other actions. In addition, at the written request of any Indemnified Party, Franchisee will advance to the Indemnified Party the expenses (including attorneys' fees) incurred by the Indemnified Party in defending any claim that is in advance of the final disposition of such claim. The Indemnified Party agrees and undertakes to repay such advanced amounts (or appropriate portions thereof) as to which it

ultimately is determined that the Indemnified Party was not entitled; provided that this undertaking will be effective only if and to the extent that, by law, it must be enforced as a condition to the receipt by the Indemnified Party of advanced expenses under this Section 22. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement

22. FRANCHISEE'S REPRESENTATIONS, WARRANTIES, AND COVENANTS

22.1 Organization. If Franchisee is a corporation, limited liability company, partnership or other entity, then Franchisee and its Designated Operating Partner represent, warrant and covenant that:

(a) Franchisee is duly organized and validly existing under the law of the state or territory where formed;

(b) Franchisee is duly qualified and is authorized to do business in the jurisdiction where the QUIZNOS Restaurant is located and in each jurisdiction where it conducts business, maintains offices, owns real estate or where qualification is required;

(c) Franchisee's articles of incorporation, certificate of formation, by-laws, operating agreement, member control agreement, partnership agreement or other organizational documents ("**Organizational Documents**") will at all times provide that Franchisee's business activities will be confined exclusively to the ownership and operation of the QUIZNOS Restaurant, unless otherwise consented to in writing by Franchisor;

(d) The execution of this Agreement and the consummation of the transactions contemplated by this Agreement are within the powers granted to Franchisee by the Organizational Documents and have been duly authorized and approved by Franchisee or by the board of directors, board of governors, managing members, managing partner, or other governing body of Franchisee;

(e) Copies of all Organizational Documents and any other documents, agreements or resolutions in Franchisee's possession will be provided to Franchisor upon written request;

(f) The names of the owners of Franchisee and their respective ownership interests in Franchisee are accurately stated and completely described in the Statement of Ownership attached hereto as Exhibit B;

(g) Each of the Franchisee's owners who owns at least ten percent (10%) of the issued and outstanding ownership interests in Franchisee will execute the Guaranty and Assumption of Franchisee's Obligations attached hereto as Exhibit C;

(h) Franchisee will at all times maintain a current schedule of the owners of Franchisee and their respective ownership interests, and Franchisee will immediately provide Franchisor with a copy of the updated ownership schedule whenever there is any change of ownership. The ownership schedule will contain the name, address, telephone number and e-mail address of each owner of Franchisee and will state the percentage of ownership that each owner has in Franchisee;

(i) If any person or entity ceases to be one of Franchisee's owners, or if any individual or entity becomes an owner of Franchisee, then Franchisee will notify Franchisor in writing and within five days Franchisee will require the new owner to execute all documents then required by Franchisor;

(j) Franchisee's Organizational Documents and any documents representing ownership in Franchisee will provide that no ownership interest in Franchisee may be assigned or

transferred to any person or entity unless it is in strict compliance with the terms, conditions, and restrictions contained in this Agreement;

(k) Franchisee has no material liabilities, adverse claims, commitments or obligations of any nature as of the date of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise, except as disclosed to Franchisor in writing or set forth in the financial statements of Franchisee that have been provided to Franchisor;

(l) The representations, warranties and covenants contained in this Section are continuing obligations of Franchisee and the owners of Franchisee and that any failure to comply with such representations, warranties, and covenants will constitute a material breach of this Agreement.

22.2 Compliance with Agreement. Franchisee, its Designated Operating Partner, and the other owners of Franchisee represent, warrant, and covenant that they will comply with all requirements and will perform all obligations in accordance with the terms and conditions of this Agreement.

23. FRANCHISEE'S RESTRICTIVE COVENANTS

23.1 Consideration. Franchisee acknowledges that, in addition to the license of the Marks, Franchisor also has licensed commercially valuable information which comprises the System, including, without limitation, operations, marketing, advertising, and related information and materials, and that the value of this information arises not only from the time, effort, and money which went into its compilation but also from the usage by all franchisees.

23.2 Non-Competition During Term. Franchisee agrees that, other than the QUIZNOS Restaurant, neither Franchisee nor any of Franchisee's officers, directors, shareholders, members, partners or other owners, nor any spouse or other immediate family members of Franchisee or any of these individuals (collectively, "**Bound Parties**"), will during the term of this Agreement:

(a) Have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business wherever located or operating;

(b) Perform services as a director, officer, manager, employee, consultant, lessor, representative, agent, or otherwise for a Competitive Business, wherever located or operating; or

(c) Divert or attempt to divert any business related to the QUIZNOS Restaurant, Franchisor's business, or any other QUIZNOS franchisee by direct inducement or otherwise or divert or attempt to divert the employment of any employee of Franchisor or any of its affiliates to any Competitive Business; provided, however, neither Franchisee nor the other Bound Parties will be prohibited from owning securities in a Competitive Business if such securities are listed on a stock exchange or traded on the over-the-counter market and represent five percent (5%) or less of that class of securities issued and outstanding. Franchisee agrees that nothing in this Section 24 will be construed to grant Franchisee any protected territory.

23.3 Post-Termination Covenant Not to Compete. For a period of two (2) years from the effective date of termination, non-renewal, or expiration of this Agreement for any reason, neither Franchisee nor any other Bound Party will have any direct or indirect interest as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, lessor, representative, agent, or in any other capacity in any Competitive Business located or operating within a five (5) mile radius of the former Franchised Location (including at the former Franchised Location) or within a five (5) mile radius of any other QUIZNOS Restaurant existing on the effective date of termination, non-renewal, or expiration of this Agreement. The restrictions of this Section will not be applicable to the ownership of shares of a class of

securities listed on a stock exchange or traded on the over-the-counter market that represent five percent (5%) or less of the number of shares of that class of securities issued and outstanding. Franchisee and the other Bound Parties expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive them of their personal goodwill or ability to earn a living.

23.4 Injunctive Relief. Franchisee and the Bound Parties agree that the provisions of this Section 24 are necessary to protect the legitimate business interest of Franchisor and its franchisees including, without limitation, preventing the unauthorized dissemination of marketing, promotional and other Confidential Information to competitors of Franchisor and its franchisees, protecting recipes, cooking and food preparation techniques and other trade secrets, protecting the integrity of the System, preventing duplication of the System by unauthorized third parties, preventing damage to and/or loss of goodwill associated with the Marks and protecting Franchisor's intellectual property rights. Franchisee and the Bound Parties also agree that damages alone cannot adequately compensate the Franchisor if there is a breach of this Section 24 by Franchisee or any of the Bound Parties, and that injunctive relief against Franchisee is essential for the protection of Franchisor and its franchisees. Franchisee and the Bound Parties therefore agree that, if Franchisor alleges that Franchisee or any Bound Parties have breached this Section 24, then Franchisor will have the right to petition a court of competent jurisdiction for injunctive relief against Franchisee and the Bound Parties, in addition to all other remedies that may be available to Franchisor. Franchisor will not be required to post a bond or other security for any injunctive proceeding. If Franchisor is granted ex parte injunctive relief against Franchisee or any of the Bound Parties, then Franchisee or the Bound Parties will have the right to petition the court for a hearing on the merits at the earliest time convenient to the court.

24. DISPUTE RESOLUTION

24.1 Arbitration. Franchisor and Franchisee agree that any controversy, dispute, or claim arising out of relating to this Agreement, the relationship between Franchisor (and/or its affiliates) and Franchisee (and/or any of the Bound Parties) created by this Agreement, or any breach of this Agreement, excluding any claim directly relating to the Confidential Information or the Marks, will be submitted for binding arbitration, on demand of either party, to the American Arbitration Association.

(a) **Proceedings; Final Decision.** The arbitration proceedings will be conducted by one arbitrator and, except as this Section 25 otherwise provides, according to the then-current Commercial Arbitration Rules of the American Arbitration Association. All proceedings will be conducted at a suitable location chosen by the arbitrator in or within fifty (50) miles of Franchisor's then-current principal place of business (currently, Denver, Colorado). All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.). The decision of the arbitrator will be final and binding upon each party and may be enforced in any court of competent jurisdiction.

(b) **Temporary Injunctive Relief Not Barred.** Nothing herein contained will bar the right of either party to seek and obtain temporary injunctive relief from a State or Federal court of competent jurisdiction in accordance with applicable law against threatened conduct that will cause loss or damage, pending completion of the arbitration.

(c) **Potential Awards.** The arbitrator has the right to award, or include in his or her award, any relief which he or she deems proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs, provided that the arbitrator may not declare any of the trademarks owned by Franchisor or its affiliates generic or otherwise invalid or, except as expressly provided in Section 25.6, award any punitive, exemplary, or multiple damages against any party to the arbitration proceeding (Franchisor and Franchisee

hereby waive, to the fullest extent permitted by law, any such right to or claim for any punitive, exemplary, or multiple damages against any party to the arbitration proceedings).

(d) Limitations; Counterclaims; Settlement Discussions. Franchisor and Franchisee agree to be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. Franchisor and Franchisee further agree that, in any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding. Any claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Franchisor or Franchisee.

(e) Individual Basis. It is the intent of the parties that any arbitration between Franchisor and Franchisee will be of Franchisee's individual claim and that the claim subject to arbitration will not be arbitrated on a class-wide basis, consolidated with any other arbitration proceeding, or brought on Franchisee's behalf by any association or agent. If any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause will not apply to that dispute, controversy or claim and that such dispute, controversy or claim will be resolved in a judicial proceeding in accordance with the dispute resolution provisions of this Agreement.

(f) Discovery. Franchisor and Franchisee agree that, in any arbitration arising as described in this Section 25, requests for documents will be limited to documents that are directly relevant to significant issues in the case or to the case's outcome; will be restricted in terms of time frame, subject matter and persons or entities to which the requests pertain; and will not include broad phraseology such as "all documents directly or indirectly related to." Franchisee and Franchisor further agree that no interrogatories or requests to admit will be propounded. With respect to any electronic discovery, Franchisor and Franchisee agree that:

(A) Production of electronic documents need only be from sources used in the ordinary course of business. No such documents will be required to be produced from back-up servers, tapes or other media;

(B) The production of electronic documents will normally be made on the basis of generally available technology in a searchable format which is usable by the party receiving the documents and convenient and economical for the producing party. Absent a showing of compelling need, the parties need not produce metadata, with the exception of header fields for email correspondence;

(C) The description of custodians from whom electronic documents may be collected will be narrowly tailored to include only those individuals whose electronic documents may reasonably be expected to contain evidence that is material to the dispute; and

(D) Where the costs and burdens of electronic discovery are disproportionate to the nature of the dispute or to the amount in controversy, or to the relevance of the materials requested, the arbitrator will either deny such requests or order disclosure on condition that the requesting party advance the reasonable cost of production to the other side, subject to allocation of costs in the final award as provided herein.

(E) Each party may take no more than three depositions. Each party's depositions are to consume no more than a total of fifteen (15) hours, and each deposition will be limited to five (5) hours. There are to be no speaking objections at the depositions, except to preserve privilege.

(g) **Survival; Applicability.** The provisions of this Section are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Any provisions of this Agreement below that pertain to judicial proceedings will be subject to the agreement to arbitrate contained in this Section.

24.2 Governing Law. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.), or other federal law, this Agreement will be interpreted under the laws of the State of Colorado, and any dispute between the parties, whether arising under this Agreement or from any other aspect of the parties' relationship, will be governed by and determined in accordance with the substantive laws of the State of Colorado, which laws will prevail in the event of any conflict of law.

24.3 Consent to Jurisdiction. Subject to the parties' obligation to arbitrate as provided in Section 25.1, the parties agree that the exclusive forum for disputes between them will be in the District Court for the City and County of Denver, Colorado, or the United States District Court for the District of Colorado, and each party waives any objection it might have to the personal jurisdiction of or venue in such courts.

24.4 Waiver of Jury Trial. Franchisor, Franchisee, and the Bound Parties each waive their right to a trial by jury. Franchisee, the Bound Parties, and Franchisor acknowledge that the parties' waiver of jury trial rights provides the parties with the mutual benefit of uniform interpretation of this Agreement and resolution of any dispute arising out of this Agreement or any aspect of the parties' relationship. Franchisee, the Bound Parties, and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit.

24.5 Damages. In the event this Agreement is terminated (i) by Franchisor based on Franchisee's default or (ii) due to the wrongful termination by Franchisee, the parties agree that it would be difficult, if not impossible, to determine the amount of damages that Franchisor would suffer due to the loss or interruption of the revenue stream Franchisor otherwise would have derived from Franchisee's continued payment of Royalties and that the Marketing Fund would have otherwise derived from Franchisee's continued contributions to those funds, less any cost savings, through the remainder of the term of this Agreement (collectively, the "**Damages**"). Therefore, the parties agree that a reasonable estimate of the Damages is the net present value of the Royalties and Marketing Fees that would have become due following any early termination of this Agreement for the period this Agreement would have remained in effect but for Franchisee's default ("**Measurement Period**"). For this purpose, Damages will be calculated by multiplying (1) the number of calendar months in the Measurement Period by (2) the aggregate percentages of the Royalties and Marketing Fees by (3) the average monthly Gross Sales of the QUIZNOS Restaurant during the twelve (12) full calendar months immediately preceding the termination date; however, if as of the termination date, the QUIZNOS Restaurant has not been operating for at least twelve (12) months, Damages will be calculated based on the average monthly Gross Sales during Franchisor's previous fiscal year immediately preceding the termination date of all QUIZNOS Restaurants during the entirety of that fiscal year. The parties agree that the calculation described in this Section is a calculation only of the Damages and that nothing herein will preclude or limit Franchisor from proving and recovering any other damages caused by Franchisee's breach of the Agreement.

24.6 Limitation of Claims. Franchisee and the Bound Parties agree not to bring any claim asserting that any of the Marks are generic or otherwise invalid. Except with regard to Franchisee's obligation to pay Franchisor and its affiliates Royalty payments, the Marketing Fee and other advertising fees, and other payments due from Franchisee pursuant to this Agreement or otherwise, any claims between the parties must be commenced within one (1) year from the date on which the party asserting the claim

knew or should have known of the facts giving rise to the claim, or such claim will be barred. The parties understand that such time limit might be shorter than otherwise allowed by law. Franchisee and the Bound Parties agree that their sole recourse for claims arising between the parties will be against Franchisor or its successors and assigns. Franchisee and the Bound Parties agree that the members, managers, shareholders, directors, officers, employees, and agents of Franchisor and its affiliates will not be personally liable nor named as a party in any action between Franchisor and Franchisee or any Bound Party. Franchisor, Franchisee, and the Bound Parties further agree that, in connection with any such proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed as described above will be forever barred. The parties agree that any proceeding will be conducted on an individual basis, and that a proceeding between Franchisor and Franchisee or the Bound Parties may not be conducted on a class-wide basis, consolidated with another proceeding, or brought on Franchisee's or a Bound Party's behalf by any association or agent. Except for Franchisee's obligation to indemnify Franchisor under Section 22.1, no party will be entitled to an award of punitive or exemplary damages (provided that this limitation will not apply to statutory penalties such as those set forth in 15 U.S.C. § 1117(a)). No previous course of dealing will be admissible to explain, modify, or contradict the terms of this Agreement. No implied covenant of good faith and fair dealing will be used to alter the express terms of this Agreement.

25. NOTICES

All notices required to be given under this Agreement must be given in writing, by certified mail, return receipt requested, or by any delivery service providing documentation of receipt, at the addresses set forth below, and will be deemed delivered (a) on the date shown on the return receipt or in the courier's records as the date of delivery or (b) on the date of first attempted delivery, if actual delivery cannot for any reason be made.

Notices to Franchisor:

Legal Department
Quiz Holdings, LLC
4700 St. Syracuse St., Suite 225
Denver, CO 80237

With a copy to:

Notices to Franchisee:

With a copy to:

26. ENFORCEMENT

26.1 Injunctive Relief. Nothing in this Agreement bars Franchisor's right to obtain specific performance of the provisions of this Agreement and injunctive relief against conduct that threatens to injure or harm Franchisor, the Marks, or the QUIZNOS franchise system, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions (subject to

Franchisor's obligation to arbitrate the underlying claim if required by Section 25.1). Franchisee agrees that Franchisor may obtain such injunctive relief. Franchisee agrees that Franchisor will not be required to post a bond to obtain injunctive relief and that Franchisee's only remedy if an injunction is entered against Franchisee will be the dissolution of that injunction, if warranted, upon due hearing, and Franchisee hereby expressly waives any claim for damages caused by such injunction.

26.2 Costs and Attorneys' Fees. If either party initiates a judicial or other proceeding, the prevailing party will be entitled to reasonable costs and expenses (including reasonable attorneys' fees) incurred in connection with such judicial or other proceeding.

26.3 No Right to Set Off. Franchisee will not be allowed to set off amounts owed to Franchisor or its affiliates for Royalties, fees, or other amounts due against any monies owed to Franchisee, which right of set off is hereby expressly waived by Franchisee.

26.4 Severability. If any provision of this Agreement is held invalid by any tribunal in a final decision from which no appeal is or can be taken, such provision will be deemed modified to eliminate the invalid element, and, as so modified, such provision will be deemed a part of this Agreement as though originally included. The remaining provisions of this Agreement will not be affected by such modification.

26.5 No Waiver. No waiver of any condition or covenant contained in this Agreement, or failure to exercise a right or remedy, by Franchisor or Franchisee will be considered to imply or constitute a further waiver by Franchisor or Franchisee of the same or any other condition, covenant, right, or remedy.

27. MISCELLANEOUS PROVISIONS

27.1 Franchisor's Rights. Whenever this Agreement provides that Franchisor has a certain right, that right is absolute and the parties intend that Franchisor's exercise of that right will not be subject to any limitation or review. Franchisor has the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

27.2 Franchisor's Reasonable Business Judgment. Whenever Franchisor reserves discretion in a particular area or where Franchisor agrees to exercise its rights reasonably or in good faith, Franchisor will satisfy its obligations whenever it exercises reasonable business judgment ("Reasonable Business Judgment") in making a decision or exercising a right. Franchisor's decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if Franchisor's decisions or actions are intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes Franchisor's financial or other individual interests. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

27.3 Modification. No amendment, waiver, or modification of this Agreement will be effective unless it is in writing and signed by Franchisor and Franchisee. Franchisee acknowledges that Franchisor may modify its standards and specifications and operating and marketing techniques set forth in the Operations Manual unilaterally under any conditions and to the extent to which Franchisor deems necessary to protect, promote, or improve the Marks and the quality of the System as long as such modifications are not specifically prohibited by this Agreement.

27.4 Entire Agreement. This Agreement contains the entire agreement between the parties and supersedes and terminates any and all prior agreements, either oral or in writing, between the parties

involving the franchise relationship; therefore, representations, inducements, promises, agreements, or claims of negligent or fraudulent misrepresentation alleged by either Franchisor or Franchisee that are not contained in this Agreement will not be enforceable. Franchisee further acknowledges and agrees that no representations have been made to it by Franchisor or its affiliates regarding projected sales volumes, market potential, revenues, profits of Franchisee's QUIZNOS Restaurant, or operational assistance other than as stated in this Agreement or in any Franchise Disclosure Document provided by Franchisor or its representatives. The parties hereby acknowledge that nothing in the agreement or any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document provided to Franchisee prior to the execution of this Agreement by Franchisee.

27.5 Delegation by Franchisor. Franchisor will have the right to delegate the performance of any portion or all of its obligations and duties under this Agreement to third parties, whether the same are agents or affiliates of Franchisor or independent contractors with which Franchisor has contracted to provide such services. Franchisee agrees in advance to any such delegation by Franchisor of any portion or all of its obligations under this Agreement to all such third parties. Franchisee acknowledges and agrees that Franchisor may not be bound, and this Agreement may not be modified, by any third party without Franchisor's prior written consent. Franchisee acknowledges and agrees that any delegation of Franchisor's duties and obligations to third parties does not assign or confer any rights under this Agreement upon such third parties and that such third parties are not third party beneficiaries of this Agreement.

27.6 Review of Agreement; Execution. Franchisee acknowledges that it has had a copy of Franchisor's Franchise Disclosure Document in its possession for not less than fourteen (14) full calendar days, during which time Franchisee has had the opportunity to submit same for professional review and advice of Franchisee's choosing prior to freely executing this Agreement. Franchisee agrees to sign and return this Agreement within twenty (20) calendar days from the date it receives execution copies from Franchisor. In the event Franchisee fails to return signed originals of this Agreement to Franchisor within such twenty (20) days, Franchisor may withdraw its offer to Franchisee under this Agreement by notice to Franchisee.

27.7 Force Majeure. Whenever a period of time is provided in this Agreement for either party to do or perform any act or thing, except the payment of monies, neither party will be liable or responsible for any delays due to strikes, lockouts, casualties, acts of God, war, government regulation or control or other causes beyond the reasonable control of the parties, and in any event said time period for the performance of an obligation hereunder will be extended for the amount of time of the delay. This clause will not apply or not result in an extension of the term of this Agreement.

27.8 Survival. All of Franchisor's and Franchisee's (and its owners') obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effort subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire (including, without limitation, the post-termination restrictive covenant, dispute resolution and notice, and confidentiality provisions).

27.9 Acknowledgments. Before signing this Agreement, Franchisee should read it carefully with the assistance of legal counsel. Franchisee acknowledges that:

(a) THE SUCCESS OF THIS BUSINESS VENTURE INVOLVES SUBSTANTIAL RISKS AND DEPENDS UPON FRANCHISEE'S ABILITY AS AN INDEPENDENT BUSINESS PERSON AND ITS ACTIVE PARTICIPATION IN THE DAILY AFFAIRS OF THE BUSINESS, AND

(b) FRANCHISEE HAS NOT BEEN GIVEN ANY ASSURANCE OR WARRANTY, EXPRESS OR IMPLIED, BY FRANCHISOR OR ITS REPRESENTATIVES AS TO THE

POTENTIAL SUCCESS OF THE QUIZNOS RESTAURANT, THE VIABILITY OF ANY QUIZNOS RESTAURANT LOCATION OR THE EARNINGS LIKELY TO BE ACHIEVED FROM THE OPERATION OF THE QUIZNOS RESTAURANT, NOR HAS FRANCHISEE RELIED UPON ANY SUCH ASSURANCE OR WARRANTY IN EXECUTING THIS AGREEMENT; AND

No statement, representation, or other act, event, or communication, except as set forth in this document and in any Franchise Disclosure Document supplied to Franchisee, is binding on Franchisor in connection with the subject matter of this Agreement.

27.10 Agreement Effective. This Agreement will not be effective until accepted by Franchisor as evidenced by dating and signing by an officer or other duly authorized representative of Franchisor. Notwithstanding the foregoing, Franchisor reserves the right to make the Effective Date of this Agreement the date on which Franchisee signed the Agreement.

[SIGNATURE PAGE TO FOLLOW]

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

QUIZ HOLDINGS, LLC

By: _____

Title: _____

*Date: _____

*(Effective Date of Franchise Agreement)

FRANCHISEE:

Sign here if you are taking the franchise as an
INDIVIDUAL(S)

(Note: use these blocks if you marked in Exhibit B
that you are an individual or a partnership but the
partnership is not a separate legal entity)

Sign here if you are taking the franchise as a
**CORPORATION, LIMITED LIABILITY
COMPANY OR PARTNERSHIP**

Print Name of Legal Entity

Signature

Print Name: _____

Date: _____

Signature

Print Name: _____

Date: _____

Signature

Print Name: _____

Date: _____

Signature

Print Name: _____

Date: _____

By: _____

Signature

Print Name: _____

Title: _____

Date: _____

Notice to Ohio Franchisee Only

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

EXHIBIT A

Specific Address of Franchised Location:

Protected Area:

Radius of 1/10th of a mile

Initial Fees:

- ☐ Five Thousand Dollars (\$5,000) Initial Franchise Fee for a single unit
- ☐ Five Thousand Dollars (\$5,000) for a Successor Fee

Initial Franchise Support Fee:

- ☐ Twenty-Five Thousand (\$25,000) for a single unit
- ☐ Other \$ _____

Designated Operating Partner: The following individual is designated as the Designated Operating Partner (if Franchisee is a corporation, partnership, or limited liability company, the Designated Operating Partner must own at least 10% of such corporation, partnership, or limited liability company):

EXHIBIT B

STATEMENT OF OWNERSHIP

Form of Ownership
(Check One)

_____ Individual(s)

_____ Legal Entity (check one):

_____ Partnership

_____ Corporation

_____ Limited Liability Company

If a legal entity, attach a copy of the certificate of formation or articles of partnership and provide the following information:

(A) the name, address and percentage of ownership of each owner, member or partner and indicate whether each such person will be active in the business: _____

(B) if a corporation, the name and address of each officer and director:

Provide the address where Franchisee's financial records and partnership, corporate, or company records, as applicable, are maintained (Franchised Location will be deemed to be the address unless otherwise stated below):

_____.

EXHIBIT C

GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the above Franchise Agreement (“**Agreement**”) by QUIZ HOLDINGS, LLC (“**Franchisor**”), each of the undersigned hereby personally and unconditionally:

(a) Guarantees to Franchisor and its successors and assigns, for the term of the Agreement, including renewals, that Franchisee as that term is defined in the Agreement (“**Franchisee**”) shall punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement and any successor term thereof; and

(b) Agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (and any renewals thereof), including, but not limited to, those specifically identified below.

Each of the undersigned waives the following:

1. Acceptance and notice of acceptance by Franchisor of the foregoing undertaking;
2. Notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
3. Protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; and
4. Any right he or she may have to require that any action be brought against Franchisee or any other person as a condition of liability.
5. Any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each of the undersigned consents and agrees that:

6. His or her direct and immediate liability under this Guaranty and Assumption of Franchisee's Obligations shall be joint and several;
7. He or she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;
8. Such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person;
9. Such liability shall not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty and Assumption of Franchisee's Obligations, which shall be continuing and irrevocable during the term of the Agreement, including any renewals thereof;
10. He or she shall be bound by any restrictive covenants, confidentiality provisions, and indemnification provisions contained in the Agreement;

11. If the undersigned is a business entity, retirement or investment account, or trust, it acknowledges and agrees that if Franchisee (or any of its affiliates) is delinquent in payment of any amounts guaranteed hereunder, then no dividends or distributions may be made by the undersigned (or on the undersigned's account) to its owners, accountholders, or beneficiaries or otherwise, for so long as such delinquency exists, subject to applicable law;

12. If no signature appears below for his or her spouse, he or she is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of the marital estate; and

Each of the undersigned agrees that the following sections in the Agreement are incorporated into this Guaranty and Assumption of Franchisee's Obligations and will govern any disputes between the undersigned and Franchisor: Section 24.1 (Arbitration), Section 24.2 (Governing Law), Section 24.3 (Consent to Jurisdiction), and Section 23.4 (Injunctive Relief) of the Agreement; and

13. The prevailing party in any litigation arising out of or relating to this Guaranty and Assumption of Franchisee's Obligations shall be entitled to recover from the other party reasonable costs and expenses (including reasonable attorneys' fees incurred in connection with such judicial or other proceeding).

[SIGNATURE PAGE TO FOLLOW]

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

GUARANTOR(S):

SIGNATURE

NAME - TYPED OR PRINTED

ADDRESS

SIGNATURE

NAME - TYPED OR PRINTED

ADDRESS

SIGNATURE

NAME - TYPED OR PRINTED

ADDRESS

SIGNATURE

NAME - TYPED OR PRINTED

ADDRESS

The undersigned, as the spouse of the Guarantor indicated below, acknowledges and consents to the guaranty given herein by his/her spouse. Such consent also serves to bind the assets of the marital estate to Guarantor's performance of this Guaranty and Assumption of Franchisee's Obligations.

NAME OF GUARANTOR

NAME OF GUARANTOR'S SPOUSE

SIGNATURE OF GUARANTOR'S SPOUSE

NAME OF GUARANTOR

NAME OF GUARANTOR'S SPOUSE

SIGNATURE OF GUARANTOR'S SPOUSE

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NAME OF GUARANTOR

NAME OF GUARANTOR'S SPOUSE

SIGNATURE OF GUARANTOR'S SPOUSE

EXHIBIT D
FORM OF LEASE ADDENDUM

**QUIZ HOLDINGS, LLC
LEASE ADDENDUM**

This Addendum to Lease (“**Addendum**”), dated _____, is entered into by and between _____ (“**Tenant**”) and _____ (“**Landlord**”). In the event of any contradiction or inconsistency between the terms and provisions of this Addendum and the terms and provisions of the Lease to which it is attached, the terms and provisions of this Addendum will control and be interpreted in such a manner as to override any provision of the Lease which would prevent the spirit and letter of the terms and provisions of this Addendum from being given full force and effect. All defined terms not specifically defined in this Addendum will be given the same meaning as the defined terms in the Lease.

BACKGROUND

A. The parties hereto have entered into a certain Lease Agreement (“**Lease**”), dated _____, and pertaining to the premises located at _____ (“**Premises**”).

B. The parties desire to amend the Lease in accordance with the terms and conditions contained herein.

AGREEMENT

NOW, THEREFORE, it is hereby mutually covenanted and agreed between Tenant and Landlord as follows:

1. Acknowledgement of Franchise Relationship. Landlord acknowledges that Tenant will operate a QUIZNOS restaurant (“**QUIZNOS Restaurant**”) at the Premises pursuant to a franchise agreement (“**Franchise Agreement**”) between Tenant and QUIZ HOLDINGS, LLC (“**Franchisor**”). By entering into the Franchise Agreement with Franchisor, Tenant has agreed to ask the Landlord to include certain provisions in the Lease. Tenant’s operations at the Premises are independently owned and operated. Landlord acknowledges that Tenant alone is responsible for all obligations under the Lease unless and until Franchisor or another franchisee expressly, and in writing, assumes such obligations and takes actual possession of the Premises. Landlord agrees not to take an action that would prohibit Tenant from operating the QUIZNOS Restaurant, as contemplated by the Franchise Agreement, at the Premises.

1. Consent to Collateral Assignment to Franchisor. Landlord hereby consents, without payment of a fee and without the need for further Landlord consent, to (i) the collateral assignment of Tenant’s interest in this Lease to Franchisor to secure Tenant’s obligations to Franchisor under the Franchise Agreement, (ii) Franchisor’s succeeding to Tenant’s interest in the Lease as a result of Franchisor’s exercise of rights or remedies under such collateral assignment or as a result of Franchisor’s termination of, or exercise of rights or remedies granted in or under, any other agreement between Franchisor and Tenant, and/or (iii) Tenant’s, Franchisor’s and/or any other franchisee of Franchisor’s assignment of the Lease to another franchisee of Franchisor with whom Franchisor has executed its then-standard franchise agreement. Landlord agrees that to the extent Franchisor becomes Tenant, for howsoever brief a period, upon assumption of lease pursuant to this provision, that simultaneously with any subsequent assignment to another party, Franchisor shall be released from all liability under the Lease or otherwise accruing after the date of such assignment; provided, that neither Tenant nor any other franchisee shall be afforded such release in the event Tenant/such franchisee is the assignor, unless otherwise agreed by Landlord. Landlord hereby agrees that, if Franchisor or another franchisee of Franchisor’s takes

assignment of the Lease, Franchisor or another franchisee of Franchisor's may close the Premises for a period not to exceed 30 days for purposes of transitioning to new ownership.

2. Tenant's Signage. Landlord agrees to allow Tenant to use Franchisor's standard interior and exterior signage and designs to the maximum extent permitted by local governmental authorities. Tenant shall be provided, at Tenant's sole cost and expense, with a panel on any pylon/monument/directory sign for the development in which the Premises is located and shall be permitted to install a standard sign thereon approved by Franchisor, including without limitation Franchisor's logo. Landlord hereby grants and approves Tenant the right to display the Marks at the Premises, subject only to the provisions of applicable law.

3. Notice to Franchisor. Prior to exercising any remedies hereunder (except in the event of imminent danger to the Premises), Landlord shall give Franchisor written notice of any default by Tenant, and commencing on receipt thereof by Franchisor, Franchisor shall have fifteen (15) additional days to determine whether Franchisor wishes to take assignment of the Lease. The initial address for notices to Franchisor is as follows:

QUIZ HOLDINGS, LLC
4700 S. Syracuse St., Suite 225
Denver, Colorado 80237
Telephone: (720) 359-3300
Attention: Legal Department

4. Non-disturbance from Mortgage Lenders. It shall be a condition of the Lease being subordinated to any mortgage, deed of trust, deed to secure debt or similar encumbrance on the Premises that the holder of such encumbrance agree not to disturb Tenant's rights under this Lease or Tenant's possession of the Premises, so long as Tenant is not in default of its obligations under the Lease and the Franchise Agreement, beyond an applicable grace or cure period provided therein.

5. Fixtures and Signage. Any lien of Landlord in Tenant's trade fixtures, 'trade dress', signage and other property at the Premises is hereby subordinated to Franchisor's interest in such items as described in the Franchise Agreement. On request, Landlord shall grant the party who owns such property reasonable access to the Premises for the sole purpose of removing such property, provided such party repairs any damage caused by such removal and otherwise complies with Landlord's reasonable requirements with respect to such access.

6. Third-Party Beneficiary. Franchisor is a third-party beneficiary of the terms of this Addendum, or any other terms of the Lease applicable to Franchisor's rights under the Lease, and as a result thereof, shall have all rights (but not the obligation) to enforce the same.

7. Franchisor Right to Enter. Landlord acknowledges and agrees that Franchisor or its designee may enter the Premises for all purposes permitted under the terms of the Franchise Agreement, including to inspect the Premises and the QUIZNOS Restaurant's operations, to manage the Tenant's business, on Tenant's behalf, under certain circumstances (to-wit: Tenant's failure to timely cure its default of the Franchise Agreement, and while Franchisor evaluates its right to purchase the location), or to remove any trade fixtures or signage upon termination or expiration of the Franchise Agreement. If Franchisor enters the Premises for any such purposes, it will do so without assuming any liability under the Lease.

8. Amendments. Tenant agrees that neither the Lease nor this Addendum may be amended by the parties thereto without the prior written consent of Franchisor.

9. Successors and Assigns. All of Franchisor's rights, privileges and interests under this Addendum and the Lease shall inure to the benefit of Franchisor's successors and assigns. All provisions in this Addendum applicable to Tenant and Landlord shall be binding on any successor or assign of Tenant or Landlord under the Lease.

10. Execution. This Addendum may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement with the Lease. This Addendum and all other documents related to this Addendum may be executed by manual or electronic signature.

11. Return of Executed Lease. Within ten (10) days of execution, Landlord agrees to return to Tenant a fully executed, original Lease, with a copy to:

QUIZ HOLDINGS, LLC
4700 S. Syracuse St., Suite 225
Denver, Colorado 80237
Telephone: (720) 359-3300
Attention: Leasing Department

AGREED and executed and delivered under seal by the parties hereto as of the day and year of the Lease.

LANDLORD: _____

TENANT: _____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____



EXHIBIT C

FORM OF MULTI-UNIT DEVELOPMENT AGREEMENT



QUIZ HOLDINGS, LLC

MULTI UNIT DEVELOPMENT AGREEMENT

TABLE OF CONTENTS

SECTION	PAGE
1. INTRODUCTION	1
2. GRANT OF DEVELOPMENT RIGHTS	1
3. FEES	3
4. TERM	3
5. DEFAULT AND TERMINATION	3
6. ASSIGNMENT	4
7. DISPUTE RESOLUTION; INDEMNIFICATION	5
8. MISCELLANEOUS	5

EXHIBIT

EXHIBIT A: Development Territory, Development Rights and Development Schedule

QUIZ HOLDINGS, LLC MULTI-UNIT DEVELOPMENT AGREEMENT

THIS MULTI-UNIT DEVELOPMENT AGREEMENT (this “**Agreement**”) is made and entered into by and between QUIZ HOLDINGS, LLC, a Delaware limited liability company with its principal business address at 4700 S. Syracuse St., Suite 225, Denver, Colorado 80237 (“**Franchisor**”) and _____ (“**Developer**”). This Agreement is made effective as of the date signed by Franchisor and set forth below Franchisor’s signature on this Agreement (“**Effective Date**”).

