

FRANCHISE DISCLOSURE DOCUMENT



ZOUP!® SYSTEMS, L.L.C.
a Michigan limited liability company
~~28290 Franklin Road~~28555 Orchard Lake Rd.
Southfield, MI 48034Farmington Hills,
Michigan 48334
Phone: 248-663-1111
Fax: 248-663-9880
Email: franchise@zoup.com
Website: www.zoup.com
www.facebook.com/zoup!franchisebusiness

The franchise is for the establishment and operation of a Zoup!® Eatery. A Zoup! Eatery is a fast casual restaurant featuring a wide variety of soups, bowls, sandwiches and salads (referred to in this disclosure document as a “Zoup! Eatery” or “Restaurant”). You may purchase a single franchise or an area development franchise.

The total investment necessary to begin operation of a single Zoup!® Eatery is from \$357,900 to \$675,500. This includes \$39,900 that must be paid to the franchisor or its affiliates. If you agree to open at least two Restaurants, you may enter into an Area Development Agreement with us. The total investment necessary to begin operation of an area development franchise (including the investment for the first franchise developed) ranges from \$380,400 (for two franchises) to \$790,500 (for eight franchises). This includes \$59,900 to \$149,900 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact our business office at ~~28290 Franklin Road~~28555 Orchard Lake Rd. Southfield, MI 48034Farmington Hills, Michigan 48334 or via telephone at 248-663-1111, Ext. 102.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show our 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: April 30, ~~2021~~2020.

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 E and F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit G includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Zoup! Eatery business 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 Zoup! Eatery franchisee?	Item 20 or Exhibits E and F 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 Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration or litigation only in Michigan. 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 Michigan than in your own state.
2. **Spousal Liability.** ~~Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement, even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.~~
3. ~~You must refurbish your franchise location within six months of our request and must acquire such equipment, fixtures, and other items as specified by us. There is no limit on the frequency of refurbishing obligations.~~
4. ~~The website, soup tracking system, POS system and Z!Net must be used by you in your business. The above systems are provided AS IS and we and our agents disclaim all warranties, express or implied. The use will be at your sole risk.~~

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.

NOTICE UNDER MICHIGAN'S 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.

1. A prohibition on the right of a franchisee to join an association of franchisees.
2. A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
3. A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure.
4. 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: (1) the term of the franchise is less than five (5) years and (2) 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.
5. A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
6. 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.
7. 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:
 - a. the failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards;
 - b. the fact that the proposed transferee is a competitor of the franchisor or sub-franchisor;
 - c. the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations; and

d. 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.

8. 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 the right of first refusal to purchase the assets of a franchisee 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 subsection 3.

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

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

IF FRANCHISOR'S MOST RECENT UNAUDITED FINANCIAL STATEMENT SHOWS A NET WORTH OF LESS THAN ONE HUNDRED THOUSAND (\$100,000) DOLLARS, YOU HAVE THE RIGHT TO REQUEST THE ESCROW OF THE INITIAL INVESTMENT AND OTHER FUNDS PAID UNTIL OBLIGATIONS TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT INVENTORY, TRAINING OR OTHER ITEMS INCLUDED IN THE FRANCHISE OFFERING ARE FULFILLED.

ANY QUESTIONS REGARDING THIS NOTICE MAY BE DIRECTED TO THE STATE OF MICHIGAN, DEPARTMENT OF ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE SECTION, G. MENNEN WILLIAMS BUILDING, 1ST FLOOR, LANSING, MICHIGAN 48913, TELEPHONE (517) 335-7567.

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EXHIBITS

- A LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS
- B FRANCHISE AGREEMENT
- C AREA DEVELOPMENT AGREEMENT
- D OPERATING MANUAL TABLE OF CONTENTS
- E LIST OF ZOUP!® EATERIES
- F LIST OF FRANCHISEES THAT LEFT THE SYSTEM IN THE PAST FISCAL YEAR

- G FINANCIAL STATEMENTS
- H CONFIDENTIALITY AGREEMENT
- I STATE SPECIFIC DISCLOSURES AND ADDENDA
- J STATE EFFECTIVE DATES AND RECEIPTS

APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN EXHIBIT I TO THIS FRANCHISE DISCLOSURE DOCUMENT.

ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

The Franchisor is Zoup! Systems, L.L.C. In this disclosure document, the Franchisor will be referred to as "we," "us," or "Zoup!," and the person who buys the franchise will be referred to as "you." In order to distinguish between single franchises and area development franchises, the person who buys an area development franchise will sometimes be referred to as "area developer." If the prospective franchisee is a corporation, partnership, limited liability company or other entity, "you" will mean the entity and the owners of the entity and their spouses.

We are a Michigan limited liability company formed on September 2, 2002. We do business under our corporate name and the "Zoup!®" name. Our principal business address is ~~28290 Franklin Road~~28555 Orchard Lake Rd., Southfield, MI 48034~~Farmington Hills, Michigan 48334~~. Our agents for service of process are attached to this disclosure document as Exhibit A.

We do not operate and have not operated a business of the type to be operated by our franchisees. We have offered franchises providing the type of business the franchisee will operate since January 2003. We sell some products to our franchisees. We have not conducted business in any other line of business and we have not ~~do not engage in or offered~~ franchises in any other line of business.

Parents, Predecessors and Affiliates

Our parent company is Zoup! Holding Co., LLC, a Michigan limited liability company formed on March 31, 2009 with a principal business address of ~~28290 Franklin Road~~28555 Orchard Lake Rd., Southfield, Michigan 48034~~Farmington Hills, Michigan 48334~~. Our parent company has never offered franchises in this or any other line of business. Our parent company does not provide products or services to our franchisees. We do not have any predecessors.

Our affiliate, Zoup! Fresh Soup Co., L.L.C. ("Zoup! Fresh Soup"), was a Michigan corporation formed in 1998 and converted to a Michigan limited liability company on March 14, 2001. Since 1998, Zoup! Fresh Soup has opened and operated Zoup!® Restaurants in the State of Michigan. Our affiliate, Zoup! IP, LLC, is a Michigan limited liability company formed on June 19, 2008. Zoup! IP, LLC owns the Trademarks (defined below) and licenses us the right to use and sublicense the Trademarks to our franchisees. Our affiliate, Zoup! Specialty Products, LLC, is a Michigan limited liability company formed on August 22, 2012. Zoup! Specialty Products, LLC sells Zoup! consumer package goods to grocery stores and may, in the future, sell products to our franchisees. The principal business address of each of our affiliates is ~~28290 Franklin Road~~28555 Orchard Lake Rd., Southfield, Michigan 48034~~Farmington Hills, Michigan 48334~~. We do not have any affiliates that offer franchises in this or any other line of business. Other than Zoup! Specialty Products, LLC, we do not have any affiliates that provide products or services to our franchisees. We do not have any predecessors or affiliates that have offered franchises for this business or any other line of business.

The Zoup!® Franchise

We offer and award Zoup!® Eatery franchises (referred to in this disclosure document as a "Zoup! Eatery" or "Restaurant") to qualified candidates. We may, in the future, engage in other activities, such as supplying goods to our franchisees. The Zoup!® Eatery franchise is a fast casual restaurant featuring a variety of soups, bowls, sandwiches, salads, and baked onsite bread. Each Zoup! Eatery offers a wide variety of proprietary soups, including recipes that are low-fat, made with gluten free ingredients, vegetarian, vegan, and a variety of other selections. Specialty broth and grain bowls, salads, sandwiches, beverages and desserts are

also served. The Zoup!® Eatery offers online ordering, has seating for dine-in eating, and offers delivery through third-party vendors. The Zoup!® Eatery Catering program focuses on generating sales outside the four walls of the restaurants. Catering orders may be picked up by the customer or you may deliver them to the customer if you choose to do so. Third-party delivering services are also employed to deliver food to customers where applicable. The typical Zoup!® Eatery is located in a retail shopping center and has ranged from 1,800 to 2,000 square feet and we are currently moving toward 1,300 to 1,600 ~~currently ranges from 1,800 to 2,200~~ square feet in size (the size may differ periodically).

We are currently test marketing separately branded products that may be offered by our franchisees. The products includes a variety of macaroni and cheese selections, beverages, and desserts. The products are sold under the “MacLove” name and are only offered online for delivery by a third party delivery provider or for pick-up at the Restaurant. We may add the MacLove products as a required product for sale by our franchisees in the future.

The Zoup!® Eatery franchise will operate under our proprietary trade names, trademarks and service marks, including "Zoup!®", the "Zoup!®" logo, the "Z!" logo, "!" logo, "Zoup!® Eatery", "Award-Winning Soup, Salad & Sandwiches", "Good, Really Good®", ~~and~~ "It's Not Just Soup, it's Zoup!" and "MacLove" (if applicable), as may be changed in the future (the "Trademarks" or "Zoup!® Trademarks") and in accordance with our specifications, policies and procedures for operating a Zoup! Eatery as may be changed in the future (the "System" or the "Zoup!® System"). Our System includes promoting a Zoup!ism Culture in the Zoup! Eateries. A Zoup!ism Culture is a deliberately created customer-focused culture that empowers franchisees' employees to best serve the customer and, consequently, the brand and the franchisee. The Zoup!ism Culture is created by leveraging our Zoup!isms, which are currently 14 principles that represent our operating philosophy and cultural underpinnings.

If we approve you as a franchisee, you will acquire the right to operate a single Zoup!® Eatery by entering into our standard Franchise Agreement with us in the form attached as Exhibit B (the "Franchise Agreement").

We also offer development rights to open a number of Zoup!® Eatery franchises within a designated area. If we approve you as an area developer, you will acquire development rights by entering into an Area Development Agreement with us in the form attached as Exhibit C (the "Area Development Agreement"). The Area Development Agreement will specify a specific number of Zoup!® Eateries which you must open within a designated area in accordance with a development schedule. The number of Zoup!® Eateries and the development schedule are agreed to before signing the Area Development Agreement on the basis of, among other things, the size and population of the area and the number of potential locations for Zoup!® Eateries in the area. There is a minimum of 2 Restaurants, but no maximum number of Restaurants you are required to commit to develop in order to sign an Area Development Agreement. We estimate the range to be 2 to 8 Restaurants. You must sign a separate Franchise Agreement for each Zoup!® Eatery developed under the Area Development Agreement. You will sign the Franchise Agreement for your first Zoup!® Eatery at the same time you sign the Area Development Agreement. Each additional Franchise Agreement you sign may, in our discretion, be on the form of Franchise Agreement is use by us at the time of signing, which may be different than the form of Franchise Agreement included in this Franchise Disclosure Document

Market and Competition

A Zoup!® Eatery will primarily serve the public within the vicinity of the franchise location. The business of a Zoup!® Eatery has seasonality, with higher sales generally correlated with cooler weather months. There is competition in the fast casual restaurant business. Examples of competitors include national, regional and local, franchised and independently owned restaurants.

The market for restaurant businesses could be affected by pandemics, such as the COVID 19 pandemic. These effects may be experienced while the pandemic and any social distancing policies, voluntary or mandatory shutdowns, and other governmental policies and requirements relating to the pandemic are in effect. The market could also be affected by natural disasters, such as hurricanes and floods. The effects from pandemics and natural disasters may include the unavailability of employees, reduced hours of operation or closing of the business for a period of time, reduced sales volumes and cash flows, and disruptions to supply chains.

Industry-Specific Regulations

There are no regulations specific to the industry in which the Zoup!® Eatery operates. You must, however, comply with federal, state and local laws and health regulations pertaining to restaurants and food handling and labeling generally, including any requirements for food handlers to have certain inoculations and any requirements related to nutritional representations and menu labeling. For example, many health department and related codes and regulations require that food service businesses within their jurisdictions have at least one employee or staff member who has successfully completed a food service manager or employee certification program. There may be other laws and regulations applicable to your business and we urge you to make inquiries about any laws or regulations that may impact your business.

ITEM 2 BUSINESS EXPERIENCE

Eric Ersher: Founder & CEO and Member



Eric is a founder and CEO of Zoup! and has been a member of Zoup! since its formation on September 4, 2002. Eric has also been a managing member of Zoup! Fresh Soup of Southfield, Michigan since 1997.

Jason Valentine: President & Chief Operating Officer (COO)



Jason has been President and COO of Zoup! since February 2018. From 2013 to 2018, Jason was Vice President of Operations for Cousins Subs in Menomonee Fall, Wisconsin. From 2005 to 2013, Jason was COO/Vice President for J&D Shop Systems, Inc. of Brookfield, Wisconsin, which operated multiple Cousins Subs franchises.

Richard Simtob: Director & Member



~~Richard has been a director of Zoup! Since January 1, 2018 and has been a member of Zoup! Since January 2010. From January 2010 to December 2017, Richard was the President of Zoup!. Richard has been the owner of Simtob Consulting Group Corp since June 2001.~~

Richard E. Zimmer: Director of Franchise Development and Real Estate



Richard has been in Franchise Development for Zoup! since December 2006~~January 2004~~. Richard leads the development program and assists the franchisees in the site selection process.

Robert Kirma: Director of Design & Construction



Robert has been Director of Design & Construction for Zoup! since January 2009. Robert has a Bachelor of Science in Architecture (BSA) from Lawrence Technological University. Robert manages and assists the franchisees through the Z! Track Process; Pre-opening, Store Design, FF&E, Construction, and Final Open Steps.

Scott Day: Chief Financial Officer



Scott is a licensed CPA in the State of Michigan and has been Director of Finance and Administration and Chief Financial Officer for Zoup! since October 2014. Scott has been the owner of Straightline Consulting since 2008.

Ed Andrews: Chief Technology Officer



Ed has served as Director of Technology and Chief Technology Officer for Zoup! since September 2015. From 2008 to 2015, Ed was the IT Director for Austin Benefits Croup LLC of Bloomfield Hills, Michigan. Ed and his team develop and maintain Zoup!'s proprietary technology including Intranet, Menu Management systems and labor management systems.

Tyler Martin: VP of Operations and Training



Tyler joined Zoup! as VP of Operations and Training in March 2021. From 2016 to 2021 Tyler was COO of New Order Coffee Roasters of Troy, MI. Tyler has over 20 years in operations management in specialty coffee locations with companies like Starbucks and Nespresso. He leads the operation and training support from Zoup!

Nora McGillicuddy: VP of Marketing



Nora joined Zoup as VP of Marketing in April of 2021. From 2015 to 2020 Nora was VP, Group Account Director on the Coca-Cola Company’s business at HelloWorld in Southfield, MI. Before that Nora was VP, Account Management on the McDonald’s business at Leo Burnett in Chicago, IL from 2011 to 2015. Nora has over 20 years experience in Brand marketing focusing on Food Service and Consumer Packaged Goods. Nora leads both the brand and franchise marketing support programs.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Single Franchise Agreement - Initial Franchise Fee

You must pay us an initial franchise fee when you sign the Franchise Agreement (the "Initial Franchise Fee"). The standard Initial Franchise Fee is \$39,900 for your first Restaurant. The Initial Franchise Fee is considered earned at the time the Franchise Agreement is signed and is not refundable under any circumstances.

We are members of the International Franchise Association and participate in the International Franchise Association’s VetFran Program. Under that program, we offer a \$2,500 discount on the Initial Franchise Fee to qualified veterans of U.S. Armed Forces who meet the requirements of the VetFran program. We have provided a \$10,000 discount on the Initial Franchise Fee to some existing franchisees when they purchased an additional franchise within three years of purchasing their original franchise. You will pay reduced initial franchise fees if you enter into an Area Development Agreement with us, as described below. Except as described above, our initial franchise fees are uniform for all new franchisees.

Area Development Franchises – Area Development Fee

Area developers will pay us an Initial Franchise Fee of \$39,900 under their first Franchise Agreement. In addition, area developers must pay us an area development fee equal to the total of \$20,000 for the 2nd Restaurant and \$15,000 for each additional Restaurant you agree to develop in the designated development area (the "Development Fee"). The specific number of Restaurants to be opened is reflected in the Area Development Agreement. There is a minimum of 2 Restaurants, but no maximum number of Restaurants you are required to commit to develop in order to sign an Area Development Agreement. We estimate the range to be 2 to 8 Restaurants. Assuming a range of 2 to 8 Restaurants, the Development Fee would range from \$20,000 to \$110,000 and the total of the Initial Franchise Fee and Development Fee paid by an area developer would range from \$59,900 to \$149,900. The entire Development Fee is due and payable in a lump sum to us at the time the Area Development Agreement is signed. The Development Fee is fully earned when paid and is not refundable under any circumstances. Area developers are not required to pay

any additional Initial Franchise Fees for the additional Restaurants developed under the Area Development Agreement.

ITEM 6
OTHER FEES

Type of Fee⁽¹⁾	Amount	Due Date	Remarks
Royalty	6% of gross sales	Wednesday of each week	Based on gross sales during the preceding business week (Monday through Sunday) ⁽²⁾
National Brand Marketing Fund Contribution	2% of gross sales	Wednesday of each week	Based on gross sales during the preceding business week (Monday through Sunday)
Training and Customer Service Fees	0.5% of gross sales not to exceed 1% of gross sales	Wednesday of each week	Based on gross sales during the preceding business week (Monday through Sunday). ⁽³⁾
Technology License and Development Fee	\$146,421 \$159.11 per week	Wednesday of each week	This fee is paid for use, development, and maintenance of and payment to third party vendors for Zoup! Technology Systems. ⁽⁴⁾
Online Ordering Fees	\$0.18 per order over 300 orders in a month	Wednesday of each week	These fees are paid to us for payment to our online ordering vendor. ⁽⁴⁾
Bookkeeping Service Fees	\$50 per month after signing lease and until Restaurant opens; \$300 per month after Restaurant opens; additional charge of \$75 per month if you do not assist with coding of unidentified credit card purchases	The first business day of each month, in advance	You must use the bookkeeping service vendor specified by us until you have been operating for 12 full calendar months. This fee is paid directly to the vendor,
Advertising Cooperative	Amount determined by cooperative	As determined by the cooperative	If your Restaurant is included in an advertising cooperative group designated by us, you must maintain a membership in and abide by the decisions of the cooperative.
Maintenance and Repairs	Actual cost to us	On receipt of billing	If you fail to maintain your franchise location, we may do so at your expense.

Type of Fee⁽¹⁾	Amount	Due Date	Remarks
Insurance	Actual cost to us	On receipt of billing	If you fail to purchase insurance, we may do so at your expense.
Additional Training	Our then current fee. Currently we charge \$100 per day for training conducted at our location and \$250 per day plus travel expenses if provided at the franchise location	Before additional training	You may be required to attend and pay these fees for additional training.
Additional Assistance in Set-up and Opening	Our then current fee. Currently we charge \$100 per day for training conducted at our location and \$250 per day plus travel expenses if provided at the franchise location	Before additional assistance	If you may request additional assistance in the initial set-up and opening of your Restaurant
Late Charge and Interest	\$25.00 per week late charge for each invoice not paid when due and 1.5% per month interest	On receipt of billing	If you do not pay any amounts due on time to us or our affiliates.
Transfer Fee (Franchise Agreement and Area Development Agreement)	\$15,000 \$15,000 per Zoup!® Eatery developed under the Area Development Agreement	Before closing of the transfer	If you transfer your franchise or a controlling interest in the franchise or your interest in the Area Development Agreement.
Renewal Fee	\$7,500	At the time of renewal	If you renew your franchise
Audit Expenses	Cost of audit	On receipt of our billing	If you fail to furnish financial reports or the audit discloses an understatement of 3% or more.
Indemnification (Franchise Agreement and Area Development Agreement)	Amount will vary under circumstances	As incurred	You must reimburse us if we incur liability from the operation of your franchise.

Type of Fee⁽¹⁾	Amount	Due Date	Remarks
Costs and Attorneys fees (Franchise Agreement and Area Development Agreement)	Amount will vary under circumstances	As incurred	You must pay us on demand all costs and expenses we incur to enforce your obligations under the Franchise Agreement or Area Development Agreement, including reasonable attorneys' fees and arbitration and court costs.
Relocation Fee	\$15,000	At the time of request for approval of a new location	If you relocate your franchise.
Business Marketing Fee	\$10,000	Before closing of the transfer	You must pay this fee if you transfer your franchise using Zoup!'s marketing program.
Liquidated Damages for Non-Compliance with Operating Standards ⁽⁵⁾	\$250 to \$2,500 per occurrence, depending on the nature of the non-compliance	Within 10 days of demand	If you deviate from the Zoup! operating standards.

Explanatory Notes

(1) Except as otherwise noted in the table, all fees are imposed by, and payable to, us. All fees payable to us are uniform as to franchises being offered at this time. All fees paid to us are non-refundable. You will pay royalty, national brand marketing fund contributions, training and customer service fees, technology license and development fees and other periodic payments payable to us by electronic or similar funds transfer in the appropriate amounts from your bank account to such bank accounts and at such places or in such manner as we may specify. You must sign and deliver to your bank and to us the documents necessary to authorize electronic or similar funds transfers specified by us. If you enter into an Area Development Agreement to operate multiple Restaurants, the fees indicated in the chart above are the fees charged and/or incurred for each Restaurant.

(2) The Franchise Agreement defines gross sales as the entire amount of the franchisee's revenues from the ownership or operation of the franchise business or any business at or about the franchise location including the proceeds of any business interruption insurance, whether the revenues are evidenced by cash, credit, checks, gift certificates, scrip, food stamps, coupons and premiums (unless exempted by us), services, property or other means of exchange, excepting only the amount of any sales taxes that are collected and paid to the taxing authority. Bona fide cash refunded and credit given to customers and receivables uncollectible from customers will be deducted in computing gross sales if the cash, credit or receivables represent amounts previously included in gross sales where royalty and advertising fees were paid. Gross sales are deemed received by the franchisee at the time the goods, products, merchandise, or services from which they derive are delivered or rendered or at the time the relevant sale takes place, whichever occurs first. Gross sales consisting of property or services (for example, "bartering" or "tradeouts") are valued at the prices applicable to the products or services exchanged for the gross sales at the time the gross sales are received.

(3) We may increase the training and customer service fee you must pay to an amount not to exceed 1% of gross sales on 30 days written notice to you. Currently this fee is 0.5% of gross sales. We will use training

and customer service fees to pay for outside services relating to training and customer service for all Restaurants, including, but not limited to, email responses for customer comments, web-based reporting of customer comments, mystery shoppers and reporting and web-based store training, and for our administrative expenses and overhead relating to the administration of the fees and the services provided.

(4) This fee is paid for ~~franchisee~~~~Franchise Owner's~~ use of the Technology Systems (see Item 11) and also ~~for our past and future services in the development and maintenance of the Technology Systems and other technology for use by Restaurants and for payment to third-party vendors for the services that we and our designated vendors have provided and may provide in the future to develop and maintain the Technology Systems.~~ We may change this fee based on the costs and services being provided. ~~This fee currently includes a \$50.00 per month payment that we pay on your behalf to our online ordering vendor. That fee includes 300 online orders per month without additional charge. You will pay us, for payment to the vendor, \$0.18 for each order over 300 orders per month.~~

(5) We may require you to pay liquidated damages as a remedy for your failure to comply with certain contractual obligations and/or operational standards or procedures specified by us. The liquidated damages amounts and the violations to which they apply may be specified in the Franchise Agreement, in the Operations Manual or as otherwise communicated. The liquidated damages are intended to cover our damages suffered as a result of your violations. Those damages include our additional administrative expenses and damages arising from loss of uniformity, quality, reputation or good will in the Franchise System. In the case of interfering with employment relations of others, the damages include the expenses of acquiring and training new employees.

ITEM 7
ESTIMATED INITIAL INVESTMENT

Unit Franchise

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure⁽¹⁾	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee ⁽²⁾	\$39,900	Lump Sum	See Item 5	Us
Grand Opening Advertising ⁽³⁾	\$8,000	As arranged	At the time you sign your lease	Paid to us for payment to Designated Vendors
Real Estate Rental ⁽⁴⁾	\$10,000 to \$20,000	As arranged	As specified in lease	Landlord
Leasehold Improvements ⁽⁵⁾	\$200,000 to \$260,000	As arranged	As arranged before opening	Contractors
Landlord Contribution ⁽⁵⁾	(\$150,000 to \$0)	As arranged	Paid to you within 30 days of opening	Paid to you or Contractors
Technology Package ⁽⁶⁾	\$37,000 to \$42,000	As arranged	As arranged before opening	Technology System Suppliers
Kitchen Equipment ⁽⁷⁾	\$80,000 to \$115,000	As arranged	As arranged before opening	Suppliers/ Distributors
Furniture and Fixtures ⁽⁸⁾	\$55,000 to \$65,000	As arranged	As arranged before opening	Suppliers/ Distributors

Type of Expenditure⁽¹⁾	Amount	Method of Payment	When Due	To Whom Payment is Made
Signs (Interior and Exterior) ⁽⁹⁾	\$15,000 to \$24,000	As arranged	As arranged before opening	Signage Suppliers/ Distributors
Blue Prints, Architect, Plans, Permits ⁽¹⁰⁾	\$12,500 to \$18,000	As arranged	As arranged before opening	Architect, Contractor, other Suppliers/ Distributors
Initial Inventory & Operating Supplies	\$30,000	As arranged	As arranged before opening	Food Service Suppliers/ Distributors
Insurance ⁽¹¹⁾	\$3,000	As arranged	As arranged before opening	Insurance Companies
Travel and Living Expenses while Training ⁽¹²⁾	\$0 to \$5,600	As arranged	As incurred	Travel Company, Hotels, Restaurants
Legal, Accounting and Other Miscellaneous Expenses ⁽¹³⁾	\$10,000 to \$25,000	As arranged	As arranged	Utilities, Lawyer, Accountant; Vendors
Additional Funds-3 months ⁽¹⁴⁾	\$7,500 to \$20,000	As incurred	As incurred	Us, Various Suppliers/ Distributors and Employees
Total Estimated Initial Investment⁽¹⁵⁾⁽¹⁶⁾	\$357,900 to \$675,500			

The chart above describes the estimated initial investment for a Zoup!® Eatery, whether it is a single Restaurant franchised under a Franchise Agreement or one of the Restaurants developed under an Area Development Agreement. The foregoing expenses are merely estimates. You are encouraged to make an independent investigation and analysis of the potential expenses which may be incurred in order to start your Restaurant.

Explanatory Notes

(1) All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. We urge you to retain the services of an experienced accountant or financial adviser in order to develop a business plan and financial projections for your franchise. Your actual investment may vary depending on local conditions peculiar to your geographic area or market, for example, real estate demand, availability and occupancy rates. Additional variables that may impact your initial investment may be: the size of your facility; age of the structure; length of your lease or other instrument granting you the right to occupy the premises; the extent of the landlord's contribution to the build-out or if your space is to be built out by the developer with no initial out-of-pocket costs to you; lease arrangements; location in the market; whether you are converting existing premises and whether in the same business; costs of demolishing existing leasehold improvements; construction costs; other variable expenses and whether you currently hold a lease for an acceptable location.

(2) Currently, the Initial Franchise Fee for a single Restaurant is \$39,900. You will pay the Initial Franchise Fee in full upon signing the Franchise Agreement. See Item 5 for a description of the Initial Franchise Fee.

(3) We will provide guidance for you on an initial pre-opening, grand opening, advertising promotions, and public relations plan ("Grand Opening Plan" or "GO Plan"), which may include social media advertising, direct mail, large scale print media, newspaper advertising, neighborhood and business-to-business marketing, fundraising or other on-site events, public relations and publicity ideas. The GO Plan will be conducted beginning 3 months before the opening of your Restaurant and ending 8 weeks after the opening of your Restaurant. You are responsible for all costs and expenses related to the GO Plan. You are required to spend at least \$8,000 to conduct the GO Plan. These funds will be transferred to us electronically at the time you sign your lease. We will use these funds to pay our designated vendors for providing these services on your behalf.

(4) You will probably lease space for your Restaurant. The types of locations of Restaurants and the approximate range of square footage for Restaurants are described in Item 1 of this disclosure document. Rent rates per square foot may vary substantially per site. We estimate that your monthly rent for a Restaurant (which includes only base rent) will range from \$3,000 to \$9,000 depending on size and location. This figure does not include an initial deposit which varies upon the lease you sign. You may also be responsible for common area maintenance and other charges under the lease. At the time of signing your lease, you may be required to pay a lease deposit equal to one or two month's rent and the first month's rent. Your rent may be subject to escalation charges based on inflation or may be based on a percentage of gross sales. If you purchase and construct your franchise location, your expenses will be significantly greater. We do not have any estimates for the cost to purchase or build a franchise location.

(5) Leasehold improvements must conform to our standard specifications and local ordinances. In some situations your landlord may pay for some of the costs for leasehold improvements. The estimated range of what your landlord may pay is included in the table as a reduction of your initial investment. If your landlord pays some of your costs for leasehold improvements, the landlord may charge a higher rent.

(6) This package includes our computer hardware, VOIP phones, digital menu boards, camera systems, router, alarm system, software requirements, and other technology requirements. The estimate includes the cost of the computer hardware and software as well as installation fees and initial annual fees for hardware and software maintenance and online and smartphone ordering subscriptions.

(7) The major equipment necessary for development of a Restaurant includes a walk-in cooler/freezer, soup heating unit, and Bain Marie tables and other foodservice equipment. The estimated amounts are for new items.

(8) The furniture and fixtures we specify for a Restaurant include counters, tables, chairs, beverage area, soup counter and sneeze guard, and millwork package. When applicable, you may be required to purchase outdoor furniture after opening for a cost of \$2,500 to \$5,000.

(9) The price for signage will vary depending on the type of site and local ordinances for outdoor signage. The estimated price for interior signage is approximately \$5,000.

(10) You will need to hire an architect and/or engineer, as required by state or local law, approved by us, to prepare sealed construction documents and final construction documents to submit for building permits and other applicable government review. It will be your responsibility to obtain all necessary building permits and other governmental approvals as necessary before and during construction.

(11) This estimate is for one year of coverage. Alternate monthly or quarterly payment arrangements may be possible depending on your insurance provider. We currently require that you obtain and maintain the following insurance coverages:

- **General Liability Insurance** – to cover bodily injury and property damage claims from operations of your franchised business. \$1,000,000 Per Occurrence Limit, \$2,000,000 Aggregate Limit, \$2,000,000 Product Liability, \$1,000,000 Personal & Advertising Injury, Fire Legal Liability \$300,000, \$5,000 Medical Payments limits.
- **Auto Liability** – to cover all owned, hired and non-owned autos that are used in the operation of your franchised business. \$1,000,000 Combined Single Limit of Liability.
- **Property Insurance** – 100% of the replacement cost value of all real and business personal property (including leasehold improvements) used in your franchise. You must carry Business Income & Extra Expense coverage for at least 50% of your annual sales on an actual loss sustained basis. You also must carry wind, flood and earthquake insurance in Zones that are highly effected or likely to be affected by these casualties.
- **Umbrella** – to provide excess liability over and above the General Liability, Auto Liability, Liquor Liability, and Employer’s Liability of \$1,000,000.
- **Workers’ Compensation & Employer’s Liability** – statutory limits for the state that you operate your franchise in and Employer’s Liability limit of \$1,000,000/\$1,000,000/\$1,000,000.
- **Optional** – the following coverages are not mandatory, but are suggested for consideration:
 - Food contamination coverage of \$50,000 and spoilage coverage of \$10,000.
 - Cyber liability coverage of \$50,000.
 - Employment Practices Liability – including Third-Party Coverage for not less than \$100,000 aggregate.