1. INTRODUCTION

1.1 Franchisor and its affiliates have developed a distinctive business system for establishing, operating, and franchising restaurants offering submarine and other sandwiches, wraps, soups, salads, other food products and beverages, and related restaurant, delivery and carry out services (“**QUIZNOS Restaurant**” or “**QUIZNOS Restaurants**”), which are associated with the Marks (as defined below), copyrights, distinctive interior and exterior building designs, décor, furnishings, menus, uniforms, signs, color combinations, uniformity requirements, standards of consistency and quality, procedures, cleanliness, sanitation, controls, specifications, training, marketing, advertising, techniques, and instructions promulgated by Franchisor (“**System**”), and has extensively publicized the name “**QUIZNOS®**” to the public as an organization of businesses operating under the System.

1.2 Franchisor has the right and authority to license the use of the name “**QUIZNOS®**” and the other trademarks, trade names, service marks, logos, commercial symbols, phrases, slogans and tag lines designated by Franchisor in writing which are owned by Franchisor’s parent and licensed to Franchisor (“**Marks**”) for use in connection with the System to selected persons, businesses or Entities that will comply with Franchisor’s uniformity requirements and quality standards.

1.3 Developer desires to develop, own, and operate three (3) or more QUIZNOS Restaurants in conformity with the System and Franchisor’s uniformity requirements and quality standards as established and promulgated from time to time by the Franchisor. Developer understands and acknowledges the benefits to be derived from being identified and associated with Franchisor, and being able to utilize the QUIZNOS Restaurant system and concepts, and therefore desires to establish multiple QUIZNOS Restaurants at authorized locations.

Pursuant to this Introduction and in consideration of the mutual promises and covenants set forth in this Agreement, Franchisor and Developer agree and contract as follows:

2. GRANT OF DEVELOPMENT RIGHTS

2.1 Grant of Development Rights. Subject to the provisions of this Agreement, Franchisor hereby grants to Developer the right, and Developer undertakes the obligation, to develop, own, and operate the number of QUIZNOS Restaurants set forth in Exhibit A to this Agreement (collectively, the “**Development Rights**”) within the territory described in Exhibit A to this Agreement (“**Development Territory**”). The Development Rights must be exercised in strict compliance with the mandatory development schedule set forth in Exhibit A to this Agreement (“**Development Schedule**”) and may only be exercised during the Development Term (defined below). Franchisor will not establish, nor franchise to anyone other than Developer to establish any QUIZNOS Restaurant in the Development Territory prior to the expiration of the Development Term. Franchisor retains the right, at all times, to grant other Multi-Unit Development Agreements or individual franchises or establish affiliate-owned restaurants under the same or different Marks outside the Development Territory as Franchisor, in its sole determination, deems appropriate, except as provided herein.

2.2 Development Schedule. Exhibit A to this Agreement sets forth the Development Schedule. Developer acknowledges and agrees that Developer or an Approved Affiliate (defined below) will, by the dates provided for in the Development Schedule, sign individual Franchise Agreements for, and have open and in operation, the number of QUIZNOS Restaurants described in the Development Schedule. Developer or its Approved Affiliate (defined below) must develop, open, and operate the QUIZNOS Restaurants pursuant to Franchise Agreements as necessary to satisfy the requirements of the Development Schedule. The Development Schedule is not Franchisor's representation, express or implied, that there are or will be sufficient sites for the number of QUIZNOS Restaurants specified in the Development Schedule. Franchisor is relying on Developer's representation that Developer has conducted its own independent investigation and has determined that it can satisfy the development obligations under the Development Schedule. Notwithstanding the foregoing, Developer acknowledges and agrees that the development obligations set forth in this Section 2 will only be satisfied by the development, opening, and operation of new QUIZNOS Restaurants, and not by any other type of, including, without limitation, non-traditional restaurants or QUIZNOS Restaurants that Developer has purchased from an existing QUIZNOS developer for purposes of transferring the franchise associated with such QUIZNOS Restaurant. For purposes of determining compliance with the Development Schedule, only the QUIZNOS Restaurants actually open and continuously operating for business in the Development Territory as of a given date will be counted toward the number of QUIZNOS Restaurants required to be open and continuously operating for business. For purposes of this Agreement, an **"Approved Affiliate"** is a corporation, limited liability company, general, limited or limited liability partnership, or another form of business entity (each an **"Entity"**) whose controlling interest is identical to that of Developer.

2.3 Separate Franchise Agreements. Each QUIZNOS Restaurant will be established and operated pursuant to a separate and then current form of franchise agreement to be entered into by Developer and Franchisor (each, a **"Franchise Agreement"**) with Franchisor. Upon entering into this Agreement, Developer and Franchisor will sign a Franchise Agreement for the first QUIZNOS Restaurant to be developed under this Agreement (**"Initial Franchise Agreement"**). Developer and Franchisor will then enter into a Franchise Agreement for each subsequent QUIZNOS Restaurant (each a **"Subsequent Franchise Agreement"**) in accordance with Section 2.4 below. Developer acknowledges and agrees that each Subsequent Franchise Agreement may have terms and conditions that differ substantially from any or all of the terms and conditions of the Initial Franchise Agreement. The Initial Franchise Agreement and all Subsequent Franchise Agreements are collectively referred to herein as the **"Development Franchise Agreements."**

2.4 Application and Authorization. Developer will not enter into any lease or agreement to purchase any site for a QUIZNOS Restaurant until Franchisor has authorized such site. Developer will submit to Franchisor a separate application for each QUIZNOS Restaurant and a description of the proposed site and such other information or materials as Franchisor may reasonably require for site authorization, all in the form required by Franchisor. Franchisor has the absolute right to not authorize any site that does not meet Franchisor's then-current criteria. Upon authorization of the proposed site for a QUIZNOS Restaurant by Franchisor, Franchisor and Developer (or its Approved Affiliate) will then enter into a Subsequent Franchise Agreement, as described above in Section 2.3 above. Upon execution of such Subsequent Franchise Agreement, Developer will pay the Initial Franchise Fee set forth in Section 3.1, the Reduced Initial Support Fee in Section 3.2, and the terms and conditions of such Franchise Agreement will govern the establishment and operation of such QUIZNOS Restaurant. If Developer or an Approved Affiliate fails to enter into the Subsequent Franchise Agreement within 180 days after Franchisor authorizes the proposed site, Franchisor may withdraw its authorization.

2.5 No Subfranchising or Sublicensing Rights. The Development Rights are limited to the rights to acquire the right to develop, open, and operate franchises for QUIZNOS Restaurants in accordance with this Agreement. The Development Rights do not include any right to franchise, license, subfranchise,

or sublicense others to operate a QUIZNOS Restaurant or use the System or the Marks. Only Developer (or an Approved Affiliate) may develop, open, and operate QUIZNOS Restaurants pursuant to this Agreement. This Agreement does not give Developer (or an Approved Affiliate) any independent right to use the Marks or any copyrights or patents owned by Franchisor or its affiliates. Those rights are granted only pursuant to individual Franchise Agreements.

3. FEES

3.1 Development Fee. As consideration for the rights and options granted herein, Developer must pay to Franchisor, upon signing this Agreement, an initial fee in the amount designated on **Attachment A** which is equal to the full amount of the Initial Franchise Fee for the first QUIZNOS Restaurant to be developed by Developer under this Agreement plus an Initial Franchise Fee for each subsequent QUIZNOS Restaurants to be developed by Developer pursuant to this Agreement. The Initial Franchise Fee will be deemed fully earned and non-refundable upon payment and is to compensate Franchisor for the grant of these rights and options. These fees are not refundable under any circumstances, including but not limited to if Developer does not open the number of QUIZNOS Restaurants set forth in the Development Schedule.

3.2 Initial Franchise Support Fee. As set forth in the Franchise Agreement, Developer will pay Franchisor an Initial Franchise Support Fee equal to Twenty-Five Thousand Dollars (\$25,000) (“**Initial Franchise Support Fee**”) for the first QUIZNOS Restaurant to be developed under this Agreement. To develop and operate the second and any subsequent QUIZNOS Restaurant pursuant to this Agreement, Developer will pay to Franchisor a reduced Initial Franchise Support Fee equal to Fifteen Thousand Dollars (\$15,000) (“**Reduced Initial Support Fee**”). As set forth in the Franchise Agreement, the Reduced Initial Support Fee will be paid by Developer upon signing each Subsequent Franchise Agreement.

4. TERM

4.1 Development Term. The Development Rights will commence as of the Effective Date and, except as otherwise provided herein, will end on the date on which the last QUIZNOS Restaurant required to be opened under the Development Schedule commences operations in accordance with the corresponding Subsequent Franchise Agreement (“**Development Term**”).

5. DEFAULT AND TERMINATION

5.1 Insolvency and Related Developments. Developer will be deemed in default under this Agreement, and all rights granted herein will automatically terminate without notice if Developer becomes insolvent by reason of any affirmative act of insolvency by Developer, or the filing by trustee, or an assignment by Developer for the benefit of creditors, or the failure to vacate or dismiss within thirty (30) days after filing any such proceedings commenced against Developer by a third party, or termination or default under the terms and conditions set forth in the individual Development Franchise Agreements under this Agreement.

5.2 Defaults. If any of the following occur, such action will constitute a default under this Agreement:

5.2.1 Developer fails to comply with the Development Schedule; or

5.2.2 Developer is in breach of any provision of this Agreement; or

5.2.3 Developer makes any material misrepresentation or omission on any application, report, claim, financial statement, or similar document submitted to Franchisor; or

5.2.4 The Initial Franchise Agreement or any other Subsequent Franchise Agreement executed by Developer (or an Approved Affiliate), including but not limited to any Development Franchise Agreement, is terminated for any reason; or

5.2.5 Developer or the Approved Affiliate, as applicable, is in default under the Initial Franchise Agreement or any other Subsequent Franchise Agreement, including but not limited to any Development Franchise Agreement, and has not cured or otherwise remedied such default within the applicable cure period provided for in the applicable Development Franchise Agreement, if any, regardless of whether or not Franchisor subsequently terminates such Initial Franchise Agreement or Subsequent Franchise Agreement, as the case may be; or

5.2.6 Developer makes or attempts to make a transfer or assignment in violation of Section 6.

5.3 Franchisor Rights Upon Default by Developer. Upon such default, Franchisor, in its sole determination, has the right to do any one or more of the following:

5.3.1 Terminate this Agreement and all rights granted hereunder without affording Developer any opportunity to cure the default, effective immediately upon receipt by Developer of written notice from Franchisor; and

5.3.2 Reduce the number of QUIZNOS Restaurants to be developed under this Agreement; and

5.3.3 Terminate or reduce in any manner, in Franchisor's sole determination, the Development Territory granted to Developer in Section 2.1 of this Agreement; and

5.3.4 Exercise any other rights and remedies which Franchisor may have.

5.4 Effects of Termination of this Agreement. Upon termination of this Agreement, all remaining Development Rights granted Developer to establish QUIZNOS Restaurants under this Agreement will automatically be terminated and will be null and void. Developer will have no right to establish or operate any business for which a Franchise Agreement has not been executed by Franchisor. Franchisor or an affiliate of Franchisor will be entitled to establish, and to license others to establish, QUIZNOS Restaurants in the Development Territory.

6. ASSIGNMENT

6.1 Assignment. Except as specifically set forth below, this Agreement and the Development Rights are not assignable. If Franchisor approves a transfer of a Franchise Agreement as provided for in the Development Franchise Agreements, then a transfer of the Development Rights and this Agreement would be deemed to occur and an assignment of this Agreement is prohibited. A transfer of the Development Rights and this Agreement would be deemed to occur (and would be prohibited) if there is a transfer as provided for in the Initial Franchise Agreement or any other executed Franchise Agreement, including in the event that such transfer is approved by the Franchisor pursuant to the terms of the Development Franchise Agreements. Notwithstanding the foregoing, Developer may assign this Agreement and the Development Rights to an Entity which conducts no other business than the QUIZNOS Restaurant(s) developed and operated under the Development Franchise Agreements executed pursuant to this Agreement, and of which Developer owns and controls 100% of the equity and voting power of all issued and outstanding ownership interests, provided that (i) all of the assets of such QUIZNOS Restaurant(s) are owned, and the business of Developer's QUIZNOS Restaurant(s) is conducted, only by that single Entity and (ii) the Initial Franchise Agreement is assigned to the Entity in accordance with the

terms and conditions of the Initial Franchise Agreement. The Entity must expressly assume Developer's obligations under this Agreement and the Initial Franchise Agreement. Developer will remain personally liable under this Agreement and the Initial Franchise Agreement as if the transfer to the Entity did not occur.

7. DISPUTE RESOLUTION; INDEMNIFICATION

7.1 Arbitration. Franchisor and Developer agree that any controversy, dispute, or claim arising out of relating to this Agreement, the relationship between Franchisor (and/or its affiliates) and Developer created by this Agreement, or any breach of this Agreement, excluding any claim directly relating to confidential information or the Marks, will be submitted for binding arbitration, on demand of either party, to the American Arbitration Association in accordance with all of the terms and conditions set forth in the Initial Franchise Agreement.

7.2 Governing Law. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.), or other federal law, this Agreement will be interpreted under the laws of the State of Colorado, and any dispute between the parties, whether arising under this Agreement or from any other aspect of the parties' relationship, will be governed by and determined in accordance with the substantive laws of the State of Colorado, which laws will prevail in the event of any conflict of law.

7.3 Indemnification. Developer and any Approved Affiliate will defend at their own cost and indemnify and hold harmless Franchisor, its shareholders, affiliates, and subsidiaries and their respective directors, officers, employees and agents, from and against any and all loss, costs, expenses (including legal and other professional fees and expenses), damages and liabilities, however caused, resulting directly or indirectly from or pertaining to the breach by Developer of its obligations under this Agreement or the use, condition or construction, equipping, decorating, maintenance or operation of any of the QUIZNOS Restaurants, including the sale of any food products, service or merchandise sold from any of the QUIZNOS Restaurants. Such loss, claims, costs, expenses, damages and liabilities will include, without limitation, those arising from latent or other defects in any of the QUIZNOS Restaurants, whether or not discoverable by Franchisor, and those arising from the death or injury to any person or arising from damage to the property of Developer or Franchisor, their agents or employees, or any third person, firm or corporation, whether or not such losses, claims, costs, expenses, damages or liabilities were actually or allegedly caused wholly or in part through the active or passive negligence of Franchisor or any of its agents or employees or resulted from any strict liability imposed on Franchisor or any of its agents or employees.

8. MISCELLANEOUS

8.1 Franchisor's Rights. Whenever this Agreement provides that Franchisor has a certain right, that right is absolute and the parties intend that Franchisor's exercise of that right will not be subject to any limitation or review. Franchisor has the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify the requirements of any express limitations set forth in this Agreement.

8.2 Independent Contractor. This Agreement does not create a fiduciary relationship between the parties and does not establish Developer as an agent, legal representative, joint venturer, partner, employee or servant of Franchisor for any purpose whatsoever. Developer may not represent to third parties that it is an agent of Franchisor and it is understood between the parties hereto that Developer will be an independent contractor and is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on behalf of Franchisor. Developer will not, without the prior written approval of Franchisor, have any power to obligate

Franchisor for any expenses, liabilities, or other obligations, other than as is specifically provided for in this Agreement. Franchisor will not have the power to hire or fire Developer's employees and, except as herein expressly provided, Franchisor may not control or have access to Developer's funds or the expenditures thereof, or in any other way exercise dominion or control over Developer's development business and QUIZNOS Restaurants. It is expressly understood and agreed that neither Developer nor any employee of Developer whose compensation for services is paid by Developer may, in any way, directly or indirectly, expressly or by implication, be construed to be an employee of Franchisor for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings levied or fixed by any city, state, or federal governmental agency.

8.3 Acknowledgment. Developer acknowledges and accepts the following:

THE SUCCESS OF THE DEVELOPER IN MANAGING AND OPERATING MULTIPLE QUIZNOS RESTAURANTS IS SPECULATIVE AND WILL DEPEND ON MANY FACTORS INCLUDING, TO A LARGE EXTENT, DEVELOPER'S INDEPENDENT BUSINESS ABILITY. DEVELOPER HAS BEEN GIVEN THE OPPORTUNITY AND BEEN ENCOURAGED TO OBTAIN INDEPENDENT ADVICE FROM LEGAL AND OTHER PROFESSIONALS BEFORE ENTERING INTO THIS AGREEMENT. THIS OFFERING IS NOT A SECURITY AS THAT TERM IS DEFINED UNDER APPLICABLE FEDERAL AND STATE SECURITIES LAWS. THE OBLIGATION TO TRAIN, MANAGE, PAY, RECRUIT, AND SUPERVISE EMPLOYEES OF THE QUIZNOS RESTAURANTS RESTS SOLELY WITH DEVELOPER. DEVELOPER HAS NOT RELIED ON ANY WARRANTY OR REPRESENTATION, EXPRESSED OR IMPLIED, AS TO THE POTENTIAL SUCCESS OR PROJECTED INCOME OF THE BUSINESS VENTURE CONTEMPLATED HEREBY. NO REPRESENTATIONS OR PROMISES HAVE BEEN MADE BY FRANCHISOR TO INDUCE DEVELOPER TO ENTER INTO THIS AGREEMENT EXCEPT AS SPECIFICALLY INCLUDED HEREIN. FRANCHISOR HAS NOT MADE ANY REPRESENTATION, WARRANTY, OR GUARANTY, EXPRESS OR IMPLIED, AS TO THE POTENTIAL REVENUES, PROFITS OR SUCCESS OF THE BUSINESS VENTURE TO DEVELOPER AND CANNOT, EXCEPT UNDER THE TERMS OF THIS AGREEMENT, EXERCISE CONTROL OVER DEVELOPER'S BUSINESS. DEVELOPER ACKNOWLEDGES AND AGREES THAT IT HAS NO KNOWLEDGE OF ANY REPRESENTATION MADE BY FRANCHISOR OR ITS REPRESENTATIVES OF ANY INFORMATION THAT IS CONTRARY TO THE TERMS CONTAINED HEREIN.

8.4 Entire Agreement. This Agreement constitutes the entire understanding of the parties with respect to the development of the Designated Territory, and there are no other representations, warranties, or other agreements expressed or implied between the parties except as specifically listed in this Agreement and the Franchise Disclosure Document. This Agreement will supersede all prior existing agreements between the parties concerning the subject matter of this Agreement.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and made effective as of the Effective Date.

QUIZ HOLDINGS, LLC

By: _____

Title: _____

Date: _____
(*Effective Date)

DEVELOPER:

Sign here if you are taking the franchise as an
INDIVIDUAL(S)
(Note: use these blocks if you are an individual or a partnership but the partnership is not a separate legal entity)

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

Sign here if you are taking the franchise as a
**CORPORATION, LIMITED LIABILITY
COMPANY OR PARTNERSHIP**

Print Name of Legal Entity

By: _____
Signature

Print Name: _____
Title: _____
Date: _____

EXHIBIT A

DEVELOPMENT TERRITORY

In accordance with Section 2.1 of this Multi-Unit Development Agreement, the Development Territory is as follows:

Fees:

Initial Franchise Fee: \$_____

Initial Franchise Fee (multiplied by number of subsequent units) to be developed: \$_____

Initial Franchise Support Fee: \$_____

Total due at signing: \$_____

DEVELOPMENT RIGHTS AND DEVELOPMENT SCHEDULE

Developer acknowledges and agrees that a material provision of this Multi-Unit Development Agreement is that the following number of QUIZNOS Restaurants must be opened and commence operations in the Development Territory. Developer's first QUIZNOS Restaurant must be opened and commence operations in the Development Territory in accordance with the Initial Franchise Agreement signed contemporaneously with this Multi-Unit Development Agreement. All other QUIZNOS Restaurants of Developer must be opened and commence operations in the Development Territory in accordance with the following Development Schedule.

QUIZNOS Restaurant	Franchise Agreement to be Executed by (Date)	QUIZNOS Restaurant to be Opened by (Date)	Cumulative Number of QUIZNOS Restaurants to be Opened and Operating no Later than the Opening Date (in previous column)
1			
2			
3			
4			
5			

QUIZNOS

EXHIBIT D

FINANCIAL STATEMENTS AND GUARANTEE

UNAUDITED FINANCIALS

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT.

PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM

Rego Intermediate Holding Company, LLC
Consolidated Balance Sheet
(Unaudited)

	March 24, 2024
Assets	
Current Assets:	
Cash and Cash Equivalents	\$1,878,055
Restricted Cash	50,024
Accounts and Other Receivables, Net	2,077,276
Related Party Receivables	850,601
Inventories	279,766
Other Current Assets	219,337
Current Assets	5,355,059
Property and Equipment:	
Property and equipment, at cost	4,534,127
Less: accumulated depreciation and amortization	(3,582,543)
Net Property and Equipment	951,584
Other Assets:	
Goodwill, Net	3,134,907
Franchise Agreements, Net	1,413,869
Trademarks	1,581,000
Other Assets	399,786
Operating Lease Assets, Net	14,976,481
Total Other Assets	21,506,044
Total Assets	<u>\$27,812,687</u>
LIABILITIES AND MEMBER'S EQUITY	
Current Liabilities:	
Current Maturities of Long-Term Debt	2,338,219
Accounts Payable	1,055,995
Accrued Liabilities	4,668,166
Operating Lease Obligations - Current	2,645,709
Current Liabilities	10,708,088
Long-Term Liabilities:	
Long-Term Debt, Net of Current Maturities	6,323,238
Debt Warrant	366,400
Deferred Revenue	346,856
Operating Lease Obligation - Long-Term	12,968,675
Long-Term Liabilities	20,005,169
Member's Equity:	
Contributions	794,464
Noncontrolling Interest	113,607
Minimum Guaranteed Tax Distributions	(20,041)
Retained Earnings	(3,788,600)
Member's Equity	(2,900,570)
Total Liabilities and Member's Equity	<u>\$27,812,687</u>

REGO Intermediate Holding Company, LLC
Consolidated Statement of Earnings
YTD Ended March 24, 2024
(Unaudited)

	Total
Revenues:	
Company Restaurant Sales	\$5,581,431
<u>Franchise Royalties and Other:</u>	
Royalties - US	635,161
Royalties - Canada	303,664
Royalties - International	75,091
Franchise Fees and Other	13,015
Total Franchise Royalties and Other	\$1,026,931
Advertising Fund Contributions	346,421
Vendor Rebates	581,786
Total Franchise Revenue	\$1,955,138
Total Revenues:	\$7,536,570
Costs & Expenses:	
<u>Restaurant Operating Costs</u>	
Cost of Sales	1,580,162
Labor	1,590,453
Other Operating	585,578
Occupancy	920,935
Royalties and Advertising	165,047
Total Rest. Operating Costs	\$4,842,175
Restaurant Operating Margin	\$739,256
<u>Franchising Costs</u>	
Operational Overhead	222,636
Marketing Overhead	96,995
Advertising and Related	249,425
Total Franchising Costs	\$569,057
Franchising Margin	\$1,386,081
Total Contribution Margin	\$2,125,337
Depreciation and Amortization	728,558
General and Administrative	1,574,450
One Time Costs	1,197,628
FX (Gain)/Loss	410
Minority Interest	54,473
Other	(982,588)
Total G&A and Other	\$2,572,930
Interest Expense	412,165
Income Taxes	12,344
Net Income	(\$872,102)

CONSOLIDATED FINANCIAL STATEMENTS

REGO Intermediate Holding Company, LLC and Subsidiaries
Years Ended December 31, 2023 and December 25, 2022
With Report of Independent Auditors

Ernst & Young LLP



REGO Intermediate Holding Company, LLC and Subsidiaries

Consolidated Financial Statements

Years Ended December 31, 2023 and December 25, 2022

Contents

Report of Independent Auditors.....	1
Consolidated Financial Statements	
Consolidated Balance Sheets	3
Consolidated Statements of Operations and Other Comprehensive Income	4
Consolidated Statements of Member's Deficit	5
Consolidated Statements of Cash Flows.....	6
Notes to Consolidated Financial Statements.....	7

Report of Independent Auditors

The Board of Directors
REGO Intermediate Holding Company, LLC

Opinion

We have audited the consolidated financial statements of REGO Intermediate Holding Company, LLC and subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2023 and December 25, 2022, and the related consolidated statements of operations and other comprehensive income, member's deficit and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and December 25, 2022, and the results of its operations and its cash flows for the years then ended 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 the Company 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 of 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 the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

Ernst & Young LLP

May 6, 2024

REGO Intermediate Holding Company, LLC and Subsidiaries

Consolidated Balance Sheets

	December 31, 2023	December 25, 2022
Assets		
Current assets:		
Cash	\$ 2,844,693	\$ 5,620,085
Restricted cash	50,024	50,024
Accounts and other receivables, net	996,826	1,267,591
Inventories	261,028	319,703
Related-party receivables	776,706	1,164,941
Other current assets	605,090	377,994
Total current assets	5,534,367	8,800,338
Property and equipment, net	957,385	1,027,835
Other assets:		
Goodwill, net	3,306,126	4,062,344
Franchise agreements, net	1,505,261	1,901,294
Trademarks	1,581,000	1,581,000
Operating lease assets, net	15,256,240	17,242,776
Other assets	399,786	399,786
Total other assets	22,048,413	25,187,200
Total assets	\$ 28,540,165	\$ 35,015,374
Liabilities and member's deficit		
Current liabilities:		
Accounts payable	\$ 668,848	\$ 1,007,200
Accrued liabilities	4,852,252	5,984,941
Operating lease obligations – current	2,735,649	2,419,397
Current maturities of long-term debt	2,338,219	4,333,361
Total current liabilities	10,594,968	13,744,899
Long-term liabilities:		
Deferred revenue	331,012	240,309
Warrants	366,400	366,400
Operating lease obligation – long-term	13,218,395	15,501,826
Long-term debt, net of current maturities	6,099,060	8,806,734
Total long-term liabilities	20,014,866	24,915,269
Member's deficit:		
Noncontrolling interest	59,134	58,569
Accumulated other comprehensive (loss) income	(111,680)	983
Member's deficit	(2,017,123)	(3,704,347)
Total member's deficit	(2,069,669)	(3,644,795)
Total liabilities and member's deficit	\$ 28,540,165	\$ 35,015,374

See accompanying notes.

REGO Intermediate Holding Company, LLC and Subsidiaries

Consolidated Statements of Operations and Other Comprehensive Income

	Fiscal Year Ended	
	December 31, 2023	December 25, 2022
Revenues:		
Company-operated restaurant sales	\$ 29,156,732	\$ 25,577,139
Franchise royalties and other	5,534,622	5,476,965
Vendor rebates	2,769,470	2,791,439
Advertising fund contributions	1,691,206	1,814,086
Total revenues	39,152,030	35,659,629
Operating cost and expenses:		
Company restaurant costs (excluding depreciation and amortization):		
Food and packaging	8,234,892	7,749,202
Payroll and employee benefits	7,950,989	6,939,801
Occupancy and other operation	7,335,453	6,061,419
Royalties and advertising	963,665	998,864
Total company restaurant costs	24,484,999	21,749,286
Franchising support costs	1,071,076	1,187,036
Selling, general and administrative	7,052,987	6,924,318
Advertising fund expenses	1,690,902	1,814,075
Depreciation and amortization	2,777,815	1,854,605
Acquisition- and transition-related cost	608,939	411,667
Total operating expenses	37,686,717	33,940,987
Income from operations	1,465,312	1,718,642
Other income (expense):		
Other income	3,177,739	4,640,157
Interest expense	(2,120,315)	(2,245,823)
Total other income	1,057,424	2,394,334
Income from operations before income taxes	2,522,736	4,112,976
Income tax expense	(130,996)	(202,867)
Net income	2,391,740	3,910,109
Net income attributed to noncontrolling interest	(234,655)	(207,111)
Net income attributed to REGO Intermediate Holding Company, LLC	2,157,085	3,702,998
Other comprehensive (loss) income		
Foreign currency translation adjustment	(112,663)	7,320
Comprehensive income attributed to REGO Intermediate Holding Company, LLC	\$ 2,044,422	\$ 3,710,318

See accompanying notes.

REGO Intermediate Holding Company, LLC and Subsidiaries

Consolidated Statements of Member's Deficit

	Member's Deficit	Accumulated Other Comprehensive (Loss) Income	Noncontrolling Interest	Total Member's Deficit
Balance, December 26, 2021	\$ (7,407,344)	\$ (6,337)	\$ 53,241	\$ (7,360,440)
Noncontrolling interest distributions	—	—	(201,783)	(201,783)
Foreign currency translation adjustment	—	7,320	—	7,320
Net income	3,702,998	—	207,111	3,910,109
Balance, December 25, 2022	(3,704,346)	983	58,569	(3,644,794)
Noncontrolling interest distributions	—	—	(234,089)	(234,089)
Foreign currency translation adjustment	—	(112,663)	—	(112,663)
Distributions	(469,863)	—	—	(469,863)
Net income	2,157,086	—	234,655	2,391,741
Balance, December 31, 2023	<u>\$ (2,017,123)</u>	<u>\$ (111,680)</u>	<u>\$ 59,135</u>	<u>\$ (2,069,668)</u>

See accompanying notes.

REGO Intermediate Holding Company, LLC and Subsidiaries

Consolidated Statements of Cash Flows

	Fiscal Year Ended	
	December 31, 2023	December 25, 2022
Operating activities		
Net income	\$ 2,391,740	\$ 3,910,109
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	1,449,076	1,456,201
Noncash paid-in-kind interest	234,370	350,998
Allowance for bad debt	31,460	16,488
Deferred finance cost amortization	1,328,739	398,403
Forgiveness of PPP debt	(2,859,407)	(925,619)
Stock-based compensation expense	–	103,000
Change in warrant valuation	–	269,490
Debt warrant amortization	14,142	13,796
Non-cash impact of operating leases	19,356	203,877
Changes in assets and liabilities:		
Accounts and other receivables	627,539	(318,864)
Inventories	58,675	(59,246)
Other current assets	(227,095)	122,588
Accounts payable	(338,351)	(93,905)
Accrued liabilities	(1,132,689)	(528,482)
Other liabilities	–	(3,258,106)
Deferred revenue and other liabilities	90,703	61,159
Net cash and cash equivalents provided by operating activities	1,688,258	1,721,886
Investing activities		
Purchase of property and equipment	(226,375)	(291,807)
Net cash and cash equivalents used in investing activities	(226,375)	(291,807)
Financing activities		
Repurchase of outstanding RSUs	–	(103,000)
Principal repayments of debt	(1,389,997)	(8,719,588)
Debt issuance costs	(2,030,663)	(1,500,000)
Distributions	(469,864)	–
Noncontrolling interest distributions	(234,089)	(201,783)
Net cash and cash equivalents used in financing activities	(4,124,613)	(10,524,371)
Net increase in cash and cash equivalents	(2,662,729)	(9,094,291)
Effect of exchange rate changes on cash	(112,663)	7,320
Cash and cash equivalents and restricted cash, beginning of period	5,670,108	14,757,080
Cash and cash equivalents and restricted cash, end of period	\$ 2,894,715	\$ 5,670,108
Supplemental disclosure of cash flow information		
Cash paid for income taxes	\$ 145,100	\$ 299,377
Cash paid for interest	\$ 2,120,315	\$ 1,877,968

See accompanying notes.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2023

1. Description of Business and Summary of Significant Accounting Policies

REGO Intermediate Holding Company, LLC, a Delaware limited liability company, was incorporated in the state of Delaware on November 7, 2017. Together with its subsidiaries (the "Company"), it operates and franchises restaurants throughout North America and several countries internationally. Its strategy is to acquire restaurant concepts in which it benefits from leveraging its shared services model and center of excellence. REGO Restaurant Holdings, LLC is the sole member of the Company, and liability is limited to its investment in the company.

As of December 25, 2022, the Company franchised 165 Quizno's in the United States, 132 Quizno's in Canada, and 152 Quizno's internationally, for a total of 449 franchised locations. Additionally, through a partnership, it operates Mesa Verde restaurant, Blue Sky Bar, Lavazza coffee shop, and a Quizno's in Denver International Airport (DIA), and is a franchisee of eight Dairy Queens in the states of Alaska, Pennsylvania, and Ohio.

As of December 31, 2023, the Company franchised 154 Quizno's in the United States, 117 Quizno's in Canada, and 131 Quizno's internationally, for a total of 402 franchised locations. The Company opened 16 new franchise locations during the year ended December 31, 2023. Additionally, through a partnership, it operates Mesa Verde restaurant, Blue Sky Bar, Lavazza coffee shop, and a Quizno's in DIA, and is a franchisee of eight Dairy Queens in the states of Alaska, Pennsylvania, and Ohio.

Principles of Consolidation and Fiscal Year

The consolidated financial statements of the Company include the accounts of REGO Intermediate Holding Company, LLC and its wholly owned subsidiaries after elimination of all intercompany accounts and transactions. The Company's fiscal year is 52 or 53 weeks ending the last Sunday of the calendar year. Fiscal year 2023 was 53 weeks starting December 26, 2023 and ending December 31, 2023. Fiscal year 2022 was 52 weeks starting December 27, 2021 and ending December 25, 2022.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Description of Business and Summary of Significant Accounting Policies (continued)

amounts of revenues and expenses during the reporting period. The areas that require management's most significant estimates are impairment of property and equipment, valuation of trademark, estimated useful lives of goodwill, intangible assets and property and equipment, and allowances associated with accounts receivable. Actual results could differ from those estimates.

Foreign Currency Transactions

Substantially all foreign-sourced revenues (principally royalties from Canadian franchisees) are recorded in U.S. dollars. The aggregate effects of any exchange gains or losses are presented within foreign translation adjustment on the consolidated statements of operations and other comprehensive income.

Revenue Recognition

Revenue Recognition – Company-Operated Restaurant Sales

Company-operated restaurant sales are derived from the sale of food and related items to on-premises and off-premises customers. The Company recognizes revenue at the point of delivery of its products to customers as the performance obligation is satisfied. Discounts, coupons, employee meals, and other promotional allowances are reflected as a reduction to revenue on the consolidated financial statements.

Company-owned restaurant revenues are reported excluding sales, use, or other transaction taxes collected from customers, which are remitted to various tax jurisdictions. Accordingly, sales taxes have no effect on the Company's reported total revenues on the consolidated statements of operations and other comprehensive income.

Revenue Recognition – Gift Card Revenues

The Company sells gift cards online and in franchise and Company-owned restaurants. The Company does not charge administrative fees on unused gift card balances, and the gift cards have no expiration date. Gift card sales are recorded as accrued liabilities on the consolidated balance sheets when sold, and the accrued liabilities are relieved when redeemed by customers at Company-owned restaurants or the franchise-owned restaurants. Gift card breakage is recognized when the Company determines that a legal obligation to remit the unredeemed gift card balance to the relevant jurisdiction does not exist. The determination of the gift card breakage rate is based

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Description of Business and Summary of Significant Accounting Policies (continued)

upon the Company's historical redemption patterns. The Company recognized \$180,000 and \$100,000 in breakage revenues related to gift cards for the years ended December 31, 2023 and December 25, 2022, respectively. The breakage is recorded in franchise royalties and other on the consolidated statements of operations and other comprehensive income.