We may revise these insurance specifications in the future. Each required insurance policy must meet the following requirements: (a) the policy must name us as an additional insured; (b) the policy must not be subject to cancellation, modification or amendment except after 30 days written notice to us; (c) the insurance must be obtained from or through a supplier designated by us, if applicable, and an insurance carrier with an AM Best’s Rating of not less than A-VII; (d) the policy must provide that failure by you to comply with any term, condition or provision of the insurance contract, or other conduct by you, will not void or otherwise affect the coverage afforded us; (e) the applicable policies must cover your indemnification obligations under the Franchise Agreement; (f) the policy will be primary to and without right of contribution from any insurance purchased by us; and (g) the policy must contain a waiver of subrogation in favor of us for casualty losses. Your obligation to obtain and maintain the policies of insurance in the minimum amounts specified by us will not be limited in any way by reason of any insurance that may be maintained by us nor will your obligation to obtain insurance relieve you of your liability for indemnification as provided in the Franchise Agreement. Your lease may require higher limits or additional coverages.

The insurance coverages and amounts specified by us reflect minimum required amounts and are not meant to reflect your actual insurance coverage needs. It is your responsibility to carefully evaluate your insurance needs and to obtain the insurance coverages and amounts as necessary to satisfy those insurance needs.

(12) Although we do not charge any additional fees for the initial training program, you are responsible for paying any wages due to your employees as well as travel, food and lodging expenses incurred by you and your employees during initial training. The cost will depend on the distance you and your employees must travel and the type of accommodations you choose.

(13) Miscellaneous pre-opening expenses may include legal fees, organizational and accounting expenses, business licenses, utility and phone deposits, equipment deposits and other pre-paid expenses incurred before opening.

(14) This category covers expenses you may incur during the 3-month initial period. These expenses may include royalty, national brand marketing fund payments and other advertising fees and expenses, insurance premiums, payroll costs, additional inventory and supplies, etc. The estimate does not include an owner's salary or draw. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. Your costs during this initial phase will depend on factors including: how well you follow our procedures; your management skill, experience and business abilities; local economic conditions; the local market for the franchise's product; the prevailing wage rates; competition; the weather and the sales level reached during this initial phase. We relied on the experience of our affiliate and the costs reported by other franchisees in opening and operating Zoup!® Eateries in formulating the amount required for Additional Funds.

(15) We relied on the experience of our affiliate and the costs reported by other franchisees in opening and operating Zoup!® Eateries to compile these estimates. You should, of course, review these figures carefully with a business advisor before making any decision to purchase the franchise.

(16) We and our affiliates do not finance any part of your initial investment.

Area Development Franchise

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Area Development Fee (1)	\$20,000 -- \$110,000	Lump Sum	On Signing Area Development Agreement	Us
Legal Accounting and Other Miscellaneous Expenses (2)	\$2,500 -- \$5,000	As Incurred	As Incurred	Third-Parties
Initial Investment for First Franchise to be Developed (3)	\$357,900 -- \$675,500	See Table for Unit Franchise	See Table for Unit Franchise	See Table for Unit Franchise
Total Estimated Initial Investment	\$380,400 -- \$790,500			

Explanatory Notes

(1) The table reflects an estimate of the initial investment for an area development franchise for the development of two to eight franchises. If you agree to develop more than eight franchises, the initial fee will increase for each additional franchise to be developed (see Item 5).

(2) These expenses may include legal fees, organizational and accounting expenses, business licenses, miscellaneous office supplies, etc.

(3) The investment for the first franchise to be developed is described in detail in the table for the unit franchise. Area developers will also incur the expenses listed in the table for the initial investment for the unit franchise for each additional franchise developed under the Area Development Agreement, except the initial franchise fee.

(4) Except as may be noted, none of the payments to us are refundable. The refundability of payments to other parties is determined by your agreements with those parties. We and our affiliates do not finance any part of your initial investment.

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

In order to maintain uniqueness and consistency of quality, taste and identity of the products sold in Zoup!® Eateries and to take advantage of the group purchasing power of the Zoup!® franchise system, you are required to purchase all products and services for your Restaurant(s) in accordance with our specifications and from suppliers or distributors designated by us. This includes all equipment, fixtures, signs, inventory, food products, packaging materials, paper and plastic products, menus, uniforms, computer hardware and software (see Item 11) and other products and services used in the development and operation of your Restaurant. We and companies affiliated with us may be designated suppliers. Specification of a supplier may be conditioned on requirements relating to, among other things, frequency of delivery, standards of services, including prompt attention, as well as payments, contributions, or other consideration to us, our affiliates, any advertising fund or otherwise, and may be temporary, in each case in our reasonable discretion. We may withhold, condition or revoke our approval of particular items or suppliers in our reasonable discretion. We are not required to designate or approve other suppliers or distributors for any of these products and services and we do not issue criteria to our franchisees for these products and services.

We will provide a list of designated suppliers to you during the Z!Track and Z!Train process and in memos, bulletins, emails or in our Operations Manual. We will issue notification of designated supplier status or revocation of supplier status to you in memos, bulletins, emails or in our Operations Manual. Our officers own an interest in Zoup! Specialty Products, LLC. There are no other suppliers to our franchisees in which any of our officers own an interest.

You must use a bookkeeping service vendor specified or approved by us until your Restaurant has been operating for 12 full calendar months. After your Restaurant has been operating for 12 full calendar months, you may use another bookkeeping service vendor, but only as long as the Chart of Accounts used by the other vendor is consistent with the Company's standards and you continue to submit your financial statements to us in a timely manner on a monthly basis or as otherwise specified by us.

We or our affiliates negotiate purchase arrangements with some of our designated manufacturers, suppliers, vendors and distributors for the benefit of our franchisees in order to take advantage of group purchasing power. We have the right to condition or revoke your right to participate in any supplier programs if you are in default under the Franchise Agreement.

You must also purchase insurance coverage for your business in accordance with our standards and specifications. See Item 7 for a listing of the insurance coverages that we specify.

We formulate and modify our specifications based on our and our affiliates' years of experience in the business. Factors that we consider include quality and uniformity of products and services. We may issue and modify our specifications by sending memos, bulletins, emails or updates to our Operations Manual. You must comply with modified specifications within 30 days of written notice from us. We have the right to affiliate ourselves with suppliers or become an approved supplier or the sole supplier, and/or

receive revenues, rebate, commissions or other benefits from purchases made by our franchisees. Currently, we receive rebates from suppliers of some of the products and services purchased by our franchisees (e.g. food and drink items). Those rebates currently range from \$0.~~13~~~~42~~ per unit to \$~~5.50~~~~3.00~~ per unit, with the majority ranging from \$0.~~13~~~~42~~ and \$1.00 per unit.

In the year ending December 31, ~~2020~~~~2019~~, we received \$~~188,980~~~~226,118~~ in rebates from suppliers to our franchisees, which was ~~7.04~~~~7%~~ of our total revenue of \$~~2,713,537~~~~4,825,584~~ for the year ending December 31, ~~2020~~~~2019~~. We use these rebates to pay for the annual franchise reunion, regional franchisee meetings, and operating expenses to support our franchisees. In the year ending December 31, ~~2020~~~~2019~~, we had revenue of \$~~24,170~~~~12,979~~ from the sale of broth concentrate to our franchisees, which was ~~0.93~~~~%~~ of our total revenue of \$~~2,713,537~~~~4,825,584~~ for the year ending December 31, ~~2020~~~~2019~~. Except for these amounts, we and our affiliates did not derive any revenue or other material consideration as the result of any required purchases of products or services by our franchisees during the year ending December 31, ~~2020~~~~2019~~. All of your purchases from designated manufacturers, suppliers and/or distributors or us will represent 100% of your total purchases in the establishment of your Restaurant and 100% of your total purchases in the ongoing operation of your Restaurant.

We do not have any formal purchasing or distribution cooperatives. We do not provide material benefits to our franchisees based on a franchisee's use of designated sources. However, your franchise may be subject to termination or we may refuse to renew your franchise if you do not purchase from designated manufacturers, suppliers or distributors.

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	Section in Area Development Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 6(A) and (B)	Not applicable	Items 7, 8, 11 and 17
b. Pre-opening purchases/leases	Sections 6(B), (C) and (D)	Not applicable.	Items 5, 7, and 8
c. Site development and other pre-opening requirements	Sections 6(C) and (D)	Not applicable	Items 5, 7 and 11
d. Initial and ongoing training	Section 9	Not applicable	Item 11
e. Opening	Sections 6(C) and 7(A)	Not applicable	Items 11 and 17
f. Fees	Sections 3(B) and 4	Section 5	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	Sections 2(A), 4(I), (J) and (K), 5, 6(C), 7 and 8(E)	Not Applicable	Items 8, 11, 13 and 16
h. Trademarks and proprietary information	Sections 5 and 10(A)	Not Applicable	Items 13 and 14

Obligation	Section in Franchise Agreement	Section in Area Development Agreement	Disclosure Document Item
i. Restrictions on products/services offered	Sections 7(B), (C) and (D)	Not Applicable	Items 8, 11 and 16
j. Warranty and customer service requirements	Sections 7(B)	Not Applicable	Item 11
k. Territorial development and sales quotas	Not Applicable	Section 3	Items 1 and 12
l. Ongoing product/service purchases	Sections 7(C) and (D)	Not Applicable	Items 8 and 16
m. Maintenance, appearance and remodeling requirements	Sections 3(B), 7(E) and 11(D)	Not Applicable	Items 11 and 17
n. Insurance	Section 7(H)	Not Applicable	Items 7 and 8
o. Advertising	Section 8	Not Applicable	Items 6 and 11
p. Indemnification	Sections 7(G) and 7(K)	Section 12(B)	Item 6
q. Owner's participation/management/staffing	Sections 7(F) and (G)	Not Applicable	Items 11 and 15
r. Records and reports	Sections 4(I), (J) and (K)	Not Applicable	Item 11
s. Inspections and audits	Sections 4(L) and (M)	Not Applicable	Item 6
t. Transfer	Section 11	Section 7	Items 6 and 17
u. Renewal	Section 3(B)	Not Applicable	Items 6 and 17
v. Post-termination obligations	Sections 10 and 13	Not Applicable	Item 17
w. Non-competition covenants	Section 10(B)	Not Applicable	Item 17
x. Dispute resolution	Section 14	Section 9	Item 17
y. Guaranty	Appendix C	Not applicable	Item 15

ITEM 10
FINANCING

We do not offer direct or indirect financing for your franchise. 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.

Before Opening

Before you open your Restaurant, we (or our representative) will:

1. Provide you with the Z!Track pre-opening process and assist you in selecting a suitable location by providing to you our specifications and a referral to a real estate broker and assisting, at your request, in negotiating certain business terms of the lease for your location (Section 6(A) of the Franchise Agreement). Also, we will review your proposed location for approval (Section 6(A) of the Franchise Agreement). We do not generally own the premises and then lease it to the franchisee.

You are solely responsible for selection of the site of your Restaurant. However, we will assist you and may recommend a site for your Restaurant. We must also approve the site for your Restaurant. The factors that we consider when we recommend or approve a site include daytime population, co-tenants, visibility, surrounding population density, competition, income and educational levels, vehicle traffic counts, pedestrian traffic counts, space dimensions, parking availability, signage restrictions, use restrictions, and economic terms.

If you enter into a Franchise Agreement to open and operate a single Restaurant, the Franchise Agreement provides that this Restaurant must be open by the earliest of: (i) four months after you obtain possession of the Franchise Location; (ii) 24 months after the Franchise Agreement is signed; or (iii) the date specified in the lease for the franchise location for required opening (Section 7(A) of the Franchise Agreement).

If you enter into an Area Development Agreement with us, we must approve the site for each franchise developed by you under the Area Development Agreement. We will review each site for approval when you submit the site to us. Our approval of each site will be based on our then-current standards for sites. Except for the opening date for each franchise you are required to open under the Area Development Agreement, all site selection and opening requirements and procedures are governed by the terms of the Franchise Agreement you sign for each franchise.

2. Assist you in the construction or improvement of your location by providing specifications for improvements (Section 6(C) of the Franchise Agreement). We do not provide assistance with conforming the premises to local ordinances and building codes or obtaining any required permits.

3. Assist you in providing for necessary equipment, signs, fixtures, opening inventory, and supplies for you to begin operation of your Restaurant (Section 6(C) of the Franchise Agreement). We provide the name of approved suppliers and ~~Provide our specifications and sources of supply for these items equipment, fixtures, signs and initial inventory necessary for you to begin operation of your Restaurant (Section 6(C) of the Franchise Agreement). We do not provide these items directly and do not deliver or install these items.~~

4. Loan you one copy of our Operations Manual and additional reference material for use in the operation of your Restaurant during the term of the Franchise Agreement (Section 7(B) of the Franchise Agreement). Additional information regarding the Operations Manual is set forth below in this Item under the subheading "Operations Manual."

5. Provide an initial training program to train you and a manager or assistant manager in all aspects of operation of your Restaurant (Sections 9(A) of the Franchise Agreement). The training program is described in more detail below in this Item under the subheading "Training." We provide assistance in training your employees if you have managers attend our initial training program.

6. Designate the products and services to be offered by your Restaurant and provide sources of supply for all products used in your Restaurant (Section 7(C) of the Franchise Agreement).

7. Provide guidance on the pricing of your products and services (Section 7(D) of the Franchise Agreement).

8. Provide you the GO Plan for the pre-opening and grand opening advertising of your Restaurant (Section 8(A) of the Franchise Agreement).

Time of Opening

We expect franchisees to open their Restaurants within 6 to 24 months after: (i) signing the Franchise Agreement for that Restaurant; or (ii) paying consideration to us. (Section 7(A) of the Franchise Agreement). The main factors that we expect to affect this time period are the availability of suitable locations, the ability to obtain mutually acceptable lease terms, the need for rezoning of the location, the ability to obtain financing, the local time frame for obtaining building permits, weather, construction delays, shortages, delayed installation of equipment, fixtures or signs, and your personal timetable. The Franchise Agreement may be terminated if you fail to enter into a lease for the franchise location within 12 months of the signing of the Franchise Agreement or you fail to open by the earliest of: (a) four months after obtaining possession of the location; (b) 24 months from the date of the Franchise Agreement; or (c) the date specified for opening in the lease for the franchise location (Sections 7(A) and 12(B)(1) of the Franchise Agreement).

If you enter into an Area Development Agreement with us, the Area Development Agreement will specify when each franchise must be opened to comply with the development schedule. The Area Development Agreement may be terminated by us if you fail to open Restaurants in compliance with the development schedule.

On-Going Obligations

After you have opened your Restaurant for business, we will:

1. Provide you with any updates to our Operations Manual and other specifications for all aspects of your Restaurant (Section 7(B) of the Franchise Agreement).

2. Provide a representative for up to 8 days before and within the first week your Restaurant is open for business to assist in the setup and initial operation of your Restaurant. If you request additional help, we may provide additional assistance, but in that case, we may charge a reasonable fee for the additional assistance (Section 9(C) of the Franchise Agreement).

3. Designate the products and services to be offered by your Restaurant and provide you with any updates in our specifications for products or services. We will use our best efforts, within reasonable commercial limitations, to provide sources of supply for all authorized products. We will review for approval any products or services or suppliers/distributors requested by you, except with respect to food, packaging and disposables products (Sections 7(C) of the Franchise Agreement).

4. Provide guidance on the pricing of your products and services (Section 7(D) of Franchise Agreement).

5. Administer the national brand marketing fund and review for approval any local promotions proposed by you (Sections 8(B) and 8(E) of the Franchise Agreement). Additional information regarding marketing is set forth below in this Item under the subheading "Marketing".

Marketing

We will deposit your national brand marketing contribution described in Item 6 above into a national brand marketing fund that we maintain (Section 4(C) of the Franchise Agreement). Currently, all Zoup!® franchised and company-owned Restaurants contribute to the national brand marketing fund at the same rate.

We will administer the national brand marketing fund or designate an agency to administer the fund. The goals of the national brand marketing fund are to maximize general public recognition and patronage of the Zoup!® Trademarks and brand. We may use the national brand marketing fund to formulate, develop, produce, and execute advertising and promotional materials and programs and to conduct marketing, community relations, social media and other electronic media support and campaigns, and promotional programs on a national, regional or local level as we determine, in our discretion, to be most effective in achieving the goals of the national brand marketing fund. We are not required to spend your national brand marketing fund contributions or any other amounts to place advertising in your local area or in any specific media. All expenses of the national brand marketing fund may be paid from the national brand marketing fund. We may engage the services of advertising, technical, consulting, and market research sources, or other third-party resources to formulate, develop, produce and conduct marketing and these costs will be paid by the national brand marketing fund. The national brand marketing fund may be used to reimburse us for the proportionate compensation of our employees who devote time and render service in support of the goals of the national brand marketing fund or in the administration of the national brand marketing fund.

Any amounts left in the national brand marketing fund at the end of a fiscal year will be used to meet the goals of the national brand marketing fund in the next fiscal year. We will submit to you, on request, an annual summary by category of the use of the national brand marketing fund. The national brand marketing fund will not be audited. We will not be liable for consequential or incidental damages resulting from administration of the national brand marketing fund or resulting from any marketing produced or placed by or on our behalf or your behalf or the failure to produce or place such marketing, including any claims for loss of business.

During our fiscal year ending December 31, ~~2020~~2019 we used ~~148~~2% of the national brand marketing fund expenditures for production and design (which includes costs relating to our in-house marketing staff), ~~52~~18% for media placement and ~~34~~0% for administrative costs. During this period we did not use any of the national brand marketing fund principally to solicit new franchise sales, except that we may use a portion of the national brand marketing fund towards the costs of websites we may maintain, which websites may contain information about our franchising programs or other products.

We may designate a group of Restaurants, including all Restaurants or a local, regional or national group of Restaurants, to participate in an advertising cooperative. If your Restaurant is within one or more designated cooperative group or groups, you must join, maintain a membership in, and abide by the governing instrument of the advertising cooperative for that group of Restaurants. The structure of the cooperative as well as the governing instrument of the cooperative and any changes to that instrument will be established by the cooperative but must be approved by us. You may be required to make contributions to the cooperative that are in addition to your national brand marketing fund contributions. Each Restaurant in the cooperative will have one vote on matters before the cooperative unless otherwise provided in the governing instrument of the cooperative. Decisions will be made as provided in the governing instrument of the cooperative, or if not otherwise specified, based on a majority of the votes entitled to be cast by the members of the cooperative. Any franchisee ~~owner~~-holding an officer, management, executive or committee position with the cooperative must be a franchisee ~~owner~~ in good standing. (Section 7(L) of the Franchise Agreement.) Each cooperative must work with us or an agency designated by us in coordinating and placing national, regional or local advertising for the members of the cooperative. Each cooperative is responsible for the costs and expenses incurred by that cooperative.

All advertising, programs, marketing materials and activities prepared and planned by you for use in any medium, including signage, must be factual and dignified, must conform to our standards, specifications, marketing plans, operating policies and philosophy, and to the highest standards of the Zoup! brand and ethical advertising practice, and must be approved by us in writing before being used. Each time you use advertising,

programs, marketing materials and activities, the use must be approved by us in writing before being used, even if previously approved by us. You must submit to us for prior approval all marketing and promotion materials, including signage, prepared by you for your Restaurant and not prepared by or approved by us. These materials must be submitted to us at least 18 days before use. If we do not reject the materials within 16 days after receipt, the materials will be deemed to be approved by us. You must refrain from any business, marketing or advertising that we determine, in our sole discretion, may injure the brand, our business and the good will associated with the Trademarks and the Systems and other Restaurants. You are not allowed to advertise any products or services for your business or using the Trademarks except those products or services authorized by us, and with our prior written approval. You will not advertise or use in advertising or other form of promotion, the Trademarks without the appropriate copyright, trademark, and service mark symbols ("©", "®", "TM" or "SM") as we direct. You are responsible to ensure that all advertising and promotion materials used by you, whether created or consented to by us, comply with applicable laws.

You must not independently of us, use the Internet, including but not limited to websites, mobile marketing, social media, blogs or other electronic media, for promotion of the Restaurant. You must comply with the requirements of any social media policies specified by us. We may, at our sole discretion, maintain an Internet site, social media or other electronic media for the Franchise System and allow you to maintain a separate portion of and/or to participate in that site, social media or other electronic media for the Restaurant under guidelines we specify. (Section 8(D) of the Franchise Agreement.) We will have the right to control all responses to postings by customers and the public on that site, social media and other electronic media.

We have the right to require that an advertising cooperative and/or franchisee advertising advisory council be formed, changed, dissolved or merged. (Section 8(C) of the Franchise Agreement.) Currently, there are no franchise advertising cooperatives or franchisee advertising advisory councils.

Technology Systems

You will purchase or lease and use the technology systems we specify for the operation of your Restaurant, which may include POS systems, computer hardware and software, VOIP phones, digital menu boards, security camera systems, router, switches, firewalls, alarm system, hardware and software maintenance, online and smartphone ordering systems, credit card processing systems, and other systems (the "Technology Systems"). The Technology Systems may include proprietary software of Zoup! and the vendors as well as certain additional software products that are not the property of Zoup! or the Technology Systems vendors, including software for payroll processing, accounting, loyalty, menu, inventory, cost management, third-party delivery services, gift card management, and credit card processing. The technology license and development fees (currently ~~\$146,421.59.11~~ per week) cover maintenance and support (not including replacement parts) and upgrades to existing software. You may be required to sign a software license agreement and/or annual service agreements in order to use or continue to use the Technology Systems. The Technology Systems require a high-speed Internet connection that you must obtain.

The Technology Systems will be used for tracking inventory, customer sales and daily cash totals. The web-based system will provide information, including reports available for review by you and us and other operational assistance, products sold, loyalty program, labor scheduling and costs, social media and response management system, daily emails and promotions, online orders, number of customers served and other important data will be tracked by the system. The estimated cost of purchasing the Technology Systems is \$37,000 to \$42,000. You must pay us a technology license and development fee (currently ~~\$146,421.59.11~~ per week) for use and maintenance of the Technology Systems and for the services we and our designated vendors have provided and may provide in the future to develop and maintain the Technology Systems.

A third-party vendor provides the online ordering platform and apps for Zoup!® Eateries. The monthly base charge is currently \$50 per month, ~~which we currently pay on your behalf from the technology license~~

~~and development fee. The \$50 per month base charge includes 300 online orders each month. You will also pay us, for payment to the vendor an additional \$10 to \$105 per month based on your order volume per month, 18 cents per order for monthly orders over 300 per month.~~ You must also pay a fee of 50 cents per order for delivery orders placed through our website. You will pay these fees directly to the vendor. Additional optional services are available for delivery and connection to third-party online platforms. If you offer MacLove products, you must also separately pay the fees described above in this paragraph for the MacLove portion of your business.

We may modify our specifications for the Technology Systems in the future and you must comply with any modifications within 90 days of our notice. Modification of the specifications for the Technology Systems may require you to incur costs to purchase, lease and/or license new or modified computer hardware or software or other components of the Technology Systems and to obtain service and support for the Technology Systems during the term of your Franchise Agreement. We estimate that modifications will typically not exceed \$5,000 per year.

We have the right to independently access the sales information and other data produced by the Technology Systems and there are no contractual limitations on our right to access and use that information and data. You must provide us access to the information on the Technology Systems in the manner specified by us and must supply us with any and all security codes necessary to obtain such access. We may retrieve, analyze, download and use the software and all data on your Technology Systems at any reasonable times as long as such access does not unreasonably interfere with the operation of your business.

You must use the xxx@zoup.com email addresses provided or assigned by us and no other email address in your business. We will have access to and may monitor all of your correspondence by email. Our rights to use the Technology Systems data includes the right to deliver the data to any third-party we deem appropriate in our sole discretion; but only if the identity and other personal information of your owners are not disclosed.

You are responsible for securing the data of your customers. You must comply with the Payment Card Industry Data Security Standard Requirements and Security Assessment Procedures and other applicable payment card industry requirements ("PCI Requirements") in connection with your Franchise Business. You must also comply with the ISO/IEC 27000-series information security standards (or other comparable third-party information security standards) ("Information Security Standards") in connection with your Franchise Business. It is your responsibility to research and understand the PCI Requirements and Information Security Standards and to ensure that your business policies and practices comply with these requirements and standards. You must periodically participate in audits of your information technology systems and data security policies by third-party auditors as specified by us.

Operations Manual

Our operating manual (the "Operating Manual"), provides the methods of operating a Zoup!® Eatery and refers to the collection of manuals including: Building Your Team; Cash Management; Management Function; Product Ordering; 4-Walls Marketing; Safety; Nutrition and Catering; as well as User Guides for each of our technology platforms. The table of contents of our Operating Manual is attached (see Exhibit D). As of the date of this disclosure document, the Operating Manual consisted of approximately 360 pages. Our franchisees have access to the Operating Manual on our intranet system (Z!Net). The Operating Manual remains our property, must not be duplicated, and any copies you make must be destroyed or returned to us on expiration or termination of the Franchise Agreement. We have the right to make changes to the Operating Manual by revising the Operations Manual directly or by issuing other supplementary materials or communications, and you must comply with these changes at your sole cost and expense.

Training

We will provide an initial training program to train you in all aspects of operations of your Restaurant. You (or your designated representative if the franchisee is a corporation or other entity) must complete the training program specified by us before operating your franchise business. The training program must be completed to our satisfaction. We recommend that you complete the training program a minimum of 6 weeks before the opening of your Restaurant.

The training program will be conducted without charge for up to 2 individuals who are owners of the franchise or management employees of the franchise. If this is your first Restaurant, you must have at least 2 individuals trained. We will train additional persons if you request, at an additional training fee. Currently, that fee is \$100 per day for training conducted at our location and \$250 per day plus all travel expenses we incur if the additional training is provided at your franchise location. The training program will include a minimum of 18 hours of pre-training at a local Zoup! Eatery in your area, followed by 15 consecutive training days at an approved training restaurant and training facilities in Southfield, Michigan. An additional 5 to 10 days of training will take place at your Restaurant before and at the time of the opening of the Restaurant. The instructional materials used in our training program include the Zoup!® Operating Manual, Technology Systems training materials, Z!Train LMS platform, position training materials, Z!Net! training materials, the Z!Track store opening process and various collateral materials.

You are responsible for any traveling and living expenses of you or your employees during the training program. The persons attending training must sign an agreement relating to confidentiality and/or noncompetition in a form specified by us before beginning the training program. Attached as Exhibit H to this Franchise Disclosure Document is a form of Confidentiality Agreement approved by us for use by our franchisees. We provide this form as an example of the form of agreement acceptable to us and we do not represent or suggest that this form is the appropriate form for your use. You should have this form reviewed by your attorney to ensure that it provides you with the protections that you desire and that it complies with the applicable laws in your jurisdiction.

Our training program will be conducted as often as necessary to ensure that new franchisees complete training before opening their franchise business. Our VP of Operations and Training ~~Director of Field Services~~, Tyler Martin ~~Jason Groves~~, who has been with Zoup! since 2021 ~~2014~~ and has over 20 years of restaurant management experience, oversees the training program. Karen Jones, who has been with Zoup! since 2007, is generally the lead trainer in the field with new franchisees.—

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Owner/Manager Training in Michigan:			
Z!Track Process	1		Zoup! Training Center
Culture & Orientation	1		Zoup! Business Office, with Zoup! Founder
Zoup!isms Culture Introduction	3		Zoup! Training Center
Position Training		18	Local Zoup! Franchise and approved Zoup! Training Restaurant

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Training with Business Office Team Leads	15		Zoup! Training Center
Manager Training at Store	8	100	Zoup! Training Center and approved Zoup! Training Restaurant
On-Site Training at Your New Franchise Location			
Zoup!ism Orientation	3		Your Location
Position Training with Team		35	Completed by Franchise Owner at Your Location
Grand Opening Support		24	Your Location
Training Support after Opening		45	Your Location (1 st Restaurant only)

Owners and management employees may be required to attend additional training, annual franchise reunions, franchise meetings, sales programs, and other meetings reasonably specified by us. We will give you reasonable notice of any additional specified training, sales programs or meetings. We impose an additional fee for any training provided beyond the initial training program. We may require you to complete additional training before offering new products or services from your Restaurant (depending on the nature of the new product or service and whether your prior training sufficiently prepares you to offer that new product of service at your Restaurant). After beginning the operation of your Restaurant, you must establish and maintain a continual program of training for managers and other employees in accordance with our specifications.

ITEM 12 **TERRITORY**

A. SINGLE UNIT FRANCHISE AGREEMENT

The Data Sheet and Schedule 1 of the Franchise Agreement will describe your approved franchise location, and you must always operate your Restaurant only from the franchise location approved in writing by us.

We will authorize the relocation of your Restaurant if your location becomes unusable or unavailable for your Restaurant or you request relocation and have other reasonable business reasons to relocate. You must obtain our written approval for a new location and must pay a relocation fee (see Item 6). The factors we consider for approving relocations are the same factors we consider for approving initial locations, including visibility, surrounding population density, competition, income and educational levels, vehicle traffic counts, pedestrian traffic counts, space dimensions, parking availability, signage restrictions, use restrictions, and economic terms (See Item 11 of this disclosure document for additional information).

The rights granted to you in the Franchise Agreement relate to the sale of products over-the-counter at the Restaurant location. You are not granted a minimum or maximum territory in which to operate your franchise business. As long as you provide your services from your Restaurant location, you are not limited in the area from which you may draw your customers. You will have the right to deliver immediately consumable products consistent with our catering format, but any other delivery of products by you is prohibited without our prior written consent. Also, you will have no right to solicit or conduct business through the use of toll-free telephone numbers, catalogs, direct mail, internet or other electronic media, or other advertising or solicitation methods not involving only sales over-the-counter at the Restaurant location.

You will receive a protected area around the location of your Restaurant. The protected area will typically be the area within a 1.5 mile radius of your Restaurant, except in densely populated areas the protected area may be smaller and, in those cases, will be agreed to by the parties. During the term of the Franchise Agreement and except as provided below, neither we nor our affiliates will operate or authorize others to operate a retail restaurant business using the Zoup!® Trademarks or System or a retail restaurant business selling substantially the same products or services as a Restaurant at a retail location within your protected area.

All rights not expressly granted to you in the Franchise Agreement relating to the Zoup!® Trademarks and System are reserved to us, including: (1) the right to operate and authorize others to operate businesses using the Zoup!® Trademarks and System, or any other trademarks or systems, at any location outside your protected area; and (2) the right to use or authorize others to use the Zoup!® Trademarks and System, or any other trademarks or systems, in connection with the manufacture and sale of products at wholesale or retail, through the use of toll-free telephone numbers, catalogs, direct mail, social media, over the internet, or through any distribution channels other than a retail restaurant business operated under the Zoup!® System. Your limited exclusive rights relate to location only and do not grant you any exclusivity of marketing or customers in your protected area. All Restaurants may sell their products and services to any customer. You will not receive any compensation if we, our affiliates or franchises solicit or accept customers or orders from inside your protected area.

As exceptions to your limited exclusivity: (1) we may offer and sell and authorize others to offer and sell products and services to corporate cafeterias, institutional accounts (including grocery stores), offsite events (e.g. art fairs, fundraisers, etc.), stadiums, and locations with relatively fixed populations (e.g. airports, military bases, college campuses, indoor regional malls, certain large office buildings where a substantial portion of the inhabitants do not leave the building for lunch and few people from outside the building come in for lunch, and similar locations) in your protected area; and (2) we may purchase, be purchased, merge, acquire, be acquired or otherwise affiliate with a competitor or any other business regardless of the location of the competitor or business, and to continue to operate, franchise or license these businesses regardless of the location of these businesses, but we will not operate a competitive business we acquire under the Trademarks within your protected area.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands we control. You do not have to meet certain sales volume, market penetration or other contingencies to continue your rights in your protected area and your protected area will not be altered because of population increases, decreases or other circumstances.

Unless you enter into an Area Development Agreement with us, you will not have any options, rights of first refusal or similar rights to acquire additional franchises within any specified territory or any contiguous territories.

B. AREA DEVELOPMENT AGREEMENT

If you enter into an Area Development Agreement with us, we must approve the site for each franchise developed by you under the Area Development Agreement. We will review each site for approval when you submit the site to us. Our approval of each site will be based on our then-current standards for sites.

Area developers are granted a territory, which may be described in terms of advertising areas, political subdivisions, including cities, townships or counties, or by streets and natural borders. The size of an area developer's territory will be negotiated based on population density as well as the number of Restaurants that are scheduled to be developed. The area developer's territory will be described in the Area Development

Agreement. We have the right to grant area development rights to other area developers in the area developer's territory. Any rights granted before the date of the Area Development Agreement to other area developer in your territory will be listed on Appendix D to the Area Development Agreement and are referred to as the "Existing Area Developers."

Except as described below, during the term of the Area Development Agreement, we will not operate or authorize any other person to operate a retail restaurant business using the Trademarks or the System at a location within the area developer's territory or a retail restaurant business selling substantially the same products or services as a Zoup!® Eatery Restaurant at a location within the area developer's territory. We reserve all other rights, including the right to (1) operate and authorize others to operate businesses using the Trademarks and System outside the territory; and (2) use or authorize other to use the Trademarks and System, or any other trademarks or systems, inside or outside the territory, in connection with any distribution method other than the operation of a retail restaurant operated under the Zoup!® System in the territory, including the manufacture and sale of products at wholesale or retail, through the use of toll-free telephone numbers, catalogs or direct mail, over the internet, through distributors, at food stores or through any other distribution channels. An area developer's limited exclusive rights relate to location only and do not grant area developer any exclusivity of marketing or customers in the territory. You will not receive any compensation if we, our affiliates or franchises solicit or accept customers or orders from inside your territory.

The area developer must open a specified number of Zoup!® Eatery Restaurants within the territory on a set time schedule (the development schedule). If these development requirements are not met, we may terminate the Area Development Agreement, which would include termination of the territory.

As exceptions to an area developer's limited exclusive rights: (1) we may offer and sell and to authorize others to offer and sell products and services at or to corporate cafeterias, institutional accounts (including grocery stores), offsite events (e.g. art fairs, fundraisers, etc.), stadiums, and locations with captive audiences (e.g. airports, large office buildings, military bases, college campuses, indoor regional malls, etc.) in the area developer's territory; and (2) we may purchase, be purchased, merge, acquire, be acquired or otherwise affiliate with a competitor or any other business regardless of the location of the competitor or business, and to continue to operate, franchise or license these businesses regardless of the location of these businesses, but we will not operate a competitive business we acquire under the Trademarks within your territory.

As an additional exception to an area developer's limited exclusive rights, Existing Area Developers have priority over potential locations for Restaurants according to the right of first refusal process described in this paragraph. We maintain a priority list of each area developer who has rights to develop Restaurants in a territory (the "Priority List"). On learning of a potential location for a Restaurant in the territory, whether from area developer or otherwise, we will notify all area developers who have development rights in the territory of the potential location, and we will grant each of those area developers a right of first refusal to establish a Restaurant at the potential location according to their respective place on the Priority List. As long as area developer is in compliance with its obligations under the Area Development Agreement, including its obligation to meet the development schedule for the territory, then, if all Existing Area Developers on the Priority List reject the potential location, we will provide area developer with written notice that area developer has the right of first refusal to establish a Restaurant at the potential location.

You will not receive an exclusive territory under the Area Development Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands we control. The area developer must open a specified number of franchises within the territory on a set time schedule (the development schedule). If these development requirements are not met, we may terminate the Area Development Agreement, which would include termination of the territory.

Area developers will not have any options, rights of first refusal, or similar rights to acquire additional area development rights or franchises within any territories not included in the area developer's territory.

ITEM 13 **TRADEMARKS**

You must operate your franchise under the Trademarks. Our principal Trademark, "Zoup!®," was registered on the Principal Register of the United States Patent and Trademark Office ("USPTO") at Registration No. 2,797,972 as a service mark on December 23, 2003. This registration is owned by Zoup! IP, LLC and is licensed to us for use by our franchisees under a perpetual license agreement dated May 4, 2010, as amended. All required affidavits have been filed and the trademark was renewed in 2013. Zoup! IP, LLC intends to continue to file all required affidavits and renewals for this trademark in a timely manner.

Except as described above, there are no agreements currently in effect that limit our rights to use or license the Trademarks in any manner material to your franchise. There are no currently effective material determinations of the USPTO, Trademark Trial and Appeal Board, the Trademark Administrator of any state, or any court, any pending interference, opposition or cancellation proceeding or any pending material federal or state court litigation involving our Trademarks. We do not know of any superior prior rights or infringing uses of the Trademarks that could materially affect your use of our Trademarks.

You must use the Trademarks only in accordance with our rules. You must only use the Trademarks in connection with the operation of your Restaurant pursuant to the System and only in the manner specified in the Franchise Agreement and the Operations Manual. You must not use the Trademarks in connection with any products and services not authorized by us in writing. You must not use the Trademarks in advertisements or promotion of the sale of your Zoup!® Eatery or the assets of your Zoup!® Eatery or the sale of any interest in your entity, except with our express written consent. You must not use, reproduce or cause to be used or reproduced any Trademarks in any manner, including reproduction on printed material and signs, in connection with advertising, marketing or promotion, on the Internet, in an Internet domain name, or in connection with any Internet site, social media account, blog, or other electronic media without our prior written approval.

You must not use the Trademarks in your corporate, partnership or limited liability company name.

If you receive notice, or are informed, of any claim, suit or demand against you on account of any alleged infringement, unfair competition, or similar matter on account of your use of the Trademarks, you must promptly notify us of any such claim, suit or demand. If you receive notice or are informed or learn that any third-party, who you believe is unauthorized to use the Trademarks, is using the Trademarks or any name or trademark confusingly similar to the Trademarks, we become aware of a claim against you relating to your use of the Trademarks, or we become aware of a third-party who is unauthorized to use the Trademark is using the Trademark, we will take such action as we deem necessary and appropriate. You must not settle or compromise any claim by a third-party without our written consent. We will have the sole right to defend, compromise or settle any such claim, in our discretion, using attorneys of our choosing, and you agree to cooperate fully with us in connection with the defense of any such claim. You may, if you choose, participate at your own expense in such defense or settlement, but our decisions with regard to the Trademarks will be final. You must sign all documents and do all acts necessary or incidental to that action as our attorneys may reasonably request.

We may, at our discretion, change the Trademarks, including adding, discontinuing or modifying the Trademarks, or substituting different Trademarks. We will make all such changes to the Trademarks on a uniform basis for all similarly situated Restaurants in a particular market. If we change the Trademarks, you will have the right to use the modified Trademarks and you will have the obligation to make those changes at your expense.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any patents that are material to your franchise. We do not have any pending patent applications that are material to your franchise. We claim copyright protection for our Operations Manual and similar materials, although these materials are not registered with the U.S. Registrar of Copyrights.

The Operations Manual, access to the Technology Systems, vendors, recipes, processes, and other aspects of the System are considered proprietary and confidential. You must use the Operations Manual, Technology Systems, vendors, recipes, processes, and the other aspects of our System only as provided in the Franchise Agreement. You must not use our Operations Manual, Technology Systems, vendors, recipes, processes, or any other aspect of our System in any unauthorized manner and you must take reasonable steps to prevent disclosure of this information to others. You must have your employees sign an agreement relating to confidentiality in a form approved by us before disclosing confidential information to them, and your managers must sign an agreement relating to confidentiality (and non-competition if we specify) in a form approved by us before disclosing confidential information to them (see Item 11 and Exhibit H).

There are no currently effective material determinations of the copyright office or any court regarding any of our copyrighted or confidential materials. There are no agreements currently in effect that limit our rights to use or license the copyrighted materials or any of our confidential information. We do not know of any superior prior right or infringing uses of our copyrighted materials or our confidential information that could materially affect your use of those materials or information.

We are not required by any agreement to protect or defend our copyrights or confidential information or to take affirmative action when notified of infringement of our copyrights or confidential information or to defend you against claims arising from our use of copyrighted or confidential information, although we intend to protect our System. If there is litigation involving our copyrights or confidential information, we would have the right to control that litigation. We do not have an obligation under the Franchise Agreement or Area Development Agreement to participate in your defense or to indemnify you for expenses or damages in a proceeding involving a copyright or confidential information licensed to you.

We may, at our discretion, modify our copyrights and confidential information. If we modify our copyrights or confidential information, you will have the right under the Franchise Agreement to use the modified materials and you will have the obligation to make changes specified by us at your expense.

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

You, or if you are a corporation, partnership or other entity, at least one of the owners listed in Appendix A of the Franchise Agreement ("principal"), must: (1) devote his/her/their full time and effort to the active management and operation of the franchise business; (2) preserve and exercise ultimate authority and responsibility with respect to the management and operation of the franchise business, including, but not limited to, using best efforts to promote a "Zoup!ism Culture"; and (3) represent and act on behalf of franchisee in all dealings with us. If all of the principals resign, die or become incapacitated, it will be considered a transfer under the provisions of Section 11 of the Franchise Agreement. If you desire to have a manager, other than a principal, devote full time and effort to the management and operation of the franchise business, the manager must have completed our training program and must be approved by us in writing. Your manager must meet our educational, managerial and business standards; possesses a good moral character, business reputation and have the aptitude and ability to manage and operate the Restaurant, including fostering and promoting

a "Zouplism Culture." The designated manager need not have any equity interest in the franchise but must sign an agreement relating to confidentiality and non-competition in a form approved by us. If the franchisee is a corporation, partnership or other entity, the principals and their spouses must personally guarantee all of the franchisee's obligations to us.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell all products and services specified by us. You may not offer any products or services that we have not authorized. We have the right to change the authorized products and services. We will only make changes to the authorized products and services for good faith business reasons on a uniform basis for all similarly situated franchises in a particular market, except when test marketing products or services. You are required to only sell your products and services over-the-counter at your Restaurant. You may deliver immediately consumable products consistent with our catering format, but any other direct delivery of products by you is prohibited without our prior written consent. You must participate in third-party delivery programs specified by us for your area. Also, you will have no right to solicit or conduct business through the use of toll-free telephone numbers, catalogs, direct mail, internet, other electronic media, or other advertising or solicitation methods not involving only sales over-the-counter at the franchise location.

We may require you, if permitted by applicable law, to participate in a gift card or other customer loyalty program in accordance with the provisions either set forth in the Operations Manual or otherwise disclosed to you. In order to participate, you may be required to purchase additional equipment and pay any fees applicable to the use of that equipment. If we establish a gift card or loyalty program, we have the right to determine how the amount of the gift cards or loyalty cards will be divided or otherwise accounted for, and we reserve the right to retain the amount of any unredeemed gift cards.

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 Agreement and Other Agreements	Summary
a. Length of the franchise term	Section 3(A) of the Franchise Agreement	10 years. The term may be adjusted in our discretion to coincide with the term of your lease for the franchise location.
	Section 4 of the Area Development Agreement	The earlier of the day the last Restaurant is opened according to the development schedule or the expiration date.
b. Renewal or extension of the term	Section 3(B) of the Franchise Agreement	Two 5-year periods.
	Not Applicable in the Area Development Agreement	There is no renewal or extension in the Area Development Agreement.

Provision	Section in Franchise Agreement and Other Agreements	Summary
c. Requirements for you to renew or extend	<p>Section 3(B) of the Franchise Agreement</p> <p>Not Applicable in the Area Development Agreement</p>	<p>Not in default; have not received 2 or more default notices within the previous 12 months; provide notice; maintain possession of the location and agree to refurbish the location; materially satisfied all reporting requirements and monetary obligations; satisfy current training and operational standards; sign a general release of all claims against us; sign current Franchise Agreement which may contain materially different terms as your original Franchise Agreement; and pay renewal fee.</p> <p>Not Applicable in the Area Development Agreement.</p>
d. Termination by franchisee	<p>Section 12(A) of the Franchise Agreement</p> <p>Not Applicable in the Area Development Agreement</p>	<p>If we breach the Franchise Agreement and do not cure or attempt to cure after notice.</p> <p>There is no right for you to terminate the Area Development Agreement.</p>
e. Termination by franchisor without cause	Not Applicable.	Not Applicable.
f. Termination by franchisor with cause	<p>Sections 12(B) through 12(E) of the Franchise Agreement</p> <p>Sections 8(A) of the Area Development Agreement</p>	<p>Generally, if you fail to complete training, fail to sign a lease within 12 months or open within 24 months, or generally if you materially breach the Franchise Agreement. If you enter into an Area Development Agreement with us, expiration or termination of the Area Development Agreement will not cause the termination of your Franchise Agreement.</p> <p>Generally, if you breach the Area Development Agreement. Expiration or termination of the Area Development Agreement will not cause the termination of your Franchise Agreements.</p>
g. "Cause" defined—curable defaults	<p>Section 12(D) of the Franchise Agreement</p> <p>Sections 8(A) of the Area Development Agreement</p>	<p>Notice and cure period is 10 days for monetary defaults and 30 days for other defaults.</p> <p>If you commit a default under a Franchise Agreement that is not cured after notice, we may terminate your Area Development Agreement.</p>

Provision	Section in Franchise Agreement and Other Agreements	Summary
h. "Cause" defined—non-curable defaults	<p>Sections 12(B) and (C) of the Franchise Agreement</p> <p>Section 8(A) of the Area Development Agreement</p>	<p>Non-curable defaults before opening include: failure to obtain a lease, complete training, obtain permits, pay amounts due or obtain financing. Non-curable defaults after opening include: willful misrepresentations; unapproved assignments; conviction of crime; repeat defaults; abandonment; health or safety hazards; or any materially adverse conduct.</p> <p>Non-curable defaults under the Area Development Agreement include: willful misrepresentations; unauthorized transfers; conviction of crime; or any materially adverse conduct.</p>
i. Franchisee's obligations on termination/non-renewal	<p>Section 13 of the Franchise Agreement</p> <p>Section 8(B) of the Area Development Agreement</p>	<p>Complete de-identification; cease using proprietary information; transfer of telephone numbers, email addresses, and other electronic media; payment of amounts due.</p> <p>All development rights cease, but you can continue to operate under existing Franchise Agreements.</p>
j. Assignment of contract by franchisor	<p>Section 11(H) of the Franchise Agreement</p> <p>Section 7(G) of the Area Development Agreement</p>	<p>No restriction on our right to assign if adequate provision has been made for providing further required contractual services.</p>
k. "Transfer" by franchisee—defined	<p>Section 11(A) of the Franchise Agreement</p> <p>Section 7(B) of the Area Development Agreement</p>	<p>Includes transfer of interest in the Franchise Agreement, franchise business, franchise location, assets of the franchise business, or any interest in the corporation or other business entity owning the franchise.</p> <p>Includes transfer of interest in the Area Development Agreement or any interest in the corporation or other business entity granted development rights.</p>
l. Our approval of a transfer by franchisee	<p>Sections 11(A) and (D) of the Franchise Agreement</p> <p>Section 7(D) of the Area Development Agreement</p>	<p>You must have our written consent to transfer your franchise. We will not unreasonably withhold consent.</p>
m. Conditions for franchisor approval of transfer	<p>Section 11(D) of the Franchise Agreement</p>	<p>New franchisee qualifies and must be approved by us in our sole discretion; transfer does not place unreasonable burdens on transferee; you are current on all obligations; you sign a release; new franchisee completes training; transfer fee</p>

Provision	Section in Franchise Agreement and Other Agreements	Summary
	Section 7(D) of the Area Development Agreement	<p>paid; business marketing fee paid if applicable; current Franchise Agreement signed or assumption of existing Franchise Agreement signed by new franchisee; lease assigned; transfer fee paid; new franchisee must agree that, within 90 days of the transfer, it will take action specified by us to make the location comply with the then current build-out and design standards (if applicable) and the then current appearance standards.</p> <p>Transferee qualifies as an area developer, assumes all obligations under the Area Development Agreement and all franchise agreements signed in connection with the Area Development Agreement and completes training program; you are current on all obligations; we determine the terms of the transfer do not place unreasonable burdens on the transferee; release signed by you; and we receive a transfer fee.</p>
n. Franchisor's right of first refusal to acquire franchisee's business	<p>Section 11(C) of the Franchise Agreement</p> <p>Not Applicable in the Area Development Agreement</p>	We can match any offer for the purchase of your business.
o. Franchisor's option to purchase your business	<p>Section 13(C) of the Franchise Agreement</p> <p>Not Applicable in the Area Development Agreement</p>	<p>We have the option to purchase the assets of your business, excluding real estates, for fair market value on termination or expiration of your franchise.</p> <p>Not Applicable in the Area Development Agreement.</p>
p. Death or disability of franchisee	<p>Section 11(B) of the Franchise Agreement</p> <p>Section 7(C) of the Area Development Agreement</p>	<p>Your estate may operate the franchise if we approve a manager; we have an option to operate the franchise for your estate for a limited period of time.</p> <p>Your estate may operate the franchise if we approve a manager for your Area Development Agreement.</p>
q. Non-competition covenants during the term of the franchise	<p>Section 10(B) of the Franchise Agreement</p> <p>Not Applicable in the Area Development Agreement</p>	<p>No involvement in competing business anywhere.</p> <p>Not Applicable in the Area Development Agreement.</p>

Provision	Section in Franchise Agreement and Other Agreements	Summary
r. Non-competition covenants after the franchise is terminated or expires	Section 10(B) of the Franchise Agreement Not Applicable in the Area Development Agreement	Applies on termination and expiration and on a transfer of the Franchise Agreement or the Franchise Business--No competing business for 2 years within 5 miles of former location or any other existing or planned Zoup!® Eatery location. Not Applicable in the Area Development Agreement.
s. Modification of the agreement	Section 17(F) of the Franchise Agreement Section 12(I) of the Area Development Agreement	No modifications unless in writing, but specifications subject to change by us.
t. Integration/merger clause	Section 17(F) of the Franchise Agreement Section 12(I) of the Area Development Agreement	Only the terms of the Franchise Agreement and other related agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and Franchise Agreement not be enforceable.
u. Dispute resolution by arbitration or mediation	Sections 14(A), (B) and (C) of the Franchise Agreement Section 9(A), (B) and (C) of the Area Development Agreement	All disputes are subject to binding arbitration except for actions for injunctive relief.
v. Choice of forum	Section 14(B) and (E) of the Franchise Agreement Sections 9(B) and (E) of the Area Development Agreement	Arbitration must be at AAA office closest to our principal office; litigation by you must be in Michigan (subject to state law).
w. Choice of law	Section 14(D) of the Franchise Agreement Section 9(D) of the Area Development Agreement	Except for the applicability of the Federal Arbitration Act and other applicable federal law, Michigan law applies (subject to state law).

Applicable State law may require additional disclosures related to the information in this Franchise Disclosure Document. These additional disclosures, if any, appear in Exhibit I to this Franchise Disclosure Document.

Termination of the Franchise Agreement or Area Development Agreement on bankruptcy or insolvency may not be enforceable under Federal Bankruptcy Law (11 U.S.C. § 101 et seq.).

ITEM 18
PUBLIC FIGURES

We 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, by example, by providing information about possible performance at a particular location or under particular circumstances.

This financial performance representation consists of five parts. Part I of this Item presents historical sales data for ~~4479~~ Restaurants located in the USA that were opened the entire year of both 2019 and 2020. ~~This includes all USA Restaurants that were opened for a full 12 months during 2019.~~ Part I includes ~~82~~ subparts: Part I a--(a) Franchise Restaurants operated in the USA for the entire year 2019 (4476 Restaurants); Part I b—Franchise Restaurants operated in the USA for the entire year 2020 (44 Restaurants) and; Part I c—Franchise Restaurants operated at downtown locations in the USA for the entire year 2019 (10 Restaurants); Part I d—Franchise Restaurants operated at downtown locations in the USA for the entire year 2020 (10 Restaurants); Part I e—Franchise Restaurants operated at mall locations in the USA for the entire year 2019 (3 Restaurants); Part I f—Franchise Restaurants operated at mall locations in the USA for the entire year 2020 (3 Restaurants); Part I g--(b) Affiliate Restaurants operated in the USA for the entire year 2019 (23 Restaurants); and Part I h—Affiliate Restaurants operated in the USA for the entire year 2020 (2 Restaurants). These ~~4479~~ Restaurants represent ~~5595%~~ of the ~~8083~~ Restaurants that were in operation in the USA at the end of 2019 and 60% of the 70 Restaurants that were in operation in the USA at the end of 2020. The remaining ~~34~~ Restaurants consist of 3 Restaurants operated in Canada and 1 USA Restaurant that was not opened for the full year in 2019.

Part II of this Item presents information relating to the seasonality of the Restaurants' sales. We have provided the average percentage of annual revenue per quarter for the ~~4476~~ Franchise Restaurants operated in the USA that were open for a full 12 months during 2019 (Part II a) and 2020 (Part II b). These ~~4476~~ Franchise Restaurants represent ~~5594.5%~~ of the ~~8083~~ Restaurants that were in operation in the USA at the end of 2019 and 60% of the 70 Restaurants that were in operation in the USA at the end of 2020.

Part III of this Item presents historical cost of labor information relating to a general manager, as a percentage of sales. Part III also includes the average general manager's salary. This cost information is provided for a subset of Restaurants consisting of ~~23~~ Restaurants owned and operated by our affiliates for a full 12 months during 2019 (Part III a) and 2020 (Part III b). These ~~23~~ Restaurants represent 100% of the affiliate-owned Restaurants operating at the end of 2019 and 2020 and ~~2.536%~~ of the total Restaurants operating at the end of 2019 and 2.9% of the total restaurants operating at the end of 2020. We have used cost information from our affiliate-owned Restaurants operated for a full 12 months during 2019 and 2020 because we do not have the actual labor costs from all of our franchisees to determine an average of our franchisees.

Part IV of this Item presents historical cost of goods sold information (food and package costs), as a percentage of sales. This cost information is provided for a subset of Restaurants consisting of ~~23~~ Restaurants owned and operated by our affiliates for a full 12 months during 2019 (Part IV a) and 2020

(Part IV b). These 23 Restaurants represent 100% of the affiliate-owned Restaurants operating at the end of 2019 and 2020~~2018~~ and 2.53-6% of the total Restaurants operating at the end of 2019 and 2.9% of the total restaurants operating at the end of 2020. We have used cost information from our affiliate-owned Restaurants because we do not have the actual food and packages costs from all of our franchisees to determine an average of our franchisees.

Part V of this Item presents historical average ticket information from the 4476 Franchise Restaurants operated in the USA that were opened at the end of 2019 (Part V a) and 2020 (Part V b). These 4476 Restaurants represent 5595% of the 80 Restaurants in the USA that were in operation in the USA at the end of 2019 and 60% of the 70 Restaurants that were in operation in the USA at the end of 2020.

Please carefully read all information in this Item 19, including the Notes and Assumptions following the Table, which explain the information and the limitations on the information contained in the Table.

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

Part I a
Average Gross Revenues
USA Franchise Operations
December 31, 2018 through December 29, 2019
(52 Weekly Sales Periods)
Pre-COVID Time Frame 2019

Colorado (3 Units), Delaware (2 Units), Illinois (1 Unit), Indiana (1 Unit), Kentucky (1 Unit), Maryland (1 Unit), Michigan (9 Units), New York (1 Unit), Ohio (16 Units), Pennsylvania (7 Units), South Dakota (1 Unit), and Virginia (1 Unit)– 44 Units

<u>Zoup!® Locations Opened 52 weeks</u> <u>2019 Calendar Year</u> <u>44 Units</u>	<u>2019 Average Gross</u> <u>Sales Pre-COVID</u> <u>Time Frame</u>	<u>2019 Median Gross</u> <u>Sales Pre -COVID</u> <u>Time Frame</u>
<u>All 44 Locations [19 of the 44 (43%)</u> <u>met or exceeded the average] ⁽¹⁾</u>	<u>\$653,148</u>	<u>\$632,834</u>
<u>Top 25% of Locations [5 of the 11</u> <u>(45%) met or exceeded the average]</u>	<u>\$898,854</u>	<u>\$880,594</u>
<u>Top 50% of Locations [9 of the 22</u> <u>(41%) met or exceeded the average]</u>	<u>\$787,710</u>	<u>\$747,334</u>
<u>Bottom 25% of Locations [11 of the</u> <u>22 (50%) met or exceeded the</u> <u>average]</u>	<u>\$444,146</u>	<u>\$440,919</u>
<u>Bottom 50% of Locations [12 of the</u> <u>22 (55%) met or exceeded the</u> <u>average]</u>	<u>\$518,586</u>	<u>\$560,727</u>

⁽¹⁾ Of the 44 Locations represented in Table I a, the highest gross revenue Zoup! Location for 2019 was \$1,125,836 and the lowest gross revenue Zoup! Location for 2019 was \$334,461.

Part I b
Average Gross Revenues
USA Franchise Operations
December 30, 2019 through January 3, 2021
(53 Weekly Sales Periods)
COVID Time Frame 2020

Colorado (3 Units), Delaware (2 Units), Illinois (1 Unit), Indiana (1 Unit), Kentucky (1 Unit), Maryland (1 Unit), Michigan (9 Units), New York (1 Unit), Ohio (16 Units), Pennsylvania (7 Units), South Dakota (1 Unit), and Virginia (1 Unit)– 44 Units.

<u>Zoup!® Locations Opened 53 weeks</u> <u>2020 Calendar Year</u> <u>44 Units</u>	<u>2020 Average Gross</u> <u>Sales COVID Time</u> <u>Frame</u>	<u>2020 Median Gross</u> <u>Sales COVID Time</u> <u>Frame</u>
<u>All 44 Locations [19 of the 44 (43%)</u> <u>met or exceeded the average] ⁽¹⁾</u>	<u>\$438,731</u>	<u>\$422,581</u>
<u>Top 25% of Locations [5 of the 11</u> <u>(45%) met or exceeded the average]</u>	<u>\$623,689</u>	<u>\$607,227</u>
<u>Top 50% of Locations [8 of the 22</u> <u>(36%) met or exceeded the average]</u>	<u>\$543,757</u>	<u>\$510,914</u>
<u>Bottom 25% of Locations [5 of the</u> <u>11 (45%) met or exceeded the</u> <u>average]</u>	<u>\$275,297</u>	<u>\$272,098</u>
<u>Bottom 50% of Locations [12 of the</u> <u>22 (55%) met or exceeded the</u> <u>average]</u>	<u>\$333,704</u>	<u>\$351,250</u>

⁽¹⁾ Of the 44 Locations represented in Table I b, the highest gross revenue Zoup! Location for this time frame in 2020 was \$797,446 and the lowest gross revenue Zoup! Location for 2020 was \$200,929.

Part I c
Average Gross Revenues
USA Franchise Operations- Downtown Locations
December 31, 2018 through December 29, 2019
(52 Weekly Sales Periods)
Pre-COVID Time Frame 2019

Colorado (1 Unit), Illinois (1 Unit), Michigan (3 Units), Ohio (3 Units), Pennsylvania (1 Unit), and Virginia (1 Unit)–10 Units

<u>Zoup!® Locations Opened 52 weeks</u> <u>2019 Calendar Year</u> <u>10 Units</u>	<u>2019 Average Gross</u> <u>Sales Pre-COVID</u> <u>Time Frame</u>	<u>2019 Median Gross</u> <u>Sales Pre -COVID</u> <u>Time Frame</u>
<u>All 10 Locations [5 of the 10 (50%)</u> <u>met or exceeded the average] ⁽¹⁾</u>	<u>\$606,410</u>	<u>\$622,834</u>
<u>Top 25% of Locations [1 of the 3</u> <u>(33%) met or exceeded the average]</u>	<u>\$892,586</u>	<u>\$856,068</u>
<u>Top 50% of Locations [2 of the 5</u> <u>(40%) met or exceeded the average]</u>	<u>\$813,377</u>	<u>\$801,673</u>

<u>Zoup!® Locations Opened 52 weeks 2019 Calendar Year 10 Units</u>	<u>2019 Average Gross Sales Pre-COVID Time Frame</u>	<u>2019 Median Gross Sales Pre -COVID Time Frame</u>
<u>Bottom 25% of Locations [2 of the 3 (67%) met or exceeded the average]</u>	<u>\$323,961</u>	<u>\$420,980</u>
<u>Bottom 50% of Locations [4 of the 5 (80%) met or exceeded the average]</u>	<u>\$399,442</u>	<u>\$440,036</u>

⁽¹⁾ Of the 10 Locations represented in Table I c, the highest gross revenue Zoup! Location for 2019 was \$1,020,017 and the lowest gross revenue Zoup! Location for 2019 was \$110,867.

Part I d
Average Gross Revenues
USA Franchise Operations- Downtown Locations
December 30, 2019 through January 3, 2021
(53 Weekly Sales Periods)
COVID Time Frame 2020

Colorado (1 Unit), Illinois (1 Unit), Michigan (3 Units), Ohio (3 Units), Pennsylvania (1 Unit), and Virginia (1 Unit)–10 Units

<u>Zoup!® Locations Opened 52 weeks 2020 Calendar Year 10 Units</u>	<u>2020 Average Gross Sales COVID Time Frame</u>	<u>2020 Median Gross Sales COVID Time Frame</u>
<u>All 10 Locations [3 of the 10 (30%) met or exceeded the average] ⁽¹⁾</u>	<u>\$270,093</u>	<u>\$240,543</u>
<u>Top 25% of Locations [1 of the 3 (33%) met or exceeded the average]</u>	<u>\$424,003</u>	<u>\$416,171</u>
<u>Top 50% of Locations [3 of the 5 (60%) met or exceeded the average]</u>	<u>\$356,939</u>	<u>\$390,727</u>
<u>Bottom 25% of Locations [2 of the 3 (67%) met or exceeded the average]</u>	<u>\$157,098</u>	<u>\$163,703</u>
<u>Bottom 50% of Locations [3 of the 5 (60%) met or exceeded the average]</u>	<u>\$183,248</u>	<u>\$182,328</u>

⁽¹⁾ Of the 10 Locations represented in Table I d, the highest gross revenue Zoup! Location for 2020 was \$465,111 and the lowest gross revenue Zoup! Location for 2020 was \$125,262.

Part I e
Average Gross Revenues
USA Franchise Operations- Mall Locations
December 31, 2018 through December 29, 2019
(52 Weekly Sales Periods)
Pre-COVID Time Frame 2019

Michigan (2 Units) and Ohio (1 Unit)–3 Units

<u>Zoup!® Locations Opened 52 weeks 2019 Calendar Year 3 Units</u>	<u>2019 Average Gross Sales Pre-COVID Time Frame</u>	<u>2019 Median Gross Sales Pre -COVID Time Frame</u>
<u>All 3 Locations [1 of the 3 (33%) met or exceeded the average] ⁽¹⁾</u>	<u>\$634,272</u>	<u>\$642,724</u>
<u>Top 25% of Locations [1 of the 1 (100%) met or exceeded the average]</u>	<u>\$766,638</u>	<u>\$766,638</u>
<u>Top 50% of Locations [1 of the 2 (50%) met or exceeded the average]</u>	<u>\$704,681</u>	<u>\$704,681</u>
<u>Bottom 25% of Locations [1 of the 1 (100%) met or exceeded the average]</u>	<u>\$493,454</u>	<u>\$493,454</u>
<u>Bottom 50% of Locations [1 of the 2 (50%) met or exceeded the average]</u>	<u>\$568,089</u>	<u>\$568,089</u>

⁽¹⁾ Of the 3 Locations represented in Table I e, the highest gross revenue Zoup! Location for 2019 was \$766,638 and the lowest gross revenue Zoup! Location for 2019 was \$493,454.