Revenue Recognition – Franchise Royalties and Other

The Company's franchise-related revenues consist of royalties, initial franchise fees, and renewal and transfer fees. The Company franchises restaurants under the trademark Quizno's. The initial term of the franchise agreements is typically 10 years, with an option to renew for a fee or transfer the franchise agreement to a new or existing franchisee, at which point a transfer fee is typically charged.

The initial franchise fees for each franchise agreement are recognized straight-line over the term of the respective franchise agreement, which is consistent with the Company's performance obligations under the agreements and the franchisee's right to use and benefit from the intellectual property. Renewal fees are recognized over the renewal term for the respective franchise from the start of the renewal period. Transfer fees are recognized over the remaining term of the franchise agreement beginning at the time of transfer. Income from royalties is recognized over the term of the respective franchise agreement as the underlying sales occur.

When a franchise agreement is terminated voluntarily by the franchisee or due to the default of the franchisee, the Company recognizes the remaining initial franchise fee as revenue, as no further performance obligation needs to be satisfied and the initial franchise fee is not refundable per the franchise agreement.

Revenue Recognition – Vendor Rebates

Vendor rebates include commission and volume rebates received from vendors with whom the Company has negotiated system-wide pricing and are based on the volume of purchases by franchise restaurants and recognized upon underlying purchases by the franchise restaurants.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Description of Business and Summary of Significant Accounting Policies (continued)

Revenue Recognition – Advertising Fund Contributions

The advertising fund contributions include revenue related to the advertising and marketing fund fees. Advertising and marketing fund fees are used to promote brand awareness and include, but are not limited to, the creation of marketing and promotional material, development and maintenance of websites for the franchise system, and market research. Advertising and marketing fund fees are collected monthly, based upon a percentage of franchisee gross sales. The Company recognizes these sales-based advertising and marketing fund fees from franchisees when the underlying franchisee sales occur. The Company records the related advertising and marketing expenses as incurred under advertising fund expenses on the consolidated statements of operations and other comprehensive income. When advertising fund contributions exceed the related expenses, advertising and marketing expenses are accrued up to the amount of advertising fund contributions to be utilized in the subsequent years. As of December 31, 2023 and December 25, 2022, \$178,338 and \$520,437, respectively, is included in accrued liabilities on the consolidated balance sheets for the amount of advertising fund contributions that exceeded the related expenses.

Cash and Cash Equivalents

The Company considers all highly liquid financial instruments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents are maintained with multiple financial institutions. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions with reputable credit and therefore bear minimal credit risk. The Company holds cash and cash equivalents at financial institutions in excess of amounts covered by the Federal Deposit Insurance Corporation. Accounts receivable from credit card issuers are typically converted to cash within two business days of the original sales transaction and are considered cash equivalents.

Restricted Cash

In accordance with the concession agreement at DIA, the Company must maintain in effect at all times throughout the term of the concession agreement an irrevocable letter of credit or such other acceptable surety in an amount equal to six months of minimum annual guaranteed rent. The restricted cash on the consolidated balance sheets as of December 31, 2023 and December 25, 2022, represents the amount in escrow with the insurance provider.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Description of Business and Summary of Significant Accounting Policies (continued)

Accounts and Other Receivables, Net

The Company's accounts and other receivables consist primarily of royalties due from franchisees and vendor rebates. Receivables related to royalties are generally due within seven days following each week's sales pursuant to franchise agreements. Receivables related to vendor rebates are generally due within 30-60 days following the end of the month of applicable purchases. Accounts and other receivables that exceed the payment terms extended by the Company are considered delinquent. The Company's accounts and other receivables are reviewed periodically, and allowance for expected credit losses is recorded based on the Company's ability to collect. The Company reserves a percentage of its trade receivables based on collection history and current economic trends that we expect will impact the level of credit losses over the life of its receivables. These reserves are re-evaluated on a regular basis and adjusted, as needed. The Company does not accrue finance or interest charges on outstanding balances. The Company does not require collateral from franchisees. Accounts and other receivables are charged off against the allowance for expected credit losses when it is probable that the accounts receivable will not be collected. Bad debt expense was \$16,488 and \$29,687 for the years ended December 31, 2023 and December 25, 2022, respectively. This amount is included in selling, general, and administrative expenses on the consolidated statements of operations and other comprehensive income.

Accounts and other receivables consisted of the following:

	December 31, 2023	December 25, 2022
Vendor rebates	\$ 471,272	\$ 573,436
Franchise royalties	542,405	448,785
Other	50,562	348,377
Accounts and other receivables	<u>1,064,239</u>	<u>1,370,598</u>
Reserve for doubtful accounts	(67,413)	(103,007)
Accounts and other receivables, net	<u>\$ 996,826</u>	<u>\$ 1,267,591</u>

Inventory

Inventory, consisting principally of food, beverages, and packaging, is valued at the lower of cost (first-in, first-out) or net realizable value.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Description of Business and Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Expenditures from major leasehold improvements and equipment replacements are capitalized. Minor maintenance, replacements, and repairs are expensed as incurred. Depreciation is computed based on the straight-line method over the estimated useful lives of the depreciable assets.

The estimated useful lives for property and equipment are:

Leasehold improvements	Shorter of lease term or estimated useful life, not to exceed 20 years
Furniture, fixtures, and equipment	3 to 7 years
Software and computer equipment	3 years

Goodwill, Net

The Company adopted the Private Company Accounting Alternative for the subsequent measurement of goodwill, Accounting Standards Update (ASU) No. 2014-02, *Intangibles – Goodwill and Other (Topic 350): Accounting for Goodwill* (Goodwill Accounting Alternative) and amortizes goodwill using the straight-line method over ten years in accordance with the guidance in this Goodwill Accounting Alternative.

Goodwill is tested for impairment when a triggering event occurs that indicates that the fair value of an entity may be below its carrying amount. No triggering events occurred during the years ended December 31, 2023 and December 25, 2022.

Franchise Agreements, Net

Franchise agreements represent the acquired value of franchise contracts in the Quizno's acquisition, which are amortized over the term of the franchise agreements based on the projected royalty revenue stream. Amortization expense on franchise agreements was \$396,033 and \$459,381 for the years ended December 31, 2023 and December 25, 2022, respectively. This amount is included in depreciation and amortization on the consolidated statements of operations and other comprehensive income.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Description of Business and Summary of Significant Accounting Policies (continued)

Franchise agreements consist of the following as of December 31, 2023:

Carrying Amount	Accumulated Amortization	Net Carrying Amount	Amortization Period
\$ 4,302,000	\$ (2,796,739)	\$ 1,505,261	3-11 years

Franchise contracts consist of the following as of December 25, 2022:

Carrying Amount	Accumulated Amortization	Net Carrying Amount	Amortization Period
\$ 4,302,000	\$ (2,400,706)	\$ 1,901,294	4-12 years

Future estimated amortization of franchise agreements at December 31, 2023, is as follows:

2024	\$ 374,588
2025	342,429
2026	300,765
2027	164,872
2028	131,992
Thereafter	190,615
	<u>\$ 1,505,261</u>

Trademarks

Trademarks represent the fair value of the Quizno's trademarks acquired as part of the Quizno's acquisition. The Company expects to use the Quizno's trademarks indefinitely. The Company has determined that its trademarks have indefinite lives; accordingly, these assets are not being amortized but are reviewed for impairment annually at year-end or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company has the option to first perform a qualitative assessment for testing the trademarks for impairment. If the Company concludes based on a qualitative assessment that it is not more likely than not that the fair value of the trademarks is less than their carrying amount, it is then not required to perform the quantitative impairment assessment. If the Company concludes based on the qualitative

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Description of Business and Summary of Significant Accounting Policies (continued)

assessment that it is more likely than not that the fair value of the trademarks is less than their carrying value, then the Company performs a quantitative assessment. The Company uses a relief from royalty method for estimating the fair value of the trademarks when performing a quantitative assessment. In 2023 and 2022, the Company elected to perform qualitative assessments. Based on the qualitative assessments performed in fiscal 2023 and 2022, the Company determined that its trademarks were not impaired.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets, including restaurant sites, leasehold improvements, information technology systems, and other fixed assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to the future undiscounted net cash flows expected to be generated by the assets. An impairment loss is recognized if the carrying value of long-lived assets is not recoverable and its carrying value exceeds its fair value. Identifiable cash flows are measured at the lowest level for which they are largely independent of the cash flows of other groups of assets and liabilities, generally at the restaurant level. Fair value is generally determined using forecasted cash flows discounted using an estimated weighted average cost of capital. Management may also utilize market information to determine fair value when relevant information is available.

During the years ended December 31, 2023 and December 25, 2022, there were no impairments recorded.

Deferred Revenue

Deferred revenue on the consolidated balance sheets includes contractual liabilities related to unamortized initial franchise, renewal, and transfer fees, as well as deposits for refundable initial fees from current and prospective franchise owners.

Noncontrolling Interest

On May 7, 2018, the Company entered into a Joint Venture Operating Agreement (Joint Venture) with LEI Airport Concessions LLC (LEI). The Joint Venture was formed to become the owner and operator of certain food and beverage concessions at DIA. In conjunction with this agreement,

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Description of Business and Summary of Significant Accounting Policies (continued)

the Company issued LEI certain membership interests in the Joint Venture pursuant to the terms and conditions of a contribution agreement. Under the terms and conditions of the contribution agreement, LEI received a 6.67% membership interest in the Joint Venture.

Employee Benefit Plan

The Company maintains a qualified retirement plan (the Plan) under Section 401(k) of the Internal Revenue Code of 1986, as amended, for the benefit of employees meeting certain eligibility requirements as outlined in the plan document. All employees are subject to the same contribution and vesting schedules. In 2021, the Company was not required to make matching contributions to the Plan. In 2022, the Company established a matching contribution of 1.5% of a participating employee's salary, and, in 2023, the matching contribution was increased to 4%. 401(k) matching contribution expense was \$200,528 and \$25,185 for the years ended December 31, 2023 and December 25, 2022, respectively, and this amount is included in selling, general, and administrative on the consolidated statements of operations and other comprehensive income.

Leases

Lease expense is recognized on a straight-line basis over the lease term. A lease term often includes option periods that the Company is reasonably certain to exercise, available at the inception of the lease. Lease expense comprises operating lease costs, short-term lease costs, and variable lease costs, which primarily comprise common area maintenance and real estate taxes. Lease costs also include variable rent, which is primarily related to the Company's restaurant operations.

Acquisition- and Transition-Related Expenses

Acquisition- and transition-related expenses are primarily related to prior and prospective acquisitions. Acquisition-related expenses include items such as due diligence consulting fees, legal fees, and related costs. Transition-related expenses include such items as moving into the Company's new support center, hiring employees, severance- and restructuring-related costs, and setting up new systems that are not capitalized.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Description of Business and Summary of Significant Accounting Policies (continued)

Government Grants

The Company recognizes grants when it is “probable” that the Company will comply with the conditions attached to the grants received. However, once this threshold is met, the Company may defer the grant and recognize it in income on a systematic and rational basis over the periods in which the entity recognizes as expense the related costs for which the grants are intended to compensate.

In June 2021, the Company received grants under the Restaurant Revitalization Fund (RRF) to fund payroll, rents, utilities, and other allowable expenses. Under the RRF, the Company is not required to repay the grants as long as funds are used for eligible uses no later than March 11, 2023. The Company received total grants of \$5,329,896, of which \$3,258,106 was recognized as other income on the consolidated statements of operations and other comprehensive income for the year ended December 25, 2022. There was no RRF revenue recognized for the year ended December 31, 2023.

The Employee Retention Credit was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020. It was intended to help businesses retain their workforces and avoid layoffs during the coronavirus pandemic. It provides a per-employee credit to eligible businesses based on a percentage of qualified wages and health insurance benefits paid to employees. It works as a refundable payroll tax credit claimed quarterly, and it can provide reductions to payroll taxes or cash refunds. The Company received \$681,492 of grants under this program to offset costs for the year ended December 25, 2022, and this amount is included in other income on the consolidated statements of operations and other comprehensive income. There were no Employer Retention Credits received for the year ended December 31, 2023.

Income Taxes

The Company is designated as a limited liability company (LLC), which is treated as a partnership for federal and state income tax purposes, with all income tax liabilities and/or benefits being passed through to the members. However, Quiz Holding Canada, a wholly owned subsidiary of the Company, files federal income tax returns in Canada, and the income taxes for this entity are reflected in the income tax expense on the consolidated statements of operations and other comprehensive income. Additionally, many of the Company’s franchisees are based in countries that have tax treaties with the United States. Under these tax treaties, the Company’s franchisees

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Description of Business and Summary of Significant Accounting Policies (continued)

deduct withholding taxes from the amounts payable to the Company and remit such withholding taxes to their local taxing authorities. These withholding taxes are reflected as income tax expense on the consolidated statements of operations and other comprehensive income.

The Company accounts for uncertain tax positions in accordance with Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, under which a tax position is recognized as a benefit only if it is more likely than not that the tax position would be sustained upon audit. The amount recognized is the largest amount of tax benefit that has a greater than 50% likelihood of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit is recorded. The Company's accounting policy is to recognize interest and penalties related to tax positions as income tax expense. No uncertain tax positions were recognized as of December 31, 2023 and December 25, 2022.

Fair Value of Financial Instruments

Fair value is the price the Company would receive to sell an asset or pay to transfer a liability (exit price) in an orderly transaction between market participants. For assets and liabilities recorded or disclosed at fair value on a recurring basis, the Company determines fair value based on the following:

Level 1 – Quoted prices in active markets for identical assets or liabilities that the entity has the ability to access

Level 2 – Observable inputs other than prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated with observable market data

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities, including certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Description of Business and Summary of Significant Accounting Policies (continued)

The carrying amounts of the Company's financial instruments, including cash, restricted cash, accounts and other receivables, accounts payable, and accrued liabilities approximate their fair values due to their short-term nature. Amounts owed under the Company's credit facility approximate fair value due to the variable interest rate features imbedded in both the line of credit and the term debt.

The Company measures the liability related to warrants at fair value on a recurring basis using the capitalization of earnings method, and guideline merger and acquisitions method to determine the fair market value of the Company's equity. The Company then allocates this equity value to the warrants using the option-pricing method.

The fair value of the liability related to warrants consists of following as of December 31, 2023:

	Total	Level 1	Level 2	Level 3
Warrant liability	\$ 366,400	\$ —	\$ —	\$ 366,400

The fair value of the liability related to warrants consists of following as of December 25, 2022:

	Total	Level 1	Level 2	Level 3
Warrant liability	\$ 366,400	\$ —	\$ —	\$ 366,400

Insurance

The Company carries property, general liability, business interruption, crime, director and officer liability, employment practices liability, fiduciary liability, and workers' compensation insurance policies. Under these programs, the Company retains a portion of the accident risk associated with workers' compensation, general liability, and property insurance in varying amounts up to \$100,000 per occurrence that the Company believes are customary for businesses of its size and type. The Company has established liabilities with respect to its insurance and benefit programs based primarily on the actuarially estimated undiscounted cost of claims, including claims incurred but not reported. These liabilities are presented within accrued liabilities on the consolidated balance sheets.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Description of Business and Summary of Significant Accounting Policies (continued)

Pursuant to the terms of their franchise agreements, the Company's franchisees are also required to maintain certain types and levels of insurance coverage, including commercial general liability insurance, workers' compensation insurance, all risk property, and automobile insurance.

2. Recent Accounting Pronouncements

Pronouncements Adopted

In June 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, and, in 2019 and 2020, issued amendments and updates to the new standard. ASU 2016-13 sets forth a current expected credit loss impairment model for financial assets, which replaces the current incurred loss model. This model requires a financial asset (or group of financial assets), including trade receivables, measured at amortized cost to be presented at the net amount expected to be collected with an allowance for credit losses deducted from the amortized cost basis. The allowance for credit losses should reflect management's current estimate of credit losses expected to occur over the remaining life of a financial asset. This guidance is effective for annual periods beginning after December 15, 2022, using a modified retrospective transition method. The guidance was adopted on December 26, 2022, under the modified retrospective approach and resulted in no impact to opening member's equity on the consolidated statements of member's equity.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. ASU 2020-04 provides optional transition guidance, for a limited time, to companies that have contracts, hedging relationship, or other transactions that referred to the London Inter-bank Offered Rate (LIBOR) or another reference rate, which is expected to be discontinued because of the reference rate reform. The Company amended its credit agreement in May 2023, as described further in Note 12, which established Secured Overnight Financing Rate (SOFR) as the new reference rate. The adoption of ASU 2020-04 did not have an impact on the Company's consolidated financial statements and related notes.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Recent Accounting Pronouncements (continued)

Pronouncements Not Adopted

Additional recently issued accounting pronouncements by the FASB and other standards setting bodies were reviewed, and it was concluded that they are either not applicable to the Company's business or are expected to have an immaterial impact on the consolidated financial statements upon adoption.

3. Goodwill, Net

Goodwill, net balance is as:

	December 31, 2023	December 25, 2022
Gross carrying value	\$ 7,540,406	\$ 7,540,406
Accumulated amortization	(4,234,280)	(3,478,062)
Total goodwill, net	<u>\$ 3,306,126</u>	<u>\$ 4,062,344</u>

Future estimated amortization of goodwill at December 31, 2023, is as follows:

2024	\$ 741,949
2025	741,949
2026	741,949
2027	741,949
2028	338,330
Thereafter	—
	<u>\$ 3,306,126</u>

Amortization expense of goodwill was \$756,218 and \$741,949, and this amount is included in depreciation and amortization on the consolidated statements of operations and other comprehensive income for the years ended December 31, 2023 and December 25, 2022, respectively.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

4. Property and Equipment, Net

Property and equipment, net balance consists of the following:

	December 31, 2023	December 25, 2022
Leasehold improvements	\$ 1,516,785	\$ 1,471,970
Furniture, fixtures, and equipment	1,463,115	1,308,643
Software and computer equipment	1,487,583	1,460,494
Total property and equipment	<u>4,467,483</u>	<u>4,241,107</u>
Accumulated depreciation	(3,510,097)	(3,213,272)
Total property and equipment, net	<u>\$ 957,386</u>	<u>\$ 1,027,835</u>

Depreciation expense on property and equipment was \$296,825 and \$254,871 for the years ended December 31, 2023 and December 25, 2022, respectively, and this amount is included in depreciation and amortization on the consolidated statements of operations and other comprehensive income.

5. Accrued Liabilities

Accrued liabilities consists of the following:

	December 31, 2023	December 25, 2022
Payroll	\$ 121,767	\$ 616,224
Accrued incentive-based compensation	902,734	600,292
Total accrued payroll and benefits	<u>1,024,501</u>	<u>1,216,516</u>
Gift card liability	409,689	577,707
Interest payable	—	157,775
Property taxes	218,704	84,494
Sales taxes collected payable	194,631	141,463
Related-party management fee	2,573,597	2,573,597
Advertising fund expenses	178,338	520,437
Other	252,793	712,952
Total other accrued expenses	<u>3,827,752</u>	<u>4,768,425</u>
Total accrued liabilities	<u>\$ 4,852,253</u>	<u>\$ 5,984,941</u>

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

6. Credit Facility and Other Borrowings

The long-term debt consists of the following:

	December 31, 2023	December 25, 2022
Term A loan	\$ 10,795,104	\$ 11,860,734
Term B loan	—	—
Revolving line of credit	—	—
Payroll Protection Program (PPP) loans	121,449	3,070,756
Total debt obligations before adjustments	10,916,553	14,931,490
Adjustments:		
Less: current portion of credit facility, net of debt discount and issuance costs	(2,338,219)	(4,333,361)
Less: remaining unamortized debt issuance costs	(2,459,377)	(1,757,654)
Less: remaining unamortized debt discount	(19,896)	(33,761)
Long-term portion of debt balance	\$ 6,099,061	\$ 8,806,734

Credit Facility

On June 8, 2018, the Company entered into a credit facility (Credit Facility), which provides a \$16,000,000 Term A Loan commitment drawn at the time of the Quizno's acquisition; a \$2,000,000 Term B Loan commitment, which was drawn on March 16, 2020; and a \$5,000,000 revolving line of credit. The Credit Facility matures on June 8, 2025.

The Company amended the Credit Facility in August 2022. The amendment allowed for the Company's required total debt to consolidated adjusted earnings before interest, depreciation, and amortization (EBITDA) ratio to be increased from 2.50x to 2.75x, its required fixed charge coverage ratio to be decreased from 1.50x to 1.15x, and its fiscal 2022 excess cash flow (ECF) payment to be reduced by \$1,500,000. Contemporaneous with the execution of this amendment, the Company purchased 5,000 shares of the equity warrants. In connection with the amendment, the Company paid debt issuance cost of \$1,500,000.

The Company amended its credit agreement in May 2023 to establish SOFR as a reference rate, waive the 2023 ECF payment, and modify the fixed charge coverage ratio such that it would not be impacted by up to \$750,000 of capital expenditures spent on building out a Company-owned

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

6. Credit Facility and Other Borrowings (continued)

b-Cubed restaurant. In addition, contemporaneous with the execution of this amendment, the Company purchased 7,629 outstanding debt warrants, reducing the balance of the outstanding debt warrants from 11,000 to 3,371. In connection with the amendment, the Company paid debt issuance cost of \$2,000,000.

Interest

In 2022, borrowings under the Credit Facility are subject to rates based on either the LIBOR with a 1.25% floor, or the greatest of (a) the Federal Funds Rate plus 0.50%, (b) the Prime Rate, and (c) the LIBOR plus 1.0% (Base Rate). For all LIBOR loans, the interest rate is the LIBOR plus 8.25%. For all Base Rate loans, the interest rate is the Base Rate plus 7.25%. Beginning May 2023, borrowings under the Credit Facility are subject to rates based on either the SOFR with a 1.25% floor, or the greatest of (a) the Federal Funds Rate plus 0.50%, (b) the Prime Rate, and (c) the SOFR plus 1.0% (Base Rate). For all SOFR loans, the interest rate is the SOFR plus 8.25%. For all Base Rate loans, the interest rate is the Base Rate plus 7.25%. In addition to interest payable, additional interest accrues (paid-in-kind) on all unpaid principal amounts of each Loan equal to 2.0% until each Loan is paid in full. There is an unused line fee equal to 0.50% per annum on the difference between the Term B Loan plus the revolving line of credit commitment, and the total amount outstanding.

As of December 31, 2023, the Company's Term A Loan, Term B Loan, and revolving line of credit were SOFR loans, and the interest rate was 14.01%. As of December 25, 2022, the Company's Term A Loan, Term B Loan, and revolving line of credit were LIBOR loans, and the interest rate was 13.25%. In addition, as of December 25, 2023, the paid-in-kind interest rate was 2.0%. Further, as of December 25, 2023, the Company had the availability to borrow additional \$5,000,000 under its unused revolving line of credit.

Guarantees

The loans and other obligations under the Credit Facility are guaranteed by the Company and are secured by substantially all of the assets of the Company and its wholly owned subsidiaries.

Covenants

As of December 25, 2023, the Company is in compliance with the debt covenants.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

6. Credit Facility and Other Borrowings (continued)

Debt Warrants

In connection with the Credit Facility, the debt provider (Debt Holder) received ten-year warrants (debt warrant) to purchase 11,000 Class B Common Units of Rego Restaurant Holdings, LLC (Parent) with an exercise price of \$0.01 per unit. The warrants have an expiration date of June 8, 2028. Additionally, at the time of issuance of the warrants, the Company recorded debt discount of \$96,910, which is being amortized to interest expense over the life of the loan. Amortization expense for each of the fiscal years ended December 31, 2023 and December 25, 2022, was \$14,142 and \$13,796, respectively, which is included in interest expense on the consolidated statements of operations and other comprehensive income. Included in the warrant is a put right in which the Holder upon certain repayment, refinancing, and other liquidity events may demand a determination of the redemption price and demand redemption of the warrant. The warrant also includes a call right in which the Company, upon certain repayment, refinancing, and other liquidity events, may demand the Holder to sell the warrant.

Also, in connection with the Credit Facility, the Debt Holder received ten-year warrants (equity warrants) to purchase 10,000 Class B Common Units of our Parent with an exercise price of \$0.01 per unit. The warrants have an expiration date of June 8, 2028. In 2022, the Company exercised the right to purchase 5,000 shares of the outstanding warrants for a purchase price of \$150,000, which is included on the consolidated balance sheet. The equity warrants outstanding and exercisable at December 31, 2023 and December 25, 2022, are 5,000 and 5,000 shares, respectively.

Other Borrowings

On April 8, 2020, the Company entered into four loan agreements (PPP Loans) under the Payroll Protection Program (PPP), totaling \$2,978,100 in aggregate, contained within the new CARES Act.

In 2021, the Company had three of the PPP Loans forgiven totaling \$1,829,400 and in 2022, the Company had received forgiveness on \$919,000 of the remaining note of \$1,148,700, which is included in other income on the consolidated statements of operations and other comprehensive income. The remaining \$229,700 of the loan that is not deemed forgivable is to be repaid over five years, accruing interest at 1% per annum.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

6. Credit Facility and Other Borrowings (continued)

In March 2021 and April 2021, the Company closed on two additional PPP loans in the amount of \$1,487,000 and \$1,372,000, respectively. The loans bear interest at a fixed rate of 1% per annum with the first six months of interest deferred and may be forgiven if at least 60% of the loan proceeds are used by the Company to cover payroll costs, including benefits, and the Company maintains its employment and compensation within certain parameters during the 24-week period following the loan origination date. In July 2023, the Company received full forgiveness from the Small Business Administration (SBA) on the two remaining PPP loans that were outstanding at December 25, 2022.

Future Cash Payments

Scheduled principal payments on the Company's debt outstanding at December 31, 2023, for each of the next five fiscal years, are as follows:

2024	\$ 2,338,219
2025	8,578,334
2026	—
2027	—
2028	—
Total future scheduled principal payments	<u>\$ 10,916,553</u>

Amortization expense of debt issuance costs was \$1,328,739 and \$394,403 for the years ended December 31, 2023 and December 25, 2022, respectively, and this amount is included in depreciation and amortization on the consolidated statements of operations and other comprehensive income.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

6. Credit Facility and Other Borrowings (continued)

Interest Expense

Interest expense for the years ended December 31, 2023 and December 25, 2022, included the following:

	<u>2023</u>	<u>2022</u>
Interest expense	\$ 1,871,884	\$ 1,881,029
Additional paid-in-kind interest	234,370	350,998
Amortized debt warrant discount	14,061	13,796
Total interest expense	<u>\$ 2,120,315</u>	<u>\$ 2,245,823</u>

7. Leases

The Company's leases have terms as follows:

	<u>Average Remaining Lease Term</u>
Domestic Company-owned restaurants	One or 14 years
Company Head Office	Three years
Franchisee shared restaurants	Less than one year

The Company did not enter into any new leases during 2022 or 2023. The Company has elected to use the risk-free rate for all leases.

Future base rent escalations that are not contractually quantifiable as of the lease commencement date are not included in the Company's lease liability.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

7. Leases (continued)

Lease expense for lease payments is recognized on a straight-line basis over the lease term. Lease expense comprises operating lease costs, short-term lease costs, and variable lease costs, which primarily comprise common area maintenance, additional storage, and parking for the Company's real estate leases. Lease costs also include percentage-based rent, which is related to the Company's airport locations. Lease expense, included in occupancy and other operations and selling, general, and administrative expenses, consists of the following:

	December 31, 2023	December 25, 2022
Operating lease:		
Operating lease cost	\$ 3,030,005	\$ 2,493,329
Short-term lease cost	—	—
Variable lease cost	1,159,766	1,109,278
Total lease costs	<u>\$ 4,189,771</u>	<u>\$ 3,602,607</u>

Future minimum lease payments as of December 31, 2023, were as follows:

	Operating Lease Payments
Fiscal year:	
2024	\$ 2,816,977
2025	1,067,950
2026	1,086,534
2027	1,020,292
2028	1,038,039
Thereafter	11,075,579
Total	18,105,371
Discount	(2,151,328)
Total future minimum lease payments	<u>\$ 15,954,043</u>

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

7. Leases (continued)

Supplemental Cash Flow and Other Information

Supplemental cash flow information related to leases for the years ended December 31, 2023 and December 25, 2022, is as follows:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases ^(a)	\$ 2,946,539	\$ 2,485,629
Right-of-use assets and operating lease liabilities recorded upon adoption of ASU 2016-02	–	19,628,405
Weighted-average remaining lease term (in years):		
Operating leases	11.90	12.97
Weighted-average discount rate:		
Operating leases	1.8%	1.8%

^(a) Included within the change in other assets and liabilities on the consolidated statement of cash flows offset by noncash operating lease asset amortization and liability accretion.

8. Related-Party

The Company has the following ongoing relationships with related parties:

The Company's and its subsidiaries entered into a management consulting agreement with High Bluff Capital Partners, LLC (High Bluff) to pay a management fee to High Bluff up to 5% of EBITDA or as directed by the Company's Board of Directors and as permitted by the Company's Credit Facility. The Company has expensed \$500,000 in management fees in 2023 and 2022 to High Bluff, as directed by the Company's Board of Directors. These fees are included in selling, general and administrative on the consolidated statements of operations and other comprehensive income. As of December 31, 2023 and December 25, 2022, there is \$2,573,597 and \$2,573,597, respectively, in unpaid management fees included in accrued liabilities on the consolidated balance sheets. In addition, the Company shares services with High Bluff for certain operating expenses incurred in the normal course of business. There is \$10,435 and \$5,478 as amounts due from High Bluff included in related-party receivables at December 31, 2023 and December 25, 2022, respectively.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

8. Related-Party (continued)

Rego Restaurants Holdings II, LLC (Rego II) is a related company through common ownership of High Bluff. The Company provides certain management services to Rego II. In October 2020, the Company entered into a three-year management consulting agreement (Agreement) with Rego II establishing an annual consulting fee of \$110,000 for year 1 and \$150,000 for the two years following. For the years ended December 31, 2023 and December 25, 2022, the Company recognized income of approximately \$150,000 and \$150,000, respectively, related to the agreement. This income is recorded as an offset to expenses in selling, general, and administrative on the consolidated statements of operations and other comprehensive income. In addition to the management fee, the Company has allocated \$249,280 and \$154,174 of advertising, marketing, and general expenses to Rego II for the years ending December 31, 2023 and December 25, 2022, respectively. In 2023, the Company allocated \$150,000 of development-related expenses. There is \$771,738 and \$1,002,639 as amounts due from REGO II included in related-party receivables at December 31, 2023 and December 25, 2022, respectively.

In addition to the Agreement, in October 2020, Rego II entered into a promissory note in the amount of \$470,469 with the Company. The promissory note is a three-year note bearing interest at 10.75% and calls for quarterly principal payments of \$39,206, beginning in the fourth quarter 2020. The receivable balance related to the promissory note is \$0 and \$156,824 as of December 31, 2023 and December 25, 2022, respectively.

9. Contingencies

Purchase Obligations

The Company enters into various purchase obligations in the ordinary course of business, generally of a short-term nature. Those that are binding primarily relate to commitments for food purchases and supplies, technology services, amounts owed under contractor and subcontractor agreements, and marketing initiatives.

Litigation

The Company is involved in certain disputes and legal actions arising in the ordinary course of its business. While it is not feasible to predict or determine the outcome of these proceedings, in management's opinion, based on a review with legal counsel, none of these disputes and legal actions are expected to have a material impact on its financial position, results of operations, or cash flows. However, litigation is subject to inherent uncertainties, and an adverse result in these matters may arise from time to time that may harm the Company's business.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

10. Subsequent Events

The Company has evaluated events and transactions occurring subsequent to December 31, 2023, for items that should be recognized or disclosed in these consolidated financial statements. The evaluation was conducted through May 6, 2024, which is the date the consolidated financial statements were available to be issued.

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CONSOLIDATED FINANCIAL STATEMENTS

REGO Intermediate Holding Company, LLC and Subsidiaries
Years Ended December 25, 2022 and December 26, 2021
With Report of Independent Auditors

Ernst & Young LLP



REGO Intermediate Holding Company, LLC and Subsidiaries

Consolidated Financial Statements

Years Ended December 25, 2022 and December 26, 2021

Contents

Report of Independent Auditors	1
Consolidated Financial Statements	
Consolidated Balance Sheets	4
Consolidated Statements of Operations and Other Comprehensive Income.....	5
Consolidated Statements of Member's Deficit.....	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8

Report of Independent Auditors

The Board of Directors
REGO Intermediate Holding Company, LLC

Opinion

We have audited the consolidated financial statements of REGO Intermediate Holding Company, LLC and Subsidiaries (the Company), which comprise the consolidated balance sheet as of December 25, 2022, and the related consolidated statements of operations and other comprehensive income, member's deficit and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 25, 2022, and the results of its operations and its cash flows for the year then ended 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 the Company 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.

Adoption of ASU No. 2016-02, *Leases*

As discussed in Notes 1 and 7 to the consolidated financial statements, in 2022, the Company adopted new accounting guidance Financial Accounting Standards Board (FASB) Accounting Standards Codification 842, *Leases*, resulting from Accounting Standards Update (ASU) No. 2016-02, *Leases*. Our opinion is not modified with respect to this matter.

Report of Other Auditors on 2021 Financial Statements

The consolidated financial statements of the Company for the year ended December 26, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on May 6, 2022.

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 of 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 the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

Ernst + Young LLP

July 13, 2023

REGO Intermediate Holding Company, LLC and Subsidiaries

Consolidated Balance Sheets

	December 25, 2022	December 26, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,620,085	\$ 14,707,056
Restricted cash	50,024	50,024
Accounts and other receivables, net	1,267,591	1,159,662
Inventories	319,702	260,456
Related party receivables	1,164,941	970,494
Other current assets	377,994	500,583
Total current assets	8,800,337	17,648,275
Property and equipment:		
Property and equipment, net	1,027,835	990,899
Other assets:		
Goodwill, net	4,062,344	4,804,293
Franchise agreements, net	1,901,294	2,360,675
Trademarks	1,581,000	1,581,000
Operating lease assets, net	17,242,776	—
Other assets	399,787	399,787
Total other assets	25,187,201	9,145,755
Total assets	\$ 35,015,373	\$ 27,784,929
Liabilities and member's deficit		
Current liabilities:		
Accounts payable	\$ 1,007,200	\$ 1,101,105
Accrued liabilities	5,984,941	6,520,044
Current maturities of long-term debt	4,333,361	5,675,931
Operating lease obligations – current	2,419,397	—
Total current liabilities	13,744,899	13,297,080
Long-term liabilities:		
Warrants	366,400	96,910
Deferred rent, net current portion	—	474,571
Deferred revenue	240,308	179,149
Operating lease obligation – long-term	15,501,827	—
Long-term debt, net of current maturities	8,806,734	17,839,553
Other long term liability	—	3,258,106
Total long-term liabilities	24,915,269	21,848,289
Member's deficit:		
Contributions	1,244,286	1,244,286
Minority interest	58,569	53,241
Accumulated other comprehensive income	983	(6,337)
Accumulated deficit	(4,948,633)	(8,651,630)
Total member's deficit	(3,644,795)	(7,360,440)
Total liabilities and member's deficit	\$ 35,015,373	\$ 27,784,929

See accompanying notes.