Part I f
Average Gross Revenues
USA Franchise Operations- Mall Locations
December 30, 2019 through January 3, 2021
(53 Weekly Sales Periods)
COVID Time Frame 2020

Michigan (2 Units) and Ohio (1 Unit)–3 Units

<u>Zoup!® Locations Opened 52 weeks 2020 Calendar Year 3 Units</u>	<u>2020 Average Gross Sales COVID Time Frame</u>	<u>2020 Median Gross Sales COVID Time Frame</u>
<u>All 3 Locations [2 of the 3 (67%) met or exceeded the average] ⁽¹⁾</u>	<u>\$349,664</u>	<u>\$372,002</u>
<u>Top 25% of Locations [1 of the 1 (100%) met or exceeded the average]</u>	<u>\$434,652</u>	<u>\$434,652</u>
<u>Top 50% of Locations [1 of the 2 (50%) met or exceeded the average]</u>	<u>\$403,327</u>	<u>\$403,327</u>
<u>Bottom 25% of Locations [1 of the 1 (100%) met or exceeded the average]</u>	<u>\$242,339</u>	<u>\$242,339</u>
<u>Bottom 50% of Locations [1 of the 2 (50%) met or exceeded the average]</u>	<u>\$307,170</u>	<u>\$307,170</u>

(1) Of the Locations represented in Table I f, the highest gross revenue Zoup! Location for 2020 was \$434,652 and the lowest gross revenue Zoup! Location for 2020 was \$242,339.

Part I g
Average Gross Revenues
Affiliate Operations
December 31, 2018 through December 29, 2019
(52 Weekly Sales Periods)
Pre-COVID Time Frame 2019

Michigan (2 Units),

<u>Zoup!® Locations Opened 52 weeks</u> <u>2019 Calendar Year</u> <u>2 Units</u>	<u>2019 Gross Sales</u>	<u>2019 Average</u> <u>Weekly Gross</u> <u>Sales</u>
<u>Highest Gross Revenue Zoup!*</u> <u>Location</u>	<u>\$838,459</u>	<u>\$16,124</u>
<u>Lowest Gross Revenue Zoup!*</u> <u>Location</u>	<u>\$766,638</u>	<u>\$14,743</u>
<u>Average of 2 Locations [1 of the 2</u> <u>(50%) met or exceeded the average}</u>	<u>\$802,549</u>	<u>\$15,434</u>
<u>Median of 2 Locations</u>	<u>\$802,549</u>	<u>\$15,434</u>

Part I h
Average Gross Revenues
Affiliate Operations
December 3, 2019 through January 3, 2021
(53 Weekly Sales Periods)
COVID Time Frame 2020

Michigan (2 Units),

<u>Zoup!® Locations Opened 53 weeks</u> <u>2020 Calendar Year</u> <u>2 Units</u>	<u>2020 Gross Sales</u>	<u>2020 Average</u> <u>Weekly Gross</u> <u>Sales</u>
<u>Highest Gross Revenue Zoup!*</u> <u>Location</u>	<u>\$603,234</u>	<u>\$11,382</u>
<u>Lowest Gross Revenue Zoup!*</u> <u>Location</u>	<u>\$372,002</u>	<u>\$7,019</u>
<u>Average of 2 Locations [1 of the 2</u> <u>(50%) met or exceeded the average}</u>	<u>\$487,618</u>	<u>\$9,200</u>
<u>Median of 2 Locations</u>	<u>\$487,618</u>	<u>\$9,200</u>

***NOTE: Mall location was closed 15 weeks of 53 Weekly Sales Period**

"Gross Revenues" means the entire amount of all of the revenues from the operation of the Restaurant net of applicable sales tax. These tables do not contain any information regarding the expenses you may incur in operating your business.

Part II a
Seasonality of Zoup! Annual Revenue
Pre- COVID Time Frame 2019

Zoup! Eateries are open 12 months a year and experience higher sales in certain periods of the year. Based on all 44 USA Franchise Restaurant locations open for the entire 52-week period beginning December 31, 2018 and ending December 29, 2019 , the average percentage of revenue by quarter was as follows:

<u>13 Week Period</u>	<u>% of Annual Sales</u>
<u>January – March</u>	<u>29%</u>
<u>April – June</u>	<u>21%</u>
<u>July – September</u>	<u>20%</u>
<u>October – December</u>	<u>30%</u>

Part II b
Seasonality of Zoup! Annual Revenue
COVID Time Frame 2020

Zoup! Eateries are open 12 months a year and experience higher sales in certain periods of the year. Based on all 44 USA Franchise Restaurant locations open for the entire 53-week period beginning December 30, 2019 and ending January 3, 2021, the average percentage of revenue by quarter was as follows:

<u>13 Week Period</u>	<u>% of Annual Sales</u>
<u>January – March</u>	<u>35%</u>
<u>April – June</u>	<u>13%</u>
<u>July – September</u>	<u>20%</u>
<u>October – December</u>	<u>32%</u>

Part III a
Average Payroll Costs as a % of Gross Sales
Affiliate Operations Only
December 31, 2018 through December 29, 2019
(52 Weekly Sales Periods)
Pre-COVID Time Frame 2019

During the 52 week period beginning December 31, 2018 and ending December 29, 2019, the average payroll costs, including the general manager, as a percentage of gross sales for the 2 affiliated Restaurants was 28.3% [1 of the 2 (50%) met or exceeded the average]. The average general manager's annual compensation for the 2 affiliated Restaurants was \$53,353 [1 of the 2 (50%) met or exceeded the average].

Part III b
Average Payroll Costs as a % of Gross Sales
Affiliate Operations Only
December 30, 2019 through January 3, 2021
(53 Weekly Sales Periods)
COVID Time Frame 2020

During the 53-week period beginning December 30, 2019 and ending January 3, 2021, the average payroll costs, including the general manager, as a percentage of gross sales for the 2 affiliated Restaurants was 28.8% [1 of the 2 (50%) met or exceeded the average]. The average general manager's annual compensation for the 2 affiliated Restaurants was \$41,194 [1 of the 2 (50%) met or exceeded the average].

Payroll Costs include the manager's compensation, all payroll taxes and payroll related benefits. The percentage is determined by dividing the Payroll Costs by Gross Sales.

General manager's annual compensation is gross annual wages not including payroll taxes and benefits.

This analysis does not contain complete information containing the expenses you will incur in operating your business.

Part IV a
Average Cost of Goods Sold as a % of Gross Sales
December 31, 2018 through December 29, 2019
(52 Weekly Sales Periods)
Pre-COVID Time Frame 2019

During the 52 week period beginning December 31, 2018 and ending December 29, 2019, the average cost of goods sold (food and paper), as a percentage of gross sales for the 2 affiliated Restaurants was 34.9% [1 of the 2 (50%) met or exceeded the average].

Part IV b
Average Cost of Goods Sold as a % of Gross Sales
December 30, 2019 through January 3, 2021
(53 Weekly Sales Periods)
COVID Time Frame 2020

During the 53 week period beginning December 30, 2019 and ending January 3, 2021, the average cost of goods sold (food and paper), as a percentage of gross sales for the 2 affiliated Restaurants was 37.1% [1 of the 2 (50%) met or exceeded the average].

Cost of Goods Sold ("COGS") includes the cost of all food products, condiments and packaging costs. The percentage is determined by dividing the COGS by Gross Sales.

This analysis does not contain complete information containing the expenses you will incur in operating your business.

Part V a
Average Ticket
December 31, 2018 through December 29, 2019
(52 Weekly Sales Periods)
Pre-COVID Time Frame 2019

During the 52 week period beginning December 31 2018 and ending December 20, 2019, the average ticket for the 44 USA Franchise Restaurants was \$15.09 [16 of the 44 (36%) met or exceeded the average]. In 2019, the median ticket for the 44 USA Franchise Restaurants was \$15.24.

Part V b
Average Ticket
December 30, 2019 through January 3, 2021
(53 Weekly Sales Periods)

During the 53 week period beginning December 30 2019 and ending January 3, 2021, the average ticket for the 44 USA Franchise Restaurants was \$17.86 [23 of the 44 (52%) met or exceeded the average]. In 2019, the median ticket for the 44 USA Franchise Restaurants was \$17.93.

Part I a
Average Gross Revenues
USA Franchise Operations
January 1, 2019 through December 30, 2019
(52 Weekly Sales Periods)

Michigan (14 Units), Ohio (25 Units), Pennsylvania (11 Units), Colorado (4 Units), Illinois (5 Units), Indiana (2 Units), Virginia (4 Units), Delaware (2 Units), Kentucky (2 Units), Minnesota (1 Unit), Nebraska (1 Unit), New York (1 Unit), New Jersey (1 Unit), South Dakota (1 Unit), Wisconsin (1 Unit), and Oregon (1 Unit) — 76 Units

Zoup!® Locations Opened 52 weeks 2019 Calendar Year 76 Units	2019 Average Gross Sales	2019 Median Gross Sales
All 76 Locations [36 of the 76 (47%) met or exceeded the average] ^(†)	\$588,692	\$581,269
Top 25% of Locations [7 of the 19 (37%) met or exceeded the average]	\$823,280	\$793,141
Top 50% of Locations [13 of the 38 (34%) met or exceeded the average]	\$725,411	\$673,387
Bottom 25% of Locations [10 of the 19 (52%) met or exceeded the average]	\$384,746	\$399,268
Bottom 50% of Locations [19 of the 38 (50%) met or exceeded the average]	\$451,973	\$452,463

^(†) — Of the 76 Locations represented in Table I a, the highest gross revenue Zoup! Location for 2019 was \$1,125,836 and the lowest gross revenue Zoup! Location for 2019 was \$270,534.

Part I b
Average Gross Revenues
Affiliate Operations
January 1, 2019 through December 30, 2019
(52 Weekly Sales Periods)

~~Michigan (2 Units), Wisconsin (1 Unit) — 3 Units~~

Zoup!® Locations Opened 52 weeks 2019 Calendar Year 3 Units	2019 Gross Sales	Average Weekly 2019 Gross Sales
Highest Gross Revenue Zoup!® Location	\$838,459	\$16,124
Lowest Gross Revenue Zoup!® Location	\$507,637	\$9,757
Average of all 3 Locations [2 of the 3 (67%) met or exceeded the average]	\$704,155	\$13,541
Median of all 3 Locations	\$766,638	\$14,743

"Gross Revenues" means the entire amount of all of the revenues from the operation of the Restaurant net of applicable sales tax.

These tables do not contain any information regarding the expenses you may incur in operating your business.

Part II
Seasonality of Zoup! Annual Revenue

——— Zoup! Eateries are open 12 months a year and experience higher sales in certain periods of the year. Based on all 76 USA Franchise Restaurant locations open for the entire 52 week period beginning January 1, 2019 and ending December 30, 2019, the average percentage of revenue by quarter was as follows:

13 Week Period	% of Annual Sales
January — March	29.1%
April — June	21.5%
July — September	19.7%
October — December	29.7%

Part III
Average Payroll Costs as a % of Gross Sales
Affiliate Operations Only
January 1, 2019 through December 30, 2019
(52 Weekly Sales Periods)

During the 52 week period beginning January 1, 2019 and ending December 30, 2019, the average payroll costs, including the general manager, as a percentage of gross sales for the 3 affiliated Restaurants was 28.6% [2 of the 3 (67%) met or exceeded the average]. The average general manager's annual compensation for the 3 affiliated Restaurants was \$43,720 [2 of the 3 (67%) met or exceeded the average].

~~Payroll Costs include the manager's compensation, all payroll taxes and payroll related benefits. The percentage is determined by dividing the Payroll Costs by Gross Sales.~~

~~General manager's annual compensation is gross annual wages not including payroll taxes and benefits.~~

~~This analysis does not contain complete information containing the expenses you will incur in operating your business.~~

Part IV
Average Cost of Goods Sold as a % of Gross Sales
January 1, 2019 through December 30, 2019
(52 Weekly Sales Periods)

~~During the 52 week period beginning January 1, 2019 and ending December 30, 2019, the average cost of goods sold (food and paper), as a percentage of gross sales for the 3 affiliated Restaurants was 31.8% [1 of the 3 (34%) met or exceeded the average].~~

~~Cost of Goods Sold ("COGS") includes the cost of all food products, condiments and packaging costs. The percentage is determined by dividing the COGS by Gross Sales.~~

~~This analysis does not contain complete information containing the expenses you will incur in operating your business.~~

Part V
Average Ticket
January 1, 2019 through December 30, 2019
(52 Weekly Sales Periods)

~~During the 52 week period beginning January 1, 2019 and ending December 30, 2019, the average ticket for the 76 USA Franchise Restaurants was \$14.67 [39 of the 76 (51%) met or exceeded the average]. In 2019, the median ticket for the 76 USA Franchise Restaurants was \$14.78.~~

Notes:

1. Gross Revenues less the Costs of Goods Sold and Labor Expenses does not reflect the actual potential income of a Restaurant and should not be relied on in calculating profitability. There are a number of fixed and variable costs associated with a Restaurant, not all of which are reflected in the information above and that vary among individual Restaurants. These expenses, which are likely to be significant, include, but are not limited to, the following: the certain costs listed above, costs described in Items 6 and 7 of this disclosure document, including the 6% royalty fee; interest or finance charges if you finance some or all of the cost of the franchise; depreciation on property and equipment; occupancy costs (including rent, maintenance, insurance and utilities); store supplies; credit card fees; worker's compensation and general liability insurance; taxes; national brand marketing fund; customer service and training fund; tech fund; accounting and legal fees and general administrative expenses; any pre-opening or amortization of organization costs; costs associated with regulatory compliance; management costs; fringe benefits; and certain repairs and maintenance. We strongly encourage you to consult with your financial advisors in reviewing the table and, in particular, in estimating the categories and amount of additional expenses you will incur in establishing and operating a Restaurant.

2. You should be aware that you may incur expenses that may not be incurred by affiliate owned Restaurants

3. You should also be aware that the financial performance of any particular Restaurant might be affected by a number of factors that may vary due to the individual characteristics of the Restaurant. These factors include, but are not limited to: competition from other restaurants; appreciation and acceptance of the products offered by your Restaurant in the community in which your Restaurant is located; your efforts; your experience; the quality and effectiveness of your managerial skills; and your decisions with respect to location, additional advertising programs, personnel and cost controls; geographic and socioeconomic conditions in your locality; business cycles; the performance of the local, national and world economy.

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

We may give a prospective franchisee who is seeking to buy a specific operating unit, whether owned by us or another franchisee, actual operating results of that unit.

Even if you achieve or exceed the highest Restaurant revenues described in this Item, there is no guarantee that your Restaurant will be profitable. We do not represent or guarantee that your Restaurant will be profitable.

The gross sales and expense data in the tables is a compilation of information from existing Restaurants and should not be considered as the actual results that will be realized by you. Gross sales and gross profit do not reflect the actual potential net income of a Restaurant and should not be relied on in calculating profitability. There are a number of fixed and variable costs associated with a Restaurant, not all of which are reflected in the tables and that vary among individual Restaurants. We do not represent that you can expect to attain any of the results reflected in the tables. Actual results will vary from Restaurant to Restaurant and we cannot estimate or guarantee the results of any specific Restaurant. Actual sales and earnings of a Restaurant are affected by many factors, some of which are noted in this Item, including your own efforts, ability and control of the Restaurant, as well as factors that are beyond your control.

We recommend that you make your own independent investigation to determine whether or not the franchise may be profitable to you. You should use the above information only as a reference in conducting your analysis and preparing your own projected income statements and cash flow statements. We suggest strongly that you consult your financial advisor or personal accountant concerning financial projections and federal, state and local income taxes and any other applicable taxes that you may incur in operating a franchised restaurant.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing location, however, we may provide you with the actual records of that location. 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 Eric Ersher, eric@zoupco.com, ~~28290 Franklin Road~~ 28555 Orchard Lake Rd. Southfield, MI 48034 ~~Farlington Hills, Michigan 48334~~, 248-663-1111 ext. 101, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System wide Outlet Summary
For Years ~~2018~~2017 to ~~2020~~2019

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2018	100	88	-12
	2019	88	80	-8
	<u>2020</u>	<u>80</u>	<u>67</u>	<u>-13</u>
Company-Owned*	2018	2	2	0
	2019	2	3	+1
	<u>2020</u>	<u>3</u>	<u>6</u>	<u>+3</u>
Total Outlets	2018	102	90	-12
	2019	90	83	-7
	<u>2020</u>	<u>83</u>	<u>73</u>	<u>-10</u>

*"Company-Owned" Restaurants are majority owned and operated by our affiliates.

Table No. 2
Transfers of Outlets From Franchisees to New Owners
(Other than the Franchisor)
For Years ~~2018~~2017 to ~~2020~~2019

State	Year	Number of Transfers
Colorado	2018	1
	2019	0
	<u>2020</u>	<u>0</u>
Illinois	2018	1
	2019	1
	<u>2020</u>	<u>0</u>
Indiana	2018	0
	2019	1
	<u>2020</u>	<u>0</u>
Michigan	2018	3
	2019	0
	<u>2020</u>	<u>0</u>
New York	2018	1
	2019	0
	<u>2020</u>	<u>0</u>
Ohio	2018	2
	2019	2
	<u>2020</u>	<u>2</u>
Oregon	2017	2
	2018	0
	2019	0

State	Year	Number of Transfers
Pennsylvania	2018	1
	2019	0
	<u>2020</u>	<u>0</u>
Virginia	2017	1
	2018	0
	2019	0
Wisconsin	2018	0
	2019	<u>10</u>
	<u>2020</u>	<u>0</u>
Canada	2018	0
	2019	0
	<u>2020</u>	<u>1</u>
Total	2018	9
	2019	<u>54</u>
	<u>2020</u>	<u>3</u>

Table No. 3
Status of Franchised Outlets
For Years ~~2018~~2017 to ~~2020~~2019

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Re-acquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
CO	2018	4	0	0	0	0	0	4
	2019	4	0	0	0	0	0	4
	<u>2020</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
DE	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	<u>2020</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
IL	2018	9	0	0	0	0	4	5
	2019	5	0	0	0	0	0	5
	<u>2020</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>4</u>
IN	2018	5	0	0	0	0	0	5
	2019	5	0	0	0	0	3	2
	<u>2020</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
KY	2018	1	1	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	<u>2020</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>
MA	2018	2	0	0	0	0	2	0
	2019	0	0	0	0	0	0	0
	<u>2020</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
MD	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	<u>2020</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Re-acquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
MI	2018	15	0	0	0	0	1	14
	2019	14	0	0	0	0	0	14
	2020	<u>14</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>13</u>
MN	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>
MO	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
NE	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>
NJ	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	1	1
	2020	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
NY	2018	3	0	0	0	0	2	1
	2019	1	0	0	0	0	0	1
	2020	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
OH	2018	25	2	0	0	0	2	25
	2019	25	0	0	0	0	0	25
	2020	<u>25</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>3</u>	<u>20</u>
OR	2018	4	0	0	0	0	1	3
	2019	3	0	0	0	0	2	1
	2020	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>
PA	2018	11	2	0	0	0	0	13
	2019	13	0	0	0	0	2	11
	2020	<u>11</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>10</u>
SD	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
VA	2018	3	0	0	0	0	0	3
	2019	3	1	0	0	0	0	4
	2020	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>3</u>
WA	2018	1	0	0	0	0	1	0
	2019	0	0	0	0	0	0	0
	2020	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
WI	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	1	0	1
	2020	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>
Canada	2018	9	0	0	0	0	6	3
	2019	3	0	0	0	0	0	3
	2020	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Re-acquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
Totals	2018	100	7	0	0	0	19	88
	2019	88	1	0	0	1	8	80
	<u>2020</u>	<u>80</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>4</u>	<u>11</u>	<u>67</u>

Table No. 4
Status of Company-Owned Outlets
For Years ~~2018~~2017 to ~~2020~~2019

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
District of Columbia	2017	1	0	0	1	0	0
	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
Michigan	2018	2	0	0	0	0	2
	2019	2	0	0	0	0	2
	<u>2020</u>	<u>2</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>3</u>
Wisconsin	2018	0	0	0	0	0	0
	2019	0	0	1	0	0	1
	<u>2020</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>1</u>
Totals	2018	2	0	0	0	0	2
	2019	2	0	1	0	0	3
	<u>2020</u>	<u>3</u>	<u>0</u>	<u>4</u>	<u>1</u>	<u>0</u>	<u>6</u>

All of the outlets reflected in Table No. 4 are majority owned and operated by our affiliates.

Table No. 5
Projected Openings as of December 31, ~~2020~~2019

State	Franchise Agreements Signed But Outlet Not Yet Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Colorado	0	1	0
Connecticut	1	1	0
Illinois	0	2	0
Kentucky	0	1	0
Maryland	0	1	0
Michigan	1	2	0
Minnesota	0	1	0
Nebraska	1	1	0
New Jersey	1	1	0
New York	0	0	0

State	Franchise Agreements Signed But Outlet Not Yet Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Ohio	3	2	0
Ontario, Canada	1	2	0
Oregon	0	0	0
Pennsylvania	3	2	0
South Dakota	0	0	0
Tennessee	0	0	0
Virginia	1	1	0
Washington	0	1	0
West Virginia	0	0	0
Totals	12	<u>1819</u>	0

The information in the tables is as of December 31st of each year.

The names, addresses and telephone numbers of all Zoup! franchisees are listed on Exhibit E. Attached as Exhibit F is a list of the name, city and state, and current business telephone number, or if unknown, the last known home telephone number, of every franchisee who has had a franchise terminated, transferred, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement or Area Development Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

If we sell a formerly franchised outlet that is now under our control, we will provide you with the following information for the outlet (covering the last 5 fiscal years): (a) the name, city and state, current business telephone number, or if unknown, last known home telephone number of each previous owner of the outlet within the last 5 years; (b) the time period when each previous owner controlled the outlet; (c) the reason for each previous change in ownership; and (d) the time periods when the franchisor retained control of the outlet (for example, after termination, non-renewal, or reacquisition). This disclosure may be provided as an addendum to this disclosure document or in a supplement to the disclosure document, if disclosure was already made.

None of our franchisees have signed confidentiality clauses restricting their ability to speak openly about their personal experience with us during the last 3 fiscal years.

We have created a Franchisee Advisory Council (FAC) to act as a sounding board and to work with our leadership team. The members of the FAC are nominated by our management team and are appointed by us for 1, 2, or 3 year staggered terms. We currently conduct a monthly call and a seasonal meeting with the FAC. The members and contact information for the FAC can be obtained by contacting us at (248) 663-1111, ext. 108. Except for the FAC, there are no trademark-specific franchisee organizations associated with the Zoup!® franchise system that have been created, sponsored or endorsed by us or that have asked to be included in this disclosure document.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit G are our audited financial statements as of December 31, ~~2020~~2019, ~~2019~~2018 and ~~2018~~2017.

ITEM 22
CONTRACTS

The following contracts are attached to this disclosure document:

Franchise Agreement – Exhibit B

Area Development Agreement – Exhibit C

Confidentiality Agreement – Exhibit H

ITEM 23
RECEIPTS

Two copies of a Receipt of this disclosure document are attached as Exhibit J. You should sign and date both copies of the Receipt, retain one copy for your records and return the other copy to us, ATTENTION: Franchise Administration, Zoup! Systems, LLC, ~~28290 Franklin Road~~28555 Orchard Lake Rd. ~~Southfield, MI 48034~~Farmington Hills, Michigan 48334, Fax 248-663-9880. Also, using the Intranet system password that we provide to you to access the FDD will serve as proof of your receipt of the FDD.

EXHIBIT A

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

Listed below are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws:

<u>CALIFORNIA</u> Department of Corporations 320 West 4 th Street, Suite 750 Los Angeles, California 90013 (213) 736-2741	<u>HAWAII</u> Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722
<u>ILLINOIS</u> Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	<u>INDIANA</u> Indiana Secretary of State Securities Division, Room E 111 302 West Washington Street Indianapolis, Indiana 46204 (317) 232-6681
<u>MARYLAND</u> Office of Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202 (410) 576-7042	<u>MICHIGAN</u> Consumer Protection Division Department of Attorney General 670 Law Building Lansing, Michigan 48913 (517) 373-7117
<u>MINNESOTA</u> Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 296-4026	<u>NEW YORK</u> New York State Department of Law Investor Protection Bureau 28 th Liberty St. 21 st Floor New York, New York 100051 (212) 416-8285
<u>NORTH DAKOTA</u> North Dakota Securities Department 600 East Boulevard Avenue State Capitol Fifth Floor Dept 414 Bismarck, North Dakota 58505-0510 (701) 328-4712	<u>RHODE ISLAND</u> Rhode Island Department of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Ave., Building 69-1 Cranston, Rhode Island 02910 (401) 462-9588
<u>SOUTH DAKOTA</u> Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	<u>VIRGINIA</u> State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, Ninth Floor Richmond, Virginia 23219 (804) 371-9051
<u>WASHINGTON</u> Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98501 (360) 902-8760	<u>WISCONSIN</u> Department of Financial Institutions Division of Securities 4 th Floor 345 W. Washington Avenue Madison, Wisconsin 53703 (608) 266-1064

Agents for Service of Process:

Our Agent for Service of Process in the State of Michigan is Eric Ersher at ~~28290 Franklin Road~~ 28555 Orchard Lake Rd. Southfield, MI 48034 Farmington Hills, Michigan 48334.

<u>CALIFORNIA</u> Commissioner of Corporations Department of Corporations 320 West 4 th Street, Suite 750 Los Angeles, California 90013-2344	<u>HAWAII</u> Commissioner of Securities Director of Department of Commerce and Consumer Affairs 335 Merchant Street, Suite 203 Honolulu, Hawaii 96813
<u>ILLINOIS</u> Illinois Attorney General 500 South Second Street Springfield, Illinois 62706	<u>INDIANA</u> Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204
<u>MARYLAND</u> Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020	<u>MICHIGAN</u> Michigan Department of Commerce Corporations and Securities Bureau 6546 Mercantile Way P.O. Box 30222 Lansing, Michigan 48910
<u>MINNESOTA</u> Minnesota Commissioner of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101-2138	<u>NEW YORK</u> New York Secretary of State 99 Washington Avenue Albany, NY 12231 (518) 473-2492
<u>NORTH DAKOTA</u> Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue State Capitol Fifth Floor Dept 414 Bismarck, North Dakota 58505-0510	<u>RHODE ISLAND</u> Director of Rhode Island Department of Business Regulation John O. Pastore Complex 1511 Pontiac Ave., Building 69-1 Cranston, Rhode Island 02910 (401) 462-9588
<u>SOUTH DAKOTA</u> Director Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501	<u>VIRGINIA</u> Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219
<u>WASHINGTON</u> Securities Administrator Washington State Department of Financial Institutions 150 Israel R. SW Tumwater, Washington 98501	<u>WISCONSIN</u> Department of Financial Institutions Division of Securities 4 th Floor 345 W. Washington Avenue Madison, Wisconsin 53703

EXHIBIT B
FRANCHISE AGREEMENT

ZOUP! SYSTEMS, L.L.C.
FRANCHISE AGREEMENT

DATA SHEET

Franchisee: _____

Franchisee's Address: _____

Guarantors: _____

Effective Date: _____

Franchise Location:
(upon signing lease) _____

Store Name:
(upon signing lease) _____

Telephone Number: _____

Email Address: _____

Ending Date of Term: _____
(10 years from Effective Date, unless otherwise stated)

The terms of this Data Sheet are incorporated into the attached Franchise Agreement.

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ZOUP! SYSTEMS, L.L.C.

FRANCHISE AGREEMENT

THIS AGREEMENT is made this _____ day of _____, 20___, between ZOUP! SYSTEMS, L.L.C., a Michigan limited liability company (the "Company") and the Franchisee identified in the attached Data Sheet ("Franchise Owner").

SECTION 1 - Introduction

(A) System and Marks.

The Company franchises a system for operation of restaurants featuring a wide variety of soups, bowls, sandwiches, salads, baked onsite bread, and related items under the Marks (as defined herein). The distinguishing characteristics of the system include trade names, trademarks, proprietary food products, supplier and distribution arrangements, formulas and specifications for food products, training, operational procedures, promotional techniques and materials, signs, paper products, equipment layouts, methods of inventory and operation, and manuals covering business practices and policies (the "System"). The System may be updated and revised by the Company from time to time. A business operated under the System, whether operated by the Company, an affiliate of the Company or a person authorized by the Company or its affiliates is referred to in this Agreement as a "Zoup! Eatery" or "Restaurant". The Restaurant that Franchise Owner is authorized to operate under this Agreement is referred to in this Agreement as the "Franchise Business." As used in this Agreement "Marks" refers to the names, trademarks, service marks, logos and other commercial symbols that are used to identify Restaurants, which the Company may modify, change or acquire from time to time. The Marks include the name "ZOUP!®".

(B) Franchise Owner's Desire to Obtain a Franchise.

Franchise Owner recognizes the advantages of operating under the System and Marks and desires to obtain the right to operate a Franchise Business.

SECTION 2 - Grant of Franchise

(A) Grant of Franchise.

The Company grants to Franchise Owner the nonexclusive right to use the Marks and System in connection with the operation of a single Restaurant in accordance with this Agreement and the Company's Operations Manual (as defined in Section 7(B)). The Franchise Business shall be operated at the location designated in the Data Sheet (the designated location is referred to as the "Franchise Location"). If the Company and Franchise Owner have not agreed on a location for the Franchise Business as of the date of this Agreement, the parties shall determine the Franchise Location in accordance with Section 6(A) of this Agreement.

(B) Protected Area; Limited Exclusivity; Reservation of Rights.

The area within a 1.5 mile radius of the Franchise Location (or, if the Franchise Location is in a densely populated area, a smaller area that will be agreed to in writing by the parties) will be referred to in this Agreement as the "Protected Area." During the term of this Agreement and except as provided in Section 2(C), the Company and its affiliates will not operate or authorize others to operate a retail restaurant business using the Marks or the System or a retail restaurant business selling substantially the same products or services as a Restaurant at a retail location within the Protected Area. All rights not expressly granted in this Agreement to Franchise Owner relating to the Marks, System or the operation of Restaurants are reserved to the Company, including (1) the right to operate and authorize others to operate businesses using the Marks and System, or any other trademarks or systems, at any location outside the Protected Area; and (2) the right

to use or authorize others to use the Marks and System, or any other trademarks or systems, in connection with the manufacture and sale of products at wholesale or retail, through the use of toll free telephone numbers, catalogs, direct mail, social media, over the internet, or through any distribution channels other than a retail restaurant business operated under the System. Franchise Owner's limited exclusive rights relate to location only and do not grant Franchise Owner any exclusivity of marketing or customers in the Protected Area. All Restaurants may sell their products and services to any customer.

(C) Exceptions to Limited Exclusivity.

The following are exceptions to the limited exclusivity granted to Franchise Owner under Section 2(B):

(1) The Company has the right to offer and sell and to authorize others to offer and sell products and services at or to corporate cafeterias, institutional accounts (including grocery stores), offsite events (e.g. art fairs, fundraisers, etc.), stadiums, and locations with relatively fixed populations (e.g. airports, military bases, college campuses, indoor regional malls, certain large office buildings where a substantial portion of the inhabitants do not leave the building for lunch and few people from outside the building come in for lunch, and similar locations) in the Protected Area.

(2) The Company has the right to purchase, be purchased, merge, acquire, be acquired or otherwise affiliate with a competitor or any other business regardless of the location of the competitor or business, and to continue to operate, franchise or license these businesses regardless of their location, but the Company will not operate a business it acquires under the Marks within the Protected Area

SECTION 3 - Term and Renewal

(A) Term.

The term of this Agreement will begin on the date of this Agreement and continue for a period of 10 years from that date. On Franchise Owner's request, if the base term under the lease for the Franchise Location exceeds the term of this Agreement, the Company may, in its discretion, extend the term of this Agreement to coincide with that base term. If an extension is granted by the Company, the ending date of the extended term will be designated on the Data Sheet.

(B) Renewal.

Franchise Owner will have the option to continue to operate the Franchise Business after the term of this Agreement for 2 additional periods of 5 years each if, at the beginning of the option period, all of the following conditions are fulfilled:

(1) Franchise Owner is not in default of this Agreement or any other agreement between the parties.

(2) Franchise Owner, during the past 12 months, has not received from the Company 2 or more notices of default of the material terms of this Agreement or any material specification, standard or operating procedure of the Company (whether such notices related to the same or different violations and whether these violations have been remedied by the Franchise Owner).

(3) Franchise Owner provides written notice of its intent to continue as a franchise owner not more than 12 months and not less than 6 months before the end of the term of this Agreement.

(4) Franchise Owner has been able to maintain possession of the Franchise Location and agrees to refurbish the Franchise Location in compliance with the then applicable standards used in the granting of a franchise by the Company, such standards being reasonably and consistently applied to similarly situated Restaurants, or the Franchise Owner has been able to secure and develop in compliance with the then applicable standards used in the granting of a franchise, a suitable alternative site, acceptable to the Company.

(5) Franchise Owner signs and delivers to the Company, a copy of any new or extended lease for the Franchise Location not more than 12 and not less than 6 months before the end of the term of the Agreement. The Company agrees to extend this time-frame on written notice by the Franchise Owner advising it of a delay on the part of the developer or landlord.

(6) Franchise Owner has satisfied current training and operational standards for new or existing franchise owners.

(7) Franchise Owner has signed a general release, in a form specified by the Company, of any and all claims against the Company, its subsidiaries and affiliates, and their respective officers, directors, agents, members and employees (if permitted by applicable law).

(8) Franchise Owner has paid a renewal fee of \$7,500 and has signed and delivered to the Company a then-current standard franchise agreement together with such other documents as are then customarily used by the Company to grant new franchises, which will replace this Agreement. The new standard franchise agreement signed by Franchise Owner may have substantial differences from this Agreement, including, without limitation, different or increased royalties, advertising or other fees. The renewal fee is paid in lieu of the initial franchise fee due under the new standard franchise agreement.

Within 30 days of receipt of timely notice of Franchise Owner's election to renew, the Company will furnish Franchise Owner with written notice of any reasons that could cause the Company not to grant a renewal, including any deficiencies that require correction, and Franchise Owner shall have the opportunity to preserve its renewal rights by providing plans for correcting the deficiencies within 60 days of its receipt of such notice from the Company and correcting such deficiencies within 120 days of its receipt of such notice from the Company.

(C) Continuation.

If Franchise Owner continues to operate the Franchise Business with the Company's express or implied consent following the expiration of the term of this Agreement, the continuation will be a month-to-month extension of the term of this Agreement, unless otherwise set forth in writing. With the exception of weekly royalty, which will be increased by 3% (from 6% to 9%), all ~~All~~ provisions of this Agreement will apply while Franchise Owner continues to operate the Franchise Business. This Agreement will then be terminable by either party on ~~60~~30 days written notice to the other party.

SECTION 4 - Fees, Reports, Access and Audit

(A) Initial Franchise Fee.

Franchise Owner must pay the Company an initial franchise fee in the amount of \$39,900. This initial franchise fee is payable in full upon the execution of this Agreement. The initial franchise fee is considered earned at the time this Agreement is signed and will not be refundable under any circumstances.

(B) Royalty.

Franchise Owner must pay the Company a weekly royalty of 6% of gross sales. Gross sales must be reported and royalties must be paid, in the manner specified in Section 4(F) below, by Wednesday of each week based on gross sales for the preceding business week (currently specified as beginning on Monday and ending on Sunday).

For purposes of this Agreement, "gross sales" means the entire amount of all of the Franchise Owner's revenues from the operation of the Franchise Business, including the proceeds of any business interruption insurance, whether the revenues are evidenced by cash, credit, checks, gift certificates, scrip, food stamps, coupons and premiums (unless exempted by the Company), services, property or other means of exchange, excepting only the amount of any sales taxes that are collected and paid to the taxing authority. Bona fide cash refunded and credit given to customers and receivables uncollectible from customers will be deducted in computing gross sales if the cash, credit or receivables represent amounts previously included in gross sales where royalty fees and advertising contributions were paid. Gross sales are deemed received by the Franchise Owner at the time the goods, products, merchandise, or services from which they derive are delivered or rendered or at the time the relevant sale takes place, whichever occurs first. Gross sales consisting of property or services (for example, "bartering" or "trade outs") are valued at the prices applicable to the products or services exchanged for the gross sales at the time the gross sales are received.

(C) National Brand Marketing Fund Contributions.

Franchise Owner must make a weekly contribution to a national brand marketing fund in an amount equal to 2% of gross sales. The national brand marketing fund contributions shall be paid in the manner specified in Section 4(F) below, by Wednesday of each week based on gross sales for the preceding business week (currently specified as beginning on Monday and ending on Sunday).

(D) Training and Customer Service Fee.

Franchise Owner must pay a weekly training and customer service fee in an amount equal to 0.5% of gross sales. The Company may increase the training and customer service fee payable by Franchise Owner to an amount not to exceed 1% of gross sales on 30 days written notice to Franchise Owner. The training and customer service fees shall be paid in the manner specified in Section 4(F) below, by Wednesday of each week based on gross sales for the preceding business week (currently specified as beginning on Monday and ending on Sunday).

(E) Late Charge; Interest.

In the event Franchise Owner fails to pay the Company or its affiliates any amounts when due, the Company shall have the right to collect a late charge of \$25 per week from Franchise Owner, which shall be paid on demand. In addition, the Company may assess, and Franchise Owner must pay on demand, interest on all overdue payments in the amount equal to the lesser of (i) 1 1/2 percent per month or (ii) the maximum rate of interest permitted by law. The assessment of late charges or interest is not the sole remedy of the Company or its affiliates in such circumstances.

(F) Manner of Payment.

If specified by the Company, royalty, national brand marketing fund payments and other periodic payments payable by Franchise Owner to the Company must be paid by electronic or similar funds transfer in the appropriate amounts from Franchise Owner's bank account to such accounts, and at such places or in such manner as the Company may specify from time to time. Franchise Owner must sign and deliver to its bank and to the Company those documents necessary to authorize such transfers as specified by the Company. Franchise Owner agrees that it will not terminate such authorization as long as this Agreement is in effect. Franchise Owner agrees that it will not close its bank account without prior written notice to the Company and the establishment of a substitute bank account for the transfers.

Franchise Owner also agrees that if a direct electronic funds transfer or other withdrawal program is not available at the bank at which Franchise Owner currently does business, Franchise Owner will take all reasonable and necessary steps to establish an account at a bank that does have such a program.

(G) No Setoff; Application of Payments.

Franchise Owner's obligations for the full and timely payment of the fees described in this Agreement are absolute and unconditional. Franchise Owner shall not delay or withhold the payment of any part of those fees for any reason or otherwise setoff against any claims Franchise Owner may allege against the Company. The Company may apply any payments received first to any accrued late charges or interest and then to any delinquent fees or other amounts outstanding before crediting the payment in the manner specified by Franchise Owner or to the current amount due.

(H) Taxes.

Franchise Owner agrees to indemnify and/or reimburse the Company and its affiliates for all capital, gross receipts, sales, and other taxes and assessments imposed by any applicable state or local governmental authority as a result of the conduct of the Franchise Business or the license of any of its or their intangible property to Franchise Owner (whether required to be paid by the Company or such affiliates, withheld by the Franchise Owner or otherwise). The Franchise Owner's obligation to indemnify or reimburse the Company and its affiliates for these taxes does not extend to income-type taxes which a state or local government imposes on the Company's or its affiliates' income.

(I) Reports; Financial Statements; Bookkeeping Service; Customer Correspondence.

Franchise Owner must submit to the Company, in the manner and format specified by the Company, such information, standardized reports, forms, tax returns and/or financial statements as specified in this Agreement, the Operations Manual or otherwise by the Company, including: (1) a report by product category of the sales of the Franchise Business and such other information and supporting records as the Company specifies, based on point of sale equipment settings required by the Company; (2) an inventory of the Franchise Business by product category specified by the Company; (3) weekly payroll expense reports; (4) monthly unaudited statements of profit and loss and a cash-flow statement of the Franchise Business; (5) annual statements of profit and loss and financial condition of the Restaurant, including a balance sheet prepared or compiled by a certified public accountant, which need not be audited; and (6) exact copies of the federal and state income tax returns and state sales tax or equivalent tax returns of the Franchise Business for the preceding fiscal year (at the time of signing this Agreement, Franchise Owner must sign IRS Form 4506 to authorize the Company to obtain copies of Franchise Owner's tax returns directly from the IRS). This information must be reported on a weekly, monthly, quarterly and/or annual basis as specified by the Company. The Company may obtain this information directly from Franchise Owner's accountant. Franchise Owner agrees to authorize and direct Franchise Owner's accountant to provide this information to the Company and to discuss this information with the Company by signing an authorization in the form specified by the Company.

Franchise Owner must use a bookkeeping service vendor specified or approved by the Company at least until the Franchise Business has been operating for 12 full calendar months. Franchise Owner must submit to the Company monthly financial statements of the Franchise Business prepared by the vendor for each calendar month by the 15th day of the following calendar month. After the Franchise Business has been operating for 12 full calendar months, Franchise Owner may use another bookkeeping service vendor, but only as long as the Chart of Accounts used by the other vendor is consistent with the Company's standards and Franchise Owner continues to submit to the Company monthly financial statements of the Franchise Business by the 15th day of the following month.

Franchise Owner acknowledges and agrees that the Company may receive purchase and other information directly from Franchise Owner's suppliers/distributors and authorizes Franchise Owner's suppliers/distributors to provide such information directly to the Company. Franchise Owner agrees to sign separate authorizations or additional documents requested by Franchise Owner's suppliers/distributors or deemed necessary by the Company to obtain information directly from Franchise Owner's suppliers/distributors.

Franchise Owner agrees that it will not make any written communication with a customer, whether electronic or otherwise, without the prior written consent of the Company and will also provide the Company with a contemporaneous copy of any such customer correspondence.

(J) Records of Operation.

Franchise Owner must maintain, retain and preserve for 5 years all invoices, order forms, time cards, payroll records, point of sale ("POS") system tapes or print outs, computer records, check stubs, bank deposit receipts, sales tax records and returns, cash disbursements, journals and general ledgers and any other records relating to the operation of the Franchise Business. Franchise Owner shall use the bookkeeping and record keeping forms, stationary, business cards, sales slips, purchase order forms, reprints and other miscellaneous forms that the Company specifies in the Operations Manual or otherwise in writing.

(K) Technology Systems; Fees; Access to and Use of Information.

Franchise Owner must purchase or lease, and use and maintain, the technology systems the Company specifies for the operation of the Franchise Business, which may include POS systems, computer hardware and software, VOIP phones, digital menu boards, security camera systems, router, switches, firewalls, alarm system, hardware and software maintenance, online and smartphone ordering systems, credit card processing systems, and other systems (the "Technology Systems"). The Technology Systems may include proprietary software of the Company and the Technology System vendors as well as certain additional software products that are not the property of the Company or the Technology Systems vendors, including software for payroll processing, accounting, loyalty, menu, inventory, cost management, third-party delivery services, gift card management, and credit card processing. The Company may modify the specifications for the Technology Systems from time to time, and Franchise Owner must comply with any such modifications within 90 days of receiving the Company's notice thereof.

Franchise Owner must pay the Company the then-current technology license and development fee in the amount specified by the Company (currently ~~\$146.42~~^{\$59.14} per week). This fee is payable at the same time and in the same manner as the payment of royalties. This fee is paid for Franchise Owner's use of the Company's intranet system (Z!Net) and the components of the Technology Systems developed or provided by the Company and also for the Company's past and future services in the development and maintenance of the Technology Systems and other technology for use by Restaurants. This fee may be changed by the Company based on the costs and services being provided.

Franchise Owner must provide the Company access to the information on the Technology Systems in the manner specified by the Company and must supply the Company with any and all security codes necessary to obtain such access. Franchise Owner must maintain high speed Internet access (DSL, cable, wireless, satellite or other high speed access) at all times in the manner specified by the Company for communication with customers and the Company by email or other electronic means, connection to the Company's intranet systems, and, if specified by the Company, to all the Company to access information from Franchise Owner's Technology Systems. The Company has the right to use the Technology Systems data and the other financial records and reports delivered by Franchise Owner in the manner it deems appropriate in its sole discretion, including the right to deliver the data to third parties and the right to disclose

such data in the Company's Franchise Disclosure Documents; provided that the identity and other personally identifying information of the owners of Franchise Owner are not disclosed.

(L) Inspection by the Company.

To determine whether Franchise Owner is complying with this Agreement, and/or to determine whether Franchise Owner is complying with all applicable specifications and quality standards in connection with Franchise Owner's use of the Marks and System, the Company or its designated agents have the right, at any reasonable time and without prior notice, to (1) inspect the Franchise Business; (2) observe Franchise Owner and its employees during the performance of work; (3) confer with the Franchise Owner and its employees; (4) contact and interview customers and suppliers/distributors of Franchise Owner; (5) inspect, inventory, and check any and all inventory, equipment, signage, fixtures, furniture, food safety practices, Technology Systems and practices, and operating methods of the Franchise Owner; (6) test food products and supplies; and (7) conduct on-line or other surveys, including tape recorded telephone surveys. The Company may require that Franchise Owner furnish its customers with an evaluation form specified by the Company pre-addressed to the Company. Franchise Owner agrees to fully cooperate with representatives of the Company making any inspection or observing or evaluating the work of Franchise Owner or its employees.

(M) Audit by the Company.

The Company or its designated representatives have the right at all reasonable times, with at least 24 hours oral or written notice, to examine and copy the books, records and tax returns of Franchise Owner. The Company will also have the right, on 5 days written notice, to have an independent audit made of the books of Franchise Owner. If an audit reveals that any payments to the Company have been understated in any report to the Company, Franchise Owner will immediately pay to the Company the understated amount on demand, in addition to any interest and late fees required under Section 4(E) of this Agreement. Any audit will be conducted at the expense of the Company unless such audit is made necessary by Franchise Owner's failure to furnish reports, financial statements or tax returns, or such audit discloses an understatement of 3% or more of the gross sales of the Franchise Business in any report, in which case the Company has the right to charge Franchise Owner for the costs of the audit, including any travel expenses, meals, lodging and compensation of the Company's employees or agents and reasonable accounting and attorney's fees.

SECTION 5 - Use and Protection of Marks

(A) Use of Marks.

Franchise Owner shall use the Marks only in connection with the operation of the Franchise Business pursuant to the System and only in the manner specified in this Agreement, the Operations Manual or otherwise by the Company. The Franchise Business must be operated under the Marks and under no other name or mark. Franchise Owner must not use, reproduce or cause to be used or reproduced any Marks in any manner, including reproduction on printed material and signs, in connection with advertising, marketing or promotion, or in connection with any Electronic Media without the prior written approval of the Company. For purposes of this Agreement "Electronic Media" includes the Internet, email addresses, Internet domain names, homepages, electronic addresses, websites, social networks, wikis, podcasts, online forums, content sharing communities, blogging, or other social media (including but not limited to FaceBook, Twitter, LinkedIn, YouTube). Franchise Owner must not use the Marks in its business, corporate, partnership or limited liability company name. However, Franchise Owner must register to do business under the assumed business name of "Zoup!® of [city or street name]" (for example: "Zoup!® Troy" or Zoup!® Northwestern"). The assumed name and all store email addresses shall be provided by the Company's marketing team upon signing the lease for the Franchised Business. All provisions of this Agreement applicable to the Marks apply to any additional service marks, trademarks, trade dress, trade names, logos, commercial symbols hereafter authorized for use by, and licensed to, Franchise Owner.

On expiration or termination of this Agreement, the Company may, if Franchise Owner does not do so, sign in Franchise Owner's name and on Franchise Owner's behalf, any documents necessary in the Company's judgment to end and cause discontinuance of Franchise Owner's use of the Marks and the Company is irrevocably appointed and designated as Franchise Owner's attorney-in-fact for that purpose.

(B) Contest and Defense of Marks.

Nothing in this Agreement gives Franchise Owner any right, title or interest in or to any of the Marks, except a mere privilege and license during the term of this Agreement, to display and use the Marks according to the terms and conditions of this Agreement. Franchise Owner will not directly or indirectly contest or aid in contesting the validity or ownership of the Marks, trade secrets, methods, procedures and advertising techniques which are part of the System, or contest the Company's or its affiliates' rights to register, use or license others to use the Marks or the System. Franchise Owner will not at any time (whether during or after the term of this Agreement) directly or indirectly infringe on the Company's or its affiliates' rights to or in the Marks. Franchise Owner agrees to promptly notify the Company of any claim, demand or suit based upon or arising from any attempt by anyone else to use the Marks, or any colorable variation thereof. The Company and its affiliates have the sole discretion to determine if it or they will defend the use of the Marks, and the Company is not obligated to defend the Marks. The Company or its affiliates has the right to control any administrative proceeding or litigation involving the Marks. Franchise Owner will execute any and all instruments and documents, render assistance and do such acts as may, in the opinion of the Company's counsel, be necessary or advisable to protect the Company's and its affiliates' interests in any such litigation or proceedings, or to otherwise protect and maintain the interest of the Company or its affiliates in the Marks.

(C) Modification or Substitution of Marks.

The Company may change the authorization to use the Marks contained in this Agreement, including adding, discontinuing or modifying Marks, or substituting different Marks, by issuing a description of the changes and the goods or services to which they relate in the Operations Manual or otherwise in writing. Franchise Owner is required, at its own expense, to use and abide by these changes or substitutions.

SECTION 6 - Business Location, Lease and other Development Obligations

(A) Location Selection and Approval.

The Franchise Business is only authorized to be operated at a location that has been approved in writing by the Company. It is Franchise Owner's sole responsibility to find a location for the Franchise Business and to research and evaluate the suitability and commercial value of the location for operation of the Franchise Business. Once a location acceptable to Franchise Owner is identified, the location must be submitted to the Company for approval in a form acceptable to the Company, including a description of the proposed site, economic terms, use clause and any other materials the Company specifies. Once all such information is submitted, the Company will then approve or disapprove of the proposed location within a reasonable time. The Company's location recommendations and its approval of the Franchise Location do not constitute a representation or guaranty of the commercial value or success of the Franchise Location.

The location approved in writing by the Company is referred to in this Agreement as the "Franchise Location." Once the Franchise Location has been approved and has been purchased or leased by Franchise Owner, the Company will insert the Franchise Location and other site specific information into the Data Sheet and will send Franchise Owner a copy of the completed Data Sheet.

The Company will authorize the relocation of the Franchise Business if the Franchise Location becomes unusable or unavailable for the Franchise Business or if Franchise Owner requests relocation and

have other reasonable business reasons to relocate. Franchise Owner must obtain the written approval of the Company for the new location and must pay the Company a relocation fee of \$15,000. The relocation fee is due at the time Franchise Owner requests the Company's approval of a new location.

(B) Lease Requirements.

If Franchise Owner leases the Franchise Location from a third party, the Company must approve, in writing, the terms and form of Franchise Owner's lease and the lease must not be terminated, renewed or in any way altered or amended by Franchise Owner without the prior written consent of the Company. A fully executed copy of the lease shall be provided to the Company within 10 days of lease signing. Franchise Owner's lease with a third party must contain the provisions specified in the Company's standard Lease Addendum, a copy of which is attached as Appendix F. The term of Franchise Owner's lease, including extensions, must be for a period no less than the term of this Agreement. Except in accordance with this Agreement, Franchise Owner must not assign its lease or let or sublet the Franchise Location or any portion of the Franchise Location without the prior written consent of the Company.

(C) Development of Franchise Business.

The Company will provide Franchise Owner with suggestions for layout and design of a typical Restaurant. Franchise Owner is responsible for completing the construction or remodeling of the Restaurant in compliance with (i) the layout and design specified by the Company, (ii) the plans and specifications developed by a licensed architect and/or engineer and approved by the Company and the landlord, and (iii) with all applicable ordinances, building codes and permits requirements. All plans and other documents, along with any revisions of them made during the construction process, must be submitted to us for our approval prior to the Franchise Owner's use of them. The Company's review will be limited to reviewing these plans and documents to assess compliance with our design specifications and standards for Restaurants, including items such as trade dress, presentation of trademarks, and the provision to the potential customer of certain products and services that are central to the functioning of the Franchise Business under the System. The Company's review is not designed to assess, nor does it assess, compliance with federal, state or local laws and regulations, including the Americans with Disabilities Act, as compliance with such laws is the sole responsibility of Franchise Owner.

Franchise Owner must diligently perform the responsibilities listed above and elsewhere in this Agreement, at times reasonably required by the Company in order to complete the Restaurant development in a proper and timely manner. Franchise Owner must report to the Company as to the progress of the Restaurant development. The Company may, but is not required to, assist the Franchise Owner in completing the above listed responsibilities. Where the Company's action and response is required with respect to any of the Franchise Owner's obligations listed above, the Company agrees to act or respond in a reasonable and timely manner.

If, in the opinion of the Company, the Company's specifications have not been followed, Franchise Owner must resolve any issues to the satisfaction of the Company before opening the Restaurant. If Franchise Owner opens the Restaurant to the public before obtaining the Company's final approval of the Restaurant, the Company has the right to charge Franchise Owner liquidated damages of \$2,500 per day that the Restaurant is open without approval. The liquidated damages must be paid within 10 days of demand and may be withdrawn from Franchise Owner's account as authorized in Section 4(F).

(D) Telephone and Facsimile Numbers; E-Mail Address.

Franchise Owner must acquire and maintain 1 telephone line dedicated solely to the Franchise Business. Franchise Owner may also maintain 1 or more separate telephone numbers for sending and receiving facsimiles, as specified by the Company. The Company may, at its option, obtain and register in its name, the telephone number or numbers to be used at the Franchise Business. Franchise Owner must pay all

costs and charges for the installation, maintenance and use of the telephone number or numbers, even if those numbers are obtained and registered in the name of the Company. Franchise Owner must also acquire and maintain high speed Internet access (DSL, cable, wireless, satellite or other high speed access) and an e-mail address so that the Company, Franchise Owner and Franchise Owner's customers may communicate by e-mail, access the web-based Technology Systems and Z!Net and Franchise Owner's customers may order products by e-mail. Franchise Owner must use the e-mail address provided or assigned by the Company, and no other e-mail address, in operating the Franchise Business. Franchise Owner acknowledges and agrees that the Company will have access to and may monitor all of Franchise Owner's correspondence by e-mail.

SECTION 7 - Operations

(A) Opening Date; Continuing Operations and Best Efforts.

Franchise Owner must begin operation of the Franchise Business by the earliest of: (1) four months after the Franchise Owner obtains possession of the Franchise Location; (2) twenty-four months after the date of this Agreement; or (3) the date specified in the Franchise Location Lease for required opening. The opening may be delayed only if the delay is caused by contingencies not within Franchise Owner's control, like acts of God, governmental restrictions, strikes or labor disputes, the occurrence of which the Company is notified promptly. Franchise Owner will use best efforts to cure any delay, and any permitted delay will only be for a period of days equal to the number of days during which such event actually prevents opening. Franchise Owner must continually operate the Franchise Business after opening in accordance with the provisions of this Agreement throughout the term of this Agreement. Franchise Owner must use its best efforts to promote and maximize the sales of the Franchise Business throughout the term of this Agreement. Franchise Owner must maintain at all times, sufficient inventory, equipment, supplies and personnel to operate the Franchise Business at optimal capacity and efficiency as specified by the Company.

(B) Standards of Operation; Operations Manual.

Franchise Owner acknowledges that every component of the System is important to the Company and to the operation of the Franchise Business. Franchise Owner must, at all times, operate and maintain the Franchise Business in a competent manner as an attractive, clean, convenient and efficiently operated restaurant offering high quality products and efficient, courteous service and in full compliance with all aspects of the System specified by the Company. In all business dealings with the public, Franchise Owner must be governed by the highest standards of honesty, integrity, fair dealing and ethical conduct. Without limiting the generality of the foregoing, Franchise Owner must promote the Zoup!ism culture by following the Company's "Zoup!isms," which currently consist of 14 principles that represent the operating philosophy and cultural underpinnings of the System.

Franchise Owner must comply with all lawful and mandatory policies and procedures specified by the Company in connection with the operation of the Franchise Business. These specifications may include standards, techniques and procedures for (1) the safety, maintenance, cleanliness, sanitation, function, hours of operation, appearance and atmosphere of the Franchise Business and its equipment, fixtures, furniture, decor and signs, including such things as music and lighting; (2) qualifications, dress, uniforms, grooming, general appearance, demeanor and training of employees; (3) type, shelf life, quality, taste, portion control, and uniformity and manner of preparation and sale of all of the products sold by the Franchise Business; (4) methods and procedures relating to receiving and preparing customer orders and payments, including participation in gift certificate and gift card programs and other local and national promotional programs authorized or specified by the Company; (5) catering and delivery of products and participation in third party delivery programs; (6) sales, advertising and promotional techniques and programs; (7) construction, maintenance and appearance of the Franchise Business and the Franchise Location; (8) use of the Technology Systems for entering sales, inventory and other information, making schedules, projecting sales, entering labor and other expenses, receiving reports, and other purposes specified by the Company; (9) use of

Electronic Media in connection with the Franchise Business; (10) purchase and maintenance of equipment, fixtures and inventory; (11) warranties to customers and the handling of customer complaints and customer communications; and (12) identification of the Franchise Business as an independently owned and operated business.

These policies and procedures, as well as other suggested operating guidelines will be contained in the operations and training manuals of the Company or in memos, recipes, bulletins, newsletters, e-mails or other written or electronic materials prepared by the Company (for the purposes of this Agreement, "Operations Manual" will mean all operations manuals, training manuals, or other written or electronic materials relating to the System or containing the Company's specifications). The Operations Manual will be in a format determined by the Company (i.e., in writing, on CD-Rom, via electronic media through a secure website, etc.) and all other supplemental bulletins, notices, revisions, modifications or supplemental information, either in document or electronic form, concerning the System are considered part of the Operations Manual. Also included are any passwords or other digital identification necessary to access the Operations Manual on a website or intranet. Currently, access to the Operations Manual is provided through the Company's intranet system (Z!Net). Applicable modifications or additions to the Operations Manual will be posted as they become available. The Operations Manual remains the property of the Company, must not be duplicated, and any copies made by Franchise Owner must be returned to the Company or destroyed on expiration or termination of this Agreement.

Due to the nature of operation of the Franchise Business and the fact that the specifications for the Franchise Business must and do change, the Company reserves the right to change the System after execution of this Agreement and to change the terms of the Operations Manual after execution of this Agreement to reflect those changes. Franchise Owner must comply with all such changes within 30 days of written notice of the change. The Operations Manual cannot change the terms of this Agreement, but will be in addition to this Agreement and will have the same effect as if set forth in this Agreement.

If Franchise Owner fails to comply with any operational requirement or System standard specified by the Company in connection with the operation of the Franchise Business, the Company may charge Franchise Owner liquidated damages of \$250 per failure. The liquidated damages must be paid within 10 days of demand from the Company and may be withdrawn from Franchise Owner's account as authorized in Section 4(F).

(C) Specifications of Products and Services; Suppliers/Distributors.

In order to maintain consistency of product, quality, taste and identity of the products and the brand experience, the Franchise Owner must comply with the product and supply requirements set forth in this Section. Franchise Owner acknowledges that its agreement to comply with the provisions of this Section is a material condition upon which this franchise is granted. Further, Franchise Owner acknowledges that the use of any proprietary products purchased from the Company or its affiliates are an integral part of operating the Franchise Business.

Franchise Owner must purchase all equipment, fixtures, signs, inventory, food products, packaging materials, technology, paper and plastic products, menus, uniforms, and all other products and services used in the development and operation of the Franchise Business in accordance with the Company's specifications and only from the Company or a supplier or distributor designated by the Company (which may be an affiliate of the Company). The Company will use its best efforts, within reasonable commercial limitations, to provide sources of supply for all products used in the development and operation of the Franchise Business. The designation by the Company of a manufacturer, supplier or distributor does not create any express or implied promise, guaranty or warranty by the Company as to the products or services of the manufacturer, supplier or distributor and the Company will not have any liability to Franchise Owner for

any claims, damages or losses suffered by Franchise Owner as a result of or arising from the products or services provided by the manufacturer, supplier or distributor or the acts or omissions of the manufacturer, supplier or distributor, including the inability of the manufacturer, supplier or distributor to provide products to the Franchise Location or to provide them in a timely manner. The Company reserves the right for the Company or its affiliates to receive rebates or other fees from designated suppliers or distributors based on sales of products or services to Restaurants.

Any products sold by or through the Company will be sold in accordance with the terms set forth in memos, bulletins, emails, franchisee meetings or otherwise in writing by the Company or by the manufacturer of the products. These terms may be modified from time to time on written notice from the Company or by the manufacturer of the products. Contingent upon the availability of such products, the Company or its affiliates will use their commercially reasonable efforts to supply such products within a reasonable time after the receipt of orders, provided, however, that neither the Company nor our its affiliates warrant that: (i) the Company or its affiliates will be able to obtain all such products, or (ii) that the products will be obtained by the dates requested. Neither the Company nor any of its affiliates are required to accept payments after they are due or to extend credit or otherwise finance the operation of the Franchise Business. In addition to all other remedies available under this Agreement, at law or otherwise, if Franchise Owner is in default under this Agreement or if it has failed to pay the Company or its affiliates amounts owed under this Agreement or any other agreement between it and the Company or its affiliates, including payments for purchases required by Section 7 of this Agreement, the Company and its affiliates may require Franchise Owner to pay for all purchases in advance, on a C.O.D. basis by cashier's check or may refuse to make further sales to Franchise Owner.

(D) Products and Services; Pricing.

Franchise Owner must offer for sale all products and provide all services that the Company specifies for the Franchise Business. Franchise Owner must not sell any products, provide any services or engage in any business at the Franchise Business or Franchise Location other than those specified by the Company without written authorization from the Company. The Company may expand or restrict the required or authorized products or services to be provided by the Franchise Business. Franchise Owner must only sell products and services over-the-counter at the Franchise Location, except as otherwise specified or authorized by the Company. Franchise Owner may deliver immediately consumable products consistent with the Company's catering format, but any other direct delivery of products by Franchise Owner is prohibited without the Company's prior written consent. Franchise Owner must participate in third-party delivery programs specified by the Company for Franchise Owner's market area. The Company will provide guidance on the pricing of the products and services sold by Franchise Owner. In order to prepare advertising and promotional materials (e.g. menus and point of purchase displays), the Company may establish and maintain suggested retail prices. Franchise Owner will not be required to follow suggested retail prices. However, if Franchise Owner elects to establish pricing different than the Company's suggested retail prices, Franchise Owner will be responsible for any additional costs incurred to produce marketing and promotional materials containing the prices established by Franchise Owner.

(E) Maintenance; Refurbishing; Alterations.