REGO Intermediate Holding Company, LLC and Subsidiaries

Consolidated Statements of Operations and Other Comprehensive Income

	December 25, 2022	December 26, 2021
Revenues:		
Company-operated restaurant sales	\$ 25,577,139	\$ 22,262,246
Franchise royalties and other	5,476,965	5,351,706
Vendor rebates	2,791,439	2,983,435
Advertising fund contributions	1,814,086	1,819,983
Total revenues	35,659,629	32,417,369
Operating cost and expenses:		
Company restaurant costs (excluding depreciation and amortization):		
Food and packaging	7,749,202	6,169,774
Payroll and employee benefits	6,939,801	5,678,229
Occupancy and other operation	6,061,419	5,188,713
Royalties and advertising	998,864	935,407
Total company restaurant costs	21,749,286	17,972,123
Franchising support costs	1,187,036	1,391,436
Selling, general, and administrative expenses	6,924,318	7,135,395
Advertising fund expenses	1,814,075	1,819,983
Depreciation and amortization	1,854,605	2,073,502
Acquisition and transition related costs	411,667	855,367
Total operating expenses	33,940,987	31,247,805
Income from operations	1,718,642	1,169,564
Other income (expense):		
Other income	4,640,157	5,712,992
Interest expense	(2,245,823)	(2,742,282)
Total other income	2,394,334	2,970,710
Income from operations before income taxes	4,112,976	4,140,274
Income tax expense	(202,867)	(209,828)
Net income	3,910,109	3,930,446
Net income attributed to noncontrolling interest	(207,111)	(206,779)
Net income attributed to REGO Intermediate Holding Company, LLC	3,702,998	3,723,667
Other comprehensive income:		
Foreign currency translation adjustment	7,320	19,963
Comprehensive income attributed to REGO Intermediate Holding Company, LLC	\$ 3,710,318	\$ 3,743,630

See accompanying notes.

REGO Intermediate Holding Company, LLC and Subsidiaries

Consolidated Statements of Member's Deficit

	Deficit	Accumulated Comprehensive (Loss) Income	Non-controlling Interest	Members' Deficit
Balance, December 27, 2020	\$ (11,131,011)	\$ (26,300)	\$ 21,081	\$ (11,136,230)
Non-controlling interest distributions	—	—	(174,619)	(174,619)
Foreign currency translation adjustment	—	19,963	—	19,963
Net income	3,723,667	—	206,779	3,930,446
Balance, December 26, 2021	(7,407,344)	(6,337)	53,241	(7,360,440)
Non-controlling interest distributions	—	—	(201,783)	(201,783)
Foreign currency translation adjustment	—	7,320	—	7,320
Net income	3,702,998	—	207,111	3,910,109
Balance, December 25, 2022	<u>\$ (3,704,347)</u>	<u>\$ 983</u>	<u>\$ 58,569</u>	<u>\$ (3,644,795)</u>

See accompanying notes.

REGO Intermediate Holding Company, LLC and Subsidiaries

Consolidated Statements of Cash Flows

	Fiscal Year Ended	
	December 25, 2022	December 26, 2021
Operating activities		
Net income	\$ 3,910,109	\$ 3,930,446
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	1,456,201	1,892,673
Non-cash paid-in-kind interest	350,998	718,464
Allowance for bad debt	16,488	4,122
Deferred finance cost amortization	398,403	180,829
Forgiveness of PPP loan	(925,619)	(1,840,371)
Stock based compensation expense	103,000	—
Warrant valuation	269,490	—
Debt warrant amortization	13,796	13,795
Changes in assets and liabilities:		
Accounts and other receivable	(318,864)	(384,164)
Inventories	(59,246)	(26,101)
Other current assets	122,588	(83,344)
Accrued liabilities	(528,482)	1,439,129
Other liabilities	(3,258,106)	3,258,106
Accounts payable	(93,905)	(305,637)
Operating lease assets, net of liabilities	203,877	—
Deferred rent	—	89,175
Deferred revenue and other liabilities	61,159	(59,776)
Net cash and cash equivalents provided by operating activities	1,721,886	8,827,348
Investing activities		
Purchase of property and equipment	(291,807)	(356,146)
Net cash and cash equivalents used in investing activities	(291,807)	(356,146)
Financing activities		
Proceeds from issuance of PPP loan	—	2,859,407
Repurchase of outstanding incentive awards	(103,000)	—
Principal repayments of debt	(8,719,588)	(1,000,000)
Debt issuance costs	(1,500,000)	(216,105)
Non-controlling interest distributions	(201,783)	(174,619)
Net cash and cash equivalents (used in) provided by financing activities	(10,524,371)	1,468,683
Net (decrease) increase in cash and cash equivalents	(9,094,291)	9,939,884
Effect of exchange rate changes on cash	7,320	19,963
Cash and cash equivalents and restricted cash, beginning of period	14,757,080	4,797,233
Cash and cash equivalents and restricted cash, end of period	\$ 5,670,108	\$ 14,757,080
Supplemental disclosure of cash flow information		
Cash paid for income taxes	\$ 299,377	\$ —
Cash paid for interest	\$ 1,877,968	\$ 1,964,872

See accompanying notes.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to Consolidated financial statements

December 25, 2022

1. Description of Business and Summary of Significant Accounting Policies

REGO Intermediate Holding Company, LLC, a Delaware limited liability company, was incorporated in the state of Delaware on November 7, 2017. Together with our subsidiaries (“REGO,” “we,” “us,” “our,” or the “Company”), we operate and franchise restaurants throughout North America and several countries internationally. Our strategy is to acquire restaurant concepts in which we benefit from leveraging our shared services model and center of excellence. REGO Restaurant Holdings, LLC is the sole member of the Company.

As of December 26, 2021, the Company franchised 201 Quizno’s in the United States, 139 Quizno’s in Canada, and 152 internationally for a total of 492 franchised locations. Additionally, through a partnership, we operate Mesa Verde restaurant, Blue Sky Bar, Lavazza coffee shop, and a Quizno’s in the Denver International Airport (DIA), and are a franchisee of 8 Dairy Queens in the states of Alaska, Pennsylvania, and Ohio.

As of December 25, 2022, the Company franchised 165 Quizno’s in the United States, 132 Quizno’s in Canada, and 152 internationally for a total of 449 franchised locations. Additionally, through a partnership, we operate Mesa Verde restaurant, Blue Sky Bar, Lavazza coffee shop, and a Quizno’s in the Denver International Airport, and are a franchisee of 8 Dairy Queens in the states of Alaska, Pennsylvania, and Ohio.

Principles of Consolidation and Fiscal Year

The consolidated financial statements of the Company include the accounts of REGO Intermediate Holding Company, LLC and its wholly owned subsidiaries after elimination of all intercompany accounts and transactions. The Company’s fiscal year is 52 or 53 weeks ending the last Sunday of the calendar year. Fiscal year 2022 was 52 weeks starting December 27, 2021 and ending December 25, 2022. Fiscal year 2021 was 52 weeks starting December 28, 2020 and ending December 26, 2021.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States (US GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to consolidated financial statements (continued)

1. Description of Business and Summary of Significant Accounting Policies (continued)

amounts of revenues and expenses during the reporting period. The areas that require management's most significant estimates are impairment of property and equipment, valuation of trademark, estimated useful lives of goodwill, intangible assets and property and equipment, and allowances associated with accounts receivable. Actual results could differ from those estimates.

Foreign Currency Transactions

Substantially all foreign-sourced revenues (principally royalties from Canadian franchisees) are recorded in U.S. dollars. The aggregate effects of any exchange gains or losses are presented within foreign translation adjustment in the consolidated statements of operations and other comprehensive income.

Revenue Recognition

Revenue Recognition – Company-Operated Restaurant Sales

Company-operated restaurant sales are derived from the sale of food and related items to on-premises and off-premises customers. The Company recognizes revenue at the point of delivery of its products to customers as the performance obligation is satisfied. Discounts, coupons, employee meals, and other promotional allowances are reflected as a reduction to revenue in the consolidated financial statements.

Company-owned restaurant revenues are reported excluding sales, use or other transaction taxes collected from customers, which are remitted to various tax jurisdictions. Accordingly, sales taxes have no effect on the Company's reported total revenues in the consolidated statements of operations and other comprehensive income.

Revenue Recognition – Gift Cards Revenues

The Company sells gift cards online and in franchise and company-owned restaurants. The Company does not charge administrative fees on unused gift card balances, and the gift cards have no expiration date. Gift card sales are recorded as accrued liabilities on the consolidated balance sheets when sold and the accrued liabilities is relieved when redeemed by customers at company-owned restaurants or the franchise-owned restaurants. Gift card breakage is recognized when the Company determines a legal obligation to remit the unredeemed gift card balance to the relevant

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to consolidated financial statements (continued)

1. Description of Business and Summary of Significant Accounting Policies (continued)

jurisdiction does not exist. The determination of the gift card breakage rate is based upon the Company's historical redemption patterns. The Company recognized \$100,000 in breakage revenues related to gift cards during each of the years ended December 25, 2022 and December 26, 2021. The breakage is recorded in franchise royalties and other in the consolidated statements of operations and other comprehensive income.

Revenue Recognition – Franchise Royalties and Other

The Company's franchise-related revenues consist of royalties, initial franchise fees, renewal and transfer fees. The Company franchises restaurants under the trademark Quizno's. The initial term of the franchise agreements is typically 10 years, with an option to renew for a fee or transfer the franchise agreement to a new or existing franchisee, at which point a transfer fee is typically charged.

The initial franchise fees for each franchise agreement are recognized straight-line over the term of the respective franchise agreement, which is consistent with the Company's performance obligations under the agreements and the franchisee's right to use and benefit from the intellectual property. Renewal fees are recognized over the renewal term for the respective franchise from the start of the renewal period. Transfer fees are recognized over the remaining term of the franchise agreement beginning at the time of transfer. Income from royalties are recognized over the term of the respective franchise agreement as the underlying sales occur.

When a franchise agreement is terminated voluntarily by the franchisee or due to the default of the franchisee, the Company recognizes the remaining initial franchise fee as revenue, as no further performance obligation needs to be satisfied and the initial franchise fee is not refundable per the franchise agreement.

Revenue Recognition – Vendor Rebates

Vendor rebates include commission and volume rebates received from vendors with whom the Company has negotiated system-wide pricing and are based on the volume of purchases by franchise restaurants and recognized upon underlying purchases by the franchise restaurants.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to consolidated financial statements (continued)

1. Description of Business and Summary of Significant Accounting Policies (continued)

Revenue Recognition – Advertising Fund Contributions

The advertising fund contributions includes revenue related to the advertising and marketing fund fees. Advertising and marketing fund fees are used to promote brand awareness and include, but are not limited to, the creation of marketing and promotional material, development and maintenance of websites for the franchise system, and market research. Advertising and marketing fund fees are collected monthly, based upon a percentage of franchisee gross sales. The Company recognizes these sales-based advertising and marketing fund fees from franchisees when the underlying franchisee sales occur. The Company records the related advertising and marketing expenses as incurred under advertising fund expenses in the consolidated statements of operations and other comprehensive income. When advertising fund contributions exceed the related expenses, advertising and marketing expenses are accrued up to the amount of advertising fund contributions to be utilized in the subsequent years. As of December 25, 2022 and December 26, 2021, \$520,437 and \$389,584, respectively, is included in accrued liabilities in the consolidated balance sheets for the amount of advertising fund contributions that exceeded the related expenses.

Cash and Cash Equivalents

The Company considers all highly liquid financial instruments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents are maintained with multiple financial institutions. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions with reputable credit and, therefore, bear minimal credit risk. The Company holds cash and cash equivalents at financial institutions in excess of amounts covered by the Federal Deposit Insurance Corporation. Accounts receivable from credit card issuers are typically converted to cash within two business days of the original sales transaction and are considered cash equivalents.

Restricted Cash

In accordance with the concession agreement at DIA, the Company must maintain in affect at all times throughout the term of the concession agreement an irrevocable letter of credit or such other acceptable surety in an amount equal to six months of minimum annual guaranteed rent. The restricted cash in the consolidated balance sheets as of December 25, 2022 and December 26, 2023, represents the amount in escrow with the insurance provider.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to consolidated financial statements (continued)

1. Description of Business and Summary of Significant Accounting Policies (continued)

Accounts and Other Receivables, Net

The Company's accounts and other receivables consist primarily of royalties due from franchisees and vendor rebates. Receivables related to royalties are generally due within 7 days following each week's or period's sales pursuant to franchise agreements. Receivables related to vendor rebates are generally due within 30 – 60 days following the end of the month of applicable purchases. The Company's accounts and other receivables are reviewed periodically and allowance for doubtful accounts is recorded based on the Company's ability to collect. The Company evaluates the collectability of its accounts and other receivables based on a combination of factors, including length of time the receivables are past due, historical performance, and the probability of collection. The Company does not accrue finance or interest charges on outstanding balances. The Company does not require collateral from franchisees. Accounts and other receivables are charged off against the allowance for doubtful accounts when it is probable the accounts receivable will not be collected.

As of December 25, 2022 and December 26, 2021, respectively, accounts receivable was as follows:

	<u>2022</u>	<u>2021</u>
Vendor rebates	\$ 573,436	\$ 673,688
Franchise royalties	448,785	455,427
Other	348,377	142,752
Accounts and other receivables	<u>1,370,598</u>	<u>1,271,867</u>
Reserve for doubtful accounts	<u>(103,007)</u>	<u>(112,205)</u>
Accounts and other receivables, net	<u>\$ 1,267,591</u>	<u>\$ 1,159,662</u>

Inventory

Inventory, consisting principally of food, beverages, and packaging, is valued at the lower of cost (first-in, first-out) or net realizable value.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to consolidated financial statements (continued)

1. Description of Business and Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Expenditures from major leasehold improvements and equipment replacements are capitalized. Minor maintenance, replacements, and repairs are expensed as incurred. Depreciation is computed based on the straight-line method over the estimated useful lives of the depreciable assets.

The estimated useful lives for property and equipment are:

Leasehold improvements	Shorter of lease term or estimated useful life, not to exceed 20 years
Furniture, fixtures, and equipment	3 to 7 years
Software and computer equipment	3 years

Goodwill, Net

Goodwill represents the excess of the purchase price paid over the fair value of the net assets acquired in connection with a business combination. Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-18, *Business Combinations (Topic 805)*, allows an accounting alternative for private companies whereby any customer-related intangible assets would not be recognized separately from goodwill.

Additionally, ASU No. 2014-02, *Accounting for Goodwill*, allows an accounting alternative for private companies for the subsequent measurement of goodwill. An entity within the scope of the amendments that elects the accounting alternative in this update should amortize goodwill on a straight-line basis over 10 years or less than 10 years if the entity demonstrates that another useful life is more appropriate. An entity that elects the accounting alternative is further required to make an accounting policy election to test goodwill for impairment at either the entity level or the reporting unit level. In accordance with ASU 2014-02, goodwill is tested for impairment when a triggering event occurs that indicates that the fair value of an entity (or a reporting unit) may be below its carrying amount.

The Company has elected to account for goodwill using the private company alternative under FASB ASUs 2014-02 and 2014-18. In accordance with the guidance above, the Company has elected to amortize its goodwill on a straight-line basis over 10 years and has made the accounting policy election to test goodwill at the entity level. No impairment charge was recorded in fiscal year 2022 or 2021. Refer to Note 3 – Goodwill, Net, for additional information.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to consolidated financial statements (continued)

1. Description of Business and Summary of Significant Accounting Policies (continued)

Franchise Agreements, Net

Franchise agreements represent the acquired value of franchise contracts in the Quizno's acquisition, which are amortized over the term of the franchise agreements based on the projected royalty revenue stream. Amortization expense on franchise agreements was \$459,381 and \$485,369, for the years ended December 25, 2022 and December 26, 2021, respectively. This amount is included in depreciation and amortization in the consolidated statements of operations and other comprehensive income.

Franchise agreements consist of the following as of December 25, 2022:

Carrying Amount	Accumulated Amortization	Net Carrying Amount	Amortization Period
\$ 4,302,000	\$ (2,400,706)	\$ 1,901,294	4 – 12 years

Franchise contracts consist of the following as of December 26, 2021:

Carrying Amount	Accumulated Amortization	Net Carrying Amount	Amortization Period
\$ 4,302,000	\$ (1,941,325)	\$ 2,360,675	5 – 13 years

Future estimated amortization of franchise contracts at December 25, 2022, is as follows:

2023	\$ 396,033
2024	374,588
2025	342,429
2026	300,765
2027	164,872
Thereafter	322,607
	<u><u>\$ 1,901,294</u></u>

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to consolidated financial statements (continued)

1. Description of Business and Summary of Significant Accounting Policies (continued)

Trademarks

Trademarks represent the fair value of the Quizno's trademarks acquired as part of the Quizno's acquisition. The Company expects to use the Quizno's trademarks indefinitely. The Company has determined that its trademarks have indefinite lives; accordingly, these assets are not being amortized but are reviewed for impairment annually at year-end or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company has the option to first perform a qualitative assessment for testing the trademarks for impairment. If the Company concludes based on a qualitative assessment that it is not more likely than not that the fair value of the trademarks is less than their carrying amount, it is then not required to perform the quantitative impairment assessment. If the Company concludes based on the qualitative assessment that it is more likely than not that the fair value of the trademarks is less than their carrying value, then the Company performs a quantitative assessment. The Company uses a relief from royalty method for estimating the fair value of the trademarks when performing a quantitative assessment. In 2022 and 2021, the Company elected to perform qualitative assessments. Based on the qualitative assessments performed in fiscal 2022 and 2021, the Company determined that its trademarks were not impaired.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets, including restaurant sites, leasehold improvements, information technology systems, and other fixed assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to the future undiscounted net cash flows expected to be generated by the assets. An impairment loss is recognized if the carrying value of long-lived assets is not recoverable and its carrying value exceeds its fair value. Identifiable cash flows are measured at the lowest level for which they are largely independent of the cash flows of other groups of assets and liabilities, generally at the restaurant level. Fair value is generally determined using forecasted cash flows discounted using an estimated weighted average cost of capital. Management may also utilize market information to determine fair value when relevant information is available.

During the years ended December 25, 2022 and December 26, 2021, there were no impairments recorded.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to consolidated financial statements (continued)

1. Description of Business and Summary of Significant Accounting Policies (continued)

Deferred Revenue

Deferred revenue on the consolidated balance sheets includes contractual liabilities related to unamortized initial franchise, renewal and transfer fees as well as deposits for refundable initial fees from current and prospective franchise owners.

Non-Controlling Interest

On May 7, 2018, the Company entered into a Joint Venture Operating Agreement (Joint Venture) with LEI Airport Concessions LLC (LEI). The Joint Venture was formed to become the owner and operator of certain food and beverage concessions at DIA. In conjunction with this agreement, the Company issued LEI certain membership interests in the Joint Venture pursuant to the terms and conditions of a contribution agreement. Under the terms and conditions of the contribution agreement, LEI received a 6.67% membership interest in the Joint Venture.

Employee Benefit Plan

The Company maintains a qualified retirement plan (the Plan) under Section 401(k) of the Internal Revenue Code of 1986, as amended, for the benefit of employees meeting certain eligibility requirements as outlined in the plan document. All employees are subject to the same contribution and vesting schedules. In 2021, the Company was not required to make matching contributions to the Plan. In 2022, the Company established a matching contribution of 1.5% of a participating employees' salary. 401(k) matching contribution expense was \$25,185 and \$0 for the years ended December 25, 2022 and December 26, 2021, respectively, and this amount is included in selling general and administrative in the consolidated statements of operations and other comprehensive income.

Leases

Lease expense is recognized on a straight-line basis over the lease term. A lease term often includes option periods that the Company is reasonably certain to exercise, available at the inception of the lease. Lease expense is comprised of operating lease costs, short-term lease costs, and variable lease costs, which are primarily comprised of common area maintenance and real estate taxes. Lease costs also include variable rent, which is primarily related to the Company's restaurant operations.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to consolidated financial statements (continued)

1. Description of Business and Summary of Significant Accounting Policies (continued)

As further described in Recent Accounting Pronouncements section and Note 7, the Company adopted ASU No. 2016-02, *Leases (Topic 842)*, as of December 27, 2021.

Acquisition and Transition-Related Expenses

Acquisition and transition-related expenses are primarily related to prior and prospective acquisitions. Acquisition-related expenses include items such as due diligence consulting fees, legal fees, and related costs. Transition-related expenses include such items as moving into the Company's new support center, hiring employees, severance and restructuring related costs, and setting up new systems that are not capitalized.

Government Grants

The Company recognizes grants when it is "probable" that the Company will comply with the conditions attached to the grants received. However, once this threshold is met, the Company may defer the grant and recognize it in income on a systematic and rational basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate.

In June 2021, the Company received grants under the Restaurant Revitalization Fund (RRF) to fund payroll, rents, utilities and other allowable expenses. Under the RRF, the Company is not required to repay the grants as long as funds are used for eligible uses no later than March 11, 2023. The Company received total grants of \$5,329,896, of which \$3,258,106 and \$2,071,790 has been recognized as other income in the consolidated statements of operations and other comprehensive income for the years ended December 25, 2022 and December 26, 2021, respectively.

The Employee Retention Credit was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, in March 2020. It was intended to help businesses retain their workforces and avoid layoffs during the coronavirus pandemic. It provides a per employee credit to eligible businesses based on a percentage of qualified wages and health insurance benefits paid to employees. It works as a refundable payroll tax credit claimed quarterly, and it can provide reductions to payroll taxes or cash refunds. The Company received \$681,492 and \$1,515,628 of grants under this program to offset costs for the years ended December 25, 2022 and December 26, 2021, respectively, and this amount is included in other income in the consolidated statements of operations and other comprehensive income.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to consolidated financial statements (continued)

1. Description of Business and Summary of Significant Accounting Policies (continued)

Income Taxes

The Company is designated as a limited liability company (LLC), which is treated as a partnership for federal and state income tax purposes, with all income tax liabilities and/or benefits being passed through to the members. However, Quiz Holding Canada, a wholly owned subsidiary of the Company, files federal income tax returns in the United States and Canada and the income taxes for this entity are reflected in the income tax expense in the consolidated statements of operations and other comprehensive income. Additionally, many of the Company's franchisees are based in countries that have tax treaties with the United States. Under these tax treaties, the Company's franchisees deduct withholding taxes from the amounts payable to the Company and remit such withholding taxes to their local taxing authorities. These withholding taxes are reflected as income tax expense in the consolidated statements of operations and other comprehensive income.

The Company accounts for uncertain tax positions in accordance with Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, under which a tax position is recognized as a benefit only if it is more likely than not that the tax position would be sustained upon audit. The amount recognized is the largest amount of tax benefit that has a greater than 50% likelihood of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit is recorded. The Company's accounting policy is to recognize interest and penalties related to tax positions as income tax expense. No uncertain tax positions were recognized as of December 25, 2022 and December 26, 2021.

Fair Value of Financial Instruments

Fair value is the price the Company would receive to sell an asset or pay to transfer a liability (exit price) in an orderly transaction between market participants. For assets and liabilities recorded or disclosed at fair value on a recurring basis, the Company determines fair value based on the following:

Level 1 – Quoted prices in active markets for identical assets or liabilities that the entity has the ability to access;

Level 2 – Observable inputs other than prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated with observable market data; and

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to consolidated financial statements (continued)

1. Description of Business and Summary of Significant Accounting Policies (continued)

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

The carrying amounts of the Company's financial instruments, including cash, restricted cash, accounts and other receivables, accounts payable, and accrued liabilities approximate their fair values due to their short-term nature. Amounts owed under the Company's credit facility approximate fair value due to the variable interest rate features imbedded in both the line of credit and the term debt.

The Company measures the liability related to warrants at fair value on a recurring basis using the capitalization of earnings method, and guideline merger and acquisitions method to determine the fair market value of the Company's equity. The Company then allocated this equity value to the warrants using the option-pricing method.

The fair value of the liability related to warrants consists of following as of December 25, 2022:

	Total	Level 1	Level 2	Level 3
Warrant liability	\$ 366,400	\$ –	\$ –	\$ 366,400

The fair value of the liability related to warrants consists of following as of December 26, 2021:

	Total	Level 1	Level 2	Level 3
Warrant liability	\$ 96,910	\$ –	\$ –	\$ 96,910

Insurance

The Company carries property, general liability, business interruption, crime, director and officer liability, employment practices liability, fiduciary liability, and workers' compensation insurance policies. Under these programs, the Company retains a portion of the accident risk associated with workers' compensation, general liability, and property insurance in varying amounts up to \$100,000 per occurrence that the Company believes are customary for businesses of its size and

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to consolidated financial statements (continued)

1. Description of Business and Summary of Significant Accounting Policies (continued)

type. The Company has established liabilities with respect to its insurance and benefit programs based primarily on the actuarially estimated undiscounted cost of claims, including claims incurred but not reported. These liabilities are presented within accrued liabilities on the consolidated balance sheets.

Pursuant to the terms of their franchise agreements, the Company's franchisees are also required to maintain certain types and levels of insurance coverage, including commercial general liability insurance, workers' compensation insurance, all risk property, and automobile insurance.

2. Recent Accounting Pronouncements

Pronouncements Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* (ASU 2016-02), which amends leasing guidance by requiring companies to recognize a right-of-use asset and a lease liability for all operating and financing leases with lease terms greater than twelve months. The lease liability is equal to the present value of lease payments. The right-of-use lease asset is based on the lease liability, subject to adjustment for prepaid and deferred rent and tenant incentives. For income statement purposes, leases will continue to be classified as operating or financing with lease expense in both cases calculated substantially the same as under the prior leasing guidance. The Company adopted ASU 2016-02 as of December 27, 2021 (the first day of fiscal 2022). See Notes 7 and 8 for additional information.

Pronouncements Not Yet Adopted

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. ASU 2020-04 provides optional transition guidance, for a limited time, to companies that have contracts, hedging relationship or other transactions that referred to the London Inter-bank Offered Rate (LIBOR) or another reference rate, which is expected to be discontinued because of the reference rate reform. As of December 25, 2022, the LIBOR rates were publicly available. The Company amended its credit agreement in May 2023, as described further in Note 12, which established Secured Overnight Financing Rate (SOFR) as the new reference rate. The Company is in the process of assessing the impact of ASU 2020-04 on its consolidated financial statements and related notes.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to consolidated financial statements (continued)

2. Recent Accounting Pronouncements (continued)

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 sets forth a current expected credit loss impairment model for financial assets, which replaces the current incurred loss model, and in 2019 and 2020 issued amendments and updates to the new standard. This model requires a financial asset (or group of financial assets), including trade receivables, measured at amortized cost to be presented at the net amount expected to be collected with an allowance for credit losses deducted from the amortized cost basis. The allowance for credit losses should reflect management's current estimate of credit losses expected to occur over the remaining life of a financial asset. This guidance is effective for annual periods beginning after December 15, 2022 using a modified retrospective transition method. The Company is in the process of evaluating the impact of ASU 2016-13 on its consolidated financial statements and related disclosures.

Additional recently issued accounting pronouncements by the FASB and other standards setting bodies were reviewed, and it was concluded that they are either not applicable to the Company's business or are expected to have an immaterial impact on the consolidated financial statements upon adoption.

3. Goodwill, Net

Goodwill, net balance is as follows as of December 25, 2022 and December 26, 2021:

	<u>2022</u>	<u>2021</u>
Gross carrying value	\$ 7,540,406	\$ 7,540,406
Accumulated amortization	(3,478,062)	(2,736,113)
Total goodwill, net	<u>\$ 4,062,344</u>	<u>\$ 4,804,293</u>

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to consolidated financial statements (continued)

3. Goodwill, Net (continued)

Future estimated amortization of goodwill at December 25, 2022, is as follows:

2023	\$ 741,949
2024	741,949
2025	741,949
2026	741,949
2027	741,949
Thereafter	352,599
	<u>\$ 4,062,344</u>

Amortization expense of goodwill was \$741,949 and this amount is included in depreciation and amortization in the consolidated statements of operations and other comprehensive income for the years ended December 25, 2022 and December 26, 2021, respectively.

4. Property and Equipment, Net

Property and equipment, net balance is as follows as of December 25, 2022 and December 26, 2021:

	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 1,471,970	\$ 1,384,761
Furniture, fixtures and equipment	1,308,643	1,140,231
Software and computer equipment	1,460,494	1,428,937
Total property and equipment	<u>4,241,107</u>	<u>3,953,929</u>
Accumulated depreciation and amortization	<u>(3,213,272)</u>	<u>(2,963,030)</u>
Total property and equipment, net	<u>\$ 1,027,835</u>	<u>\$ 990,899</u>

Depreciation expense on property and equipment was \$254,871 and \$665,355 for the years ended December 25, 2022 and December 26, 2021, respectively, and this amount is included in depreciation and amortization in the consolidated statements of operations and other comprehensive income.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to consolidated financial statements (continued)

5. Accrued Liabilities

Accrued liabilities consisted of the following as of December 25, 2022 and December 26, 2021:

	2022	2021
Payroll	\$ 616,224	\$ 542,326
Accrued incentive-based compensation	600,292	913,935
Total accrued payroll and benefits	<u>1,216,516</u>	<u>1,456,261</u>
Gift card liability	577,707	674,161
Interest payable	157,775	159,579
Property taxes	84,494	86,237
Sales taxes collected payable	141,463	110,412
Related party management fee	2,573,597	2,575,000
Advertising fund expenses	520,437	389,584
Other	712,952	1,068,810
Total other accrued expenses	<u>4,768,425</u>	<u>5,063,783</u>
Total accrued liabilities	<u><u>\$ 5,984,941</u></u>	<u><u>\$ 6,520,044</u></u>

6. Credit Facility and Other Borrowings

The components of long-term debt are as follows as of December 25, 2022 and December 26, 2021:

	2022	2021
Term A loan	\$ 11,860,734	\$ 20,211,395
Term B loan	—	—
Revolving line of credit	—	5,000,000
Payroll Protection Program (PPP) loans	3,070,756	4,007,700
Total debt obligations before adjustments	<u>14,931,510</u>	<u>24,219,095</u>
Adjustments:		
Less: current portion of credit facility, net of debt discount and issuance costs	(4,333,361)	(5,675,931)
Less: remaining unamortized debt issuance costs	(1,757,654)	(655,857)
Less: remaining unamortized debt discount	(33,761)	(47,754)
Long-term portion of debt balance	<u><u>\$ 8,806,734</u></u>	<u><u>\$ 17,839,553</u></u>

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to consolidated financial statements (continued)

6. Credit Facility and Other Borrowings (continued)

Credit Facility

On June 8, 2018, the Company entered into a credit facility (Credit Facility), which provides a \$16,000,000 Term A Loan commitment drawn at time of the Quizno's acquisition, a \$2,000,000 Term B Loan commitment, which was drawn on March 16, 2020, and a \$5,000,000 revolving line of credit (Loans).

The Company amended the Credit Facility in November 2020. The amendment allowed for deferral of principal payments until May 2021. The Company will also accrue additional interest on the unpaid principal amount commencing October 2020 until the amounts outstanding are paid in full. The Credit Facility matures on June 8, 2025.

The Company amended the Credit Facility in August 2022. The amendment allowed for the Company's required total debt to consolidated adjusted EBITDA ratio to be increased from 2.50x to 2.75x, its required fixed charge ratio to be decreased from 1.50x to 1.15x, and its fiscal 2021 excess cash flow (ECF) payment to be reduced by \$1,500,000. Contemporaneous with the execution of this amendment, the Company purchased 5,000 shares of the equity warrants for \$1,500,000.

Interest

Borrowings under the Credit Facility are subject to rates based on either the LIBOR with a 1.25% floor, or the greatest of (a) the Federal Funds Rate plus 0.50%, (b) the Prime Rate, and (c) the LIBOR plus 1.0% (Base Rate). For all LIBOR loans, the interest rate is the LIBOR plus 8.25%. For all Base Rate loans, the interest rate is the Base Rate plus 7.25%. In addition to interest payable, additional interest accrues (paid-in-kind) on all unpaid principal amounts of each Loan equal to 2.0% until each Loan is paid in full. There is an unused line fee equal to 0.50% per annum on the difference between the Term B Loan plus the revolving line of credit commitment, and the total amount outstanding.

As of December 25, 2022, our Term A Loan, Term B Loan and revolving line of credit were LIBOR loans, and the interest rate was 13.25%. As of December 26, 2021, both our Term A Loan and revolving line of credit were LIBOR loans, and the interest rate was 9.50%. In addition, as of December 25, 2022, the paid-in-kind interest rate was 2.0%. Further, as of December 25, 2022, the Company had the availability to borrow additional \$5,000,000 under its unused revolving line of credit.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to consolidated financial statements (continued)

6. Credit Facility and Other Borrowings (continued)

Guarantees

The loans and other obligations under the Credit Facility are guaranteed by the Company and are secured by substantially all of the assets of the Company and its wholly owned subsidiaries.

Covenants

The Company amended its existing Credit Facility in March 2021. The amendment provides a waiver on certain covenant violations from 2020. The revised covenants waive the total debt to consolidated adjusted EBITDA ratio through Q3 2021 and then requires the Company to maintain a ratio of 2.75 to 1.00 for Q4 2021 and Q1 2022, and 2.50 to 1.00, thereafter. The amendment eliminated the fixed charge ratio and requires the Company to maintain certain adjusted EBITDA amounts. As of December 25, 2022, the Company is in compliance with the debt covenants.

Debt Warrants

In connection with the Credit Facility, the debt provider (Debt Holder) received ten-year warrants (debt warrant) to purchase 11,000 Class B Common Units of Rego Restaurant Holdings, LLC (Parent) with an exercise price of \$0.01 per unit. The warrants have an expiration date of June 8, 2028. Additionally, at the time of issuance of the warrants, the Company recorded debt discount of \$96,910 which is being amortized to interest expense over the life of the loan. Amortization expense for each of the fiscal years ended December 25, 2022 and December 26, 2021, was \$13,796, which is included in interest expense in the consolidated statements of operations and other comprehensive income. Included in the warrant is a put right in which the Holder upon certain repayment, refinancing, and other liquidity events may demand a determination of the redemption price and demand redemption of the warrant. The warrant also includes a call right in which the Company upon certain repayment, refinancing, and other liquidity events may demand the Holder to sell the warrant.

Also, in connection with the Credit Facility, the Debt Holder received ten-year warrants (equity warrants) to purchase 10,000 Class B Common Units of our Parent with an exercise price of \$0.01 per unit. The warrants have an expiration date of June 8, 2028. In 2022, the Company exercised the right to purchase 5,000 shares of the outstanding warrants for a purchase price of \$1,500,00, which is included on the consolidated balance sheet. The equity warrants outstanding and exercisable at December 25, 2022 and December 26, 2021 are 5,000 and 10,000 shares, respectively.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to consolidated financial statements (continued)

6. Credit Facility and Other Borrowings (continued)

Other Borrowings

On April 30, 2018, the Company entered into a promissory note (Note) with an individual who was the previous owner of a business acquired by the Company in the prior years. The Note bears simple interest based on the outstanding principal at a rate of 7%. In 2021, the Note was fully paid off and at December 26, 2021, there is no outstanding balance due on the note.

On April 8, 2020, the Company entered into 4 loan agreements (PPP Loans) under the Payroll Protection Program (PPP), totaling \$2,978,100 in aggregate, contained within the new CARES Act.

In 2021, the Company had three of the PPP Loans forgiven totaling \$1,829,400 and in 2022, the Company had received forgiveness on \$919,000 of the remaining note of \$1,148,700, which is included in other income on the consolidated statements of operations and other comprehensive income. The remaining \$229,700 of the loan that is not deemed forgivable is to be repaid over 5 years, accruing interest at 1% per annum.

In March 2021 and April 2021, the Company closed on two additional PPP loans in the amount of \$1,487,000 and \$1,372,000, respectively. The loans bear interest at a fixed rate of 1% per annum with the first six months of interest deferred and may be forgiven if at least 60% of the loan proceeds are used by the Company to cover payroll costs, including benefits, and the Company maintains its employment and compensation within certain parameters during the 24-week period following the loan origination date. At the time of the issuance of these financial statements, the Company anticipates having these loans forgiven in fiscal 2023; however, the forgiveness application process is not yet complete. If a portion of the loans are not deemed forgivable, the unqualified portion is to be repaid over five years, accruing interest at 1% per annum.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to consolidated financial statements (continued)

6. Credit Facility and Other Borrowings (continued)

Future Cash Payments

Scheduled principal payments on our debt outstanding at December 25, 2022, for each of the next five fiscal years, are as follows:

2023	\$ 4,333,362
2024	2,228,198
2025	8,014,483
2026	355,467
2027	—
Total future scheduled principal payments	<u>\$ 14,931,510</u>

Amortization expense debt issuance costs was \$189,470 and 180,829 for the years ended December 25, 2022 and December 26, 2021, respectively, and this amount is included in depreciation and amortization in the consolidated statements of operations and other comprehensive income.

Interest Expense

Interest expense for the years ended December 25, 2022 and December 26, 2021, included the following:

	<u>2022</u>	<u>2021</u>
Interest expense	\$ 1,881,029	\$ 2,010,023
Additional paid-in-kind interest	350,998	718,464
Amortized debt warrant discount	13,796	13,795
Total interest expense	<u>\$ 2,245,823</u>	<u>\$ 2,742,282</u>

7. Adoption of Leases Standard

The Company adopted ASU 2016-02 along with related clarifications and improvements effective at the beginning of fiscal 2022, using the modified retrospective transition method. There was no cumulative-effect adjustment to the consolidated balance sheet as of December 26, 2021. Comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to consolidated financial statements (continued)

7. Adoption of Leases Standard (continued)

The Company has leases that include most domestic Company-owned restaurant locations. These leases are classified as operating leases and are included in the operating lease right-of-use assets, current operating lease liabilities, and long-term operating lease liabilities in the consolidated balance sheet. There were no finance leases at the date of adoption of ASU 2016-02.

Under the new guidance, right-of-use assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease terms at the commencement dates. The Company has elected to use the risk-free rate for all leases. The risk-free rate is determined using a period comparable with the lease term. The lease terms for all the Company's leases include the contractually obligated period of the leases, plus any additional periods covered by Company options to extend the leases that the Company is reasonably certain to exercise.

The Company has elected the package of practical expedients permitted under the transition guidance, which among other things, allows us to carryforward our prior lease classifications under ASC 840, *Leases (Topic 840)*. We elected to combine lease and non-lease components and have not elected the hindsight practical expedient. Based upon the practical expedient election, leases with an initial term of 12 months or less, but greater than one month, will not be recorded on the balance sheet for select asset classes.

Adoption of ASU 2016-02 did not have a material impact on our operating results or cash flows. Operating lease expense is recognized on a straight-line basis over the lease term and is included in occupancy and other operation and selling, general and administrative expenses. Variable lease payments are expensed as incurred.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to consolidated financial statements (continued)

7. Adoption of Leases Standard (continued)

The effects of the changes made to the consolidated balance sheet as of December 27, 2021 (the first day of fiscal 2022) for the adoption of ASU 2016-02 are as follows:

	Balance at December 26, 2021	Adjustments due to Topic 842		Balance at December 27, 2021
Assets				
Current assets:				
Prepaid expenses	\$ 188,415	\$ —	(a)	\$ 188,415
Other assets:				
Operating lease right-of-use assets	—	19,628,405	(b)	19,628,405
Liabilities and stockholders' deficit				
Current liabilities:				
Current operating lease liabilities	—	2,227,454	(c)	2,227,454
Long-term liabilities:				
Long-term operating lease liabilities	—	17,875,522	(d)	17,875,522
Other long-term liabilities	474,571	(474,571)	(e)	—

(a) Represents the amount of first quarter 2022 rents that were prepaid as of December 26, 2021.

(b) Represents the recognition of operating lease right-of-use assets, which are calculated as the initial operating lease liabilities, reduced by the year-end 2021 net carrying amounts of deferred rent and unamortized tenant incentive liabilities.

(c) Represents the current portion of operating lease liabilities.

(d) Represents the recognition of operating lease liabilities, net of current portion.

(e) Represents the net carrying amount of deferred rent liabilities and unamortized tenant incentive liabilities, which have been reclassified to operating lease right-of-use assets.

8. Leases

The Company's leases have terms as follows:

	<u>Average Remaining Lease Term</u>
Domestic Company-owned restaurants	Two or 15 years
Company Head Office	Four years
Franchisee shared restaurants	One year

All leases entered into prior to the adoption of ASU 2016-02 were classified as operating leases. During 2022, the Company did not enter into any new leases.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to consolidated financial statements (continued)

8. Leases (continued)

Future base rent escalations that are not contractually quantifiable as of the lease commencement date are not included in our lease liability.

Lease expense for lease payments is recognized on a straight-line basis over the lease term. Lease expense is comprised of operating lease costs, short-term lease costs, and variable lease costs, which are primarily comprised of common area maintenance, additional storage, and parking for the Company's real estate leases. Lease costs also include percentage-based rent, which is related to the Company's airport locations. Lease expense for the year ended December 25, 2022 and December 26, 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Operating lease:		
Operating lease cost	\$ 2,493,329	\$ 2,897,000
Short-term lease cost	—	—
Variable lease cost	<u>1,109,278</u>	—
Total lease costs	<u>\$ 3,602,607</u>	<u>\$ 2,897,000</u>

Future minimum lease payments under contractually-obligated leases and associated sublease income as of December 26, 2021 are as follows:

<u>Fiscal Year</u>	<u>Operating Lease Payments</u>
2022	\$ 1,075,156
2023	1,030,861
2024	955,700
2025	950,335
2026	962,550
Thereafter	<u>12,592,359</u>
Total future minimum lease payments	<u>\$ 17,566,961</u>

The future minimum lease payments from 2021 do not include DIA restaurant location leases as they were on month-to-month lease terms through 2021.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to consolidated financial statements (continued)

8. Leases (continued)

Future minimum lease payments as of December 25, 2022 were as follows:

Fiscal Year	Operating Lease Payments
2023	\$ 2,679,410
2024	2,432,034
2025	1,067,950
2026	1,086,534
2027	1,020,292
Thereafter	12,113,618
Total future minimum lease payments	20,399,838
Less: Present value discount	(2,478,614)
Present value of operating lease liabilities	<u>\$ 17,921,224</u>

Supplemental Cash Flow and Other Information

Supplemental cash flow information related to leases for the year ended December 25, 2022 is as follows:

	2022
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases ^(a)	\$ 2,485,629
Right-of-use assets and operating lease liabilities recorded upon adoption of ASU 2016-02	19,628,405
Weighted-average remaining lease term (in years):	
Operating leases	12.97
Weighted-average discount rate:	
Operating leases	1.8%

^(a) Included within the change in other assets and liabilities in the consolidated statement of cash flows offset by non-cash operating lease asset amortization and liability accretion.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to consolidated financial statements (continued)

9. Related-Party

The Company has ongoing relationships with related parties as noted:

Our Parent, and its subsidiaries, entered into a management consulting agreement with High Bluff Capital Partners, LLC (High Bluff) whereby we are to pay a management fee to High Bluff up to 5% of EBITDA or as directed by our Board of Directors and as permitted by our Credit Facility. Included in selling, general and administrative in the consolidated statements of operations and other comprehensive income, the Company has expensed \$500,000 in management fees in 2022 and 2021 to High Bluff, as directed by our Board of Directors. As of December 25, 2022 and December 26, 2021, there is \$2,573,597 and \$2,575,000, respectively, in unpaid management fees included in accrued liabilities in the consolidated balance sheets. In addition, the Company shares services with High Bluff for certain operating expenses incurred in the normal course of business.

Rego Restaurants Holdings II, LLC (Rego II) is a related company through common ownership of High Bluff. The Company provides certain management services to Rego II. In October 2020, the Company entered into a three-year management consulting agreement (Agreement) with Rego II establishing an annual consulting fee of \$110,000 for year 1 and \$150,000 for the two years following. For the year ended December 25, 2022 and December 26, 2021, the Company recognized revenue of approximately \$150,000 and \$119,000, respectively, related to the agreement. This revenue is recorded as an offset to expenses in the selling, general and administrative on the consolidated statements of operations and other comprehensive income. In addition to the management fee, the Company has allocated \$154,174 and \$300,000 of advertising, marketing, and general expenses to Rego II for the years ending December 25, 2022 and December 26, 2021, respectively. There is \$1,002,639 and \$696,055 as amounts due from REGO II included in related-party receivables at December 25, 2022 and December 26, 2021, respectively.

In addition to the Agreement, Rego II entered into a promissory note in the amount of \$470,469 with the Company. The receivable balance related to the promissory note is \$156,824 and \$274,439 as of December 25, 2022 and December 26, 2021, respectively. The promissory note is a three-year note bearing interest at 10.75% and calls for quarterly principal payments of \$39,206, beginning in the fourth quarter 2020.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to consolidated financial statements (continued)

10. Incentive Award Units

REGO Restaurants Holdings, LLC, the Company's Parent, granted incentive share-based awards (Incentive Awards), that give the employees receiving these Incentive Awards the right to purchase Class B Common Units (Class B Units) at a purchase price of \$1.00 per Class B Unit. These Incentive Awards vest over a five-year period. Incentive Awards are granted to align the incentives of the Company's employees with those of its Parent and to improve the performance of Company. Because the Company's Parent is considered an economic interest holder in the Company, the Company accounts for the Incentive Awards issued in accordance with ASC 718, *Compensation – Stock compensation (ASC 718)*, in the same manner as if the Company had adopted the compensatory share-based payment plan.

As of December 25, 2022 and December 26, 2021, the aggregate number of Incentive Awards reserved for issuance to the employees was 6,750. During year-end December 26, 2021, the Company repurchased 729 Class B Units granted as Incentive Awards. Issued and outstanding Incentive Awards as of as of December 25, 2022 and December 26, 2021 were 3,500. There were 1,018 and 250 Incentive Awards vested as of December 25, 2022 and December 26, 2021, respectively.

11. Contingencies

Purchase Obligations

The Company enters into various purchase obligations in the ordinary course of business, generally of a short-term nature. Those that are binding primarily relate to commitments for food purchases and supplies, technology services, amounts owed under contractor and subcontractor agreements, and marketing initiatives.

Litigation

The Company is involved in certain disputes and legal actions arising in the ordinary course of its business. While it is not feasible to predict or determine the outcome of these proceedings, in management's opinion, based on a review with legal counsel, none of these disputes and legal actions are expected to have a material impact on its within financial position, results of operations or cash flows. However, litigation is subject to inherent uncertainties, and an adverse result in these matters may arise from time to time that may harm the Company's business.

REGO Intermediate Holding Company, LLC and Subsidiaries

Notes to consolidated financial statements (continued)

12. Subsequent Events

The Company has evaluated events and transactions occurring subsequent to the consolidated balance sheets date of December 25, 2022, for items that should be recognized or disclosed in these consolidated financial statements. The evaluation was conducted through July 13, 2023, which is the date the consolidated financial statements were available to be issued.

In July 2023, the Company received full forgiveness from the Small Business Administration (SBA) on the two remaining PPP loans that were outstanding at December 25, 2022. The principal balance on the two loans forgiven was \$1,487,000 and \$1,372,000.

The Company amended its credit agreement in May 2023 to establish SOFR as a reference rate, waive the 2023 ECF payment and modify the Fixed Charge Coverage Ratio such that it would not be impacted by up to \$750,000 of capital expenditures spent on building out a company-owned b-Cubed restaurant. In addition, contemporaneous with the execution of this amendment, the Company purchased 7,629 outstanding debt warrants for \$2,000,000, reducing the balance of the outstanding debt warrants from 11,000 to 3,371.

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Form E
GUARANTEE OF PERFORMANCE

For value received, REGO Intermediate Holding Company, LLC a Delaware limited liability company, (the "Guarantor"), located at 4700 S. Syracuse St., Suite 225, Denver, CO 80237, absolutely and unconditionally guarantees to assume the duties and obligations of Quiz Holdings, LLC, located at 4700 S. Syracuse St., Suite 225, Denver, CO 80237 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2024 Franchise Disclosure Document, as it may be amended, and that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Denver, CO on May 1, 2024.

Guarantor:

REGO Intermediate Holding Company, LLC

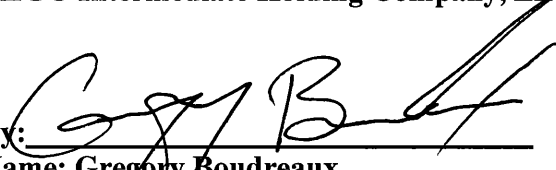
By: 
Name: Gregory Boudreaux
Title: Vice President of Operations



EXHIBIT E

**STATE SPECIFIC ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE
AGREEMENT, AND MULTI-UNIT DEVELOPMENT AGREEMENT**

STATE SPECIFIC ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, AND MULTI-UNIT DEVELOPMENT AGREEMENT

The following modifications are to the QUIZ HOLDINGS, LLC Franchise Disclosure Document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement, Statement of Franchisee, and Multi-Unit Development Agreement.

CALIFORNIA

California Corporations Code, Section 31125 requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

Neither the franchisor, nor any person or franchise broker in ITEM 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or nation 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.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov

The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business.

ITEM 1 is amended by the addition of the following language to the original language:

“Because you collect information from customers, it may contain personal information of individuals which is protected by law. You are also responsible for complying with all applicable current and future federal, state and local laws, regulations, and requirements, including the California Consumer Privacy Act (as applicable), pertaining to the collection, protection, use, sale, disposal and maintenance of such personal information. Personal information includes information that identifies, relates to, describes, is capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer, potential consumer, individual or household, as such term may be further defined or amended by applicable federal, state and local laws, regulations and requirements. You may also be required to comply with opt-in requirements on your website.”

ITEM 8 is amended by the addition of the following language to the original language:

“Quiz Holdings, LLC. and/or any of its subsidiaries, affiliates, parents agree that it has/or will obtain any required permits and licenses in the State of California to offer or provide the type of goods/services offered/listed in the FDD, and it hereby represents and undertakes to comply with any and all such licensing requirements.”

ITEM 17 is amended by the addition of the following language to the original language:

A. The following language is added as a second section before the chart/columns.

THE FRANCHISE AGREEMENT REQUIRES FRANCHISEE TO EXECUTE A GENERAL RELEASE OF CLAIMS UPON RENEWAL OR TRANSFER OF THE FRANCHISE AGREEMENT. CALIFORNIA CORPORATIONS CODE SECTION 31512 PROVIDES THAT ANY CONDITION, STIPULATION OR PROVISION PURPORTING TO BIND ANY PERSON ACQUIRING ANY FRANCHISE TO WAIVE COMPLIANCE WITH ANY PROVISION OF THAT LAW OR ANY RULE OR ORDER THEREUNDER IS VOID.

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 contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement and the Multi-Unit Development Agreement provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The Franchise Agreement and the Multi-Unit Development Agreement contain a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement and the Multi-Unit Development Agreement require binding arbitration. The arbitration will occur only in the State of Colorado with the costs being borne by the Franchisee. 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 and development agreement restricting venue to a forum outside the State of California.

The Franchise Agreement and the Multi-Unit Development Agreement require application of the laws of the State of Colorado. This provision may not be enforceable under California law.

You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code § 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§ 31000 through 31516). Business and Professions Code §§ 20000 through 20043).

The RECEIPT Pages (“LAST PAGE”), are amended to add the following language:

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The Franchise Agreement and Multi-Unit Agreement contain provisions requiring you to acknowledge certain statements which are prohibited by California Corporations Code Section 31512, including acknowledgements that: you have read or understand the franchise disclosure document or any exhibit; you understand the risks associated with the purchase of the franchise; no representations outside of or different from any representation in the disclosure document or any exhibit are binding; the success of the franchise is dependent solely or primarily on you; and you have had the opportunity to consult with professional advisors. These specific provisions within Section 27.6 and 27.9, of the Franchise Agreement and withing 8.3 of the Multi-Unit Agreement are omitted as prohibited statements under California law.

The Franchise Agreement and Multi-Unit Agreement contain provisions that reiterate or duplicate representations or statements already made in the disclosure document and provisions that may have the effect of shifting the franchisor's disclosure obligations under federal or state law to you. These specific provisions within Section 21.N, General Provisions, of the Franchise Agreement and 8.3 of the Multi-Unit Agreement are omitted as prohibited by California law

HAWAII

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 HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO 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 DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

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

For each franchise sold in Hawaii, the State of Hawaii has required us to defer the receipt of initial fees and other payments to us and our affiliates until we have met all of our pre-opening obligations and you have opened your franchise business.

The following list reflects the status of the franchise registrations of the Franchisor in the states which require registration:

1. This proposed registration is effective in the following states:

None

This proposed registration is or will shortly be on file in the following states:

California, Hawaii, Illinois, Indiana, Maryland, Michigan, North Dakota, New York, Rhode Island, South Dakota, Utah, Virginia, Washington, and Wisconsin

States which have refused, by order or otherwise, to register these franchises are:

None

States which have revoked or suspended the right to offer the franchises are:

None

States in which the proposed registration of these franchises has been withdrawn are:

None

ITEM 5 of the FDD, Section 5.1 of the Franchise Agreement and Section 3.1 of the Multi-Unit Development Agreement are amended by adding the following language:

“Franchisor will defer payment of initial fees, development fees and all amounts payable to Franchisor until Franchisor has met its initial obligations to Franchisee, and the Franchisee has commenced business operations. If more than one location is contemplated through a multi-unit development agreement, then the total amount to be collected will be prorated and collected by the Franchisor as each store is opened under the development agreement. The first store to open, under the development agreement, does not trigger receipt of all the deferred development fees.”

The Franchise Agreement and Multi-Unit Agreement contain provisions requiring you to acknowledge certain statements which are prohibited by Hawaii law, including acknowledgements that: you have read or understand the franchise disclosure document or any exhibit; you understand the risks associated with the purchase of the franchise; no representations outside of or different from any representation in the disclosure document or any exhibit are binding; the success of the franchise is dependent solely or primarily on you; and you have had the opportunity to consult with professional advisors. These specific provisions within Section 27.6 and 27.9, of the Franchise Agreement and within 8.3 of the Multi-Unit Agreement are omitted as prohibited statements under Hawaii law.

The Franchise Agreement and Multi-Unit Agreement contain provisions that reiterate or duplicate representations or statements already made in the disclosure document and provisions that may have the effect of shifting the franchisor’s disclosure obligations under federal or state law to you. These specific provisions within Section 27.6 and 27.9 of the Franchise Agreement and 8.3 of the Multi-Unit Agreement are omitted as prohibited by Hawaii law.

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ILLINOIS

The Agreement is amended by an additional “Miscellaneous” Section to the end of the original language that appears therein:

“The conditions under which a franchise can be terminated and your rights upon non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.”

“Section 4 of the Illinois Franchise Disclosure Act dictates that any provision in a Franchise Agreement which designates jurisdiction or venue in a forum outside of this state is void with respect to any cause of action which otherwise is enforceable in this state.”

“Any governing law or choice of law clause granting authority to a state other than Illinois effectively negates the Illinois Franchise Disclosure Act. Therefore, the Franchise Agreement and Multi-Unit Development Agreement will be interpreted and construed under the Illinois Franchise Disclosure Act.”

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

Article 24 (“Dispute Resolution”) of the Franchise Agreement and Article 7 (“Dispute Resolution; Indemnification”) of the Multi-Unit Development Agreement are amended by the addition of the following language to the original language that appears therein:

A. “Section 4 of the Illinois Franchise Disclosure Act dictates that any provision in a Franchise Agreement which designates jurisdiction or venue in a forum outside of this state is void with respect to any cause of action which otherwise is enforceable in this state.”

B. “Any governing law or choice of law clause granting authority to a state other than Illinois effectively negates the Illinois Franchise Disclosure Act. Therefore, the Franchise Agreement will be interpreted and construed under the Illinois Franchise Disclosure Act.”

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

ITEM 5 of the FDD, Section 5.1 of the Franchise Agreement and Section 3.1 of the Multi-Unit Development Agreement are amended by adding the following language:

“Franchisor will defer payment of initial fees and development fees until Franchisor has met its initial obligations to Franchisee, and the Franchisee has commenced business operations. The Illinois Attorney General’s Office imposed this deferral requirement due to Franchisor’s financial condition.”

The RECEIPT Pages (“LAST PAGE”), is amended as follows:

IF QUIZ HOLDINGS, LLC OFFERS YOU A FRANCHISE, QUIZ HOLDINGS, LLC. MUST PROVIDE THIS FRANCHISE DISCLOSURE DOCUMENT TO YOU BY THE EARLIEST OF:

(1) THE FIRST PERSONAL MEETING TO DISCUSS OUR FRANCHISE; OR

(2) FOURTEEN CALENDAR DAYS BEFORE THE SIGNING OF A BINDING AGREEMENT; OR

(3) FOURTEEN CALENDAR DAYS BEFORE A PAYMENT TO QUIZ HOLDINGS, LLC.

The Franchise Agreement and Multi-Unit Agreement contain provisions requiring you to acknowledge certain statements which are prohibited by Illinois law, including acknowledgements that: you have read or understand the franchise disclosure document or any exhibit; you understand the risks associated with the purchase of the franchise; no representations outside of or different from any representation in the disclosure document or any exhibit are binding; the success of the franchise is dependent solely or primarily on you; and you have had the opportunity to consult with professional advisors. These specific provisions within Section 27.6 and 27.9, of the Franchise Agreement and within 8.3 of the Multi-Unit Agreement are omitted as prohibited statements under Illinois law.

The Franchise Agreement and Multi-Unit Agreement contain provisions that reiterate or duplicate representations or statements already made in the disclosure document and provisions that may have the effect of shifting the franchisor's disclosure obligations under federal or state law to you. These specific provisions within Section 27.6 and 27.9 of the Franchise Agreement and 8.3 of the Multi-Unit Agreement are omitted as prohibited by Illinois law.

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Intending to be legally bound, Franchisor and Franchisee sign and deliver this Addendum effective on the date of the Agreement.

FRANCHISOR

BY: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE (If an Individual):

BY: _____

Name: _____

Title: _____

Date: _____

If a corporation, limited liability company or partnership

Name of corporation, limited liability company or partnership:

By: _____

Print Name: _____

Title: _____

INDIANA

The second Risk Factor is amended to read as follows:

“INDIANA LAW IS CONTROLLING FOR INDIANA FRANCHISEES.”

ITEM 3 is amended by the addition of the following language to the original language that appears:

“Company is not involved in any pending arbitration and has not, during the ten (10) year period before the date of this Franchise Disclosure Document, been a party to any arbitration proceeding.”

ITEM 5 is amended by the addition of the following language to the original language that appears:

“Indiana law prohibits franchisors from requiring their franchisees to prospectively agree to a release, assignment, novation, waiver or estoppel that attempts to relieve any person from liability.”

ITEM 6 (“indemnification” reference) is amended by the addition of the following language to the original language as follows:

“(Indiana Code 23-2-2.7-1[5] prohibits this provision)”

ITEM 8 is amended by the addition of the following language to the original language that appears:

“Company retaining any rebates, commissions or other consideration paid by vendors will not apply to any Indiana franchisee as stated in Indiana Code, Title 23, Article 2, Chapter 2.7-1(4).”

ITEM 14 is amended by the addition of the following language to the original language that appears:

“If there is an alleged breach of Section 15, Company may be entitled to seek immediate equitable remedies, including, restraining orders and injunctive relief to safeguard the proprietary and confidential information.”

ITEM 17(c) is amended by the addition of the following language to the original language that appears:

“(Indiana Code Title 23-2-2.7-(5) prohibits this provision)”

ITEM 17(m) is amended by the addition of the following language to the original language that appears:

“(Indiana Code Title 23-2-2.7-(5) prohibits this provision)”

ITEM 17(t) is amended by the addition of the following language to the original language that appears:

“(subject to Indiana law)”

ITEM 17(v) is amended by the addition of the following language to the original language that appears:

“(Indiana Code Title 23-2-2.7-1(10) prohibits this provision)”

ITEM 17(w) is amended by the addition of the following language to the original language that appears:

“(subject to Indiana law)”

ITEM 17 is further amended by the addition of the following language to the original language that appears:

“Indiana law prohibits franchisors from requiring their franchisees to prospectively agree to a release, assignment, novation, waiver or estoppel that attempts to relieve any person from liability.”

“Company will not permit a franchise to sell or renew without good cause or in bad faith. However, Indiana law does not prohibit a Franchise Agreement from providing that the agreement is not renewable on expiration or that the agreement is renewable if you meet certain conditions specified in the agreement.”

“Unilateral termination of the franchise is not permitted under Indiana law if the termination is without good cause or in bad faith. Good cause within the meaning of Indiana law includes any material violation of the Franchise Agreement.”

“Franchisee will not be required to indemnify Franchisor for any liability imposed upon Franchisor as a result of Franchisee’s reliance upon or use of procedures or products which were required by Franchisor, if such procedures or products were utilized by Franchisee in the manner required by Franchisor.”

“You are not responsible for tortious claims from Company’s gross negligence or willful misconduct in the making of or causing of the changes necessary in Company’s protection of its Marks.”

“Indiana prohibits covenants not to compete in an area greater than the Area of Primary Responsibility; therefore, you agree to abide by the covenants not to compete terms within the Designated Territory as defined in this Franchise Agreement.”

“If there is an alleged breach of Sections 9 or 10 of the Franchise Agreement, Company may be entitled to seek immediate equitable remedies, including, restraining orders and injunctive relief to safeguard the proprietary and confidential information.”

“Indiana prohibits the limitation of litigation brought for breach of the Franchise Agreement in any matter. Any terms, which designate jurisdiction or venue or require you to agree to jurisdiction or venue in a forum outside of Indiana is void concerning any cause of action, which is otherwise enforceable in Indiana. The Franchise Agreement and all related agreements will be interpreted and construed under the Indiana Franchise Laws, except to the extent governed by the United States Trademark Act of 1946.”

“If there is an alleged breach of Section 15, Company may be entitled to seek immediate equitable remedies, including, restraining orders and injunctive relief to safeguard the proprietary and confidential information.”

“Despite anything to the contrary in this provision, the franchisee does not waive any right under the Indiana statutes with regard to prior representations made in the Indiana Uniform Franchise Offering Circular.”

The Franchise Agreement and Multi-Unit Agreement contain provisions requiring you to acknowledge certain statements which are prohibited by Indiana law, including acknowledgements that: you have read or understand the franchise disclosure document or any exhibit; you understand the risks associated with the purchase of the franchise; no representations outside of or different from any representation in the disclosure document or any exhibit are binding; the success of the

franchise is dependent solely or primarily on you; and you have had the opportunity to consult with professional advisors. These specific provisions within Section 27.6 and 27.9, of the Franchise Agreement and within 8.3 of the Multi-Unit Agreement are omitted as prohibited statements under Indiana law.

The Franchise Agreement and Multi-Unit Agreement contain provisions that reiterate or duplicate representations or statements already made in the disclosure document and provisions that may have the effect of shifting the franchisor's disclosure obligations under federal or state law to you. These specific provisions within Section 27.6 and 27.9 of the Franchise Agreement and 8.3 of the Multi-Unit Agreement are omitted as prohibited by Indiana law.

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

MARYLAND

The Franchise Disclosure Document, Franchise Agreement, and Multi-Unit Development Agreement are amended to include the following modifications:

All representations requiring prospective franchisees to assent to a release, estoppel or waive 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.

The “Summary” sections of ITEM 17(v) and 17(w) entitled Choice of Forum and Choice of Law, respectively, are amended by the addition of the following language:

“, except for claims arising under the Maryland Franchise Registration and Disclosure Law (Section 14-216[25]), including the right to submit matters to the jurisdiction of the courts of Maryland.”

The following sentence is added to the end of Section 3.3.3 of the Franchise Agreement:

“Provided, however, that the general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Laws.”

The following sentence is added to the end of Section 17.2.9 of the Franchise Agreement:

“Provided, however, that the general release required as a condition of transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Laws.”

ITEM 5 of the FDD, Section 5.1 of the Franchise Agreement and Section 3.1 of the Multi-Unit Development Agreement are amended by adding the following language:

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

ITEM 17 of the Franchise Disclosure Document and sections of the Franchise Agreement and Multi-Unit Development Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration & Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

ITEM 17 of the Franchise Disclosure Document is hereby amended to the extent required under the Maryland Franchise Registration and Disclosure Laws.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 et seq.).

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The Franchise Agreement and Multi-Unit Agreement contain provisions requiring you to acknowledge certain statements which are prohibited by Maryland law, including acknowledgements that: you have read or understand the franchise disclosure document or any exhibit; you understand the risks associated with the purchase of the franchise; no representations outside of or different from any representation in the disclosure document or any exhibit are binding; the success of the franchise is dependent solely or primarily on you; and you have had the opportunity to consult with professional advisors. These specific provisions within Section 27.4, 27.6 and 27.9, of the Franchise Agreement and within 8.3 of the Multi-Unit Agreement are omitted as prohibited statements under Maryland law.

The Franchise Agreement and Multi-Unit Agreement contain provisions that reiterate or duplicate representations or statements already made in the disclosure document and provisions that may have the effect of shifting the franchisor's disclosure obligations under federal or state law to you. These specific provisions within Section 27.4, 27.6 and 27.9 of the Franchise Agreement and 8.3 of the Multi-Unit Agreement are omitted as prohibited by Maryland law.

FRANCHISOR

BY: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE (If an Individual):

BY: _____

Name: _____

Title: _____

Date: _____

If a corporation, limited liability company or partnership

Name of corporation, limited liability company or partnership:

By: _____

Print Name: _____

Title: _____

MINNESOTA

Risk Factors: The first Risk Factor is amended by the addition of the following language at the end thereof:

“MINNESOTA STATUTE SECTION 80C.21 AND MINNESOTA RULE PART 2860.4400J PROHIBIT FRANCHISOR FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE MINNESOTA. IN ADDITION, NOTHING IN THE FRANCHISE DISCLOSURE DOCUMENT OR AGREEMENTS CAN ABROGATE OR REDUCE ANY OF YOUR RIGHTS AS PROVIDED FOR IN MINNESOTA STATUTES, CHAPTER 80C, OR YOUR RIGHTS TO ANY PROCEDURE, FORUM OR REMEDY PROVIDED FOR BY THE LAWS OF THE JURISDICTION.”

ITEM 5 of the Disclosure Document, Section 5.1 of the Franchise Agreement, and Section 3.1 of the Multi-Unit Development Agreement are amended to disclose that Franchisee’s payment of initial fees will be deferred until Franchisor has met all of its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Minnesota Department of Commerce due to Franchisor’s financial status.

The following Sections are added at the end of ITEM 13:

“The Minnesota Department of Commerce requires that the Company indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the franchisee’s use of the Company’s trademark infringes trademark rights of the third party. The Company does not indemnify against the consequences of the franchisee’s use of the Company’s trademark except in accordance with the requirements of the franchise, and, as a condition to indemnification, the franchisee must provide notice to the Company of any claim within ten (10) days and tender the defense of the claim to the Company. If the Company accepts the tender of defense, the Company has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.”

The first sentence of the “Summary” section of ITEM 17(c) entitled Requirements for you to Renew or Extend is deleted in its entirety and the following is substituted in its place:

“You must have complied, and continue to comply, with all provisions of all agreements and must execute our then-current form of Franchise Agreement and sign general releases of all claims against us, provided however, that such general releases shall not apply to any claims arising under the Minnesota Franchise Law.”

All franchise contracts or agreements, and any other device or practice of a Company other than those classifications of franchises specifically recognized by the Commissioner will conform to the following provisions. It is an unfair and inequitable practice for any Company to:

A. Terminate or cancel a franchise without first giving written notice setting forth all the reasons for the termination or cancellation to the franchisee at least ninety (90) days in advance of termination or cancellation, and the franchisee fails to correct the reasons stated for termination or cancellation in the notice within sixty (60) days of receipt of the notice. However, the notice will be effective immediately upon receipt where the alleged grounds for termination or cancellation are:

- (i) Voluntary abandonment of the franchise relationship by the franchisee;

(ii) The conviction of the franchisee of an offense directly related to the business conducted pursuant to the franchise; or

(iii) Failure to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the Company's trade name, trademark, service mark, logotype or other commercial symbol after the franchisee has received written notice to cure at least twenty-four (24) hours in advance thereof;

B. Terminate or cancel a franchise except for good cause. "Good cause" means failure by the franchisee to substantially comply with the material and reasonable franchise requirements imposed upon him by the Company including, but not limited to:

(iv) The bankruptcy or insolvency of the franchisee;

(v) Assignment for the benefit of creditors or similar disposition of the assets of the franchised business;

(vi) Voluntary abandonment of the franchised business;

(vii) Conviction or a plea of guilty or no contest to a charge of violating any law relating to the franchised business; or

(viii) Any act by or conduct of the franchisee which materially impairs the goodwill associated with the Company's trademark, trade name, service mark, logotype or other commercial symbol; or

C. Except for failure to renew a franchise for good cause as defined in Section 2 above, and the franchisee has failed to correct reasons for termination as stated in Section 1 above, no person may fail to renew a franchise unless:

(ix) The franchisee has been given written notice of the intention not to renew at least one hundred eighty (180) days in advance of the expiration of the franchise; and

(x) The franchisee has been given an opportunity to operate the franchise over a sufficient period of time to enable the franchisee to recover the fair market value of the franchise as a growing concern, as determined and measured from the date of the failure to renew. No Company may refuse to renew a franchise if the refusal is for the purpose of converting the franchisee's business premises to an operation that will be owned by the Company for its own account.

D. Unreasonably withhold consent to an assignment, transfer, or sale of the franchise whenever the franchisee to be substituted meets the present qualifications and standards required of the franchisees of the particular Company.

Requirements for you to renew or extend: "Minnesota Rules, 1989, Department of Commerce, Chapter 2860, Section 4400D prohibits a Company from requiring a Franchisee to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statutes 1973 Supplement, section 80C.01 to 80C.22; provided, that this part shall not bar the voluntary settlement of disputes."

"Minn. Rule 2860.4400J. states that it is unfair and inequitable for a franchisor to require a franchisee to waive his rights to any forum provided for by the laws of jurisdiction. Any language found in the Franchise

Disclosure Document contrary to this rule is amended so that it does not apply to Minnesota franchisees.”

Franchisee cannot consent to the Franchisor obtaining injunctive relief. Franchisor may seek injunctive relief.

Pursuant to Minn. Stat. Sec. 80C.17, Subd. 5, to the extent required by law, the Franchise Agreement, the Multi-Unit Development Agreement, and Item 17 of the Franchise Disclosure Document are amended to state that no action may be commenced pursuant to this section more than three years after the cause of action accrues.

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The Franchise Agreement and Multi-Unit Agreement contain provisions requiring you to acknowledge certain statements which are prohibited by Minnesota law, including acknowledgements that: you have read or understand the franchise disclosure document or any exhibit; you understand the risks associated with the purchase of the franchise; no representations outside of or different from any representation in the disclosure document or any exhibit are binding; the success of the franchise is dependent solely or primarily on you; and you have had the opportunity to consult with professional advisors. These specific provisions within Section 27.6 and 27.9, of the Franchise Agreement and within 8.3 of the Multi-Unit Agreement are omitted as prohibited statements under Minnesota law.