Franchise Owner must maintain the appearance and cleanliness of the Franchise Location and the equipment, fixtures and signs for the Franchise Business in an attractive and safe condition and in good maintenance and repair and in compliance with the standards specified by the Company. If at any time, in the Company's reasonable judgment, the general state of repair, appearance or cleanliness of the Franchise Location or its equipment, fixtures or signs do not meet the Company's standards, the Company may notify the Franchise Owner, specifying the action to be taken by the Franchise Owner to correct the deficiency. The Franchise Owner must initiate the specified action within 30 days and diligently proceed to complete the specified action. If Franchise Owner fails to do so, then the Company will have the right, in addition to its

other rights under this Agreement, but will not be obligated to, enter the Franchise Location and cause the specified action to be taken on behalf of the Franchise Owner and the Franchise Owner must pay the entire cost to the Company on demand.

In addition to regular maintenance obligations, within 6 months of the Company's request, Franchise Owner must, at its expense, refurbish the Franchise Location to maintain or improve the appearance and efficient operation of the Franchise Business to comply with the Company's then current standards and identity. Any requirement to refurbish the Franchise Location or other extraordinary expenses imposed by the Company will be imposed uniformly on all similarly situated Franchise Owners, but the expenses incurred in fulfilling the requirement may vary depending on such factors as the condition of the Franchise Location and local costs of construction.

(F) Managerial Responsibility.

The individual or at least 1 of the individuals listed as owners on Appendix A ("Principal" or "Principals"), must devote his/her/their full time and effort to the active management and operation of the Franchise Business; preserve and exercise ultimate authority and responsibility with respect to the management and operation of the Franchise Business, including, but not limited to, using best efforts to promote a "Zoup!ism Culture"; and represent and act on behalf of Franchise Owner in all dealings with the Company. If Franchise Owner desires to have a manager, other than a Principal, devote full time and effort to the management and operation of the Franchise Business, the manager must successfully complete a managerial training program designated by the Company and must be approved, in writing, by the Company. The manager must meet the Company's educational, managerial and business standards; possesses a good moral character, business reputation and have the aptitude and ability to manage and operate the Restaurant, including fostering and promoting a "Zoup!ism Culture." Franchise Owner must require all of its managers to sign an agreement relating to confidentiality and non-competition in a form approved by the Company as a condition of employment of the manager. Franchise Owner must furnish the Company a copy of each executed agreement.

(G) Employees.

Franchise Owner must hire all employees for the Franchise Business, be exclusively responsible for the terms of their employment and compensation, and must implement a training program for them in compliance with the Company's standards. Franchise Owner must maintain at all times a staff of trained employees sufficient to operate the Franchise Business in compliance with the Company's standards. Franchise Owner must require its employees and agents to sign an agreement relating to confidentiality in a form approved by the Company as a condition of employment of the employee. Franchise Owner must furnish the Company a copy of each executed agreement on request.

The Company's standards do not include any employee policies and procedures. The Company will not control and will not be involved in any way with Franchise Owner's payroll or other employment related matters regardless of any information that the Company may provide in operations or training manuals or otherwise. Franchise Owner is solely responsible for all employment decisions and obligations. Franchise Owner must prominently post signs at the Franchise Location (including in the area in which all official employment relating notices are posted) and at Franchise Owner's offices informing employees and independent contractors that their relationship is solely with Franchise Owner and that they are not an employee of the Company or any of its affiliates. Similar language must be included in all employment contracts, offer letters, and employee handbooks. The Company may specify the language for the required postings and notices. Franchise Owner must indemnify and hold harmless the Company from and against any liability relating to or arising from employment related decisions and obligations, including but not limited to labor and employment law violations by Franchise Owner and Franchise Owner's employees.

(H) Insurance.

Franchise Owner must obtain and provide the Company with evidence of insurance in at least the minimum amounts and with the coverages specified by the Company. Evidence of this insurance must be initially provided at the earlier of the signing of the lease for the Franchise Location or 10 days before beginning operation of the Franchise Business. Certificates of renewal must be provided no later than 10 days before the expiration date of each policy. If Franchise Owner does not provide the Company with evidence of any required insurance policies at any due date, the Company may purchase that insurance at the Franchise Owner's expense. Franchise Owner shall reimburse the Company on demand for the Company's cost in obtaining this insurance.

Each required insurance policy must meet the following requirements: (a) the policy must name the Company (and any affiliates or representatives of the Company that the Company may reasonably specify) as an additional insured on the form specified by the Company; (b) the policy must not be subject to cancellation, modification or amendment except after 30 days written notice to the Company; (c) the insurance must be obtained from or through a supplier designated by the Company, if applicable, and an insurance carrier with an AM Best's Rating of not less than A-VII; (d) the policy must provide that failure by Franchise Owner to comply with any term, condition or provision of the insurance contract, or other conduct by Franchise Owner, will not void or otherwise affect the coverage afforded the Company or its affiliates or representatives (e.g. the Company, although named as an insured, will nevertheless be entitled to recover under such policies on any loss occasioned to the Company or its agents or employees by reason of the negligence of Franchise Owner or Franchise Owner's agents or employees); (e) the applicable policies must cover Franchise Owner's indemnification obligations under this Agreement; (f) the policy will be primary to and without right of contribution from any insurance purchased by the Company; and (g) the policy must contain a waiver of subrogation in favor of the Company for casualty losses. Franchise Owner's obligation to obtain and maintain the policies of insurance in the minimum amounts specified by the Company will not be limited in any way by reason of any insurance that may be maintained by the Company nor will Franchise Owner's obligation to obtain insurance relieve Franchise Owner of its liability for indemnification under this Agreement.

Franchise Owner acknowledges that the insurance coverages and amounts specified by the Company reflect minimum required amounts and are not meant to reflect Franchise Owner's actual insurance coverage needs. It is Franchise Owner's responsibility to carefully evaluate its insurance needs and to obtain the insurance coverages and amounts as necessary to satisfy those insurance needs.

(I) Compliance with Laws.

Franchise Owner must obtain and keep in force every registration, charter, license or permit required for the Franchise Business. Franchise Owner must comply with all federal, state, county, municipal or other statutes, laws, ordinances, regulations, rules or orders applicable to the Franchise Business, including but not limited to state and federal labor and employment laws, such as the Fair Labor Standards Act (FLSA), Family and Medical Leave Act (FMLA), Occupational Safety and Health Act (OSHA), Employee Retirement Income Security Act (ERISA), Title VII, the Age Discrimination in Employment Act, and the Affordable Care Act. Franchise Owner must pay to the appropriate government agency, when due, all taxes of every kind applicable to the Franchise Business or the income of the Franchise Business, including all local, state or federal taxes.

(J) Separate Identification of Franchise Business.

Franchise Owner must identify the Franchise Business as a separate business by filing an assumed name certificate as appropriate in the state and/or county of location of the Franchise Business. Also,

Franchise Owner must display signs, notices or plaques specified by the Company to identify the separate ownership of the Franchise Business.

(K) Indemnification.

Franchise Owner is responsible for all losses or damages from contractual liabilities to third persons from the possession, ownership and operation of the Franchise Business and all claims or demands for damages to property or for injury, illness or death of persons, directly or indirectly arising out of, or in connection with, possession, ownership or operation of the Franchise Business or the actions or omissions of Franchise Owner and Franchise Owner's employees. Franchise Owner must indemnify, hold harmless and, at the Company's request, defend the Company and its affiliates and franchisees, and their agents, employees, attorneys, successors and assigns against any and all claims, suits, demands, losses, damages or liabilities and all related expenses, including reasonable attorneys' fees and court costs, which directly or indirectly arise out of, in connection with, or as a result of possession, ownership or operation of the Franchise Business, or the acts or omissions of Franchise Owner and Franchise Owner's employees, except liability solely arising from the Franchise Owner's proper reliance on or use of materials or instructions provided by the Company or solely arising from the Company's negligence. This indemnity obligation will continue in full effect even after the expiration, transfer or termination of this Agreement. The Company's right to indemnity under this Agreement will arise and be valid notwithstanding that joint or concurrent liability may be imposed on the Company by statute, ordinance, regulation or other law.

(L) Participation in Franchise Owner Advisory and other Committees.

The Company may establish, from time to time, committees of franchise owners or advertising cooperatives to advise the Company on various matters involving the System. Franchise Owner will be eligible to participate on such committees or in an officer, management, executive or committee position with an advertising cooperative, in accordance with the rules established by the Company and each committee and advertising cooperative, but only if Franchise Owner is a franchise owner in good standing at that time and has been a franchise owner in good standing for the 6 month period before serving on the committee or advertising cooperative. In order to be a franchise owner in good standing, Franchise Owner must be: (1) current in all obligations to the Company; and (2) operating in accordance with the all requirements of the System, including requirements relating to uniformity, quality, cleanliness and service, as determined solely by the Company.

(M) Interference with Employment Relations of Others.

Franchise Owner, its shareholders, officers, directors, partners, owners or investors must not, during the term of this Agreement, employ or seek to employ any person who is, at the time, employed by the Company or its affiliates or by another franchise owner, or directly or indirectly induce any such person to leave their employment with the Company or its affiliates or with another franchise owner.

(N) Securing Customer Data; Data Breaches.

Franchise Owner is responsible for securing the data of its customers. Franchise Owner must comply with the Payment Card Industry Data Security Standard Requirements and Security Assessment Procedures and other applicable payment card industry requirements ("PCI Requirements") in connection with the Franchise Business. Franchise Owner must also comply with the ISO/IEC 27000-series information security standards (or other comparable third party information security standards) ("Information Security Standards") in connection with the Franchise Business. It is Franchise Owner's responsibility to research and understand the PCI Requirements and Information Security Standards and to ensure that its business policies and practices comply with these requirements and standards. Although the Company may provide advice or specify or provide POS Systems or business software, the Company does not represent or warrant that those systems or software comply with the PCI Requirements or Information Security Standards and it will be the sole responsibility of Franchise Owner to ensure that its business practices comply with those requirements

and standards. Franchise Owner must periodically participate in audits of its information technology systems and data security policies by third party auditors as specified by the Company.

If Franchise Owner detects or is notified of data breach involving the data of its customers (“Data Breach”), Franchise Owner must immediately notify the Company of the Data Breach. Franchise Owner must cooperate with the Company in investigating and halting the Data Breach, including giving the Company access to Franchise Owner’s information technology systems. The Company will have the right to name legal counsel to deal with the Data Breach and to control media communications relating to the Data Breach. Franchise Owner must not make any public statements about the Data Breach without the Company’s approval. Franchise Owner must indemnify and hold harmless the Company for all claims and costs, including attorneys’ fees, incurred by the Company as a result of any Data Breach that is the responsibility of Franchise Owner.

SECTION 8 - Advertising

(A) Grand Opening Advertising.

The Company will provide guidance for Franchise Owner on an initial pre-opening, grand opening, advertising promotions, and public relations plan ("Grand Opening Plan" or “GO Plan”), which may include social media advertising, direct mail, large scale print media, newspaper advertising, neighborhood and business to business marketing, fund raising or other on-site events, public relations and publicity ideas. The GO Plan shall be conducted during the period beginning 3 months before the opening of the Franchise Business and ending 8 weeks after the opening of the Franchise Business. Franchise Owner is responsible for all costs and expenses related to the GO Plan. Franchise Owner agrees to spend at least \$8,000 to conduct the GO Plan. Franchise Owner must pay this amount to the Company electronically at the time Franchise Owner signs its lease for (or otherwise acquires possession of) the Franchise Location. The Company will use this money to pay its designated vendors for providing services on behalf of Franchise Owner in connection with the GO Plan.

(B) National Brand Marketing Fund.

Franchise Owner must make contributions, as required under Section 4(C), to a national brand marketing fund that will be administered by the Company or an agency designated by the Company. The national brand marketing fund will be used to maximize general public recognition and patronage of the Marks and the Zoup! brand. The Company will use the national brand marketing fund to formulate, develop, produce, and execute advertising and promotional materials and programs and to conduct marketing, community relations, Electronic Media support and campaigns, and promotional programs on a national, regional or local level or any other activities as the Company determines in its discretion to be most effective in achieving the goals of the national brand marketing fund. The Company is not required to spend Franchise Owner's national brand marketing fund contributions to place advertising in Franchise Owner's market or in any specific media. The national brand marketing fund will be used to pay all expenses of the national brand marketing fund. The Company reserves the right to engage the services of advertising, technical, consulting, and market research sources, or other third-party resources to formulate, develop, produce and conduct promotional programs and other activities. The cost of these services will be paid by the national brand marketing fund. The national brand marketing fund may be used to reimburse the Company for the proportionate compensation of employees of the Company who devote time and render service in support of the goals of the national brand marketing fund or in the administration of the national brand marketing fund. Upon the Franchise Owner's request, the Company will provide an annual summary by category of the national brand marketing fund, unaudited and prepared by management of the Company.

(C) Advertising Cooperatives.

The Company may, from time to time, designate 1 or more Restaurants, including the Franchise Business, to participate in advertising cooperatives. If the Franchise Business is so designated among such group or groups of Restaurants, Franchise Owner must join, maintain a membership in and abide by the governing instrument of the advertising cooperative for that group of Restaurants. The structure of the cooperative as well as the governing instrument of the cooperative, and any changes to that instrument, will be established by the cooperative and approved by the Company. The cooperative may require Franchise Owner to make contributions to the cooperative, which contribution will be in addition to any amounts required to be spent in this Agreement. Decisions of the cooperatives will be made as provided in the governing instrument of each cooperative. Any franchise owner holding an officer, management, executive or committee position with the cooperative must be a franchise owner in good standing (as defined in Section 7(L)). Each cooperative must work with the Company or an agency designated by the Company in coordinating and placing advertising for the members of the cooperative. Each cooperative is responsible for the costs and expenses incurred by that cooperative. The Company has the right to require that any advertising cooperative and/or franchisee advertising advisory council be formed, changed, dissolved or merged.

(D) Use of Electronic Media.

Franchise Owner must not, independently of the Company, use Electronic Media for promotion of the Franchise Business. Franchise Owner must comply with the requirements of any social media policies specified by the Company from time to time. The Company may, in its discretion, maintain Electronic Media for the System and allow Franchise Owner to maintain a separate portion of and/or participate in Electronic Media for the Franchise Business under guidelines specified by the Company. The Company will have the right to control all responses to postings by customers and/or the public on Electronic Media relating to the Franchise Business.

(E) Additional Advertising; Approval.

All advertising, marketing materials and promotional or other activities prepared and planned by Franchise Owner for use in any medium, including signage, must be factual and dignified, must conform to the standards, specifications, marketing plans, operating policies and philosophy of the Company, and to the highest standards of the Zoup! brand and ethical advertising practice, and must be approved by the Company in writing before being used. Each time Franchise Owner uses advertising, marketing materials and promotional or other activities, the use must be approved by the Company in writing before being used, even if previously approved by the Company. No handwritten signs or otherwise non-conforming sign designs are allowed. No computer generated signs are allowed unless they have been provided by the Company or approved in writing by the Company. Franchise Owner must submit to the Company for approval all marketing and promotion materials and all marketing or promotional plans including signage, prepared by the Franchise Owner for the Franchise Business and not prepared by or approved by the Company. These materials must be submitted at least 18 days before use. If the Company does not reject the materials within 16 days after receipt, the materials will be deemed to be approved by the Company. Franchise Owner agrees to refrain from any business, marketing or advertising that the Company determines, in its sole discretion, may be injurious to the brand, operating or marketing philosophy or plans of the Company, the business of the Company and the goodwill associated with the Marks and System and other Restaurants.

If Franchise Owner uses or engages in any advertising, promotional activities, offers or marketing materials in any medium, including signage, without the prior approval of the Company, the Company may charge Franchise Owner liquidated damages of \$1,000 per occurrence. The liquidated damages must be paid within 10 days of demand from the Company and may be withdrawn from Franchise Owner's account as authorized in Section 4(F).

(F) Photo and Video Releases.

Franchise Owner agrees that the Company may take photos and/or videos in Franchise Owner's Restaurant or elsewhere and that those photos and videos may include photos and videos of the owners, employees, and customers of Franchise Owner. Franchise Owner also agrees that the Company may use those photos and videos in advertising, including on the Company's website, social media, and other Electronic Media. Franchise Owner hereby gives and forever grants to the Company and its successors, assigns, or licensees, the right to use, publish and copyright throughout the world in perpetuity any such photos and videos, in whole or part, including alterations, modifications, derivations and composites of the photos and videos (the "Work"), in advertising and promotion of the Company and Restaurants. This right will include the right to combine the Work, in whole or in part, with other images, and to alter the Work, by digital means or otherwise, so long as the use is of a lawful purpose. Franchise Owner agrees that all Work will become the property of the Company and will not be returned. Franchise Owner and its owners waive any right to inspect or approve the finished Work. Additionally, Franchise Owner and its owners waive any right to royalties or other compensation arising or related to the use of the Work. Franchise Owner and its owners hereby hold harmless, release, and forever discharge the Company from all claims, demands, and causes of action which Franchise Owner, its owners, and their successors, assigns, heirs, representatives, executors, administrators, or any other persons acting on my behalf or on behalf of Franchise Owner or its owners have or may have by reason of this authorization. To the extent required for the Company to use the Work, Franchise Owner agrees to use its best efforts to obtain legal, written consents from its employees (on hiring) and customers to authorize the Company to use the Work as contemplated in this Section.

SECTION 9 - Training

(A) Initial Training.

Franchise Owner must satisfactorily complete the Company's initial training program before beginning the operation of the Franchise Business. The training program will be conducted without charge to Franchise Owner for up to 2 individuals, at least one of which must be a Principal. If this is the first Restaurant to be opened by Franchise Owner or its Principals, at least 2 individuals must attend and complete the training program, at least one of which must be a Principal. If requested by Franchise Owner, the Company may, in its discretion, allow additional persons to attend the initial training program, but may, in that case, charge a reasonable fee for the training. Also, Franchise Owner will be responsible for paying its and its employees' salaries and expenses for travel, food and lodging incurred during the training program. The persons attending the initial training program must sign an agreement relating to confidentiality and/or non-competition in the form as specified by the Company before beginning the training program.

(B) Franchise Owner's Training Program.

After beginning operation of the Franchise Business, Franchise Owner must establish and maintain a continual program of training for managers and other employees in accordance with the Company's specifications.

(C) Setup and Opening.

The Company will provide a representative for up to 5 to 10 days before and within the first week after the Franchise Business opens for business to assist in the setup and initial operation of the Franchise Business. If Franchise Owner requests additional help, the Company may provide additional assistance as the Company deems appropriate. The Company may impose a reasonable charge for any such additional assistance.

(D) Additional Training, Sales Programs and Meetings.

Franchise Owner or a Principal of Franchise Owner and management employees of the Franchise Business must, solely at Franchise Owner's expense, attend additional training, annual franchise reunions, franchise meetings, sales programs, and other meetings reasonably required by the Company, and the Company may impose a reasonable charge on the Franchise Owner for any such additional training, sales programs or other meetings. The Company may require Franchise Owner to complete additional training before offering new products or services from the Franchise Business.

(E) Franchise Owner's Responsibilities Relating to Training Provided by the Company.

Franchise Owner acknowledges and agrees that no compensation or other benefits will be paid by the Company to Franchise Owner, its principals, owners, managers or employees for any services performed by Franchise Owner or its principals, owners, managers or employees during training at any Restaurant operated by the Company, its affiliates or any other person. Franchise Owner will be responsible for compliance with all minimum wage and hour and other employment laws applicable to Franchise Owner's employees attending training and/or providing services during training. Franchise Owner assumes all responsibility for any injuries sustained by Franchise Owner, its principals, owners, managers or employees while attending training. Franchise Owner agrees to indemnify and hold harmless the Company and its affiliates, agents and employees from any injuries or damages arising out of or related to attendance and participation in training by Franchise Owner or its principals, owners, managers or employees.

SECTION 10 - Confidentiality and Non-Competition

(A) Confidential Information; Innovations.

Franchise Owner acknowledges that the Company and its affiliates are the owners of all proprietary rights in and to the System and all material now or later revealed to Franchise Owner under this Agreement relating to the System and all additional changes or enhancements in the System, even if developed by Franchise Owner, including the Operations Manual, access to the Technology Systems, vendors, recipes, processes, and other aspects of the System. Franchise Owner further acknowledges that the System, including information on the Company's intranet system, in its entirety, constitutes trade secrets and/or confidential information of the Company ("Confidential Information and Trade Secrets"), which are revealed to Franchise Owner in confidence, solely for the purpose of enabling Franchise Owner to establish and operate the Franchise Business in accordance with the terms of this Agreement. Franchise Owner agrees that during the term of this Agreement and after termination or expiration of this Agreement, Franchise Owner and its shareholders, officers, directors, partners, owners, investors, employees or agents will not use or disclose any Confidential Information and Trade Secrets or allow access to the Company's intranet system to any person or entity other than a person authorized by the Company. Franchise Owner must require any such authorized employees and agents to execute agreements relating to confidentiality and/or non-competition in the form specified by the Company before revealing any Confidentiality and Trade Secrets. Franchise Owner must furnish the Company a copy of each executed agreement.

All ideas, concepts, techniques, innovations, developments, improvements, information, suggestions or materials concerning a Restaurant, whether or not protectable intellectual property and whether created by or for Franchise Owner or its owners, affiliates, employees or representatives, must be promptly disclosed to the Company and will be deemed to be the Company's sole and exclusive property, part of the System and works made-for-hire for the Company. To the extent any such item does not qualify as a "work made-for-hire" for the Company, Franchise Owner hereby assigns, and will require its owners, affiliates, employees or representatives to assign, its or their ownership interest of such item to the Company. Franchise Owner agrees to take, or direct its owners, affiliates, employees or representatives to take, whatever action required by the Company to document such assignment or to assist the Company in obtaining any and all intellectual property rights in such item.

(B) Restrictions on Competition.

Franchise Owner, its shareholders, officers, directors, partners, owners or investors shall not, during the term of this Agreement, have any interest in, as an owner (except ownership of no more than 1% of a publicly traded entity), director, officer, employee, consultant, representative or agent, or in any other capacity, or otherwise engage in any "Competing Business" (as defined below) or in any business or entity that franchises, licenses or otherwise grants to others the right to operate a Competing Business, except in connection with the operation of other Restaurants under franchise agreements entered into with the Company, without the prior written approval of the Company.

Upon the termination or expiration of this Agreement for any reason, and upon any transfer of this Agreement or the Franchise Business, except termination by the Franchise Owner for cause, the Franchise Owner, its shareholders, officers, directors, partners, owners or investors, shall not, for a period of 2 years of the date of such termination, expiration or transfer, or the date of any final Court order enforcing this provision, whichever is later, have an interest as an owner (except ownership of no more than 1% of a publicly traded entity), partner, director, officer, employee, consultant, representative or agent, or in any other capacity, or otherwise engage in any other capacity in any Competing Business, or in any business or entity that franchises, licenses or otherwise grants to others the right to operate a Competing Business, within the "Geographic Area" (defined below), except in connection with the operation of other Restaurants under franchise agreements entered into with the Company, without the prior written approval of the Company.

During the term of this Agreement and for a period of 2 years after the termination, expiration or transfer of this Agreement or the Franchise Business, or the date of any final Court order enforcing this provision, whichever is later, the Franchise Owner, its shareholders, officers, directors, partners, owners or investors shall not: (1) divert or attempt to divert any business or customer of the Franchise Business or of any other Restaurant to any Competing Business by direct or indirect inducements or otherwise; or (2) employ or seek to employ any person who is, at the time, employed by the Company or its affiliates or by another franchise owner, or directly or indirectly induce any person to leave their employment with the Company or its affiliates or with another franchise owner (see Section 7(M)).

For purposes of this Agreement, a "Competing Business" includes a foodservice business that offers or sells the same or similar products, including, in whole or in part, soups, bowls, salads and/or sandwiches. For purposes of this Agreement, a "Geographic Area" includes an area within a 5-mile radius of the Franchise Location or within a 5-mile radius of any other Restaurant existing or planned at the date of expiration, termination or transfer of this Agreement.

Franchise Owner agrees that the length of the term and the geographical restrictions contained in this Section are fair and reasonable. Franchise Owner acknowledges that to disregard the provisions of this Section 10 would effectively foreclose the Company from selling other franchises and Franchise Owner could be unjustly enriched and unfairly derive benefit from the goodwill of and training you receive from the Company. Moreover, other Zoup!® franchisees and the Restaurants could be severely disadvantaged if Franchise Owner competes against them using the Marks or other Confidential Information and Trade Secrets. The parties have attempted to limit Franchise Owner's right to compete only to the extent necessary to protect the reasonable competitive business interests of the Company and its franchise owners.

Each of the foregoing covenants will be construed as severable and independent and will be interpreted and applied consistent with the requirements of reasonableness and equity. In the event a court of competent jurisdiction will determine the business, time, or geographic limitations contained in this Agreement are illegal, invalid or unenforceable, then, the court so holding will reduce the limitation

necessary to render such restriction enforceable by the court. The Company will have the right to reduce the scope of any covenant contained in Section 10 without your consent, effective immediately upon receipt by Franchise Owner of the Company's written notice; and Franchise Owner will comply with any reduced covenant. In addition to any other remedies available at law or equity, the Company will have the right to injunctive relief for the violation or threatened violation of any covenant described in Section 10. The restrictions in this Section 10 inure to the Company's benefit, as well as to its successors and assigns. In the event of any assignment of this Agreement by the Company or the sale, merger or other change in the Company's ownership or structure, the resulting entity will step into the Company's place, without any additional consent of or notice to Franchise Owner, as if the term "Company" was defined in this Agreement to include such entity.

SECTION 11 - Transferability

(A) General Rule.

This Agreement is personal to Franchise Owner or to the owners of Franchise Owner if Franchise Owner is a corporation, partnership, limited liability company or other entity. Accordingly, neither Franchise Owner nor any person owning any direct or indirect ownership or equity interest in Franchise Owner, may, without the Company's prior written consent, directly or indirectly or contingently, whether voluntarily or by operation of law, sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in (1) this Agreement; (2) the Franchise Business or substantially all the assets of the Franchise Business; (3) the Franchise Location; or (4) or any equity or voting interest in Franchise Owner. Any such act or event described above in this Section or any other act defined as a transfer elsewhere in this Agreement will be referred to as a "Transfer." Any permitted Transfer must only be made in accordance with the provisions of this Section 11. Franchise Owner does not have the right to sublicense any of the rights granted by this Agreement. Any attempted Transfer not in accordance with this Agreement will have no effect and will constitute a breach of this Agreement.

(B) Transfer on Death or Incapacity.

If Franchise Owner or the owner of more than 20% of Franchise Owner (if Franchise Owner is a corporation, partnership, limited liability company or other entity) dies or becomes incapacitated, Franchise Owner's or such owner's rights under this Agreement will pass to the estate, heirs, devisees or legal representatives of Franchise Owner or its owner (collectively referred to in this Agreement as the "estate"). The estate may continue operation of the Franchise Business if (1) the estate provides a qualified individual acceptable to the Company to manage and operate the Franchise Business on a full time basis; (2) this manager attends and successfully completes the Company's training program at the estate's expense; and (3) this manager assumes full time operation of the Franchise Business within 90 days of the date Franchise Owner or such last surviving owner dies or becomes incapacitated. If the estate fails to designate an acceptable manager or the designated manager fails to attend and satisfactorily complete the training program and to assume the full time operation of the Franchise Business within this 90 day period, then the estate must sell the estate's interest in the Franchise Business or in this Agreement within 180 days of the date of death or incapacity. Any sale must be made in accordance with Section 11(D).

After the date of death or incapacity, until a trained manager assumes full time operational control of the Franchise Business or until the estate's interest in the Franchise Business or in this Agreement is sold, the Company may, at its option, assume control of and operate the Franchise Business for a period of up to 90 days. This period of operational control may be renewed in 90 day increments for up to a total of 1 year as necessary. The Company will periodically discuss the status of the operational control with the estate. During any period that the Company operates the Franchise Business, the Company may deduct its expenses for travel, lodging, meals and all other expenses and fees from the Franchise Business's gross receipts. Any remaining gross receipts of the Franchise Business, after paying all other operational expenses of the

Franchise Business (including all fees owed to the Company under this Agreement) will be paid to the estate. Any deficiency in amounts due to the Company under this Section or any deficiencies from operation of the Franchise Business must be paid by the estate within 10 days of a notice of deficiency from the Company. The Company is not obligated to operate the Franchise Business. If the Company does operate the Franchise Business, the Company will not be responsible for any operational losses of the Franchise Business, nor will the Company be obligated to continue operation of the Franchise Business.

(C) Right of First Refusal.

Franchise Owner or any person owning an interest in Franchise Owner or any legal heir or devisee of any deceased Franchise Owner or person owning an interest in Franchise Owner ("Seller") who receives and desires to accept a bona fide offer from a third party to purchase all or part of Seller's interest in this Agreement, the Franchise Owner, the Franchise Business or the assets of the Franchise Business, must notify the Company in writing of such offer ("Offer Notice") within 10 days of receipt of the offer. The transaction described in the Offer Notice will be referred to as the "Transaction." The Offer Notice must describe the Transaction in detail, including the name and address of the proposed purchaser, the nature of the Transaction, the consideration to be paid and all other material terms and conditions of the Transaction. In addition to the Offer Notice, the Seller must also deliver copies of all documents to be executed in conjunction with the Transaction and any financial or other information as the Company may specify to reasonably inform the Company of the financial condition of the Franchise Business, including but not limited to financial statements and tax returns of the Franchise Business. The Company will then have, for a period of 30 days from the date of delivery of the information specified above, the right and option ("right of first refusal"), exercisable by written notice to the Seller, to purchase that interest on the terms specified in the Offer Notice (modified as described below).

The Company may designate a substitute purchaser to complete the Transaction. If the Transaction involves the purchase of stock or other ownership interests, the Company will have the option to purchase the assets of the Franchise Business instead for equivalent consideration. If the consideration, terms or conditions offered by the proposed purchaser are such that the Company may not reasonably be required to furnish the same, for example, if the consideration is not cash or cash equivalents, the Company may pay a reasonable equivalent in cash. If the Seller and the Company are not able to agree within a reasonable time on equivalent or substitute cash consideration, that determination will be made by an independent qualified appraiser selected by the Company and Franchise Owner. The parties will share the cost of that appraiser. If the Company and Franchise Owner cannot agree on an independent appraiser, each will select and pay the cost of an independent appraiser qualified or certified to make the appraisal. The independent appraisers chosen will then select a third independent appraiser and the parties will share the cost of the third independent appraiser. The decision of the majority of the appraisers so chosen will determine the equivalent or substitute cash consideration and that determination will be binding on the parties.

If the Company exercises its right of first refusal, the Transaction will be closed by the later of: (i) 90 days after exercise of the right of first refusal; or (ii) 30 days after any necessary determinations of equivalent or substitute cash consideration. The Company will be entitled to customary warranties, closing documents and post closing indemnification.

If the Company does not exercise its right of first refusal, or if the Company exercises its right of first refusal but fails to timely close the Transaction for any reason except the Seller's breach, the Seller may complete the Transaction, but only on the same terms as offered to the Company and subject to the Company's rights of approval as specified in this Section 11. If Franchise Owner does not complete the transfer within 90 days, the Company will again have the right of first refusal to purchase the interest.

Notwithstanding anything to the contrary in this Section, the Company will not exercise its right of first refusal so as to become a partial owner of the Franchise Owner or the Franchise Business.

(D) Conditions of the Company's Consent to Transfer.