The Franchise Agreement and Multi-Unit Agreement contain provisions that reiterate or duplicate representations or statements already made in the disclosure document and provisions that may have the effect of shifting the franchisor’s disclosure obligations under federal or state law to you. These specific provisions within Section 27.6 and 27.9 of the Franchise Agreement and 8.3 of the Multi-Unit Agreement are omitted as prohibited by Minnesota law.

Intending to be legally bound, Franchisor and Franchisee sign and deliver this Addendum effective on the date of the Agreement.

FRANCHISOR

FRANCHISEE (If an Individual):

BY: _____

BY: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

If a corporation, limited liability company or partnership

Name of corporation, limited liability company or partnership:

By: _____

Print Name: _____

Title: _____

NEW YORK

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

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

The following is added at the end of Item 3:

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

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend,**" and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

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

The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”:

You may terminate the agreement on any grounds available by law.

The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

The Franchise Agreement and Multi-Unit Agreement contain provisions requiring you to acknowledge certain statements which are prohibited by New York law, including acknowledgements that: you have read or understand the franchise disclosure document or any exhibit; you understand the risks associated with the purchase of the franchise; no representations outside of or different from any representation in the disclosure document or any exhibit are binding; the success of the franchise is dependent solely or primarily on you; and you have had the opportunity to consult with professional advisors. These specific provisions within Section 27.6 and 27.9, of the Franchise Agreement and within 8.3 of the Multi-Unit Agreement are omitted as prohibited statements under New York law.

The Franchise Agreement and Multi-Unit Agreement contain provisions that reiterate or duplicate representations or statements already made in the disclosure document and provisions that may have the effect of shifting the franchisor’s disclosure obligations under federal or state law to you. These specific provisions within Section 27.6 and 27.9 of the Franchise Agreement and 8.3 of the Multi-Unit Agreement are omitted as prohibited by New York law.

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

NORTH DAKOTA

ITEM 17 of the Franchise Disclosure Document and corresponding Sections of the Franchise Agreement are amended by the addition of the following language to the original language or deleted as indicated:

A. “Requirements for you to renew or extend” (ITEM 17(c) of the Franchise Disclosure Document, and Section 3.3 of the Franchise Agreement) are amended to include the following language: “The execution of a general release upon renewal, assignment or termination will be inapplicable to franchises operating under the North Dakota Franchise Investment Law.”

B. “Your obligations on termination/non-renewal” (ITEM 17(i) of the Franchise Disclosure Document, and Section 15 of the Franchise Agreement) is amended to read as follows:

“The prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorney fees.”

C. “Your obligations on termination/non-renewal” (ITEM 17(i) of the Franchise Disclosure Document and Sections 19.1 and 24.5 of the Franchise Agreement) is amended to read:

“The requirement to pay liquidated damages upon termination of the Franchise Agreement is deleted as inapplicable to franchises operating under the North Dakota Franchise Investment Law.”

D. “Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.”

E. “Dispute resolution by arbitration or mediation” (ITEM 17(u) of the Franchise Disclosure Document, Section 24.1 of the Franchise Agreement, and Section 7.1 of the Multi Unit Development Agreement) is amended to read as follows:

“The site of arbitration or mediation will be agreeable to all parties and may not be remote from the franchisee’s place of business.”

F. “Choice of Forum” (ITEM 17(v) of the Franchise Disclosure Document, Section 24.3 of the Franchise Agreement, and Section 7 of the Multi Unit Development Agreement) is amended with the following language:

“Any action will be brought in the appropriate state or federal court in North Dakota.”

G. The “Choice of Law” (ITEM 17(w) of the Franchise Disclosure Document, Section 24.2 of the Franchise Agreement, and Section 7 of the Multi Unit Development Agreement) is amended to read as follows:

“This Agreement takes effect upon its acceptance and execution by Company in North Dakota.”

“Payment of Costs and Expenses” (Section 21.2 of the Franchise Agreement) is amended to allow the prevailing party in any enforcement action to recover all costs and expenses including attorney’s fees.

“Covenants” (Section 23.3 of the Franchise Agreement) is amended by the addition of the following language to the original language that appears therein:

“Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.”

“Potential Awards” (Sections 24.1.3 of the Franchise Agreement) is amended to delete any reference to a waiver of exemplary or punitive damages.

“Waiver of Jury Trial” (Section 24.4 of the Franchise Agreement) is deleted in its entirety.

“Limitation of Claims” (Section 24.6 of the Franchise Agreement) is amended to delete any reference to a waiver of exemplary or punitive damages and the second and third sentences of this Section will be deleted in their entirety and read as follows:

“Except with regard to Franchisee’s obligation to pay Franchisor and its affiliates Royalty payments, the Marketing Fee and other advertising fees, and other payments due from Franchisee pursuant to this Agreement or otherwise, any claims between the parties must be commenced within the time period allowable under North Dakota law.”

“Acknowledgements” (Section 28.9 of the Franchise Agreement) is amended by the addition of the following language to the original language that appears therein to read as follows:

“Franchisee acknowledges that Franchisee received a copy of this Agreement, the attachments hereto, if any, and agreements relating thereto, if any, at least seven (7) days prior to the date on which this Agreement was executed.”

ITEM 5 of the FDD, Section 5.1 of the Franchise Agreement and Section 3.1 of the Multi-Unit Development Agreement are amended by adding the following language:

“Franchisor will defer payment of initial fees and development fees until Franchisor has met its initial obligations to Franchisee, and the Franchisee has commenced business operations.”

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The Franchise Agreement and Multi-Unit Agreement contain provisions requiring you to acknowledge certain statements which are prohibited by North Dakota law, including acknowledgements that: you have read or understand the franchise disclosure document or any exhibit; you understand the risks associated with the purchase of the franchise; no representations outside of or different from any representation in the disclosure document or any exhibit are binding; the success of the franchise is dependent solely or primarily on you; and you have had the opportunity to consult with professional advisors. These specific provisions within Section 27.6 and 27.9, of the Franchise Agreement and within 8.3 of the Multi-Unit Agreement are omitted as prohibited statements under North Dakota law.

The Franchise Agreement and Multi-Unit Agreement contain provisions that reiterate or duplicate representations or statements already made in the disclosure document and provisions that may have the effect of shifting the franchisor’s disclosure obligations under federal or state law to you. These specific provisions within Section 27.6 and 27.9 of the Franchise Agreement and 8.3 of the Multi-Unit Agreement are omitted as prohibited by North Dakota law.

RHODE ISLAND

The “Renewal, Termination, and Dispute Resolution” (ITEM 17) is amended by the addition of the following language to the original language:

“§19-28.1-14 of the Rhode Island Franchise Investment Act provides that [A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.]”

ITEM 17(v) is amended as follows:

“This Section is invalid under Rhode Island General Law Section (19.28.1-4)”

ITEM 17(w) is amended as follows:

“This Section is invalid under Rhode Island General Law Section (19-28.1-14)”

The Franchise Agreement and Multi-Unit Agreement contain provisions requiring you to acknowledge certain statements which are prohibited by Rhode Island law, including acknowledgements that: you have read or understand the franchise disclosure document or any exhibit; you understand the risks associated with the purchase of the franchise; no representations outside of or different from any representation in the disclosure document or any exhibit are binding; the success of the franchise is dependent solely or primarily on you; and you have had the opportunity to consult with professional advisors. These specific provisions within Section 27.6 and 27.9, of the Franchise Agreement and within 8.3 of the Multi-Unit Agreement are omitted as prohibited statements under Rhode Island law.

The Franchise Agreement and Multi-Unit Agreement contain provisions that reiterate or duplicate representations or statements already made in the disclosure document and provisions that may have the effect of shifting the franchisor’s disclosure obligations under federal or state law to you. These specific provisions within Section 27.6 and 27.9 of the Franchise Agreement and 8.3 of the Multi-Unit Agreement are omitted as prohibited by Rhode Island law.

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

SOUTH DAKOTA

The “Summary” section of ITEM 17(g) entitled “Cause” Defined - Defaults Which Can Be Cured, is deleted in its entirety and the following is substituted in its place:

“If you fail to pay any amounts due to us or our affiliates and do not cure the breach within 30 days’ notice from us, you have 30 days to cure any other default (except those defaults listed in (h)).”

The “Summary” section of ITEM 17(r) of the Franchise Disclosure Document and Section 23.3 of the Franchise Agreement are amended as follows:

“Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota.”

The “Summary” sections of ITEMS 17(v) and 17(w) entitled Choice of Forum and Choice of Law, respectively, are amended by the addition of the following language:

“Any provision in the Franchise Agreement restricting jurisdiction or venue to a forum outside of South Dakota or requiring the application of the laws of any other state is void with respect to a claim otherwise enforceable under the South Dakota Franchise Act.”

“Pursuant to SDCL 37-5B, any condition, stipulation or provision purporting to waive compliance with any provision of this chapter or any rule or order thereunder is void. Any acknowledgement provision, disclaimer or integration clause or a provision having a similar effect in a Franchise Agreement does not negate or act to remove from judicial review any statement, misrepresentation or action that would violate this chapter or a rule or order under this chapter.”

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The Franchise Agreement and Multi-Unit Agreement contain provisions requiring you to acknowledge certain statements which are prohibited by South Dakota law, including acknowledgements that: you have read or understand the franchise disclosure document or any exhibit; you understand the risks associated with the purchase of the franchise; no representations outside of or different from any representation in the disclosure document or any exhibit are binding; the success of the franchise is dependent solely or primarily on you; and you have had the opportunity to consult with professional advisors. These specific provisions within Section 27.6 and 27.9, of the Franchise Agreement and within 8.3 of the Multi-Unit Agreement are omitted as prohibited statements under South Dakota law.

The Franchise Agreement and Multi-Unit Agreement contain provisions that reiterate or duplicate representations or statements already made in the disclosure document and provisions that may have the effect of shifting the franchisor’s disclosure obligations under federal or state law to you. These specific provisions within Section 27.6 and 27.9 of the Franchise Agreement and 8.3 of the Multi-Unit Agreement are omitted as prohibited by South Dakota law.

VIRGINIA

The Franchise Disclosure Document and Franchise Agreement are amended as follows:

ITEM 5 of the Franchise Disclosure Document and Section 5.1 of the Franchise Agreement are amended by adding the following language:

“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.”

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Quiz Holdings, Inc. for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to ITEM 17(h):

“Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement and development 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 the VRFA, the FTC Cover Page and the ITEM 23 Receipts at Exhibit M are modified by adding the word “calendar” between the words “14” and “days” at the end of the second Section so each reads as follows:

“If Quiz Holdings, LLC offers you a franchise, Quiz Holdings, LLC must provide the Franchise Disclosure Document to you 14 calendar days (commencing the day after delivery of this Franchise Disclosure Document) before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.”

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The Franchise Agreement and Multi-Unit Agreement contain provisions requiring you to acknowledge certain statements which are prohibited by Virginia law, including acknowledgements that: you have read or understand the franchise disclosure document or any exhibit; you understand the risks associated with the purchase of the franchise; no representations outside of or different from any representation in the disclosure document or any exhibit are binding; the success of the franchise is dependent solely or primarily on you; and you have had the opportunity to consult with professional advisors. These specific provisions within Section 27.6 and 27.9, of the Franchise Agreement and within 8.3 of the Multi-Unit Agreement are omitted as prohibited statements under Virginia law.

The Franchise Agreement and Multi-Unit Agreement contain provisions that reiterate or duplicate representations or statements already made in the disclosure document and provisions that may have the effect of shifting the franchisor’s disclosure obligations under federal or state law to you. These specific

provisions within Section 27.6 and 27.9 of the Franchise Agreement and 8.3 of the Multi-Unit Agreement are omitted as prohibited by Virginia law.

The Multi-Unit Development Agreement is amended as follows:

Section 3.1 of the Multi-Unit Development Agreement is amended by adding the following language:

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

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

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

On November 27, 2018, we voluntarily entered into an Assurance of Discontinuance ("AOD") with the State of Washington relating to language in franchise agreements involving Washington-based franchised restaurants that were entered into by our predecessor, QFA, and assumed by us as part of the Transaction. Specifically, the language in those franchise agreements restricts a franchisee's ability to solicit or hire workers from us or another franchisee in the QUIZNOS system (collectively, the "No-Poaching Provision"). Under the AOD, we agreed we have never included the No-Poaching Provision in any new franchise agreements and will continue to not include a No-Poaching Provision in any of our franchise agreements in the United States signed after November 27, 2018, we will not enforce the No-Poaching Provision in any of our existing franchise agreements in the United States, and we will not seek to intervene or defend in any way the legality of any no-poach provision in any litigation in which a

franchisee may claim third-party beneficiary status rights to enforce an existing No-Poaching Provision. If we become aware of a QUIZNOS franchisee in the State of Washington attempting to enforce the No-Poaching Provision, we will notify the Washington Attorney General.

Item 5 is amended to disclose the following: Persons who receive financial incentives to refer franchise prospects to us may be required to register as franchise brokers under the laws of some states.

The State of Washington has imposed a financial condition under which the initial fees due will be deferred until the franchisor has fulfilled its initial pre-opening obligations under the Franchise Agreement and the franchise is open for business. Because the Franchisor has material pre-opening obligations with respect to each franchised business the Franchisee opens under the Multi-Unit Agreement, the State of Washington will require that the franchise fees be released proportionally with respect to each franchised business.

Section 5.1 of the Franchise Agreement is amended to state that the collection of the initial fees will be deferred until the franchisor has fulfilled its initial pre-opening obligations and the franchisee is open for business.

Because the Franchisor has material pre-opening obligations with respect to each franchised business the Franchisee opens under the Multi-Unit Agreement, the State of Washington will require that the franchise fees be released proportionally with respect to each franchised business.

The Franchise Agreement and Multi-Unit Agreement contain provisions requiring you to acknowledge certain statements which are prohibited by Washington law, including acknowledgements that: you have read or understand the franchise disclosure document or any exhibit; you understand the risks associated with the purchase of the franchise; no representations outside of or different from any representation in the disclosure document or any exhibit are binding; the success of the franchise is dependent solely or primarily on you; and you have had the opportunity to consult with professional advisors. These specific provisions within Section 27.6 and 27.9, of the Franchise Agreement and within 8.3 of the Multi-Unit Agreement are omitted as prohibited statements under Washington law.

The Franchise Agreement and Multi-Unit Agreement contain provisions that reiterate or duplicate representations or statements already made in the disclosure document and provisions that may have the effect of shifting the franchisor's disclosure obligations under federal or state law to you. These specific provisions within Section 27.6 and 27.9 of the Franchise Agreement and 8.3 of the Multi-Unit Agreement are omitted as prohibited by Washington law.

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The undersigned does hereby acknowledge receipt of this addendum.

Dated _____.

FRANCHISOR

FRANCHISEE

This addendum may also be used as a rider to the Franchise Disclosure Document.

WISCONSIN

“The State of Wisconsin has not reviewed and does not endorse, approve, recommend, or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.”

Sign here if you are taking the franchise as an
INDIVIDUAL(S)

(Note: use these blocks if you marked in **Exhibit B**
that you are an individual or a partnership but the
partnership is not a separate **legal** entity)

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

Sign here if you are taking the franchise as a
**CORPORATION, LIMITED LIABILITY
COMPANY OR PARTNERSHIP**

Print Name of Legal Entity

By: _____
Signature

Print Name: _____
Title: _____
Date: _____



EXHIBIT F

FRANCHISEE QUESTIONNAIRE AND ACKNOWLEDGEMENT

FRANCHISEE QUESTIONNAIRE AND ACKNOWLEDGEMENT

California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin franchisees should not complete this Acknowledgment Addendum. If a franchisee in one of these states does so, we will disregard and not rely on the Acknowledgment Addendum.

Do not sign this Questionnaire and Acknowledgement if you are a resident of Maryland or your business will be operated in Maryland.

As you know, Quiz Holdings, LLC (“**Franchisor**”) and you are preparing to enter into a Franchise Agreement for the operation of a franchised QUIZNOS Restaurant franchise (“**Franchise**”). The purpose of this Questionnaire and Acknowledgment is to demonstrate to Franchisor that you, whether acting individually or on behalf of any legal entity established to acquire the franchise rights: (a) fully understand that the purchase of a Franchise is a significant long-term commitment, complete with associated risks; and (b) are not relying on any statements, representations, promises, or assurances that Franchisor has not authorized, that may be untrue, inaccurate, or misleading, and are not specifically set forth in Franchisor’s Franchise Disclosure Document and exhibits (collectively, the “**FDD**”) in deciding to purchase the Franchise; and (c) are making all of the representations and warranties contained in the Prohibited Parties Clause set forth below.

Please review each of the following questions carefully and provide honest responses to each question.

QUESTION	YES	NO
1. Have you received and personally reviewed the Franchisor’s FDD provided to you?		
2. Did you sign a receipt for the FDD indicating the date you received it?		
3. Do you understand all of the information contained in the FDD?		
4. Have you received and personally reviewed the Franchise Agreement and each exhibit or schedule attached to it?		
5. Please insert the date on which you received a copy of the Franchise Agreement with all material blanks fully completed:		
6. Do you understand the terms of and your obligations under the Franchise Agreement?		
7. Have you discussed the benefits and risks of operating the Franchise with an attorney, accountant, or other professional advisor?		
8. Do you understand the risks associated with operating the Franchise and that buying a franchise is not a guarantee of success?		
9. Do you understand that the success or failure of the Franchise will depend in large part upon your skills and abilities (and those of your partners, officers, and employees), the time you and your associates devote to the business, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?		

QUESTION	YES	NO
10. Have you made your own independent determination as to whether you have the capital necessary to fund the business and your living expenses, particularly during the start-up phase?		
11. Has any employee or other person speaking on behalf of the Franchisor (including any franchise broker) made any statement, promise, or assurance regarding the amount of money you may earn in operating the Franchise that is contrary to, or different from, any information contained in the FDD?		
12. Has any employee or other person speaking on behalf of the Franchisor (including any franchise broker) made any statement, promise, or assurance concerning the total amount of revenue the Franchise will generate that is contrary to, or different from, any information contained in the FDD?		
13. Has any employee or other person speaking on behalf of the Franchisor (including any franchise broker) made any statement, promise, or assurance regarding the costs involved in operating the Franchise that is contrary to, or different from, any information contained in the FDD?		
14. Has any employee or other person speaking on behalf of the Franchisor (including any franchise broker) made any statement, promise, or assurance concerning the actual, average or projected profits or earnings or the likelihood of success that you should or might expect to achieve from operating the Franchise that is contrary to, or different from, any information contained in the FDD?		
15. Has any employee or other person speaking on behalf of the Franchisor (including any franchise broker) made any statement, promise, assurance, or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, market penetration, training, support service or assistance relating to the Franchise that is contrary to, or different from, any information contained in the FDD?		

If you answered “Yes” to any of questions eleven (11) through fifteen (15), please provide a full explanation of your answer in the following blank lines. Attach additional pages, if necessary, and refer to them below. If you have answered “No” to each of the foregoing questions, please leave the following lines blank.

You understand that your answers are important to us and that we will rely on them. By signing this Questionnaire and Acknowledgement below, you are representing that you have responded truthfully to the above questions. No representations contained herein are intended to or will act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Prohibited Parties Clause. By signing below, you acknowledge that Franchisor, its employees and its agents are subject to U.S. laws that prohibit or restrict (a) transactions with certain parties, and (b)

the conduct of transactions involving certain foreign parties. These laws include, without limitation, U.S. Executive Order 13224, the U.S. Foreign Corrupt Practices Act, the Bank Secrecy Act, the International Money Laundering Abatement and Anti-terrorism Financing Act, the Export Administration Act, the Arms Export Control Act, the U.S. Patriot Act, and the International Economic Emergency Powers Act, and the regulations issued pursuant to these and other U.S. laws. As part of the express consideration for the purchase of the right to operate the Franchise, you hereby represent that neither you nor any of your employees, agents, or representatives, nor any other person or entity associated with you, is now, or has been listed on:

1. The U.S. Treasury Department's List of Specially Designated Nationals;
2. The U.S. Commerce Department's Denied Persons List, Unverified List, Entity List, or General Orders;
3. The U.S. State Department's Debarred List or Nonproliferation Sanctions; or
4. The Annex to U.S. Executive Order 13224.

You warrant that neither you nor any of your employees, agents, or representatives, nor any other person or entity associated with you, is now, or has been: (i) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or (ii) is owned or controlled by terrorists or sponsors of terrorism. You warrant that you are now, and have been, in compliance with U.S. anti-money laundering and counterterrorism financing laws and regulations, and that any funds provided by you to Franchisor were legally obtained in compliance with these laws.

You further covenant that neither you nor any of your employees, agents, or representatives, nor any other person or entity associated with you, will, during the term of the Franchise Agreement, become a person or entity described above or otherwise become a target of any anti-terrorism law.

PROSPECTIVE FRANCHISEE

Signature

Print Name: _____

Date: _____

This Acknowledgement does not waive any liability Quiznos may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.



EXHIBIT G

PRE-TRAINING CONFIDENTIALITY AGREEMENT

CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT

This Confidentiality and Non-Disclosure Agreement (the “**Confidentiality Agreement**”) is entered into as of _____ by and between Quiz Holdings, LLC a limited liability company (“**Franchisor**”) the franchisor of the Quiznos restaurant system in the United States, or any subsequent or successor franchisor of Quiznos restaurant system (“**Quiznos**”, and together with its and their affiliates, the “**Company**”), and the undersigned, a prospective franchisee of Quiznos (the “**Recipient**”).

A. The Recipient has executed a purchase agreement with an existing Quiznos franchise owner (the “**Seller**”) pursuant to which Recipient has agreed to purchase the Seller’s Quiznos Restaurant and to assume the Seller’s rights and obligations under the Seller’s franchise agreement (the “**Acquisition**”). As of the date hereof, Recipient has not executed an assignment and assumption agreement pursuant to which Recipient will assume the rights and obligations of the Seller’s franchise agreement with Company (the “**Assignment and Assumption Agreement**”).

B. Company has entered, or will enter, into a conditional consent agreement with the Seller pursuant to which Company conditionally approves the Acquisition (the “**Conditional Consent Agreement**”). The Recipient desires to enroll and participate in training conducted by Quiznos (the “**Training**”) as a condition to Company approving the Acquisition in accordance with the Conditional Consent Agreement, and Company agrees to permit Recipient to enroll and participate in the Training, subject to the terms and conditions of this Confidentiality Agreement.

In order for the Training to proceed, it will be necessary for the Company to disclose to Recipient certain information about its businesses which the parties acknowledge and agree is the Company’s confidential and proprietary information. In consideration of the disclosure of such information, Recipient agrees to the following terms and conditions:

1. **Confidential Information Defined.** For purposes of this Confidentiality Agreement, Confidential Information means nonpublic proprietary information, or information or materials considered proprietary by the Company, whether or not designated as “Confidential Information” by the Company. Confidential Information includes, but is not limited to, the Company operations manuals; the whole or any portion or phase of any technical information, design, process, procedure, formula, invention or improvement relating to the Company’s business, technology, product research or development; confidential business or financial information; lists of customer names, addresses or telephone numbers; purchasing and pricing data; proposed advertising, promotion and marketing plans and strategies; samples, models, drawings, compilations, devices, methods, designs, techniques and specifications; business policies or practices; sales and profit and loss data; other information relating to any business or profession of the Company which is secret and of value; source or object codes; algorithms and libraries; software data structures; product development information; business rules, unannounced products; costing and estimating procedures and formulas; profit margin, production costs, overhead, and other bookkeeping and accounting information; all information regarding business development; names and identities of vendors and suppliers not well known to the trade; and any other information that may be considered by the Company to be the Company’s Confidential Information, including all information about the Company that is not generally known to the public, whether oral, in writing, electronic or in some other form relating to the Company’s business or its parents, affiliates, subsidiaries or persons with whom the Company does business or other parties to whom the Company owes an express or implied obligation of confidentiality, whether furnished by the Company or by any other person to whom the Company has furnished any Confidential Information.

2. **Confidentiality.** Recipient, on behalf of itself and its affiliates and their respective employees, officers, shareholders, partners, directors, principals, representatives and agents, agrees to maintain as confidential all Confidential Information disclosed to the Recipient or to which it is exposed

during the course of the Training. The Recipient agrees not to, directly or indirectly, disclose any Confidential Information to any third party, nor shall the Recipient use any of the Confidential Information for its own benefit. The Recipient will not directly or indirectly reproduce or copy any Confidential Information or any part of it and will make no use of any Confidential Information for any purpose whatsoever unless and until the Recipient becomes a franchisee of the Company, and then only in accordance with the provisions of the Assignment and Assumption Agreement, Franchise Agreement and all ancillary documents related thereto.

3. Value. The Confidential Information has been developed by the Company and its affiliates by the investment of time, skill, effort and money and is widely recognized by the public and is of substantial value.

4. Proprietary. The Confidential Information is proprietary, confidential and constitutes a trade secret of the Company and its affiliates.

5. No Prior Experience. The Recipient specifically acknowledges and agrees that prior to the execution of this Confidentiality Agreement, the Recipient had no experience, information or knowledge whatsoever about operating a Quiznos restaurant, and that the Recipient's knowledge of the Confidential Information was obtained solely from the Company pursuant to this Agreement. In addition, the Recipient specifically acknowledges that, pursuant to this Confidentiality Agreement, the Recipient will receive valuable Confidential Information regarding the operational, sales, promotional, and marketing methods and techniques of the Company and the Quiznos system, which are unique and proprietary to the Company, derive independent economic value from not being generally known to the public and are the subject of the Company's efforts and that are reasonable under the circumstances to maintain their secrecy.

6. Return of Information. In the event the Assignment and Assumption Agreement between Seller and Recipient is not executed by the parties thereto, Recipient fails to successfully complete Training, or the Acquisition is not consummated for any reason, upon Company's request (a) Recipient shall immediately return to the Company all Confidential Information, together with any and all copies thereof, and delete all electronic copies in the possession or under the control of the Recipient, (b) Recipient will promptly supply the Company with all notes, memoranda, writings, lists, files, reports, customer lists, correspondence, media, digitally stored materials, source code, cards, machines, employment manuals, technical data or any other tangible product or document which the person produced, received or otherwise had access to, during the Training. Upon the Company's request, the Recipient shall certify in writing that all Confidential Information has been returned or destroyed. Recipient shall not retain any copies of Confidential Information nor shall Recipient assist another in the use, disclosure, or copying of Confidential Information.

7. No Rights in Confidential Information. The parties recognize and agree that nothing contained in this Confidentiality Agreement shall be construed as granting any rights, by license or otherwise, to any Confidential Information disclosed under this Confidentiality Agreement. Neither this Confidentiality Agreement, nor the disclosure of Confidential Information shall be deemed, by implication or otherwise, to vest in Recipient any rights in the Confidential Information or any other trade secrets or property of the Company. This Confidentiality Agreement is not a franchise agreement or a license of any sort and does not grant the Recipient any right to use or to franchise or license the use of, the Quiznos system, the Quiznos trademarks or the Confidential Information, which right is expressly reserved by the Company.

8. Copyrights and Waiver of Moral Rights. Recipient acknowledges and agrees that all work product prepared by Recipient during the course of the Training, if any, shall be improvements, modifications or derivatives to the Confidential Information and all rights, title and interest in said work

product shall be vested in the Company. The Company shall own and Recipient hereby assigns and waives any moral rights, to all such work product and creative works, including all expressions in any media, whether published or unpublished conceived by Recipient, either solely or in collaboration with others, during the Training.

9. Non-Compete. In the event Recipient does not complete the Training, does not sign the Assignment and Assumption Agreement with the Seller or fails to consummate the Transaction for any reason, for a period of two (2) years after the date hereof, neither Recipient nor any of Recipient's officers, directors, shareholders, members, partners or other owners, nor any spouse or other immediate family members of Recipient, or any of these individuals ("**Bound Parties**"), shall have any direct or indirect interest as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative, agent, or in any other capacity in any Competitive Business (as such term is defined herein) located or operating within an eight mile radius of any Quiznos restaurant existing on the date on which Recipient fails to complete the Training or the Acquisition is not consummated for any reason. For purposes of this Confidentiality Agreement, the term "Competitive Business" shall mean any business operating, or granting franchises or licenses to others to operate, a restaurant or other food service business offering the sale of submarine and other sandwiches, salads, soups and other related products. The restrictions of this Section shall not be applicable to, and for purposes of the definition of Competitive Business shall not include, the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent five percent (5%) or less of the class of securities issued and outstanding. Recipient and other Bound Parties expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive them of their personal goodwill or ability to earn a living.

10. Transactions. Recipient acknowledges and agrees that it will not consummate the Acquisition unless it completes the Training to Company's satisfaction, the conditions set out in the Conditional Consent to Transfer between Company and Seller are satisfied and the Recipient and Seller enter into the Assignment and Assumption Agreement.

11. Breach. The Company's Confidential Information is a unique and irreplaceable asset, and if Recipient breaches this Confidentiality Agreement, the Company will suffer immediate and irreparable injury, for which monetary damages will be inadequate or impossible to ascertain. Recipient therefore agrees that the Company shall have, in addition to any other remedies, the right to obtain a temporary restraining order, preliminary injunction, permanent injunction, or other form of appropriate relief to prevent further injury to the Company for any actual or threatened violation of any of the provisions of this Confidentiality Agreement. In addition to injunctive relief, the Company may recover damages from Recipient for any loss caused by any violation of the provisions of this Confidentiality Agreement (including violations by third parties to whom the Recipient discloses Confidential Information). In any action brought to enforce any of the provisions of this Confidentiality Agreement, the Company shall be entitled to reasonable attorneys' fees and costs (including the cost of in-house counsel).

12. Cumulative Remedies. Any specific right or remedy set forth in this Confidentiality Agreement, legal, equitable, or otherwise, shall not be exclusive, but shall be cumulative with all other rights or remedies set forth in this Agreement or allowed or allowable by law.

13. Heirs and Successors. This Confidentiality Agreement shall be binding upon and inure to the benefit of the parties, their heirs, successors and permitted assigns.

14. Entire Agreement. This Confidentiality Agreement represents the entire understanding between the parties regarding the subject matter of this Confidentiality Agreement and supersedes all other negotiations, agreements, representations and covenants, oral or written. This Confidentiality Agreement

may not be modified except by a written instrument signed by the Company and the Recipient that expressly modifies this Confidentiality Agreement. The parties intend this Confidentiality Agreement to be the entire integration of all of their agreements on this subject of any nature regarding the subject matter of this Confidentiality Agreement. No other agreements, representations, promises, commitments or the like, of any nature, exist between the parties.

15. Waiver. Failure by the Company to enforce any rights under this Confidentiality Agreement shall not be construed as a waiver of such rights. Any waiver, including a waiver of default, in any one instance shall not constitute a continuing waiver or a waiver in any other instance.

16. Law. This Agreement will be construed and enforced in accordance with, and governed by, the laws of Colorado and any dispute between the Parties shall be governed by and determined in accordance with the substantive law of the State of Colorado, which laws shall prevail in the event of any conflict of law and the parties each waive any objection they may have to the personal jurisdiction of or venue in such courts.

17. Severability. This Agreement is intended to be interpreted in such a manner as to render it enforceable. In the event that any court or other competent authority determines that any provision of this Agreement is not enforceable, such provision may be modified or limited in its effect to the extent necessary to cause it to be enforceable. In any provision cannot be so modified or limited, then such provision shall be severed, and the remainder of this Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Confidentiality Agreement:

QUIZ HOLDINGS, LLC

By: _____

Title: _____

Date: _____

PROSPECTIVE FRANCHISEE

Signature

Print Name: _____

Date: _____

Signature

Print Name: _____

Date: _____



EXHIBIT H

TERMINATION AND RELEASE AGREEMENT (TEMPLATE)

TERMINATION AND RELEASE AGREEMENT

THIS TERMINATION AND RELEASE AGREEMENT (the "**Agreement**") is made effective on the Effective Date (defined below), by and between **QUIZ HOLDINGS, LLC** a Delaware limited liability company ("**Franchisor**"), _____, a _____ ("**Franchisee**") and _____ ("**Guarantor**"). Franchisor, Franchisee and Guarantor shall collectively be referred to as "**Parties**".

RECITALS

A. The Parties entered into a franchise agreement dated _____ ("**Franchise Agreement**") whereby the Franchisee was granted the right to open and operate a Quiznos Franchise located at _____; **Store** _____ ("**Restaurant**").

B. Franchisee ceased the Restaurant's operations effective _____. ("**Closing Date**").

C. The Franchise Agreement expires on _____.

D. Franchisee has requested that Franchisor release Franchisee and its Guarantor from all future obligations under the Franchise Agreement and guaranties, respectively.

E. The Parties desire to voluntarily terminate the Franchise Agreement pursuant to the terms of this Agreement upon the following conditions being satisfied

NOW, THEREFORE, the Parties agree as follows:

1. **Definitions.** All capitalized terms referenced not defined herein shall have the same meaning as set forth in the Franchise Agreement.

2. **Termination.** The Franchise Agreement is hereby terminated as of the effective date hereof, and shall be of no further force or effect except as set forth specifically in this Agreement, nor shall the Franchisor or Franchisee have any further obligations or duties, however characterized or described, with respect to each other, except as set forth in this Agreement. Concurrently with the execution of this Agreement, except as is set forth below, the Franchisee shall immediately cease using any or all of Franchisor's proprietary marks, color combinations, designs, symbols, slogans and trade secrets. The Franchisee shall refrain from doing anything by word or act which may mislead anyone into believing that it may still have some association with the Franchisor and toward this end, the Franchisee hereby irrevocably appoints the Franchisor its nominee to be its attorney in fact to execute any document or perform any legal act necessary to protect the Franchisor's proprietary marks from unauthorized use on the Franchisee's behalf, in the event the Franchisee fails to do so. The Franchisee acknowledges and agrees that the unauthorized use of the Franchisor's proprietary marks will constitute irreparable harm for which the Franchisor may obtain injunctive relief in addition to claiming monetary damages.

3. **Survival of Certain Provisions.** Except as expressly superseded by this Agreement, all provisions of the Franchise Agreement that expressly or by their nature survive the expiration or termination of the Franchise Agreement shall continue in full force and effect (and shall continue to bind the Franchisee and Guarantor) subsequent to and notwithstanding the termination of the Franchise Agreement hereunder until such provisions are satisfied or by their nature expire, including without limitation provisions related to confidential information, post-termination covenants not to compete, notice provisions and provisions

related to governing law, venue, and dispute resolution, which provisions of the Franchise Agreement are incorporated herein by reference.

4. **Franchisee, Guarantor and Franchisor Mutual Release.**

a. Franchisee and Guarantor, on behalf of themselves and their affiliates, and their respective current and former agents, partners, employees, representatives, attorneys, spouses and successors and assigns, hereby releases and discharges Franchisor, and its successors, assigns, agents, representatives, area directors, employees, officers and directors (collectively referred to as "**Released Parties**"), of and from any and all claims, demands, obligations, actions, liabilities, defenses or damages of every kind and nature whatsoever, in law or in equity, whether known or unknown, which have arisen or may arise under the Franchise Agreement or guaranties, or the relationships between Franchisor or the Released Parties and Franchisee by virtue thereof, from the beginning of time to the Effective Date.

b. Franchisor, on behalf of itself and its affiliates and their respective current and former agents, principals, officers, directors, shareholders, members, employees, parents, predecessors, affiliates, subsidiaries, divisions, and successors and assigns, hereby releases and discharges Franchisee and Guarantor of and from any and all claims, demands, obligations, actions, liabilities, defenses, or damages of every kind and nature whatsoever, in law or in equity, whether known or unknown, which have arisen or may arise under the Franchise Agreement or guaranties, or the relationships between Franchisor and any Released Parties and Franchisee by virtue thereof, from the beginning of time to the Effective Date.