If the Company elects not to exercise its right of first refusal pursuant to Section 11(C) above, the Company will not unreasonably withhold its consent to a Transfer, provided that the following conditions are satisfied:

- (1) The proposed transferee must follow the same application procedures as a new franchise owner and must meet the same standards of character, business experience, financial strength, credit standing, health, reputation, business ability, experience, core values, etc. as the Company has set for any new franchise owner and must be approved by the Company in its sole discretion.
- (2) The terms of the proposed transfer must not, in the Company's reasonable determination, place unreasonable burdens on the proposed transferee.
- (3) Franchise Owner must be in full compliance with all provisions of this Agreement and must pay the Company all monies owing and must sign at the time of Transfer an agreement terminating this Agreement with respect to Franchise Owner and releasing the Company from any claims.
- (4) The proposed transferee must satisfactorily complete the Company's initial training program. The Company may impose a reasonable charge for this training program.
- (5) The proposed transferee must, at the Company's option: (i) sign with the Company a Franchise Agreement on the standard form in use by the Company at the time of Transfer, which agreement would continue for the full term stated in the new Franchise Agreement, or (ii) sign, with Franchise Owner, an assignment and assumption satisfactory to the Company, whereby the proposed transferee would be entitled to all of Franchise Owner's rights under this Agreement and assume all of Franchise Owner's obligations under this Agreement.
- (6) The lease for the Franchise Location must be assigned to the proposed transferee.
- (7) The proposed transferee must pay the Company a transfer fee of \$15,000.
- (8) The proposed transferee must agree that, within 90 days of the transfer, it will take any action specified by the Company to make the Franchise Location comply with the then current build-out and design standards (if applicable) and the then current appearance standards.
- (9) Franchise Owner must pay the Company a business marketing fee in the amount of \$10,000 if Franchise Owner uses the Company's marketing program in connection with the Transfer.
- (10) Franchise Owner and the proposed transferee must comply with any other standard procedures specified by the Company.

Franchise Owner acknowledges that the conditions listed above are necessary for protection of the Franchise Trademarks and System and do not impose unreasonable restrictions on a Transfer.

(E) Transfers to Controlled Entities.

Notwithstanding the foregoing, if Franchise Owner is in full compliance with this Agreement, the Agreement may be assigned to a corporation, partnership or other entity in which the Franchise Owner owns and will continue to own all the issued and outstanding stock, partnership interest, or other ownership interests and in which the Franchise Owner will act as its principal executive officer or manager ("Controlled Entity"), provided that (1) the Controlled Entity is newly organized and its organizational document provides (and will continually provide) that its activities are confined exclusively to the operation of the Franchise Business; (2) all documents evidencing ownership in the Controlled Entity bear a legend that they are subject to the terms of this Agreement; (3) all owners of the Controlled Entity execute this Agreement and agree to be personally bound, jointly and severally, by all of the provisions of this Agreement; and (4) the Controlled Entity agrees to be bound by all the provisions of this Agreement and to assume and discharge all of the Franchise Owner's obligations under this Agreement.

(F) Minor Changes in Ownership.

A change in ownership of Franchise Owner of less than 20% of the initial ownership, in the aggregate, is exempt from the Transfer requirements of this Section, except that: (1) written notice of the proposed change in ownership of Franchise Owner must be delivered to the Company at least 90 days before the occurrence of the change in ownership; and (2) the Company must indicate in writing that it has no objection to the change in ownership of Franchise Owner before the occurrence of the change in ownership.

(G) "For Sale" Restrictions.

Franchise Owner must not permit to be placed at the Franchise Location a "Business for Sale," "For Sale" or "For Lease" sign, or any sign of a similar nature of purpose, nor in any manner use or have others use the Marks to advertise the sale or lease of the Franchise Business or the assets of the Franchise Business or any ownership interest in Franchise Owner, without the express written consent of the Company, which will not be unreasonably withheld. If Franchise Owner begins to market the Franchise Business for sale and the Franchise Business is not sold within 120 days, the Company or a person designated by the Company will have the right to exclusively market the Franchise Business for sale for the next 120 days. If requested by the Company, Franchise Owner will sign a listing agreement in a form specified by the Company to grant the Company or the person designated by the Company the exclusive right to market the Franchise Business for the 120 day period.

(H) Assignment by the Company.

This Agreement is fully assignable by the Company and will inure to the benefit of any assignee or other legal successor to the interests of the Company. The Company may sell, assign, discount or otherwise transfer any rights under this Agreement or any other assets of the Company or its owners, without notice to or approval of Franchise Owner at any time. However, the Company will make provision for the performance of those obligations by the assignee.

SECTION 12 - Default and Remedies; Termination

(A) Default by the Company; Termination by Franchise Owner.

The Company will be considered in default of this Agreement if the Company breaches any material obligations of the Company under this Agreement and fails to cure that default within 60 days of written notice from Franchise Owner. As a remedy for a default by the Company, Franchise Owner may elect to terminate this Agreement, but only if: (a) Franchise Owner is in full compliance with all terms of this Agreement; (b) Franchise Owner provides written notice to the Company within 30 days of the occurrence of such default; and (c) the Company has committed the default and has not cured the default within 60 days of its receipt of such written notice. Written notice from Franchise Owner of the default must be sent by certified

mail, return receipt requested, and shall specify in writing with particularity the nature of the default and the steps Franchise Owner requests that the Company take to cure the default.

(B) Events of Defaults by Franchise Owner Before Opening; No Right to Cure.

Any of the following events will constitute a default by Franchise Owner and good cause for termination of this Agreement by the Company without affording Franchise Owner an opportunity to cure (except as may be required by applicable law): (1) Franchise Owner fails to enter into a lease for the Franchise Location within 12 months of the signing of this Agreement or fails to otherwise open the Franchise Business within the period set forth in Section 7(A); (2) the Company determines that Franchise Owner will not or has not completed the Company's pre-opening training programs to the satisfaction of the Company; (3) Franchise Owner is unable to obtain, without extraordinary administrative proceedings or litigation, any permit or license necessary to develop and open the Franchise Business; or (4) Franchise Owner fails to pay any amounts due to the Company or is unable to obtain adequate financing to cover all costs of developing, opening and operating the Franchise Business.

(C) Events of Default by Franchise Owner After Opening; No Right to Cure.

Any of the following events will constitute a default by Franchise Owner and good cause for termination of this Agreement by the Company without affording Franchise Owner an opportunity to cure (except as may be required by applicable law): (1) any material misrepresentation by Franchise Owner relating to the acquisition of this franchise or the on-going operation of the Franchise Business; (2) any assignment or transfer of this Agreement or the Franchise Business without complying with Section 11 of this Agreement; (3) the conviction of, or plea of guilty or no contest by the Franchise Owner or a Principal of the Franchise Owner to a felony or any other criminal misconduct that, in the opinion of the Company, materially and adversely affects the operation, maintenance, reputation or goodwill of the Franchise Business or the System; (4) Franchise Owner has received 3 or more prior notices to terminate, whether or not for the same or similar default, during any consecutive 12-month period; (5) any abandonment by Franchise Owner of the Franchise Business, where "abandonment" will be conclusively presumed if Franchise Owner fails to open the Franchise Business for business for a period of 2 consecutive business days without the prior written consent of the Company; (6) Franchise Owner operates the Franchise Business in a manner that presents a health or safety hazard to its customers, employees, or the public, and the same cannot by its nature be cured within a reasonable time period; or (7) any conduct by the Franchise Owner that, in the Company's opinion, reflects materially and adversely on the operation or reputation of the Marks or System.

(D) Events of Default by Franchise Owner; Right to Cure.

Any of the following events will constitute a default by Franchise Owner and good cause for termination of this Agreement by the Company if Franchise Owner fails to cure the default within the applicable time period specified in Section 12(E) below: (1) failure of Franchise Owner to promptly pay its obligations to third party suppliers/distributors as they become due, failure to pay rent or the occurrence of any other default under a lease or finance agreement for the real or personal property involved in the Franchise Business; (2) adjudication of bankruptcy of Franchise Owner, the insolvency of the Franchise Business, appointment of a receiver or trustee to take charge of the Franchise Business by a court of competent jurisdiction or the general assignment by Franchise Owner for the benefit of creditors; (3) a final judgment or the unappealed decision of a regulatory officer or agency that results in a temporary or permanent suspension of any permit or license that is a prerequisite to operation of the Franchise Business; or (4) failure of Franchise Owner to operate in accordance with the uniform standards of the Company, failure to meet current quality control standards according to the provisions of the Operations Manual or failure to permit quality control checks and inspections by the Company's representatives.

(E) Termination by the Company.

The Company has the right to terminate this Agreement before its expiration only for good cause and only in accordance with the requirements of this Section. Good cause for termination of this Agreement by the Company includes any default of Franchise Owner as defined in this Section 12 or elsewhere in this Agreement.

(1) On the happening of any of the events specified in Sections 12(B) and (C), the Company may, at the Company's option, terminate this Agreement effective on delivery of written notice to Franchise Owner without affording Franchise Owner an opportunity to cure (except as may be required by applicable law).

(2) On the happening of any of the events specified in Section 12(D) or elsewhere in this Agreement or for any other good cause, the Company may, at its option, terminate this Agreement effective on written notice to Franchise Owner and Franchise Owner's failure to cure the defaults during the applicable cure period. Written notice of termination from the Company shall specify any defaults under this Agreement or other reasons for termination and the applicable period of time in which Franchise Owner has to cure such defaults. Subject to applicable law requiring a longer period of time, Franchise Owner will have the following periods of time in which to cure such defaults: (i) at least 10 days from the date of notice for defaults based on the non-payment of any amounts due; and (ii) at least 30 days from the date of notice in all other instances. The Company will have the right to terminate the Agreement unless Franchise Owner completely cures, before the date specified in the notice, all the defaults or other reasons for termination specified by the Company in the notice.

(F) The Company's Right to Charge Liquidated Damages for Certain Violations.

The liquidated damages amounts and the violations to which they apply that are specified in this Agreement are intended to cover the Company's damages suffered as a result of Franchise Owner's violations. Those damages include the Company's additional administrative expenses and damages arising from loss of uniformity, quality, reputation or good will in the System. Franchise Owner agrees that the imposition of the liquidated damages is reasonable. Franchise Owner acknowledges and agrees that the actual damages that would be sustained by the Company for the designated violations are incapable of calculation at the time of execution of this Agreement and that the liquidated damages amounts specified in this Agreement or otherwise by the Company are a reasonable estimation of those damages.

(G) Alternative Remedies.

In addition to Company's right to terminate this Agreement, and not in lieu of such right, or any other rights the Company may have against Franchise Owner, upon a failure to cure any default within the applicable time period (if any):

(1) Sale of Franchise Business. On written notice to Franchise Owner, the Company may require Franchise Owner to: (a) engage a business broker acceptable to the Company to list and actively pursue the sale of the Franchise Business to a third party who will operate the Franchise Business as a Zoup! franchise; and (b) within 120 days of the written notice, sell the Franchise Business to a third party that has been approved by the Company in accordance with the transfer procedures specified in Section 11 of this Agreement. If the Franchise Business is not sold within the 120 day period, the Company or a person designated by the Company will have the right to exclusively market the Franchise Business for sale for the next 120 days. If requested by the Company, Franchise Owner will sign a listing agreement in a form specified by the Company to grant the Company or the person designated by the Company the exclusive right

to market the Franchise Business for the 120 day period. Franchise Owner agrees that the listing price for the Franchise Business will be determined based on the sales price of other Restaurants.

(2) **Step In Rights.** The Company has the right, but not the obligation, to enter upon the Restaurant premises and exercise complete authority with respect to the operation of the Restaurant until the sooner of: (1) 90 days after taking operational control; or (2) until such time as the Company determines, in the Company's sole discretion, that the default has been cured and Franchise Owner is otherwise in compliance with this Agreement. The 90 day period may be renewed in 90 day increments for up to a total of 1 year as necessary. The Company will periodically discuss the status of the operational control with Franchise Owner. In the event the Company exercises the rights described in this Section, Franchise Owner must reimburse the Company for all reasonable costs and overhead, if any, incurred in connection with its operation of Franchise Owner's Restaurant including, without limitations, costs of personnel for supervising and staffing the Restaurant and their travel and lodging accommodations. If the Company undertakes to operate the Restaurant pursuant to this Section, Franchise Owner agrees to indemnify and hold the Company (and the Company's representative(s) and employees) harmless from and against any fines, claims, suits or proceedings which may arise out of the Company's operation of the Restaurant.

(H) Other Remedies.

The exercise of any remedy by the Company as described in this Section 12 or elsewhere in this Agreement and/or enforcement of the provisions of Section 13 on termination or expiration of this Agreement will not affect or prejudice any other rights or remedies of the Company for breach of this Agreement by Franchise Owner whether those rights and remedies are contained in this Agreement or otherwise provided by law or equity. The Company's other rights and remedies may include, but are not limited to, an action for specific enforcement of this Agreement or other injunctive relief or an action for damages caused by the breach.

SECTION 13 - Effect of Termination or Expiration

(A) Obligations of Franchise Owner.

On expiration or termination of this Agreement for any reason (including termination on a transfer), Franchise Owner's rights to use the Marks and the System and all other rights associated with being an authorized franchise owner of the Company will cease and Franchise Owner must do all of the following:

(1) Immediately and permanently discontinue the use of the Marks, the System or any marks or names or logos confusingly similar to the Marks, or any other materials that may, in any way, indicate that Franchise Owner is or was a franchise owner of the Company, or in any way associated with the Company;

(2) Immediately discontinue all advertising placed or ordered, remove and deliver to the Company all sign faces, advertising and promotional material, stationery, letterhead, forms and any other items bearing the Marks, bear the cost of sign and other identification removal and the cost of shipping signs and other materials to the Company, and, if Franchise Owner remains in possession of the Franchise Location, alter the premises to distinguish the premises from the appearance of a Restaurant;

(3) Cease using the Operations Manual, all Confidential Information and Trade Secrets, and all other proprietary business information provided by the Company, and return to the Company

the Operations Manual and other bulletins or materials received from the Company containing information about the Franchise Business together with all copies of those materials;

(4) Immediately and permanently cease to use all telephone numbers, Electronic Media and other comparable electronic identifiers that have been used in the Franchise Business and, if requested by the Company, assign all telephone numbers, Electronic Media accounts, and other comparable electronic identifiers of the Franchise Business to the Company. Franchise Owner acknowledges that as between the Company and the Franchise Owner, the Company has the sole right to all telephone numbers, directory listings, Electronic Media and comparable electronic identifiers used in the Franchise Business or associated with the Marks and Franchise Owner authorizes the Company, and appoints the Company and any officer of the Company as its attorney-in-fact, to direct the applicable service providers and all listing agencies to transfer those items to the Company or its agent or assignee if the Franchise Owner fails or refuses to do so. The applicable service providers and listing agencies may accept the direction in this Agreement as conclusive evidence of the exclusive rights of the Company in such telephone numbers, directory listings, Electronic Media and comparable electronic identifiers and its authority to direct their transfer;

(5) Cease using any business name containing any of the Marks, file an abandonment or discontinuance of the name with the appropriate local, county or state agency, and send a copy to the Company of all communications with the appropriate local, county or state agency relating to the abandonment or discontinuance of the name; and

(6) Sell to the Company all or part of Franchise Owner's inventory of products that are uniquely identified with the Company, if any, as the Company may request in writing before or within 30 days after the date of termination or expiration. The sales price will be the current published prices then being charged by the manufacturer or supplier/distributor to authorized franchise owners of the Company, not including any costs of storage or transportation paid by Franchise Owner to bring the goods initially to the Franchise Business, minus all costs incurred or to be incurred by the Company to restore the goods or the packaging of the goods to a saleable condition and, minus the cost to remove any liens on the goods, and minus a reasonable allowance for physical deterioration, obsolescence or damage to the extent not restored. Franchise Owner must pay the costs of shipping these items to the Company.

(B) Option to Assume Lease.

If this Agreement terminates or expires for any reason, the Company will have the right to assume Franchise Owner's lease for the Franchise Location. If the Company exercises this right, the Company will assume and hold Franchise Owner harmless from all liability under the lease arising after the assumption by the Company. If the Franchise Location is owned by Franchise Owner and this Agreement terminates or expires for any reason, the Company will have the option to lease the Franchise Location on terms and conditions that are commercially reasonable. The Company must exercise the options granted in this Section within 30 days of the date of expiration or termination of this Agreement.

(C) Option to Purchase Assets.

If this Agreement expires or terminates for any reason, except termination by Franchise Owner for cause, the Company will have the option, but not the obligation to purchase the assets of the Franchise Business, excluding any real estate. The purchase price will be the fair value of the assets as agreed by the parties or in the absence of an agreement, as determined by an independent qualified appraiser selected by the Company and Franchise Owner. The parties will share the cost of that appraiser. If the Company and Franchise Owner cannot agree on an independent appraiser, each will select and pay the cost of an independent appraiser qualified or certified to make the appraisal. The independent appraisers chosen will

then select a third independent appraiser and the parties will share the cost of the third appraiser. The decision of the majority of the appraisers so chosen will determine the fair value of the assets and that determination will be binding on the parties. The purchase price will be reduced by any current and long-term liabilities of the Franchise Business that the Company agrees to assume and any amounts owed to the Company by Franchise Owner. The Company must exercise the option granted in this Section within 45 days following the determination of a price for the assets. Closing of the sale must take place within 45 days after the Company exercises its option to purchase the assets or a later date, if agreed to by the parties, as necessary to comply with applicable bulk sales or other similar laws.

(D) Surviving Obligations.

Termination, transfer or expiration of this Agreement will not affect Franchise Owner's obligations or liability to the Company for amounts owed to the Company under this Agreement. Also, transfer, termination or expiration of this Agreement will not affect Franchise Owner's obligations under Section 5 relating to the Marks, Section 7(K) relating to indemnification, Section 10 relating to confidentiality and non-competition or other obligations in this Agreement which, by their terms or intent survive transfer, termination or expiration of this Agreement.

SECTION 14 – Arbitration; Law and Jurisdiction; Injunctive Relief; Costs of Enforcement; Waiver of Punitive Damages and Jury Trial; Limitations of Claims

(A) Binding Arbitration.

Except for actions described in Section 14(F), all controversies, disputes or claims between: (i) the Company and/or its affiliates and their respective owners, officers, directors, members, managers, employees, agents or representatives; and (ii) Franchise Owner, and/or its affiliates and their respective owners, officers, directors, members, managers, employees, agents or representatives; arising out of or related to (1) this Agreement or any other agreement between the Company and Franchise Owner or any provision of such agreement; (2) the Company's relationship with Franchise Owner; or (3) the scope and validity of this Agreement or any other agreement between Franchise Owner and the Company or any provisions or such agreements (including the validity and scope of the arbitration obligations under this Section, which the parties acknowledge is to be determined by an arbitrator and not a court); must be submitted for binding arbitration in accordance with the provisions of this Section 14 on the demand of either party. Except as otherwise provided in this Section 14, such arbitration proceeding must be conducted in accordance with the commercial arbitration rules (the "Rules") of the American Arbitration Association ("AAA"). The Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) (the "Act") and not any state arbitration law will govern all matters relating to arbitration. The provisions of this Section 14 are intended to benefit and bind certain third party non-signatories and will continue in full force and effect after and notwithstanding the expiration or termination of this Agreement.

(B) Arbitration Procedures.

Any matter will be adjudicated before 1 arbitrator unless the Company elects for the dispute to be decided before a panel of 3 arbitrators. The arbitration will be administrated and conducted in the office of the AAA closest to the principal place of business of the Company at the time of the arbitration. The parties desire that at least 1 of the arbitrators be an attorney familiar with franchise matters. The arbitrator will follow the Rules except as otherwise provided in this Section. The arbitrator will comply with the Federal Rules of Evidence; will grant limited discovery consisting of written interrogatories and requests for production of documents eliciting only relevant evidence; will provide for the exchange of witness lists and exhibit copies; and will conduct a pretrial and rule on dispositive motions. Each party will have the right to request the arbitrator to make findings of specific factual issues.

The Company and Franchise Owner agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. The Company and Franchise Owner further agree that, in connection with any such arbitration proceeding, each must submit or file any claim that 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 that is not submitted or filed as described above will be forever barred. The arbitrator will not consider any settlement discussions or offers that might have been made by either the Company or Franchise Owner.

The Company reserves the right, but has no obligation, to advance Franchise Owner's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished the Company's right to seek the recovery of those costs in accordance with Section 14(G).

The Company and Franchise Owner agree that arbitration will be conducted on an individual, not a class-wide, basis, and that an arbitration proceeding between the Company and its affiliates, officers, directors, members, managers, employees, agents or representatives and Franchise Owner, or its affiliates, officers, directors, members, managers, employees, agents or representatives, may not be consolidated with any other arbitration proceeding between them and any other person, corporation, limited liability company, partnership or other entity. Notwithstanding the foregoing or anything to the contrary in this Section or elsewhere in this Agreement, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section, then the parties agree that this arbitration clause will not apply to that dispute and that such dispute will be resolved in a judicial proceeding.

The arbitrator will complete the proceedings and render a decision within 90 days after submission of the dispute, unless both parties agree to an extension. Each party will cooperate with the arbitrator to comply with procedural time requirements, and the failure to do so will entitle the arbitrator to extend the arbitration proceedings accordingly, and to impose sanctions on the party responsible for the delay, payable to the other party. If the arbitrator does not fulfill his/her responsibilities on a reasonably timely basis, either party will have the right to require a replacement and the appointment of a new arbitrator, and may, for that purpose, invoke the jurisdiction of the Oakland County, Michigan Circuit Court or the Federal District Court for the Eastern District of Michigan.

(C) Decision of Arbitrator.

The decision of the arbitrator will contain findings of fact on which the decision is based, including any specific factual findings requested by either party, and will further contain the reasons for the decision with reference to the legal principles on which the arbitrator relies. The arbitrator will have the right to award or include in the award any relief that the arbitrator deems proper under the circumstances, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorney's fees and costs, provided that the arbitrator may not declare any Mark generic or otherwise invalid or, except as expressly provided in Section 14(H), award exemplary or punitive damages against either party (the Company and Franchise Owner hereby waiving to the fullest extent permitted by law, except as expressly provided in Section 14(H), any right to or claim for any punitive or exemplary damages against the other). The decision of the arbitrator will be final and binding on the parties, subject only to appeal rights under the Act, and a judgment by a court of competent jurisdiction may be entered in accordance with the decision.

(D) Choice of Law.

This Agreement will take effect only on its acceptance and execution by the Company (which will be deemed to be in Michigan), and, except for the applicability of the Federal Arbitration Act and other applicable federal law (including the U.S. Trademark Act of 1946 (Lanham Act, 115 U.S.C. 1051)), this Agreement and all controversies, disputes or claims arising from or relating to this Agreement or any other agreement between the parties, Franchise Owner's relationship with the Company or the validity of this Agreement or any other agreement between the parties will be interpreted and construed under the laws of Michigan. If there is any conflict of law, the laws of Michigan will prevail, without regard to the application of Michigan conflict-of-law rules. If, however, any provision of this Agreement would not be enforceable under the laws of Michigan, and if Franchise Owner's business is located outside of Michigan and such provision would be enforceable under the laws of the state in which Franchise Owner's business is located, then such provision will be interpreted and construed under the laws of that state. Notwithstanding the foregoing, any law regulating the offer or sale of franchises, business opportunities or similar interests or governing the relationship between the Company and Franchise Owner will not apply unless its jurisdictional requirements are met independently without reference to this Section.

(E) Consent to Venue and Jurisdiction.

Subject to Section 14(B) above, any action brought by Franchise Owner against the Company must be brought exclusively, and any action brought by the Company against Franchise Owner may be brought, in the federal district court covering the location at which the Company has its principal place of business at the time the action is commenced; provided, however, that if the federal court would not have subject matter jurisdiction had the action been commenced in such court, then the action must (with respect to actions commenced by Franchise Owner), and may (with respect to actions commenced by the Company), be brought in the state court within the judicial district in which the Company has its principal place of business at the time the action is commenced. Franchise Owner and each owner of Franchise Owner irrevocably submit to the jurisdiction of such courts and waive any objection Franchise Owner, he or she may have to either jurisdiction or venue in such courts. Notwithstanding the foregoing, Franchise Owner and its owners agree that the Company may enforce this Agreement and any arbitration orders and awards in the courts of the state or states in which Franchise Owner, he or she is domiciled or located.

(F) Injunctive Relief.

Notwithstanding Section 14(A), the Company will have the right, without the posting of any bond or security, to apply to a court of competent jurisdiction for a specific enforcement of the terms of this Agreement, by petitions for temporary or permanent injunctions or other equitable relief. The Company will have the right, without limitation, to obtain injunctive relief to prevent Franchise Owner from engaging in the following acts, which Franchise Owner acknowledges would cause irreparable harm to the Company: (1) using any of the rights franchised by this Agreement in a manner not authorized in this Agreement; (2) engaging in competitive operations in violation of the in-term and post-term restrictions on competition set forth in Section 10; (3) disclosing to any person or using the Confidential Information and Trade Secrets in violation of this Agreement; (4) transferring or assigning this Agreement or the assets of the Franchise Business without complying with this Agreement; (5) engaging in acts or practices in violation of applicable laws and regulations or that are fraudulent, dishonest or create health or other hazards to the public; or (6) significantly impairing the goodwill associated with the Company. The Company's rights to apply for injunctive relief are in addition to all other remedies available to the Company under applicable law.

(G) Costs of Enforcement.

Franchise Owner must pay to the Company, on demand, all costs and expenses incurred by the Company to enforce Franchise Owner's obligations under this Agreement, including, but not limited to, all legal expenses, including reasonable attorneys' fees and arbitration and court costs. Enforcement of Franchise Owner's obligations under this Agreement includes collecting amounts owed to the Company,

enforcing system standards, sending default and termination notices, filing and prosecuting arbitration and court actions, enforcing the Company's rights on default and termination, and any other actions to taken to compel Franchise Owner to comply with its obligations under this Agreement.

(H) Waiver of Punitive Damages and Jury Trial.

EXCEPT FOR FRANCHISE OWNER'S OBLIGATION TO INDEMNIFY THE COMPANY AND THE OTHER INDEMNIFIED PARTIES UNDER SECTION 7(K) AND CLAIMS THE COMPANY BRINGS AGAINST FRANCHISE OWNER FOR UNAUTHORIZED USE OF THE MARKS OR UNAUTHORIZED USE OR DISCLOSURE OF ANY CONFIDENTIAL INFORMATION, THE COMPANY AND FRANCHISE OWNER (AND FRANCHISE OWNER'S OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THE COMPANY AND FRANCHISE OWNER, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

EACH PARTY AND ITS OWNERS, OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY OR AGAINST THE OTHER PARTY OR ITS OWNERS, OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES, AGENTS, SUCCESSORS OR ASSIGNS.

(I) Limitations of Claims.

ALL CLAIMS, EXCEPT FOR MONIES DUE TO THE COMPANY, ARISING UNDER THIS AGREEMENT OR FROM THE RELATIONSHIP BETWEEN THE PARTIES ARE BARRED UNLESS AN ACTION IS FILED AND TIMELY SERVED ON THE OPPOSING PARTY BY THE EARLIEST OF: (1) WITHIN ONE YEAR FROM THE OCCURRENCE OF THE ACT OR OMISSION GIVING RISE TO THE CLAIM; (2) WITHIN SIX MONTHS FROM THE DATE THE PARTY KNEW OR SHOULD HAVE KNOWN OF THE FACTS CREATING THE CLAIM; OR (3) WITHIN THE TIME PERIOD PROVIDED BY ANY APPLICABLE LAW OR STATUTE.

SECTION 15 – Acknowledgments and Representations by Franchise Owner

(A) Risk of Operations.

Franchise Owner understands the risks of being involved in a retail restaurant business and is able to bear such risks. Franchise Owner also acknowledges that the success of the Franchise Business depends primarily on Franchise Owner's efforts. In addition, other factors beyond the control of the Company or Franchise Owner may affect the success of Franchise Owner's business, including competition, economic conditions, business trends, costs, market conditions, and other conditions that may be difficult to anticipate, assess or even identify. Franchise Owner understands and acknowledges that the Franchise Business may lose money or fail.

(B) Representations by the Company.

Franchise Owner acknowledges and agrees that, except as specifically set forth in this Agreement or the Company's Franchise Disclosure Document or the attached "Acknowledgments by Franchise Owner," no representations or warranties, express or implied, have been made to Franchise Owner, either by the Company or anyone acting on its behalf or purporting to represent it, including, but not limited to, the prospects for successful operations, the level of business or profits that Franchise Owner might reasonably expect, the desirability, profitability or expected traffic volume or profit of the Franchise Business. Franchise Owner acknowledges that all such factors are necessarily dependent upon variables

beyond the Company's control, including, without limitation, the ability, motivation and amount and quality of effort expended by Franchise Owner. Franchise Owner acknowledges that neither the Company nor any of its agents or representatives have made or are authorized to make any oral, written or visual representations or projections of actual or potential sales, earnings, net or gross profits, operational costs or expenses, prospects or chances of success that are not contained in this Agreement or in the Company's Franchise Disclosure Document. Franchise Owner agrees that it has not relied on and that the Company will not be bound by allegations of any representations as to earnings, sales, profits, costs, expenses, prospects or chances of success that are not contained in this Agreement or the Company's Franchise Disclosure Document. Franchise Owner represents that its signature on and performance of this Agreement does not violate or constitute a breach of the terms of any other agreement or commitment to which Franchise Owner, its personal guarantors or its affiliates are a party.

(C) The Company's Review of Business Plans or Other Materials.

Franchise Owner understands and agrees that any business plan, pro-forma or other material prepared by Franchise Owner or its representatives and submitted to the Company is the sole responsibility of Franchise Owner. Any review by or comments from the Company or its representatives relating to those materials will be for discussion purposes only and will not constitute approval, endorsement or a guaranty of the information in those materials. No agent or employee of the Company will have the authority to approve, endorse or guaranty any information in those materials. The Company will not be responsible or liable to Franchise Owner for any claims relating to information in any such materials and Franchise Owner waives and releases the Company from any such claims.

(D) Review of Materials and Consultation with Advisors.

Franchise Owner acknowledges that it has read and understood this Agreement, the attachments to this Agreement, and the documents relating to this Agreement, if any, and has been given ample time and opportunity (and has been encouraged) to consult with an attorney or other professional advisor about the potential benefits and risks of entering into this Agreement. Franchise Owner acknowledges that it has been afforded an opportunity to ask any questions it has and to review any materials of interest to it concerning the Franchise Business, and that it has exhausted such efforts and has made the decision to enter into this Agreement without any influence by the Company.

(E) Operating Capital.

Franchise Owner acknowledges that the potential for success depends in large part on the availability of adequate operating capital for the Franchise Business and that Franchise Owner has adequate funds, and has otherwise made complete and adequate preparations to open and operate the Franchise Business. Franchise Owner further acknowledges that an inherent risk in any investment (including the Franchise Business to be operated under this Agreement) is that Franchise Owner may lose its entire investment.

(F) Representative Capacity of the Company's Personnel and Agents.

Franchise Owner acknowledges and agrees that in all of its dealings with the Company, the Company's owners, members, officers, directors, employees and agents act only in a representative, and not in an individual, capacity and that business dealings between Franchise Owner and them as a result of this Agreement are deemed to be only between Franchise Owner and the Company. Franchise Owner agrees that any claims it (or any of Franchise Owner's owners) may have against the Company's owners, members, officers, directors, employees or agents must be brought against the Company only, and not against such owners, members, officers, directors, employees or agents in their individual capacity.

(G) Independent Status of Contract; Uniformity of Agreements.