5. **Non-Disparagement.** In consideration of the accommodations provided to the Franchisee and concessions made by Franchisor under this Agreement, Franchisee agrees not to, and to use its best efforts to cause its current and former shareholders, officers, directors principals, agents, partners, employees, representatives, attorneys, spouses, and successors and assigns not to, disparage or otherwise speak negatively, directly or indirectly, of Franchisor or the Released Parties or their respective current and former agents, principals, officers, directors, shareholders, members, employees, franchisees, representatives, area directors, attorneys, parents, predecessors, affiliates, subsidiaries divisions, and successors and assigns, the Quiznos brand, the Quiznos systems, or any other service-marked or trademarked concept of Franchisor, or which would subject the Quiznos brand to ridicule, scandal, reproach, scorn or indignity or which would negatively impact the goodwill of Franchisor or its brand.

6. **Notice.** Any notice, request, demand, statement, or consent made hereunder shall be in accordance with the notice provisions in the Franchise Agreement.

7. **Colorado Laws and Jurisdiction.** This Agreement takes effect upon its acceptance and execution by Quiznos in Colorado. This Agreement shall be interpreted and construed under the laws of Colorado and any dispute between the Parties shall be governed by and determined in accordance with the substantive law of the State of Colorado, which laws shall prevail in the event of any conflict of law. Any action arising out of or relating to this Agreement involving the Parties shall be commenced in a state or federal court in the State of Colorado and Franchisee irrevocably submits to the jurisdiction of such court and waives any objection it may have to either the jurisdiction or venue of such court.

8. **Jury Waiver.** Each Party waives any right it may have to a trial by jury for any disputes arising from this Agreement or the Parties' relationship created hereby.

9. **Binding Effect.** This Agreement shall be binding upon and ensure to the benefit of the successors, assigns, trustees, receivers, personal representatives, legatees, and devisees of the Parties.

10. **Attorneys' Fees.** Each Party shall be responsible for paying its own costs and expenses incurred in the preparation of this Agreement. However, in the event of any litigation between the Parties based upon an alleged breach or default of their respective obligations to be fulfilled pursuant to this Agreement, the prevailing Party therein shall be entitled to recover attorney's fees and court costs against the non-prevailing Party in accordance with the dispute resolution provisions of the Franchise Agreement.

11. **Entirety.** This Agreement embodies the entire agreement and understanding between the Parties and supersedes all prior agreements and understandings related to the subject matter hereof (other than the provisions that survive termination of the Franchise Agreements as set forth herein).

12. **Severability.** The separate paragraphs of this Agreement are severable, and the finding or determination by any court of law that a certain section or paragraph of this Agreement is unenforceable shall not render the entire Agreement unenforceable.

13. **Miscellaneous.** The Parties agree that, in entering into this Agreement, they are relying upon their own judgment, belief, and knowledge as to all phases of any claims and further acknowledge that no promise, inducement or agreement or any representations and warranties not expressed herein have been made to procure their agreement hereto. The Parties further acknowledge that this Agreement is contractual and not merely recital, and that they have read, understand, and fully agree to the terms of this Agreement.

14. **Confidentiality.** Except as reasonably necessary to perform Franchisee's obligations or exercise or enforce Franchisee's rights hereunder and under the Agreement, Franchisee shall not provide or disclose to any third party, or use, unless authorized in writing to do so by Franchisor or properly directed or ordered to do so by public authority, any information or matter that constitutes or concerns the terms and conditions of this Addendum or that regards any dealings or negotiations with Franchisee related to this Addendum.

15. **Neutrality.** Notwithstanding the fact that this Agreement has been prepared by one of the Parties, all the Parties confirm that they and their respective counsel have reviewed, negotiated and adopted this Agreement as the joint agreement and understanding of the Parties. This Agreement is to be construed as a whole and any presumption that ambiguities are to be resolved against the primary drafting party will not apply.

16. **Execution in Counterparts.** This Agreement may be executed in one or more counterparts, each counterpart to be considered an original portion of this Agreement.

[Signatures on Following Page]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be made effective as of the Effective Date.

FRANCHISOR:
QUIZ HOLDINGS, LLC

By: _____

Name: Tim Casey

Title: Chief Executive Officer

***Date:** _____

(*This is the Effective Date)

FRANCHISEE:

By: _____

Name: _____

Date: _____

GUARANTOR

By: _____

Name: _____

By: _____

Name: _____



EXHIBIT I

CONDITIONAL APPROVAL OF TRANSFER

CONDITIONAL CONSENT TO TRANSFER

THIS CONDITIONAL CONSENT TO TRANSFER (“Agreement”) is made among **QUIZ HOLDINGS, LLC** (successor-in-interest to QFA Royalties, LLC) with a principal place of business at 4700 S. Syracuse Street, Suite 225, Denver, Colorado 80237 (“**Franchisor**”), **[SELLER NAME(S) OR ENTITY NAME]**, a _____ with a principal place of business at _____ (“**Seller**”) and, if any, the undersigned Seller Guarantors (defined below), effective as of the Effective Date.

RECITALS

A. Seller is the franchisee pursuant to that certain franchise agreement between Franchisor and Seller dated **[DATE OF SELLER FRANCHISE AGREEMENT]** (“**Seller Franchise Agreement**”), governing the operation of the Quiznos restaurant located at **[STORE ADDRESS, STORE NUMBER]** (“**Restaurant**” or “**Franchised Location**”);

B. In association with the operation of the Restaurant, Seller, the guarantor(s) of the obligations of Seller (“**Seller Guarantor(s)**”) and Franchisor entered into the Personal Guaranty And Assumption Of Franchisee’s Obligations dated _____ (“**Guaranty**”), and _____ **[INSERT ANY ADDITIONAL AGREEMENTS SIGNED BY SELLER AND FRANCHISOR THAT ARE BEING ASSIGNED TO BUYER.]** dated _____ (collectively, “**Additional Agreements**”);

C. Seller has notified Franchisor that it and **[INSERT BUYER NAME]** (“**Buyer**”) have entered into an Asset Purchase Agreement, dated **[DATE OF ASSET PURCHASE AGREEMENT]** (“**Purchase Agreement**”), pursuant to which Seller has agreed to sell and Buyer has agreed to purchase all of the rights, obligations and assets relating to the Restaurant (“**Interests**”);

D. Seller desires to assign and Buyer desires to assume the rights and obligations set out in the Seller’s Franchise Agreement, the Additional Agreements and the lease for the Franchised Location (collectively, “**Transfer**”).

E. Seller and the Seller Guarantor(s) have requested that Franchisor consent to the (i) Transfer; (ii) release of Seller and the Seller Guarantor(s) from all obligations under the Seller Franchise Agreement and Guaranty, respectively; (iii) Assignment and Assumption Agreement between Seller, Seller Guarantor(s), and the Buyer.

F. Franchisor desires to conditionally approve the Transfer of Seller’s Interests to Buyer, in accordance with and subject to, the terms and conditions of this Agreement.

AGREEMENT

FOR AND IN CONSIDERATION of the foregoing Recitals, which are incorporated herein, the mutual covenants expressed herein and other valuable consideration, receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. **Effective Date; Closing Date.** The “Effective Date” will be the date on which Franchisor signs this Agreement acknowledging its conditional consent to the proposed Transfer of Seller’s Interest. The “Closing Date” for the Transfer will be the date designated by the Franchisor, as such date may be amended by Franchisor.

2. **Proposed Transfer.** Buyer is purchasing the Interests from Seller in accordance with the terms and conditions of the Purchase Agreement a copy of which have been provided to Franchisor by Seller. Seller represents and warrants that the form of Purchase Agreement provided to Franchisor is the final version of the agreement and is the version which has been or will be executed by Seller and Buyer to effectuate the Transfer.

3. **Conditional Consent.** The Seller Franchise Agreement provides that the Transfer cannot take place without the consent of Franchisor. Franchisor will consent to the Transfer, as provided in the Seller Franchise Agreement and the Assignment and Assumption Agreement between the Seller and Buyer and will release (i) Seller from any obligations arising under the Seller Franchise Agreement; and (ii) Seller Guarantor(s) under the Guaranty (in each case except as described below) from and after the Closing Date; provided, however, such consent and release are expressly contingent upon compliance with the following terms and conditions on or before the Closing Date:

a. **Payments to Franchisor.** Seller will pay or will cause to be paid the following sums to Franchisor:

i. all amounts due and owing from Seller (or an affiliate of Seller) to Franchisor through the Closing Date, including but not limited to past due royalty and advertising fees in the amount of [\$_____]; and

ii. the transfer fee in the amount of [\$_____] (“**Transfer Fee**”). Except as described in Section 6 below, Seller acknowledges and agrees that Franchisor has earned the Transfer Fee upon receipt thereof and that the Transfer Fee is not refundable.

b. **Approvals.** The Transfer is subject to Franchisor’s written approval of:

i. the Purchase Agreement and the Assignment and Assumption Agreement between Seller, Seller Guarantor(s), and Buyer. Seller will provide Franchisor a copy of the negotiated Purchase Agreement and the Assignment and Assumption Agreement prior to execution by the parties for Franchisor’s approval. The Purchase Agreement and the Assignment and Assumption Agreement approved by Franchisor will not be amended and the terms of the transaction thereunder will not be changed except with the prior written consent of Franchisor;

ii. any amendment to the terms of the lease for the Restaurant between Buyer and landlord, including the then current Lease Addendum required under the Franchise Agreement to be signed between landlord and Buyer or any new lease for the Restaurant between Buyer and landlord. Franchisor may charge Seller its then-current lease review fee if Franchisor reviews any amendment to the existing lease for the Restaurant or any new lease for the Restaurant. No action (or inaction) of Franchisor with respect to the approval of an amendment to the lease terms or a new lease shall constitute a recommendation, endorsement, or guarantee by Franchisor of the suitability of the lease.

iii. the change in possession of the Restaurant from Seller to Buyer.

c. **Documents.** Seller will deliver or will cause to be delivered the following documents to Franchisor prior to the Closing Date:

i. a copy of the fully negotiated Purchase Agreement and Assignment and Assumption Agreement for approval by Franchisor prior to execution;

ii. a copy of an agreement between Seller and Buyer to complete the items in the Inspection (defined in Section 3(e) below) for approval by Franchisor prior to execution. Franchisor reserves the right to require the items in the Inspection be completed prior to the Closing Date;

iii. a copy of an agreement between Seller and Buyer pursuant to which Buyer agrees to honor all non-expired coupons, gift cards, gift certificates or other promotional items and/or discounts issued by Seller for redemption at the Restaurant from and after the Closing Date;

iv. the fully executed Purchase Agreement, Assignment and Assumption Agreement and agreements set out in Sections 3(c)(ii) and (iii) in the form approved by Franchisor. Notwithstanding the foregoing, the condition set out in Sections 3(c)(ii) and (iii) may be satisfied by including the obligations in the Assignment and Assumption Agreement and Purchase Agreement approved by Franchisor;

v. all required monthly financial statements for the Restaurant through the Closing Date;

vi. satisfactory written evidence that Buyer has the right to possession of the Franchised Location by way of lease assignment and/or assumption or otherwise (with all required landlord consents), as more fully described in Section 4 below;

vii. copies of all loan documents or loan commitments evidencing all debt taken on by Buyer in connection with the purchase of the Restaurant. Seller acknowledges that Franchisor requires that the total debt that can be undertaken by any franchisee in connection with the purchase of a QUIZNOS restaurant may not exceed certain limits without Franchisor's written approval. Accordingly, Seller acknowledges that Franchisor may withhold its consent to approve the Transfer if the Buyer's debt in connection with the purchase of Seller's Interest exceeds [\$_____]; and

viii. a copy of the completed Exhibits A and B attached hereto.

d. **Training.** Buyer or Buyer's designated representative(s) shall have satisfactorily completed Franchisor's initial training program as further described in the Seller Franchise Agreement and the Assignment and Assumption Agreement prior to the Closing Date. Franchisor will require Buyer or Buyer's designated representative to sign Franchisor's Confidentiality and Non-Disclosure Agreement as a condition to attending Franchisor's initial training program.

e. **Remodeling.** Franchisor has provided Seller with a pre-closing inspection report attached hereto as Schedule 3(e) ("Inspection"). Seller acknowledges that Franchisor's approval of the Transfer is conditioned on the completion of the items set forth in the Inspection prior to the Closing Date or by such other date specified in the Inspection.

f. **Seller Financing.** Regardless of any provision of the Purchase Agreement (or any other agreement) to the contrary, if Seller provides financing to Buyer for any portion of the purchase price for the Interests and such financing is secured by any assets of the Restaurant, Seller acknowledges and agrees that Seller does not and will not have any interests or rights, revisionary or otherwise, to operate the Restaurant after the Closing Date pursuant to the Seller Franchise Agreement.

g. **Assumption of Seller's Obligations.** Seller assigns all of Seller's right to and interest in the Seller Franchise Agreement and Restaurant to Buyer and Buyer assumes, all of Seller's right to, interest in and obligations for the Seller Franchise Agreement and Restaurant in accordance with the terms of the Assignment and Assumption Agreement.

4. **Landlord Consent.** Notwithstanding Franchisor's consent to a change of ownership and possession of the Restaurant, if ownership and possession of the Restaurant changes from Seller to Buyer prior to securing landlord's consent as required by the lease, Seller hereby agrees to release Franchisor from any liability resulting from the failure to secure such consent prior to changing ownership and possession of the Restaurant. Further, Seller and Seller Guarantor(s) for themselves, their successors, assigns, subsidiaries, divisions, owners, shareholders, managers, members and agents, do hereby agree to indemnify and hold Franchisor harmless from any liabilities, losses, damages, deficiencies, claims, costs or expenses of any nature resulting, directly or indirectly, from the failure to obtain landlord's consent as required by the lease.

Seller acknowledges that Franchisor's consent to a change of ownership and possession of the Restaurant prior to the time that landlord's consent has been secured does not eliminate the need (if it exists under the lease) for Buyer and Seller to secure the landlord's consent or to provide notice to the landlord, as appropriate, and that changing ownership and possession prior to such time may be a default under the lease. It is incumbent upon Buyer and Seller to secure any consent and to provide any notice to the landlord as required under the lease. Seller agrees to timely secure such consent and provide such required notice to landlord and provide Franchisor with a copy thereof regardless of whether a change of ownership and possession may have been authorized by Franchisor.

5. **Waiver of Right of First Refusal.** Franchisor hereby waives any right of first refusal to purchase the Interests as it may have pursuant to the Seller Franchise Agreement.

6. **Termination.** Franchisor may terminate this Agreement if:

- a. The Transfer contemplated between Seller and Buyer is not approved by Franchisor;
- b. Seller and Buyer fail to change ownership and/or possession of the Restaurant as described herein within 90 days following the Effective Date of this Agreement; or
- c. The conditions described in Section 3 are not satisfied.

Upon termination of this Agreement, Seller shall continue to be bound by the terms of the Seller Franchise Agreement and Seller's Guarantor(s) will continue to be bound by the terms of the Guaranty for the remaining term thereof. In the event of such termination, Seller acknowledges the Transfer Fee is not refundable.

7. **Release of Seller and Seller Guarantors.** Franchisor and Seller acknowledge and agree that, as of the Closing Date, (including the assumption by Buyer of all obligations under the Franchise Agreement, and lease) and compliance with the conditions set forth in Section 3 above, neither Seller nor Seller Guarantor(s) shall have any further rights or obligations under the Seller Franchise Agreement and the Guaranty, except that neither Seller nor any Seller Guarantor(s) shall be released from:

- a. any obligations to pay money to Franchisor owed under either the Seller Franchise Agreement or the Guaranty prior to the Closing Date; or

b. the provisions of the Seller Franchise Agreement, Assignment and Assumption Agreement and Guaranty that, either expressly or by their nature, survive termination of the Seller Franchise Agreement (including without limitation the post-termination restrictive covenants, indemnification obligations, dispute resolution and notice and confidentiality provisions of the Seller Franchise Agreement).

8. **Release of Franchisor.** As of the Closing Date and for good and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller and the Seller Guarantor(s), and each of them, for themselves and their respective affiliates, employees, officers, directors, successors, assigns, parents, subsidiaries, shareholders, members, partners, managers, agents and other representatives (“**Seller Parties**”), hereby fully and forever unconditionally release and discharge Franchisor, and its affiliates, employees, officers, directors, successors, assigns, parents, subsidiaries, shareholders, members, partners, managers, agents and other representatives and their respective affiliates, employees, officers, directors, successors, assigns, parents, subsidiaries, shareholders, members, partners, managers, agents and other representatives (collectively, “**Released Parties**”), from any and all claims, demands, obligations, actions, liabilities and damages of every kind or nature whatsoever, in law or in equity, whether known or unknown to them, which they may have against the Released Parties as of the date of the Closing Date, or which may thereafter be discovered, accrued, or sustained, in connection with, as a result of, or in any way arising from, any relations, agreements or transactions with the Released Parties, however characterized or described, including but not limited to, any claims arising from the Seller Franchise Agreement, the Restaurant and the operation thereof, the Purchase Agreement, the lease for the Franchised Location, the Assignment and Assumption Agreement or the Transfer described herein (“**Claims**”). This release extends to all Claims, whether arising from contract, tort, statute, law or equity it, being the express intention of the Seller, Seller Guarantor(s) and the Released Parties that upon execution of this Agreement, the Seller and Seller Guarantor(s) shall have no further Claims against or with respect to any of the Released Parties arising prior to or as of the Closing Date. Each of the Seller Parties further covenant and agree to never institute, prosecute or assist others to institute or prosecute, or in any way aid any Claim for any damages (actual, consequential, punitive, or otherwise), injunctive relief, or other loss or injury either to person or property, cost, expense, legal fees, amounts paid on account of recovery or settlement, or any other damage or harm whatsoever, based upon or arising out of any event, act, or omission that has occurred or arisen prior to the Closing Date.

IF THE RESTAURANT IS LOCATED IN CALIFORNIA OR IF FRANCHISEE IS A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY:

SECTION 1542 ACKNOWLEDGMENT. IT IS THE INTENTION OF FRANCHISEE IN EXECUTING THIS AGREEMENT THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND OR CAUSE OF ACTION RELEASED FRANCHISEE. FRANCHISEE RECOGNIZES THAT HE, SHE OR IT MAY HAVE SOME CLAIM, DEMAND OR CAUSE OF ACTION AGAINST THE RELEASED PARTIES OF WHICH HE, SHE, OR IT IS TOTALLY UNAWARE AND UNSUSPECTING, WHICH HE, SHE OR IT IS GIVING UP BY EXECUTING THIS AGREEMENT. IT IS THE INTENTION OF FRANCHISEE EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE HIM, HER OR IT OF SUCH CLAIM, DEMAND OR CAUSE OF ACTION AND PREVENT HIM, HER OR IT FROM ASSERTING IT AGAINST THE RELEASED PARTIES. IN FURTHERANCE OF THIS INTENTION, FRANCHISEE EXPRESSLY WAIVES ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.”

FRANCHISEE ACKNOWLEDGES AND REPRESENTS THAT HE, SHE, OR IT HAS CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS AGREEMENT AND THAT HE, SHE, OR IT UNDERSTANDS ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENTS THAT THIS AGREEMENT SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS AND CAUSES OF ACTION.

9. **Indemnification.** Seller Parties (as defined in Section 8) do hereby agree to indemnify and hold Franchisor and its Released Parties (as defined in Section 8) harmless from any and all liabilities, losses, damages, deficiencies, claims, attorney fees, costs or expenses of any nature resulting, directly or indirectly, from (i) any misrepresentation, breach of warranty or covenant, on the part of Seller Parties, under this Agreement, the Assignment and Assumption Agreement, the Purchase Agreement, the Restaurant and operation thereof, the lease for the Franchised Location, the Transfer or otherwise; (ii) the non-fulfillment of any conditions under this Agreement, the Assignment and Assumption Agreement, the Purchase Agreement, or the lease for the Franchised Location; and (iii) any and all actions, claims, suits, demands, investigations, assessments, judgments, costs and expenses incident to the foregoing, including but not limited to, reasonable legal and accounting fees directly or indirectly related to Seller and/or Seller's Guarantor(s) acts or omissions.

10. **Non-Disparagement.** In consideration of the accommodations provided to Seller and the Seller Guarantor(s) by Franchisor under this Agreement, Seller Parties agree not to, and to use their best efforts to cause their current and former shareholders, officers, directors principals, agents, partners, employees, representatives, attorneys, spouses, and successors and assigns not to, disparage or otherwise speak or write negatively, directly or indirectly, of Franchisor or the Released Parties or their respective current and former agents, principals, officers, directors, shareholders, members, employees, franchisees, representatives, area directors, attorneys, parents, predecessors, affiliates, subsidiaries divisions, and successors and assigns, the Quiznos brand, the Quiznos system, or any other service-marked or trademarked concept of Franchisor, or which would subject the Quiznos brand to ridicule, scandal, reproach, scorn, or indignity or which would negatively impact the goodwill of Franchisor or its brand.

11. **Acknowledgment; Representations.** Seller acknowledges that Seller has assumed sole and full responsibility for making the final decision to sell the Interests and has consulted, or has had the opportunity to consult but, of its own accord, elected not to consult, with its own legal and financial advisors. Seller further acknowledges that as part of selling its Interest to Buyer, it is Seller's responsibility to provide Buyer with all material and accurate information relating to the Interest. To that end, Seller represents, warrants and acknowledges to Franchisor that Seller (i) has reported true and accurate financial information regarding the Restaurant to Buyer; (ii) has provided Buyer with all material and accurate information relating to the Interest and the Restaurant; (iii) has provided Buyer with all material and accurate information relating the lease for the Franchised Location; and (iv) has provided Buyer with the Inspection attached hereto as Schedule 3(e) and has notified Buyer of the requirement to complete the items in the Inspection as a condition to obtaining Franchisors consent to the Transfer.

12. **Additional Documents.** Seller agrees to execute such additional documents as may be necessary to complete the Transfer as contemplated herein or by the Assignment and Assumption Agreement.

13. **Miscellaneous Provisions.** This Agreement will be construed and enforced in accordance with, and governed by, the laws of Colorado and any dispute between the Parties shall be governed by and determined in accordance with the substantive law of the State of Colorado, which laws shall prevail in the event of any conflict of law.

14. **Notices.** Any notices given under this Agreement shall be in writing, by certified mail, return receipt requested, or by any delivery service providing documentation of receipt, at the address set forth in the first paragraph of this Agreement, or at such other addresses as Seller may designate from time to time, and shall be deemed delivered (a) on the date shown on the return receipt or in the courier's records as the date of delivery or (b) on the date of first attempted delivery, if actual delivery cannot for any reason be made.

15. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

16. **Amendments.** This Agreement may not be changed or modified, or any term waived or discharged except in a writing signed by all of the parties hereto.

17. **Entire Agreement.** This Agreement and the documents referred to herein, constitute the entire agreement among the parties with respect to the subject matter hereof. In the event of any conflict between the terms of this Agreement and the terms of the Seller Franchise Agreement or the terms of the Purchase Agreement, the terms of this Agreement shall control.

18. **Joint And Several.** If Seller or Seller's Guarantor(s) consist of more than one individual or entity, their liability under this Agreement shall be deemed to be joint and several.

19. **Survival.** All provisions of this Agreement which by its term or by reasonable implications are intended to survive the closing of this transaction or the termination of this Agreement shall survive.

20. **Counterpart/Facsimile.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. This Agreement shall become effective when one or more counterparts have been signed by each of the parties hereto and delivered to the other party. Facsimile signatures and faxed transmissions executed shall have the same full force and effect as originally executed documents.

THUS, signed by the parties shown below and made effective as of the Effective Date.

SELLER(S): If Seller is a legal entity, name of entity: _____

By: _____

Print Name: _____

Title (if applicable): _____

Date: _____

By: _____

Print Name: _____

Title (if applicable): _____

Date: _____

By: _____

Print Name: _____

Title (if applicable): _____

Date: _____

By: _____

Print Name: _____

Title (if applicable): _____

Date: _____

SELLER GUARANTOR(S):

By: _____

Print Name: _____

By: _____

Print Name: _____

By: _____

Print Name: _____

By: _____

Print Name: _____

FRANCHISOR: QUIZ HOLDINGS, LLC

By: _____

Name: _____

Title (if applicable): _____

Date: _____

EXHIBIT A

Training, Managing Owner and Address Information

- (a) **Training.** The following individuals shall attend Franchisor's initial training program, as described in Section 7.1 of the Seller Franchise Agreement: _____, and, of these individuals, Buyer's Designated Manager shall be: _____.
- (b) **Managing Owner.** The following individual is designated as Buyer's Managing Owner (if Buyer is a corporation, partnership, or limited liability company, Buyer's Managing Owner must own at least 25%): _____.
- (c) **Address.** Buyer's address is _____.

EXHIBIT B

Buyer's Statement of Ownership

Form of Ownership

(Check One)

____ Individual(s)

____ Legal Entity (check one):

____ Partnership

____ Corporation

____ Limited Liability Company

If a legal entity, attach a copy of the certificate of formation or articles of partnership and provide the following information:

(A) the name, address and percentage of ownership of each owner, member or partner and indicate whether each such person will be active in the business: _____

_____.

(B) if a corporation, the name and address of each officer and director:

Provide the address where Buyer's financial records and partnership, corporate, or company records, as applicable, are maintained (Restaurant location will be deemed to be the address unless otherwise stated below):

SCHEDULE 3.e

INSPECTION (attached)

Store # _____

Seller(s) and Buyer(s) acknowledge and agree that the following requirements must be completed by Seller(s) and/or Buyer(s) to the satisfaction of QUIZNO'S HOLDINGS CORPORATION, in its sole determination, within the time frames noted below, so as to comply with Section 3(e) of this Agreement:

- Order "This Quiznos Sub Restaurant is Independently Owned and Operated" certificate or plaque (14 days following Closing Date)
- Sign service agreement with SYSCO food services (prior to Closing Date)
- Sign service agreement with Cintas, or other prior approved towel/mat cleaning company, (prior to Closing Date)
- Sign service agreement with Moneris Merchant Services (prior to Closing Date)
- Sign service agreement with GiveX (prior to Closing Date)
- Sign service agreement with a pest control services (prior to Closing Date)
- Sign service agreement with Bambora (prior to Closing Date)
- Sign service agreement with Sirius XM (prior to Closing Date)
- Sign service agreement with a bookkeeping service provider (prior to Closing Date)
- Order/Purchase Local Store Marketing Items (prior to Closing Date)
- Complete following upgrades (collectively, the "Upgrade Items") (prior to Closing Date, unless otherwise specified):
- Complete the following additional upgrades (collectively, the "Additional Upgrade Items") within one year of possession date as approved by Franchisor's then approved design specifications
 - Purchase/Install/Remodel location with new approved design to new prototype including but not limited to paint, graphics, furniture, flooring, signage, equipment, beverage counter & flavor station etc. to specification;
 - Purchase/Install new exterior signage with new approved design to new prototype to specification;

ACKNOWLEDGED AND AGREED, on the date set forth below:

By: _____

Seller: _____ **Date**

By: _____

Buyer: _____ **Date**

QUIZNOS

EXHIBIT J

LIST OF CURRENT FRANCHISEES AS OF DECEMBER 31, 2023

Store Number	Franchisee Company Name	First Name	Last Name	Address	City	State	Phone
3709		Nilesh	Patel	5095 Moores Mill Rd	Huntsville	AL	(256) 852-7676
3741	J S Ram Inc.	Tripurari "Pintu"	Singh	407 N Arkansas Ave Ste 3	Russellville	AR	(479) 968-7827
5161	J S RAM INC.	Tripurari "Pintu"	Singh	2850 Prince St Ste 9	Conway	AR	(501) 329-7827
11239	Aramark Food and Support Services Group, Inc.	Jack	Wixted	201 S Donaghey	Conway	AR	(501) 450-3226
2915	GA & Sons, LLC	Arvind	Kararia	9230 W Northern Ave Ste 107	Glendale	AZ	(623) 772-0220
3607	Trinity Sub, LLC	George	Varghese	5110 E Southern Ave Ste 112	Mesa	AZ	(480) 832-1604
5538	Golden Leaves, LLC	Sudheer	Nair	4001 E Broadway Rd Ste B12A	Phoenix	AZ	(602) 431-5754
13066	WK Investments, LLC	Kyle	Williamson	21043 N Cave Creek Rd Ste A2	Phoenix	AZ	(602) 765-0535
15161		Parish	Patel	7127 E Shea Blvd	Scottsdale	AZ	(602) 635-7363
15169	Reef Kitchens LLC			1858 E. Apache Boulevard	Phoenix	AZ	
15170	Reef Kitchens LLC			9841 N Black Canyon Hwy	Mesa	AZ	
648	BKC Investment, Inc.	Peter	Chung	1441 W Knox St	Torrance	CA	(310) 320-0939
2839		Mohammad	Mirzaee	1001 Avenida Pico Ste F	San Clemente	CA	(949) 218-1930
3253	PrimSub Corporation	Widianto	Gunawan	22312 Foothill Blvd	Hayward	CA	(510) 733-5881
5608	Nutri Stores, Inc.	Shahrokh	Davood	1528 N Vermont Ave Ste A	Hollywood	CA	(323) 805-2200
6068	Nutri Stores, Inc.	Shahrokh	Davood	201 N Los Angeles St Ste 22	Los Angeles	CA	(213) 995-3100
6739		Joginder	Sachdeva	1595 N Peach Ave Ste 101	Fresno	CA	(559) 454-8477
7063		Amandeep	Singh	6306 Garfield Ave	Sacramento	CA	(916) 334-0284
7371	DHPC Investment, Inc.	Peter	Chung	2909 W 120th St	Hawthorne	CA	(323) 779-9007
12737	Dillon & Sons, Inc.	Rajpal	Dillon	202 North Plaza Drive	Visalia	CA	(559) 651-1665
12913	Garcha Ventures, Inc.	Dalbir	Garcha	3031 Foothills Blvd Ste 100	Roseville	CA	(916) 788-3031
12951		Jaskamaljit	Kaur	216 W Merced St, Ste 104	Fowler	CA	(559) 834-6284
14309	Bagga Enterprises, Inc	Dev	Bagga	2175 Meeker Ave	Richmond	CA	(510) 620-1930

Store Number	Franchisee Company Name	First Name	Last Name	Address	City	State	Phone
14811	Bagga Enterprises, Inc.	Dev	Bagga	43937 Hugo Ter	Fremont	CA	(510) 991-6732
14986	VESTACOM, Inc.	Gity	Kiamanesh	8625 Woodley Ave	North Hills	CA	(818) 895-0095
23	FS SUBS BROADWAY, LLC	Adam	Sinnard	8053 S Broadway	Littleton	CO	(303) 795-1500
560	5 Eagles Inc.	Allen Dean	Anderson	113 E Olive St	Lamar	CO	(719) 336-3040
5437	Curtiss Enterprises Inc.	Jeffrey	Curtiss	1550 Main St	Windsor	CO	(970) 674-3377
6751	JYH, LLC	Yoong	Bang	8426 Pearl St	Thornton	CO	(303) 288-3211
10810	FS Subs Peoria, LLC	Adam	Sinnard	4505 Peoria St Unit 102	Denver	CO	(303) 574-3033
11308	J & J Food Enterprise	Young	Kim	4640 Pecos St Unit A	Denver	CO	(303) 433-0895
11584	FS Subs Prairie Center LLC	Adam	Sinnard	2237 Prairie Center Pkwy Ste E	Brighton	CO	(303) 654-1160
46	Quiz DIA Holding LLC	Anand	Gowda	8700 Pena Blvd	Denver	CO	(720) 359-3300
4494	SAEEDA RESTAURANT LLC	Haider	Abbas	263 Boston Post Rd Ste 2	Orange	CT	(203) 795-7000
2119	OM SAI 9 LLC	Harshit	Patel	224 N Hogan St	Jacksonville	FL	(904) 798-8889
8109	Host International, Inc.	Jeffrey	Poersch	4250 NW 20th St	Miami	FL	(305) 876-0815
11649	Host International, Inc.	Jeffrey	Poersch	11000 Terminal Axis Road	Fort Myers	FL	(239) 482-3507
14294	Jelujo Inc	John	Enriquez	7100 SW Bird Road	Miami	FL	(305) 661-2890
14481	Nick & Moes Inc.	Mohammed	Isa	4410 Kathleen Rd	Lakeland	FL	(863) 858-0928
14996	LWR Petroleum LLC	Mohammed	Isa	14315 East State Road 70	Lakewood Ranch	FL	(941) 755-1455
15080	Bradenton Petroleum LLC	Mohammed	Isa	575 66th Street Court East	Bradenton	FL	(941) 909-7757
15162		Yogesh	Patel	314 Del Prado Blvd N	Cape Coral	FL	(239) 242-0818
15164		Yogesh	Patel	110 Pointe Loop Drive	Venice	FL	(941) 218-6143
15165	Golden Glades Express Inc	Alex	Sanchez	17080 NW 7 th Avenue	Miami	FL	(305) 655-1932
15188		Mohammed	Isa	2750 US Highway 98 N	Lakeland	FL	(863) 816-4775
15190		Mohammed	Isa	5410 14 th Street West	Bradenton	FL	(941) 202-0808
4562	Y & W International, LLC	Fang-Ting	Yang	29 Marietta St NW	Atlanta	GA	(404) 589-8025
15032	GTRAC XPRESS INC	Amandeep	Gill	5289 Laurel Island Parkway	Kingsland	GA	(912) 576-2702
11907	Host International, Inc.	Jeffrey	Poersch	HMS Host, Honolulu International Airport	Honolulu	HI	(808) 833-9939
14987	BG GOURMET SOUPS AND SANDWICHES, LLC	Bobby	Guieb	1 Schofield Barracks	Schofield Barracks	HI	(808) 624-1292
298	J&B Investments, Inc.	Joe	Logan	600 Blairs Ferry Rd NE Ste E	Cedar Rapids	IA	(319) 294-8524
744		Andrew	Aeilts	7205 Vista Dr Ste 120	West Des Moines	IA	(515) 267-0328
1955		Andrew	Aeilts	11123 Plum Dr	Urbandale	IA	(515) 309-0591

Store Number	Franchisee Company Name	First Name	Last Name	Address	City	State	Phone
3696		Andrew	Aeilts	4800 Mills Civic Pkwy Ste 103	West Des Moines	IA	(515) 222-1213
4063	Jelo, L.L.C.	Jeff	Wieneke	1426 9th St SE	Dyersville	IA	(563) 875-2434
11790		Nathan	Gottschalk	627 E Pennsylvania Ave	Ottumwa	IA	(641) 684-5661
2392	Ganpati, Inc	Sanjay	Patel	1156 W Maple Ave	Mundelein	IL	(847) 837-0500
4016	Bits & Bites Enterprise Inc.	Saleem	Dosa	164 W Division St	Chicago	IL	(312) 642-3355
5982	MSGa, LLC	Jonathan	McLean	1053 Century Dr	Edwardsville	IL	(618) 692-9256
6620	Acees, Inc	G Nathan	Long	2105 E 5th St	Metropolis	IL	(618) 524-5907
7179	BAMM OF CENTRAL ILLINOIS, INC.	Matthew	Hurt	2701 W Lawrence Ave	Springfield	IL	(217) 787-7304
12007	Promact Enterprise Inc.	Prakash	Patel	115 N Northwest Hwy	Barrington	IL	(847) 842-0584
15022	BAMM of Central Illinois, Inc.	Matthew	Hurt	5250 Shepherd Road	Springfield	IL	(217) 786-2400
2469	DALEEN INC.	Jayesh	Patel	5971 Cambridge Way	Plainfield	IN	(317) 838-7433
2959	Pop Quiz, Inc.	Nick	Sgouroudis	2620 Laporte Ave Ste 130	Valparaiso	IN	(219) 548-2900
3813		Cathy	Rodriguez	4212 Charlestown Rd Ste 1	New Albany	IN	(812) 981-7849
8425	B.B.C.C., Inc.	Kristen N	Wireman	3840 W State Road 10	Wheatfield	IN	(219) 956-4181
10924	Dodge Petroleum Inc	Nageeb	Alhaj	2615 Gary Ave	Dodge City	KS	(620) 338-8345
4892	Ovana2 LLC	Ahmad	Elaal	1130 S Clearview Pkwy Ste D	Harahan	LA	(504) 729-4111
6170	Anthony's Subs II, LLC	Anthony	Rockweiler Jr	1855 Barataria Blvd Ste C1	Marrero	LA	(504) 340-0887
8814	Neptune Investments, L.L.C.	Frances	Breaux	5375 Highway 308	Mathews	LA	(985) 532-0777
12717	Quik Quiz One, LLC	David	Mondebello	43106 S Airport Rd	Hammond	LA	(985) 542-2220
14731	LAJLUB LLC	Kazi	Islam	2668 Johnston St Ste A2	Lafayette	LA	(337) 236-8634
1492	KW JUN, Inc.	Jeong	Kim	55 Eastern Blvd N	Hagerstown	MD	(301) 665-1006
2646		Mohammed	Azam	6215 Oxon Hill Rd	Oxon Hill	MD	(301) 839-0920
1231	Ava Q Inc.	Fabian	Boji	29814 S Wixom Rd	Wixom	MI	(248) 960-4808
2267	I & AAA, Inc.	Nitin	Manocha	39345 Michigan Ave	Wayne	MI	(734) 721-5555
5011	Bihani, Inc.	Johan	Dhakal	2933 Crooks Rd	Rochester Hills	MI	(248) 853-4268
13787	STELLAR, INC.	Nitin	Manocha	36171 Plymouth Rd	Livonia	MI	(734) 338-9704
14973	Surya Ganga, Inc.	Johan	Dhakal	760 Benstein Road	Commerce Township	MI	(248) 669-4267
2805	Thomas & Victoria's Classic Subs, Inc.	Hiep	Pho	5999 Rice Creek Pkwy Ste 106	Shoreview	MN	(651) 784-7931
3031	ABW Enterprises, LLC	Joshua	Rasmusson	4406 Nathan Ln N	Plymouth	MN	(763) 559-8100
9124	Classic Sub Corporation	Fred	Niaz	10075 City Walk Dr Ste F	Woodbury	MN	(651) 738-1100

Store Number	Franchisee Company Name	First Name	Last Name	Address	City	State	Phone
13805		Steven	Stranger	232 Pioneer Trl	Chaska	MN	(952) 448-7827
6319	QSC Restaurants LLC	Sandra	Waller	2384 Armour Rd	Kansas City	MO	(816) 421-3444
15049	Alan & Paul, LLC	Richard	Ruth	225 Cross Creek Boulevard	Branson	MO	(417) 231-4558
1482	Gourmet Foods, LLC	Parveen	Kapoor	2945 Old Canton Rd	Jackson	MS	(601) 713-0357
5016	NOSH, Inc.	Mark	Dauenhauer	2119 Amherst Ave	Butte	MT	(406) 494-4745
12890	Tabish Brothers Distributors, Inc.	Greg	Tabish	12011 US Highway 93 S	Lolo	MT	(406) 273-3800
91	S&B Food Services, Inc.	Bounsaeng	Sibounheuang	6605 Falls of Neuse Rd	Raleigh	NC	(919) 676-1909
1612	Thirteen Ventures Inc.	Bryan	Gery	1813 Wayne Memorial Dr	Goldsboro	NC	(919) 731-7315
7938		Marion	Sadler	65 Sadler Rd	Dunn	NC	(910) 891-2782
12927	Horse Shoe Enterprises Two, Inc.	Linda	Johnson	3587 Butner Road Bldg A	Fort Bragg	NC	(910) 495-1471
13479	Compass Group USA, Inc.	Cindy	Martin	1525 W WT Harris Blvd	Charlotte	NC	(704) 590-4737
3621	KTS Subs Inc.	Kelly	Seckerson	721 1st Ave S	Jamestown	ND	(701) 251-9348
178	SA JO Retail, Inc.	Scott	Johnson	3004 Highway 30 W	Kearney	NE	(308) 234-6554
6500	Taylor & Schweer Management, L.L.C.	Tammy	Schweer	320 South Burlington Avenue	Hastings	NE	(402) 461-3800
15171		Charles	Bossleman	3436 S Locust	Grand Island	NE	
15173		Charles	Bossleman	3208 42 nd St	Columbus	NE	(402) 564-8007
15194		Charles	Bossleman	2155 Diers Ave	Grand Island	NE	
1062	DDI INVESTMENTS LLC	Dushan	Fernando	901 S Rancho Dr	Las Vegas	NV	(702) 384-1911
1344	WONDERFUL INC.	Tammy	Starring	5757 Wayne Newton BLvd	Las Vegas	NV	(702) 261-7330
5221	AS & PR, LLC	Ajay	Sharma	2905 Northtowne Ln, Ste 120	Reno	NV	(775) 674-3222
13104	Meritage Restaurant Group, LLC	Andrew	McCook	3150 Paradise Rd	Las Vegas	NV	(702) 460-5400
5278	Al Jordan, Inc.	Kenny	Faraj	1980 Cooper Foster Park Rd W	Lorain	OH	(440) 282-3382
7008	Bel-Morr Market, Ltd.	Kristen	Wallace	66440 Belmont Morristown Rd	Belmont	OH	(740) 782-0015
865		Giti	Ahmadi	10031 E 71st St Ste F	Tulsa	OK	(918) 459-7966
6608	Sandark Food & Services LLC	Steven	Stark	701 E Main St Ste A	Weatherford	OK	(580) 772-7849
7572	The Board of Regents of the University of Oklahoma Ex Rel., The University of Oklahoma	Frank	Henry	900 Asp Ave	Norman	OK	(405) 325-3763
5823	LEF Subs Inc.	Luis	Fuste	369 De Diego	Rio Piedias	PR	(787) 754-0245
12433	LEF Subs, Inc.	Luis	Fuste	Universidad Ave Ste 8	Rio Piedras	PR	(787) 221-1144

Store Number	Franchisee Company Name	First Name	Last Name	Address	City	State	Phone
14885	TIACON CORPORATION	Juan	Garcia Marchand	1463 Calle Asia	Santurce	PR	(787) 523-5242
3623		Reginald	Martin	2100 Highland Way	Mitchell	SD	(605) 995-1010
13678	ANUVIC LLC	Vikash	Patel	2505 W Russell St	Sioux Falls	SD	(605) 334-5550
4148	Country Pride Hospitality LLC	Spencer	Wang	919 Conference Dr	Goodlettsville	TN	(615) 851-3636
11125	Marsha Foods and Fuel Inc.	Girish	Panchal	5500 Highway 31 W	Portland	TN	(615) 325-1159
11962	Peabody Corner Marketplace, LLC	Spencer	Wang	319 Peabody St	Nashville	TN	(615) 988-8848
12750	Host International, Inc.	Jeffrey	Poersch	2055 Alcoa Highway	Alcoa	TN	(865) 342-2969
1043	Gajavakra, LLC	Tejas	Nasit	650 W Bough Ln Ste 130	Houston	TX	(713) 647-9966
1529	S. Tejani, Inc.	Salem	Tejani	2150 N Josey Ln Ste 122	Carrollton	TX	(972) 446-2852
1994	Zion LLC.	Justin	Thomas	8502 Main St Ste A	Houston	TX	(832) 778-8014
2152	HMMVS Enterprises, LLC	Manorama	Trivedi	11339 Fountain Lake Dr	Stafford	TX	(281) 277-2444
2362	Erant Enterprises LLC	Enrique	Antunano Jr	603 Louis Henna Blvd Ste B120	Round Rock	TX	(512) 248-2929
3054	ViGie Investments, LLC	Vincent	Chitolie	1440A Lake Woodlands Dr	The Woodlands	TX	(281) 419-5968
4960	CYPRAN CORPORATION	Nick	Karaolis	6408 Callaghan Rd	San Antonio	TX	(210) 308-5525
13117	Gajavakra, LLC	Tejas	Nasit	280 Legacy Parkway, Suite 200	Plano	TX	(972) 575-8700
13198	Crown Retail Business Corporation	Moez	Dhuka	10920 W Little York Rd	Houston	TX	(713) 937-6145
13570	KSA GROUP, LLC	Vikas	Agrawal	5805 E Sam Houston Pkwy N Ste H	Houston	TX	(281) 458-9696
14833	JYKM Elgin Travel Center, LLC	Yasin	Mohammed	962 East Highway 290	Elgin	TX	(512) 285-9819
14922	Ike's Management, LLC	Iqbal	Inayatali	504 Medical Center Blvd	Conroe	TX	(936) 703-5008
14969	JYKM Walburg Travel Center, LLC	Yasin	Mohammed	4610 North Interstate 35	Georgetown	TX	(512) 688-5152
576		Mackenzie	Ricker	1775 S 4130 W Ste D	Salt Lake City	UT	(801) 973-6300
12175	L & F Management, Inc.	Farrell	Newland	420 N Redwood Rd Unit A	North Salt Lake	UT	(801) 294-3384
7092		Marion	Sadler	932 W Atlantic St	Emporia	VA	(434) 348-7827
7729	Rudd & Rudd LLC	Michael	Smith	2883 Highway 903	Bracey	VA	(434) 689-5000
2440	BRANNEEDA SOKSAN, LLC	Paul	San	1217 Northeast 99th Street Suite 103	Vancouver	WA	(360) 546-5396
3122	HARVIR SANGHA INC.	Harvir	Sangha	7058 State Highway 303 NE Ste B	Bremerton	WA	(360) 698-7210
3287	Green Bamboo, LLC	Xiaozhu	Deng	1330 164th St SW Ste 110	Lynnwood	WA	(425) 745-7718
3697	Donna H&L Corporation	Donna	Huynh	7620 NE 119th Pl Unit 102	Vancouver	WA	(360) 944-0906
3972	JJ CORAM DEO LLC	Ji Young	Harmon	1520 Wilmington Dr Ste C2	Dupont	WA	(253) 964-4700

Store Number	Franchisee Company Name	First Name	Last Name	Address	City	State	Phone
4015	C.F.J. Investment, L.L.C.	Jon	DiLuzio	1202 E Yelm Ave Ste E	Yelm	WA	(360) 400-7827
4372	TNT Berquist Enterprises LLC	Tina	Berquist	136 W High St	Centralia	WA	(360) 330-5100
4376	CAM-SON FOODS, LLC	Andrew C.	Olson	14110 Main St NE Ste C	Duvall	WA	(425) 844-0755
7186	LIGHT & SALT LLC	Kyung	Kim	13038 Interurban Ave S Ste 140	Tukwila	WA	(206) 444-6119
7553	MAA Foods LLC	Nipun	Prashar	3625 Broadway Ste B	Everett	WA	(425) 258-9496
9814	Bush Investments, Inc.	Jennifer	Bush	5603 Summitview Ave Unit 102	Yakima	WA	(509) 469-7111
10822	Host International, Inc.	Jeffrey	Poersch	9000 W Airport Dr Ste 401	Spokane	WA	(509) 624-3400
11744	SNL Sub Company	Stephinie	Logan	19810 Old Highway 99 SW	Rochester	WA	(360) 273-0102
14972	HARVIR SANGHA INC.	Harvir	Sangha	1888 SE Sedgwick Rd, Ste 103	Port Orchard	WA	(360) 874-9612
12721	Q King Corporation	Dilip	Tanna	1231 N Port Washington Rd	Grafton	WI	(262) 375-4664
14245	Freshway Foods Inc.	Sukhvir	Mann	318 S Park Street	Madison	WI	(608) 268-1010
14421	Simran Corporation	Magan	Patel	1030 E Clifton St	Tomah	WI	(608) 372-4677
14615		Gurdeep	Grewal	200 US Highway 12/16	Camp Douglas	WI	(608) 427-3115
4590	O & Y Eats, Inc.	Omar	Torres Loreda	101 Gateway Blvd Ste A	Rock Springs	WY	(307) 362-6485
7124	HAVSON LLC	Robert	Thomson III	1325 S Highway 89	Jackson Hole	WY	(307) 733-0201
11778		Twila	Stensland	1103 E Boxelder Road	Gillette	WY	(307) 682-9548

FRANCHISEES SIGNED BUT NOT YET OPENED AS OF DECEMBER 31, 2023

Name	Address	City	State	Phone
Gordon Doerle	TBD	Many	Louisiana	(337) 380-8207
Jennifer Spiers	TBD	Swartz Creek	Michigan	(248) 802-8688



EXHIBIT K

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

FRANCHISEES WHO HAVE LEFT THE SYSTEM AS OF DECEMBER 31, 2023

Store Number	Franchisee Company Name	First Name	Last Name	City	State	Phone
2136	SteLina, LLC	Ji	Myung	Culver City	CA	(310) 670-2752
1764	Boulos Foods, Inc.	David	Boulos	Turlock	CA	(209) 668-2858
8305		Sandeep	Kaur	Lathrop	CA	(209) 858-1380
17		Dominik	Mendoza	Denver	CO	(303) 837-9096
15062		Dominik	Mendoza	Broomfield	CO	(303) 837-9096
15007		Dominik	Mendoza	Denver	CO	(303) 837-9096
7665	Aramark Food and Support Services Group, Inc.	Jack	Wixted	Newark	DE	(302) 831-0510
2832		Ishwar	Adhikari	Towson	MD	
6198	Mangu, Inc.	Nabil	Awad	Elkridge	MD	(410) 540-9303
2304	Do, Inc.	David	Gruenberg	Roseville	MN	(651) 255-3344
13092	Scrivener Oil Company, Inc.	Richard	Scrivener	Ozark	MO	(417) 581-9898
537		Joe	Rantz	Springfield	MO	(417) 877-0606
15033		Ken	Derksen	Gulfport	MS	
5071		Amanda	Cox	Hobbs	NM	
15110	C F Lifestyle Investments, LLC.	Dominik	Mendoza	Hobbs	NM	(303) 837-9096
4008	K2 Investments, LLC	Kori	Park	Hermiston	OR	(541) 567-5050
12496	Texas Tech University	Kirk	Rodriguez	Lubbock	TX	(806) 742-4502
14835	Texas Tech University	Kirk	Rodriguez	Lubbock	TX	(806) 742-4502
14928	JYKM Splawn Ranch, LLC	Yasin	Mohammed	Killeen	TX	(254) 781-7900
246		Kwon H.	Kim	Austin	TX	(512) 494-9300
13901	Ranglers Convenience Stores Inc.	Donald	Haile	Hamilton	TX	(254) 386-8903 Ext 2

QUIZNOS

EXHIBIT L

TABLE OF CONTENTS OF OPERATIONS MANUAL

Table of Contents

Chapter 1: Development.....1

1.1 Restaurant Development Process Overview1

1.2 Site Selection and Acceptance1

1.3 Development Schedule2

1.4 Lease and Lease Addendum2

1.5 Design and Construction of the Restaurant.....3

1.5.1 Design 3

1.5.2 Construction..... 3

1.5.3 Construction Completion 4

1.5.4 Remodels - Conversion and Design..... 4

1.6 Timing of Opening5

Table of Contents

Chapter 2: Table Stakes	1
2.1 Table Stakes Overview.....	1
2.2 Service: Friendly & Engaging People	3
2.2.1 Employees Are Confident and Well Trained	3
2.2.2 Employees Are Warm, Engaging, And Unscripted	3
2.2.3 Employees Are Neat and Well Kept	3
2.2.4 Consistent Products at Every Location.....	3
2.2.5 Order Is Correct 100% Of the Time	3
2.2.6 Restaurant Is Clean and Well Managed	3
2.3 Product: High Quality / Fresh	4
2.3.1 All Ingredients Are Fresh & Meat/Protein Quality Is High	4
2.3.2 Food Is Hot and Tastes Great	4
2.3.3 Ability to Customize Order.....	4
2.3.4 Food Safety	4
2.4 Value	5
2.4.1 Pricing Is Easy to Understand.....	5
2.4.2 Value for Quality & Value for Portion Size	5

Table of Contents

Chapter 3: Compliance	1
3.1.1 Brand Standards	1
3.2 Quiznos Restaurant Excellence Validation (QREV)	1
3.3 Franchise Identification	1
3.4 Recommended Pricing	1
3.5 Data Transfer Compliance	2
3.6 Marketing Promotion Compliance	2
3.7 Outside Vendor Access	2
3.8 Insurance Compliance	2
3.8.1 Commercial General Liability Insurance	2
3.8.2 Commercial Automobile Liability Coverage	3
3.8.3 Workers Compensation & Employer's Liability	3
3.8.4 Property Coverage	3
3.8.5 Additional Named Insured	3

Table of Contents

Chapter 4: Guest Environment	3
4.1 Guest Environment Overview	3
4.2 Building Signage and Exterior Lighting Standards	3
4.2.1 Main Signage	3
4.2.2 Common Lights	3
4.3 Windows and Door Standards	4
4.4 Building Façade and Awning Standards	4
4.5 Pavement & Dumpster Area Standards	4
4.6 Dining Room Lighting Standards	4
4.7 Dining Room Floor Standards	4
4.8 Dining Room Walls Standards	5
4.9 Dining Room Ceiling Standards	5
4.10 Order Point/Guest Perspective Standards (Travel Path)	6
4.10.1 Travel Path to Excellence	6
4.11 Drive-Thru Standards	7
4.11.1 Drive-Thru Maintenance	7
4.11.2 Drive-Thru Physical Elements	7
4.11.3 Drive-Thru Travel Path	7
4.12 Dining Room Temperature Standards	8
4.13 Dining Room Furniture Standards	8
4.13.1 Table Setup	8
4.14 Beverage Station Standards	8
4.14.1 Fountain and Ice Machine	8
4.14.2 Tea Urns and Lemon Bowl	10
4.14.3 Bubbler	11
4.14.4 Condiment Holders & Plasticware	15
4.14.5 Beverage Station Products	15
4.14.6 F'real Station	15

4.15 Flavor Station Standards	15
4.15.1 Flavor Station Products	16
4.16 Restroom Standards	16
4.17 Pest Control Standards	16

Table of Contents

Chapter 5: 4-Walls Branding	1
5.1 4-Walls Branding Overview	1
5.2 Hours of Operation Standards.....	1
5.2.1 Modifying Standard Hours	1
5.2.2 Holidays Closed	1
5.3 Point of Purchase Materials Standards (POP)	2
5.3.1 Plan-O-Grams	2
5.3.2 Direct Edge.....	2
5.3.3 Custom Marketing Materials	2
5.3.4 Use of Logos	2
5.4 Menu Board Standards.....	2
5.5 Décor and Displays Standards	3
5.6 Uniforms and Appearance Standards.....	3
5.6.1 Uniforms	3
5.6.2 Appearance	3
5.7 Self-Service Retail Standards	4
5.8 Online Ordering and Third-Party Delivery Service Standards	4
5.9 Toasty Points	4
5.10 Media Standards	4

Table of Contents

Chapter 6: Guest Service	1
6.1 Guest Service Overview	1
6.2 Guest Interaction Standards	1
6.2.1 4X4 Rules of Guest Service.....	1
6.2.2 “Wow” Service	2
6.2.3 Telephone Etiquette	2
6.2.4 Voice Recorded Messages	3
6.3 Order Communication Standards	3
6.3.1 Order Communication (Non-Drive-thru).....	4
6.3.2 Order Communication (Drive-thru)	5
6.3.1 The Sunshine Cashier: The Guest’s Hero	7
6.3.2 Menu Knowledge	7
6.3.3 Script Boundaries.....	7
6.3.4 Suggestive Selling.....	7
6.3.5 Speed of Service Goals	8
6.4 Service Efficiency Standards	8
6.4.1 Staffing	8
6.4.2 “Hustle” and Guest Focus	8
6.4.3 Speed of Service	8
6.5 Guest Complaints & Response Standards	8
6.5.1 L.A.S.T. Method.....	9
6.5.2 Guest Complaint Levels.....	10
6.6 Social Media Response	10

Table of Contents

Chapter 7: Quality	1
7.1 Quality Overview	1
7.2 Authorized Products/Suppliers Standards	1
7.2.1 Receiving Product Deliveries	1
7.2.2 Product Storage	2
7.2.3 Product Quality Issues	3
7.2.4 Reporting Product Quality Issues	3
7.2.5 Product Specification Descriptions	4
7.3 Training Material Standards	12
7.4 Prep Management / FIFO Standards	12
7.4.1 FIFO (First in First Out)	12
7.4.2 PAR Levels	12
7.4.3 Prep Charts (Need to Prep)	13
7.4.4 Order Guides (Need to Order)	13
7.4.5 Thawing Procedures (Pull to Thaw)	14
7.4.6 Emergency Thawing Procedures (Cold-Water Thawing Method)	14
7.5 Product Freshness Standards (Shelf Life)	14
7.6 Product Shelf Life Chart	15
7.7 Prep Standards	17
7.7.1 Dressing Bottles for Make Table	18
7.8 Sandwich Building Standards	19
7.8.1 Dressing Placement	19
7.8.2 Veggie Placement	19
7.8.3 Meat Placement	19
7.8.4 Cheese Placement	20
7.9 Bread Standards	20
7.10 Dressing Portioning Standards	21
7.11 Veggie Portioning/Prep Standards	21
7.12 Food Preparation	22
7.12.1 Cut Station and Cut Glove	22

7.12.2 Slicing Tomatoes	23
7.12.3 Slicing Onions.....	24
7.12.4 Slicing Green Peppers	25
7.12.5 Slicing Cucumbers	26
7.12.6 Prepping Cilantro	27
7.12.7 Prepping Basil	28
7.12.8 Making Pickled Veggies.....	29
7.12.9 Sautéing Vegetables: Yellow Onions, Green Peppers, Mushrooms.....	30
7.12.10 Frying French Fries	31
7.12.11 Frying Tots.....	32
7.12.12 Making Fried Chicken.....	33
7.12.13 Making Cracked Pepper Mayo	34
7.12.14 Making Spicy Mayo	35
7.12.15 Making Pho Broth	36
7.12.16 Prepping Scrambled Eggs.....	37
7.13 Portioning Meat	38
7.13.1 Slicing Meats	38
7.13.2 Slicing Meats: Turkey and Ham.....	39
7.13.3 Slicing Meats: Salami, Pepperoni, Capicola.....	40
7.13.4 Building Pre-Weights.....	41
7.13.5 Classic Italian Pre-Weigh.....	42
7.13.6 Raw Steak Handling Precautions.....	43
7.13.7 Raw Steak Handling Procedure.....	43
7.14 Portioning Cheese / Prep Standards.....	44
7.15 The “Toasted” Standard	45
7.16 Salad Standards	45
7.16.1 Salad Builds/Holding	45
7.16.2 Salad Portioning	45
7.16.3 Salad Prep	45
7.16.4 Slicing Meats and Cheese for Salads.....	46
7.16.5 Preparing Crisp Bacon for Salads	47
7.16.6 Tomatoes for Salads.....	48
7.17 LTO Standards	49
7.18 Presentation / Packaging Standards	50

7.18.1 Wrapping Procedures, Quiznos	50
7.18.2 Packaging Kids' Meals, Quiznos	52
7.19 Quiznos Builds	53
7.19.1 Classic Italian.....	54
7.19.2 Club	56
7.19.3 Carne Suprema	57
7.19.4 Grilled Cheese Dipper	58
7.19.5 Ham and Cheese (Adult)	59
7.19.6 Steakhouse Philly	60
7.19.7 Philly Cheesesteak	62
7.19.8 Spicy Philly Cheesesteak	63
7.19.9 Cheeseburger Philly	64
7.19.10 Asian Dipper.....	65
7.19.11 Steak and Potatoes	66
7.19.12 Turkey Ranch Swiss.....	67
7.19.13 Turkey Bacon Guac	68
7.19.14 Chicken Carbonara Dipper	69
7.19.15 Baja Chicken.....	70
7.19.16 Mesquite Chicken	71
7.19.17 Spicy Chicken Philly.....	72
7.19.18 Fried Chicken.....	73
7.19.19 Veggie Guacamole	74
7.19.20 Beyond Italian Sausage	76
7.19.21 All Day Breakfast Sandwich.....	77
7.19.22 Steak and Eggs	79
7.19.23 Beyond Breakfast.....	80
7.19.24 Philly Fries or Tots.....	81
7.19.25 Loaded Fries or Tots.....	82
7.19.26 Side of Fries.....	83
7.19.27 Side of Tots	83
7.19.28 Asian Steak Salad	84
7.19.29 Cobb Salad	85
7.19.30 Steak and Frites Salad	86
7.19.31 Philly Salad	87

7.19.32 Fried Chicken Salad	88
7.19.33 From the Garden Salad	89
7.19.34 Kids Grilled Cheese.....	90
7.19.35 Kids Deli Sandwich	91
7.19.36 Kids Rollups	92
7.19.37 Kids Chicken Strips	93
7.19.38 F'real Shakes	94
7.19.39 Donut Holes	94

Table of Contents

Chapter 8: Food Safety	1
8.1 Food Safety Standards	1
8.1.1 Critical Control Points	1
8.2 Health and Hygiene	1
8.2.1 Hand Washing	1
8.2.2 Glove Usage	3
8.2.3 Hand Washing Sinks	5
8.2.4 Vegetable Prep Sink	5
8.2.5 Look Good	5
8.2.6 Wounds and Sores	6
8.2.7 Illness	6
8.2.8 Employee Illness Policy	7
8.2.9 Infectious Diseases	7
8.2.10 Resolving an Infectious/Communicable Disease Incident	8
8.3 Manage HACCP	9
8.3.1 Do Your HACCP Checklist	9
8.3.2 Manage Critical Control Points	10
8.4 Food Safety Management	11
8.4.1 Food Safety Temperature and Quality Log	11
8.4.2 Cooling Procedures	12
8.4.3 Filling Out the Cooling Log	13
8.4.4 Cooling Log	15
8.4.5 Cold Line Overnight Leftover Procedure	16
8.4.6 Hot Line Overnight Leftover Procedure	17
8.4.7 Restocking Mid-Shift	18
8.4.8 Reheating Procedure	18
8.4.9 Reheating Log	19
8.4.10 Refrigeration Thermometers	19
8.4.11 Calibrated Stem Thermometer(s)	19
8.4.12 Thermometer Calibration (Ice-Point Method)	20

8.4.13 Take Temperatures Right.....	21
8.4.14 Clean Thermometers	22
8.4.15 Prepped Product Shelf-Life Labeling (FIFO)	22
8.5 Preventing Foodborne Illness.....	23
8.5.1 How Bacteria Grow	24
8.5.2 Handling Foodborne Illness Complaints	24
8.6 Temperature Danger Zone (TDZ) and Temperature Standards	25
8.6.1 Temperature Zones (“Danger Zone”)	25
8.6.2 Make Temperature Standards	26
8.6.3 Wrap Temperature Standards	27
8.6.4 Walk-in Cooler Temperature Standards	27
8.6.5 Walk-in Freezer Temperature Standards.....	27
8.6.6 Hot Holding Temperature Standards.....	27
8.6.7 Hot Equipment Temperature Standards.....	28
8.6.8 Sunshine Equipment Temperature Standards	28
8.7 Sanitation Standards.....	28
8.7.1 The Bucket System.....	29
8.7.2 How to Use the Bucket System.....	30
8.7.3 Where to Place Buckets and Spray Bottle Sanitizer	30
8.7.4 Disinfectant Solution.....	30
8.7.5 Towels	30
8.7.6 Food Contact Surfaces	30
8.7.7 Three Compartment Sink and Washing Dishes.....	30
8.7.7 Testing Sanitizer	31
8.8 Contamination Standards.....	32
8.8.1 Cross-Contamination	32
8.8.2 Physical Contamination.....	33
8.8.3 Chemical Contamination.....	34
8.8.4 Use Chemical Safety Data Sheets (SDS)	34
8.8.5 Biological Contamination	34
8.8.6 Break the Chain.....	35
8.9 Food Allergies	35
8.9.1 What is a Food Allergy?	36
8.9.2 Who’s Affected by a Food Allergy?	36

8.9.3 Guest Relations Regarding Food Allergies	36
8.9.4 Answering Questions Regarding Menu Items/Ingredients	37
8.9.5 “Start Fresh” Procedures	37
8.9.6 How to Handle an Allergic Reaction.....	38
8.9.7 Follow Local Regulations.....	38
8.9.8 Food Allergies and “The Four R’s”	39
8.10 Biohazard Clean-up Procedure.....	39
8.11 Foreign Object Complaints	39
8.11.1 Types of Foreign Objects.....	39
8.11.2 Handling a Foreign Object Complaint	40
8.12 Cleanliness	40
8.12.1 Work Clean: Clean as you Go	40
8.12.2 Cleaning Schedule	41
8.12.3 Restaurant Sanitation Operations Levels.....	41
8.13 Preventing Pests	43
8.13.1 Pest Entry Points: Blocking Bugs	44
8.13.2 Pests, Common Location, and Sign of Infestation.....	45
8.13.3 Routine Visits from a Pest Control Operator or PCO	46

Table of Contents

Chapter 9: Equipment	1
9.1 Equipment Overview	1
9.2 Toaster Oven Standards	1
9.2.1 TurboChef Oven.....	1
STEP	2
DAILY TOASTER CLEANING AND MAINTENANCE	2
STEP	2
WEEKLY TOASTER CLEANING AND MAINTENANCE	2
9.3 Refrigerated Equipment Standards	3
9.3.1 Make/Wrap Tables	3
STEP	3
CLEANING THE CONDENSERS ON MAKE AND WRAP TABLES	3
9.3.2 Walk-in Cooler/Freezer	3
STEP	3
CLEANING THE CONDENSER ON WALK-IN COOLER/FREEZER	3
9.3.3 Reach-in Bottle Cooler.....	3
9.3.4 Refrigeration Shelving	4
9.3.5 Refrigeration Gaskets	4
STEP	4
GASKET CLEANING	4
STEP	4
GASKET REPLACEMENT	4
9.4 Small Equipment Standards	5
9.4.1 Deli Slicer	5
STEP	5
DAILY SLICER CLEANING	5
9.4.2 Bread Cabinet/Rack	5
9.4.3 Dipping Station Cooker/Warmer and Cart	5
9.4.4 Soup Station	6
STEP	6

Revised 08.13.20

Chapter 9: Equipment

Page | i

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DIPPING AND SOUP STATION USE AND CLEANING	6
9.4.5 Microwave	6
STEP	6
MICROWAVE CLEANING	6
9.4.6 Tomato Slicer	6
STEP	6
DAILY TOMATO SLICER CLEANING	6
9.4.7 Veggie Slicer	7
STEP	7
NEMCO SLICER OPERATIONS.....	7
STEP	7
DAILY NEMCO DISASSEMBLY AND CLEANING	7
9.4.8 Scales	8
STEP	8
CALIBRATING THE ANALOG POUND SPRING SCALE	8
9.4.9 Cutting Boards	8
STEPS	8
CLEANING CUTTING BOARDS	8
STEPS	8
RESTORING CUTTING BOARDS	8
9.4.10 Smallwares.....	9
ITEM.....	9
USE.....	9
DAILY CLEANING AND MAINTENANCE	9
9.4.11 Prep Tables	11
9.4.12 Dry Shelving	11
9.4.13 CO2 Tanks for Fountain Dispenser	11
STEP	12
PROCEDURE FOR CHANGING CO2	12
STEP	12
BAG IN THE BOX (BIB) STORAGE GUIDELINES.....	12
9.4.14 Water Heater	12
9.4.17 POS System (POSX)	12

Table of Contents

Chapter 10: Back of Line and House	1
10.1 Back of Line / House (BOL / BOH) Overview	1
10.2 BOL / BOH Organization Standards	1
10.3 BOL / BOH Lighting Standards	1
10.4 BOL / BOH Floors Standards	2
10.5 BOL / BOH Walls Standards	2
10.6 BOL / BOH Ceiling Standards	2
10.7 Janitorial Standards	2
10.8 BOL / BOH Chemicals Standards.....	3
10.9 SDS (Safety Data Sheets)	4



EXHIBIT M

STATE EFFECTIVE DATES & RECEIPTS

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	May 16, 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.

RECEIPT
(Retain This Copy)

This disclosure document summarizes provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Quiz Holdings, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make any payment to, Quiz Holdings, LLC or an affiliate of Quiz Holdings, LLC in connection with the proposed franchise sale or grant. Under Illinois, Iowa, Maine, Nebraska, New York, Oklahoma, Rhode Island, or South Dakota law, if applicable, Quiz Holdings, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise.

New York law requires a franchisor to provide the franchise 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 Quiz Holdings, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise: Emilee Casey 4700 S. Syracuse St., Suite 225, Denver, Colorado 80237, (730) 359-3300, franchise@regorestaurants.com; or _____.

Issuance Date: May 14, 2024

See Exhibit A for our registered agents authorized to receive service of process.

I received a disclosure document dated May 14, 2024 that included the following Exhibits:

- A. List of State Administrators and Agents for Service of Process
- B. Form of Franchise Agreement and Ancillary Documents
- C. Form of Multi-Unit Development Agreement
- D. Financial Statements and Guarantee
- E. State Specific Addenda to Franchise Disclosure Document, Franchise Agreement, and Multi-Unit Development Agreement
- F. Franchisee Questionnaire and Acknowledgement
- G. Pre-Training Confidentiality Agreement
- H. Termination and Release Agreement (template)
- I. Conditional Approval of Transfer
- J. List of Current Franchisees
- K. List of Franchisees Who Have Left the System
- L. Table of Contents of Operations Manual
- M. State Effective Dates & Receipts

_____	_____	_____
Date	Signature	Printed Name

_____	_____	_____
Date	Signature	Printed Name

RECEIPT
(Our Copy)

This disclosure document summarizes provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Quiz Holdings, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make any payment to, Quiz Holdings, LLC or an affiliate of Quiz Holdings, LLC in connection with the proposed franchise sale or grant. Under Illinois, Iowa, Maine, Nebraska, New York, Oklahoma, Rhode Island, or South Dakota law, if applicable, Quiz Holdings, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise.

New York law requires a franchisor to provide the franchise 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 Quiz Holdings, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise: Emilee Casey , 4700 S. Syracuse St., Suite 225, Denver, Colorado 80237, (720) 359-3300, franchise@regorestaurants.com, or _____.

Issuance Date: May 14, 2024

See Exhibit A for our registered agents authorized to receive service of process.

I received a disclosure document dated May 14, 2024 that included the following

Exhibits:

- A. List of State Administrators and Agents for Service of Process
- B. Form of Franchise Agreement and Ancillary Documents
- C. Form of Multi-Unit Development Agreement
- D. Financial Statements and Guarantee
- E. State Specific Addenda to Franchise Disclosure Document, Franchise Agreement, and Multi-Unit Development Agreement
- F. Franchisee Questionnaire and Acknowledgement
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Date	Signature	Printed Name
Date	Signature	Printed Name

The name, principal business address and telephone number of each franchise seller offering the franchise: _____, 4700 S. Syracuse St., Suite 225, Denver, Colorado 80237, (720) 359-3300, franchise@regorestaurants.com