Franchise Owner understands and agrees that the Company is entering into this Agreement with Franchise Owner independently and separately from any franchise or license that the Company may grant to any other person or entity, and that Franchise Owner is not entering into this Agreement in reliance on or because of any other agreement that the Company may have entered into with a third party. Franchise Owner understands and agrees that the terms of the Company's agreements with third parties, now and in the future, may be materially different with respect to any terms and condition of this Agreement, including royalty fees, advertising fees, transfer fees, territorial exclusivity, renewals and training. These variations may be based on any factors or conditions that the Company deems to be in the best interest of the Zoup!® franchise system or a particular Restaurant, including the knowledge, experience and financial status of a franchisee, peculiarities of a particular location, customer base, density, lease provisions, business potential, population of trade area, existing business practices or any other condition that the Company deems to be of importance to the operation of a specific Restaurant. Also, these variations may result from the Company, in its sole discretion, compromising, forgiving, or settling claims or disputes with or against other franchisees. Franchise Owner will not be entitled to require the Company to disclose or grant to Franchise Owner a like or similar variation.

(I) Terrorist and Money Laundering Activities.

Franchise Owner and its owners, officers, directors, members, partners and agents represent and warrant to the Company that: (a) they are not identified by name or alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (text is currently available at www.treas.gov/offices/enforcement/ofac/); (b) they are not directly or indirectly owned or controlled by the government of any country that is subject to a United States embargo; (c) they will not act directly or indirectly on behalf of the government of any country that is subject to a United States embargo; and (d) they are in full compliance with all laws proscribing money laundering and corrupt practices. Further, Franchise Owner and its owners, officers, directors, members, partners and agents represent and warrant to Franchise Owner that they have not violated and agree not to violate any law prohibiting corrupt business practices, money laundering or the aid or support of persons who conspire to commit acts of terror against any person or government, including acts prohibited by the USA Patriot Act (text currently available at www.epic.org/privacy/terrorism/hr3162.html), U.S. Executive Order 13244 (text currently at www.treas.gov/offices/enforcement/ofac/sanctions/terrorism.html), or any similar law. The foregoing constitute continuing representations and warranties, and Franchise Owner and its owners, officers, directors, members, partners and agents must immediately notify the Company in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

SECTION 16 – Waivers and Approvals

(A) No Waivers.

The failure or delay of any party at any time to require performance by another party of any provision of this Agreement, even if known, will not affect the right of that party to require performance of that provision or to exercise any right under this Agreement. The Company does not waive any right, power or option under this Agreement (including, without limitation the Company's right to demand exact compliance with every term, condition and covenant or to declare any breach to be a default and to terminate this Agreement before it expires) by reason of the failure or delay of the Company to require performance by another franchisee of any provision of its franchise agreement, the existence of other franchise agreements which contain provisions different from those contained in this Agreement, the Company's acceptance of any payments due from Franchise Owner after any breach of this Agreement, or any special or restrictive legend of endorsement on any check or similar item given to the Company by

Franchise Owner (the Company is authorized to remove or cancel any such legend or endorsement). Any waiver by any party of any breach of any provision of this Agreement is not a waiver of any continuing or later breach of that provision, a waiver of the provision itself, or a waiver of any right under this Agreement. No notice to or demand on any party in any case, of itself, entitles that party to any other notice or demand in similar or other circumstances.

(B) Consents, Approvals and Satisfaction; Liability.

Whenever the Company's consent or approval is required under this Agreement, consent or approval may be withheld in the sole discretion of the Company unless specifically stated in this Agreement to the contrary. All consents or approvals required of the Company are not binding on the Company unless the consent or approval is in writing and signed by the president or a managing member of the Company. The Company's consent or approval, whenever required, may be withheld if Franchise Owner is in default under this Agreement. Where the satisfaction of the Company is required under this Agreement, unless the Agreement expressly states otherwise, the satisfaction is determined in the Company's sole discretion. The Company will not be liable to Franchise Owner in any manner for providing or failing to provide or for any delay in providing any waiver, approval, assistance, consent or suggestion to Franchise Owner. Franchise Owner waives any claims against the Company for such liability.

(C) The Company's Reasonable Business Judgment.

Whenever the Company has reserved in this Agreement a right to take or to withhold an action, or to grant or decline to grant Franchise Owner a right to take or omit an action, the Company may, except as otherwise specifically provided in this Agreement, make its decision or exercise its rights based on information readily available to the Company and the Company's judgment of what is in the Company's and/or the Zoup![®] franchise system's best interests at the time the Company's decision is made, without regard to either whether the Company could have made other reasonable or even arguably preferable alternative decisions or whether the Company's decision promotes its financial or other individual interest. The right of the Company to exercise its reasonable business judgment will not apply to requests for approval of transfers under Section 11 of this Agreement, where the Company has agreed not to unreasonably withhold its consent to a Transfer of the type permitted by this Agreement.

SECTION 17 - Miscellaneous

(A) Independent Contractor.

Franchise Owner is and will be considered an independent contractor with control and direction of its business and operations limited only by the conditions set forth in this Agreement or otherwise specified by the Company. No agency, partnership or joint venture is created by this Agreement and neither party has the right to act on behalf of the other. No employer or joint employer relationship exists between the Company and Franchise Owner or between the Company and Franchise Owner's employees. The parties acknowledge that this Agreement does not create a fiduciary relationship between the parties.

The Company does not have direct or indirect control of, or the right or authority to control, the Franchise Owner's day-to-day operations or employment related decisions. Franchise Owner acknowledges and agrees that Franchise Owner alone will exercise day-to-day control over all employment decisions, operations, activities, and elements of the Franchise Business and that under no circumstance will the Company do so or be deemed to do so. Franchise Owner further acknowledges and agrees that the various requirements, restrictions, prohibitions, specifications, and procedures of the System, which Franchise Owner is required to comply with under this Agreement, whether contained in the Operations Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that the Company controls any aspect or element of the employment decisions or other day-to-day operations of the Franchise Business,

which Franchise Owner alone controls, but only constitute standards that Franchise Owner must adhere to when exercising control of the day-to-day operations of the Franchise Business.

None of Franchise Owner's employees will be considered employees of the Company. Neither Franchise Owner nor any of its employees whose compensation Franchise Owner may pay in any way, directly or indirectly, expressly or by implication, will be construed to be an employee of the Company for any purpose, including, without limitation, with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any local, state or federal governmental agency. The Company will not have the power to hire or fire Franchise Owner's employees. Franchise Owner expressly agrees that any authority of the Company's under this Agreement to approve certain of Franchise Owner's employees for qualification to perform certain functions for the Franchise Business does not directly or indirectly vest in the Company power to hire, fire or control any such employee.

(B) Third Parties.

Except as provided in this Agreement to the contrary for any affiliates or franchise owners of the Company, nothing in this Agreement, whether expressed or implied, is intended to confer any rights under this Agreement on any person (including other franchise owners) other than the parties and their respective personal representatives, other legal representatives, heirs, successors and permitted assigns.

(C) Cumulative Remedies.

All remedies, either under this Agreement or by law or otherwise afforded, will be cumulative and not alternative.

(D) Notices.

Notices under this Agreement must be in writing signed by the party serving the same and must be sent by: (a) registered or certified mail, return receipt requested, postage pre-paid, in which case the notice will be complete 2 days after mailing; (b) overnight courier service, in which case the notice will be complete 1 day after delivery to the overnight courier; or (c) facsimile with proof of completion, in which case the notice will be complete 1 day after proof of completion. The notice must be sent to the address or facsimile number set forth below or at such address or facsimile number as designated by notice pursuant to this Section.

If to the Company:

Zoup! Systems, L.L.C.
28290 Franklin Road
Southfield, MI 48034
Facsimile number: (248) 663-9880

If to the Franchise Owner:

See Data Sheet

(E) Force Majeure Events~~Unavoidable Contingencies.~~

For purposes of this Agreement, a "Force Majeure Event" includes acts of God, fires, floods, earthquakes, and other natural disasters, explosions, wars, strikes, lock-outs or other industrial disturbances, riots, epidemics, rebellions, embargoes, and government regulations, civil or military takeovers, or other similar event not within the control of the party affected. A Force Majeure event does not include economic recessions and depressions and other economic downturns. If the performance of an obligation under this

Agreement by either party is rendered impossible, directly and proximately, by a Force Majeure Event that cannot be overcome by use of normal commercial measures and that was not directly or indirectly caused by, contributed to, or exacerbated by any act or omission of that party or any person acting on behalf of that party, the time for that party's performance of the obligation will be extended for the period during which performance is rendered impossible due to the Force Majeure Event. The party whose performance is affected by a Force Majeure Event must give prompt written notice of the event to the other party, which includes the nature of the Force Majeure Event and an estimate of its duration. Notwithstanding the foregoing, Franchise Owner will not, under any circumstances, be excused from timely performance of its obligations relating to the use and protection of the Franchise Marks or Confidential Information, the payment of any sums of money owed to the Company, or the restrictions regarding operating a Competing Business. Also, notwithstanding the foregoing, this provision will not extend Franchise Owner's time for performance of an obligation beyond a period of 30 days without the written consent of the Company. Neither party will be responsible for any contingency that is unavoidable or beyond its control, such as strike, flood, war, rebellion or Act of God.

(F) Entire Agreement; Modifications.

This Agreement, including all exhibits and addenda, contains the entire agreement between the parties and supersedes any and all prior written and oral agreements, understandings, promises, representations or other communications concerning the franchise to be operated by Franchise Owner under this Agreement; provided that nothing in this Agreement or in any related agreement is intended to disclaim the representations made by the Company in the Franchise Disclosure Document. Franchise Owner agrees and understands that no modifications of this Agreement will be effective except those in writing and signed by both parties, except that the Company may unilaterally modify the System and its specifications as provided in this Agreement.

(G) Severability.

Each Section, part or provision of this Agreement will be considered severable. If a court of competent jurisdiction finds any Section, part or provision of this Agreement unenforceable, that determination will not impair the operation or affect the validity of the remainder of this Agreement.

(H) Obligations Joint and Several.

If there is more than 1 individual or entity executing this Agreement as Franchise Owner, all such persons are jointly and individually liable for the Franchise Owner's obligations under this Agreement.

(I) Execution by the Company.

The submission of this Agreement is not an offer by the Company and the Company is not bound in any way until this Agreement is executed by an executive officer of the Company.

(J) Ownership of Franchise Owner/Guaranty.

If Franchise Owner is a corporation, or subsequent to execution hereof, Franchise Owner assigns this Agreement to a corporation, all shareholders owning more than 10% of Franchise Owner's outstanding shares and their spouses (or if Franchise Owner is a partnership, or subsequent to execution hereof, Franchise Owner assigns this Agreement to a partnership, all general partners and their spouses, or if Franchise Owner is a limited liability company, or subsequent to execution hereof Franchise Owner assigns this Agreement to a limited liability company, all members and managers and their spouses) must execute a continuing personal guaranty in the form attached hereto as Appendix C. The personal guaranty of the monetary obligations of the Franchise Owner will not apply to any monetary obligations arising after a permitted transfer of the Franchise Agreement under Section 11.

(K) Headings.

Section headings are for convenience of reference only and do not limit or affect the provisions of this Agreement.

(L) Day-to-Day Control.

Franchise Owner has the sole right and responsibility for the manner and means by which the day-to-day operation of the Franchise Business is determined and conducted and for achieving its business objectives. Subject to any approval, inspection and enforcement rights reserved to the Company in this Agreement, this right and responsibility possessed by Franchise Owner includes the employment, supervision, setting the conditions of employment and discharge for Franchise Owner’s employees, daily maintenance, safety concerns and the achievement of conformity with the System.

(M) Payments to the Company or its Affiliates.

In addition to all other remedies available under this Agreement, at law or otherwise, if Franchise Owner is in default under this Agreement or if it has failed to pay the Company or its affiliates amounts owed under this Agreement or any other agreement between it and the Company or its affiliates, including payments for purchases required by Section 7 of this Agreement, the Company and its affiliates may require Franchise Owner to pay for all purchases in advance, on a C.O.D. basis by cashier’s check or may refuse to make further sales to Franchise Owner.

(N) No Liability of Affiliates.

The Company is the only company obligated to Franchise Owner under this Agreement. Franchise Owner may not look to any affiliate of the Company or other business entities or individuals for performance of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first set forth above.

ZOUP! SYSTEMS, L.L.C.

(Entity Franchise Owner)

By: _____

By: _____

Its: _____

Its: _____

(Individual Franchise Owner(s))

APPENDIX A—OBLIGATIONS AND REPRESENTATIONS OF INDIVIDUALS INVOLVED IN THE FRANCHISE BUSINESS

Each of the individuals signing below are directly or indirectly beneficially interested in the Franchise Business and join in and agree to be jointly and severally and personally bound by all the terms and provisions of this Agreement, other than those requiring the payment of money by Franchise Owner, to the same extent and in the same manner as Franchise Owner is bound, including but not limited terms and provisions related to the Marks, confidential information and innovations, restrictions on competition and solicitation, and controlling law, jurisdiction, venue and dispute resolution. This paragraph will not impair any separate instrument of guaranty or subordination that any of the individuals signing below have executed or may execute in the future.

Each of the individuals signing below represent that the following is correct and true:

Legal Name of Franchise Owner: _____

Type of Entity and State of Organization (sole proprietorship, corporation, partnership, limited liability company, etc.): _____

d/b/a (if applicable): _____

Address of Franchise Owner: _____

Business Telephone: _____

Name, Address, Phone No., Title and % of Ownership of each Owner of an interest in Franchise Owner or the Franchise Business:

Name	_____
Address	_____
Telephone	_____
Title	_____ % Ownership_____
Email	_____

Name	_____
Address	_____
Telephone	_____
Title	_____ % Ownership_____
Email	_____

(Attach additional sheets if necessary)

_____ Dated:_____

_____ Dated:_____

APPENDIX B
ACKNOWLEDGEMENTS BY FRANCHISE OWNER

As you know, you and we are entering into a Franchise Agreement for the operation of a Zoup!® Eatery franchise. The purpose of this Acknowledgement Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your Franchise Business.

Acknowledgements and Representations*

1. Did you receive a copy of and personally review the Company's Franchise Agreement (and all exhibits and attachments)? Check one: Yes No. If no, please comment: _____

2. Did you receive a copy of and personally review the Company's Franchise Disclosure Document (and all exhibits and attachments) (the "FDD")? Check one: Yes No. If no, please comment: _____

3. Did you sign a receipt for the FDD indicating the date you received it? Check one: Yes No. If no, please comment: _____

4. Date on which you received the FDD and related exhibits explaining the Zoup!® franchise:
_____, 20____
5. Date on which you received a completed copy, other than signatures, of the Franchise Agreement:
_____, 20____
6. Date on which you signed the Franchise Agreement:
_____, 20____
7. Were you given the opportunity to discuss the benefits and risks of operating a Zoup!® franchise with an attorney, accountant or other professional advisor, and do you understand those risks? Check one: Yes No. If no, please comment: _____

8. Was any oral, written or visual claim or representation made to you that contradicted the disclosures in the Franchise Disclosure Document? Check one: Yes No. If yes, please state in detail the oral, written or visual claim or representation: _____

9. Except as may be stated in Item 19 of the FDD, did any employee or other person speaking on behalf of the Company make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels at any Zoup!® Eatery location or business, or the likelihood of success at your Franchise Business? Check one: Yes No. If yes, please state in detail the oral, written or visual claim or representation: _____

10. Except as may be stated in Item 19 of the Zoup! Systems, LLC Franchise Disclosure Document, did any employee or other person speaking on behalf of Zoup! Systems, LLC make any statement or promise regarding the costs involved in operating a franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document. Check one: Yes No. If yes, please comment:_____
- _____
- _____
11. Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise for the Franchise Business and that any prior oral or written statements not set out in the Franchise Agreement will not be binding? Check one: Yes No. If no, please comment:_____
- _____
12. Do you understand that the success or failure of your Franchise Business will depend in large part upon your skills and experience, your business acumen, your location, the local market for services under the Zoup!® trademarks, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Check one: Yes No. If no, please comment:_____
- _____
13. Do you understand that any business plan, pro-forma or other material prepared by you or your representatives and submitted to us is your sole responsibility and any review by or comments from us or our representatives relating to those materials will be for discussion purposes only and will not constitute approval, endorsement or a guaranty of the information in those materials and we will not be responsible if the projections in your business plan, pro-forma or other material are not obtained? Check one: Yes No. If no, please comment:_____
- _____
14. Do you expressly agree and will never contest otherwise, that our authority under the Franchise Agreement to certify certain of your employees for qualification to perform certain functions for your Franchise Business does not directly or indirectly vest in us the power to hire fire, or control any such employee? Check one: Yes No. If no, please comment:_____
- _____
- _____
15. Do you acknowledge and agree, and will never contend otherwise, that you alone will exercise day-to-day control over all operations, activities, and elements of your Franchise Business and that under no circumstance will we do so or be deemed to do so? Check one: Yes No. If no, please comment:_____
- _____
- _____
16. Do you further acknowledge and agree and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications, and procedures of the System which you are required to comply with under the Franchise Agreement, whether set forth in our Operations Manuals or otherwise, do not directly or indirectly constitute, suggest, infer, or imply that we control any aspect or element of the day-to-day operations of your Franchise Business, which you alone control, but rather are to protect the Zoup! Brand and only constitute standards you must adhere to when exercising your control of the day-to-day operations of your Franchise Business?

Check one: Yes No. If no, please comment: _____

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU REPRESENT THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST SIGN THIS ACKNOWLEDGEMENT.

Signed: _____
Print Name: _____
Date: _____

Signed: _____
Print Name: _____
Date: _____

*Such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act or under the Maryland Franchise Registration and Disclosure Law.

**APPENDIX C
PERSONAL GUARANTY**

NOTE: IF FRANCHISE OWNER IS A CORPORATION, EACH OF FRANCHISE OWNER'S SHAREHOLDERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISE OWNER IS A PARTNERSHIP, EACH OF FRANCHISE OWNER'S GENERAL PARTNERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISE OWNER IS A LIMITED LIABILITY COMPANY, EACH OF FRANCHISE OWNER'S MEMBERS AND MANAGERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING.

The undersigned, in order to induce ZOUP! SYSTEMS, L.L.C. (the "Company") to enter into a Franchise Agreement, dated the ____ day of _____, 20__ ("Franchise Agreement"), with _____ ("Franchise Owner"), unconditionally, jointly and severally:

1. Guaranty to the Company, its successors and assigns, the prompt and full payment and performance of all obligations of Franchise Owner to the Company, to the same extent and in the same manner as Franchise Owner is bound, including, without limitation, all obligations arising out of the Franchise Agreement or any other agreement between the parties, such as leases, subleases or purchases on open account;

2. Agree to pay to the Company all costs and expenses, including reasonable attorney fees, incurred in enforcing this Guaranty;

3. Waive acceptance of this Guaranty by the Company and waive presentment, demand for payment, protest, notice of dishonor and any other notice or demand of any kind and the necessity of the Company instituting legal proceedings against Franchise Owner;

4. Consent that the Company will have the right, without notice, to deal in any way at any time with Franchise Owner or any other guarantor, or to grant any such person any extensions of time for payment of any indebtedness, or any other indulgences or forbearances whatever, without notice to us and without in any way affecting our personal liabilities;

5. Agree that this guaranty is an absolute and continuing guarantee and will remain in effect unless revoked in writing by guarantor;

6. Agree that as long as Franchise Owner owes any monies to the Company (other than payments that are not past due) Franchise Owner will not pay and the undersigned will not accept payment of any part of any indebtedness owed by Franchise Owner to us, or any one of us, either directly or indirectly, without the consent of the Company; and

7. AGREE THAT THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE VENUE, GOVERNING LAW AND JURISDICTION PROVISIONS IN THE FRANCHISE AGREEMENT AND IRREVOCABLY SUBMIT OURSELVES TO SUCH PROVISIONS; WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION; AGREE THAT SERVICE OF PROCESS MAY BE MADE ON US IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR OUR RELATIONSHIP WITH THE COMPANY BY ANY MEANS ALLOWED BY MICHIGAN OR FEDERAL LAW.

Dated: _____

GUARANTOR

Dated: _____

GUARANTOR

Dated: _____

GUARANTOR

Dated: _____

GUARANTOR

APPENDIX D
ASSIGNMENT OF TELEPHONE NUMBERS AND ELECTRONIC MEDIA

THIS ASSIGNMENT is made this _____ day of _____, 20____, between ZOUP! SYSTEMS, LLC, a Michigan limited liability company (the "Company") and _____, a _____ ("Franchise Owner").

1. Introduction. Franchise Owner has obtained a license from the Company for the operation of a business using the Company's Zoup! franchise business system ("Franchise System"), which business Franchise Owner acquired by signing a Franchise Agreement dated _____ (the "Franchise Agreement"). In consideration of the Company granting the license to Franchise Owner, Franchise Owner has agreed to assign all Telephone Numbers and Electronic Media (as defined below) that are associated with Franchise Owner's Zoup! franchise business (the "Franchise Business") and/or the Franchise System to the Company. For purposes of this Agreement, "Telephone Numbers" includes all telephone numbers and fax numbers and all directory listing used in connection with the Franchise Business, including in connection with advertising and marketing for the Franchise Business. For purposes of this Agreement, "Electronic Media" means the Internet, email addresses, Internet domain names, homepages, electronic addresses, websites, social networks, wikis, podcasts, online forums, content sharing communities, blogging, or other social media (including but not limited to FaceBook, Twitter, LinkedIn, YouTube) used in connection with the Franchise Business, including in connection with advertising and marketing for the Franchise Business.

2. Assignment of Telephone Numbers/Power of Attorney. Franchise Owner assigns all Telephone Numbers to the Company or its successors or assigns. Franchise Owner hereby appoints an officer of the Company as Franchise Owner's attorney-in-fact to transfer the Telephone Numbers to the Company and to sign, on behalf of Franchise Owner, all documents necessary to accomplish the transfer.

3. Assignment of Electronic Media/Power of Attorney. Franchise Owner assigns all Electronic Media to the Company or its successors or assigns. Franchise Owner also hereby appoints an officer of the Company as Franchise Owner's attorney-in-fact to transfer the Electronic Media to the Company and to sign, on behalf of Franchise Owner, all documents necessary to accomplish the transfer.

4. Limited License; Responsibility for Costs. The Company grants Franchise Owner a limited license to use the Telephone Numbers and Electronic Media in connection with the Franchise Business only during the term of the Franchise Agreement and only as long as Franchise Owner complies with the policies and procedures specified by the Company. On the expiration without renewal or termination of the Franchise Agreement, this limited license will terminate and Franchise Owner must cease all use of the Telephone Numbers and Electronic Media. On the termination of this license, Franchise Owner must cooperate with the Company and provide any authorizations as may be necessary for the Company to assert its rights in the Telephone Numbers and Electronic Media. While this limited license is in effect, Franchise Owner is responsible for all costs associated with the Telephone Numbers and Electronic Media and, unless otherwise specified by the Company, must pay those costs directly to the providers of the Telephone Numbers and Electronic Media.

5. Access to Telephone Numbers and Electronic Media. The Company will have the right to access all accounts relating to the Telephone Numbers and Electronic Media. Franchise Owner must provide to the Company all information necessary to allow the Company to access those accounts, including usernames, passwords, security codes, and all changes to any of that information.

6. **Consent.** Franchise Owner hereby consents and authorizes any and all telephone companies, telephone directory services, Internet companies and other public or private businesses using, authorizing or providing any of the Telephone Numbers and Electronic Media to immediately recognize this Assignment upon receipt of written notice from the Company. Franchise Owner agrees that a copy of this Assignment, certified by an officer of the Company, will be as valid and binding as the original.

7. **Notices.** The Company may give notice of its acceptance of the Assignment of the Telephone Numbers and Electronic Media by sending written notice by (a) registered or certified mail, return receipt requested, postage pre-paid, in which case the notice will be complete two days after mailing; or (b) overnight courier service, in which case the notice will be complete one day after delivery to the overnight courier. Notices may be sent in accordance with this Section to Franchise Owner and to all telephone companies, Internet companies and other businesses that are to recognize the Assignment.

8. **Miscellaneous.** If any part of this Agreement is found to be unenforceable, such findings will not invalidate the other parts of this Agreement. This Agreement expresses the entire understanding of the parties with respect to the subject matter herein. This Agreement will be construed in accordance with the laws of the State of Michigan, and will be deemed to have been made in the State of Michigan. This Agreement may not be changed orally, but only by an agreement in writing and signed by the party against whom enforcement of any change is sought.

Signed and effective this ____ day of _____, 20__.

ZOUP! SYSTEMS, LLC

By: _____

Its: _____

FRANCHISE OWNER

By: _____

Its: _____

**APPENDIX E
ELECTRONIC FUNDS WITHDRAWAL AUTHORIZATION**

Bank Name :
ABA# :
Acct. No. :
Acct. Name :

Effective as of the date of the signature below, the Franchise Owner hereby authorizes Zoup! Systems, L.L.C. ("Company") or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to make payments to Company under the Franchise Agreement for the franchise located at _____ . Such withdrawals shall occur on a weekly basis, or on such other schedule as Company shall specify in writing. Company is also authorized to deposit funds into the above-referenced account, electronically or otherwise. This authorization shall remain in full force and effect until terminated in writing by Company. The Franchise Owner shall provide Company, in conjunction with this authorization, a voided check from the above-referenced account.

AGREED:

ATTEST:

FRANCHISE OWNER

By: _____

Print name: _____

Its: _____

**APPENDIX F
LEASE ADDENDUM**

This Addendum made and entered into this ____ day of _____, 20____, and is attached to and made a part of that certain Lease Agreement by and between _____ (hereinafter referred to as the "Landlord"), and _____ (hereinafter referred to as the ("Tenant")).

WHEREAS, the Landlord and the Tenant have entered into that certain lease agreement concurrently herewith (the "Lease") for the premises located at _____ as more particularly described in the Lease (the "Leased Premises") for use by the Tenant as a business to be opened pursuant to certain proprietary marks and system in connection with a written Franchise Agreement by and between ZOUP! SYSTEMS, L.L.C., a Michigan limited liability company (hereinafter referred to as "Franchisor") and Tenant (the "Franchise Agreement"); and

WHEREAS, a condition to the approval of the Tenant's specific location by Franchisor is that the Lease for the Leased Premises designated for the operation of a Zoup!® restaurant business contain the agreements set forth herein.

NOW THEREFORE, in consideration of the foregoing premises and other good and valuable consideration which is acknowledged by the parties hereto, Tenant and Landlord agree as follows:

A. During the term of the Lease, including renewals, if any, the Leased Premises shall not be used for any purpose other than the operation of a Zoup!® restaurant business.

B. (1) Landlord and Tenant grant to Zoup! Fresh Soup Company, L.L.C. ("Zoup") the exclusive right, exercisable at the option of Zoup, to take assignment of all rights, title and interest of Tenant in and to the Lease and the Leased Premises: (a) on the termination of the Franchise Agreement; (b) on the sale, transfer or assignment of the business licensed pursuant to the Franchise Agreement; (c) on the commencement of eviction or termination proceedings by the Landlord against Tenant; or (d) on cessation of the use of the Leased Premises as a Zoup!® restaurant business. Zoup must give written notice to Landlord of its intent to exercise this option within 30 days after the event triggering the option. If Zoup timely exercises its option, the Lease and all rights, title and interest of Tenant under the Lease and to the Leased Premises will be automatically, and without need of further documentation, assigned to Zoup (or another entity affiliated with Franchisor). If Zoup does not give notice exercising its assignment option within the 30 day period, Zoup will be deemed to have forfeited its rights under this Paragraph. Upon Zoup's written request, Landlord and Tenant agree to execute documents confirming this assignment in the form presented by Zoup, including a short form of Lease suitable for recording. If Zoup takes assignment of the Lease pursuant to this Paragraph, Landlord shall not hold Zoup responsible for, and Zoup shall have no responsibility related to, any liabilities, claims, debts, fees, costs, causes of action, or damages (collectively, the "Claims") that accrued prior to the date of the assignment.

(2) If Zoup takes assignment of the Lease and the Leased Premises, Franchisor may subsequently grant a franchise at the Leased Premises to another Zoup franchisee and Landlord shall permit the assignment of the Lease and Leased Premises to said franchisee without any further consent of Landlord being required as a condition thereto and without the payment of any fee or other cost requirement. Thereafter, Zoup shall be released from any and all further liabilities under the Lease. The parties agree to execute any commercially reasonable documents in furtherance of this Paragraph.

C. Landlord and Tenant grant to Franchisor the right to enter the Leased Premises upon reasonable notice during regular business hours to: (1) inspect and audit Tenant's business; (2) make any

modifications necessary to protect the Zoup!® trademarks; or (3) remove Zoup! signage, trademarked items and other related materials.

D. Landlord must give Franchisor written notice of any Tenant default under the Lease and Franchisor will have 30 days from its receipt of that notice [15 days in the event of non-payment of rent] to cure that default on behalf of Tenant before Landlord may exercise any remedy it may have under the Lease. Landlord acknowledges and understands that by curing Tenant's default, Franchisor does not assume and Landlord shall not hold it responsible for any liabilities of Tenant. All notices directed to Franchisor or Zoup shall be sent to 28290 Franklin Road, Southfield, Michigan 48034, Attn: Eric Ersher.

E. In the event of a conflict between the terms of this Addendum and the terms of the Lease, the terms of this Addendum shall control.

F. Landlord and Tenant agree not to amend the Lease in any respect, except with the prior written consent of Franchisor.

G. If Landlord has a lien on Tenant's equipment and inventory (the "Collateral") pursuant to either, statute, common law or the terms of the Lease, such lien shall be subordinate to Franchisor's interest in the Collateral pursuant to the terms of the Franchise Agreement and Landlord shall give Franchisor at least 10 business days' prior written notice before commencing any action to enforce such lien against the Collateral.

Dated this ____ day of _____, 20__.

LANDLORD:

TENANT:

By: _____

By: _____

Its: _____

Its: _____

APPENDIX G
IRS FORM 4506

Request for Copy of Tax Return

- ▶ **Do not sign this form unless all applicable lines have been completed.**
- ▶ **Request may be rejected if the form is incomplete or illegible.**
- ▶ **For more information about Form 4506, visit www.irs.gov/form4506.**

Tip. You may be able to get your tax return or return information from other sources. If you had your tax return completed by a paid preparer, they should be able to provide you a copy of the return. The IRS can provide a **Tax Return Transcript** for many returns free of charge. The transcript provides most of the line entries from the original tax return and usually contains the information that a third party (such as a mortgage company) requires. See **Form 4506-T, Request for Transcript of Tax Return**, or you can quickly request transcripts by using our automated self-help service tools. Please visit us at IRS.gov and click on "Get a Tax Transcript..." or call 1-800-908-9946.

1a Name shown on tax return. If a joint return, enter the name shown first.	1b First social security number on tax return, individual taxpayer identification number, or employer identification number (see instructions)
2a If a joint return, enter spouse's name shown on tax return.	2b Second social security number or individual taxpayer identification number if joint tax return
3 Current name, address (including apt., room, or suite no.), city, state, and ZIP code (see instructions)	
4 Previous address shown on the last return filed if different from line 3 (see instructions)	
5 If the tax return is to be mailed to a third party (such as a mortgage company), enter the third party's name, address, and telephone number.	

Caution: If the tax return is being sent to the third party, ensure that lines 5 through 7 are completed before signing. (see instructions).

6 Tax return requested. Form 1040, 1120, 941, etc. and all attachments as originally submitted to the IRS, including Form(s) W-2, schedules, or amended returns. Copies of Forms 1040, 1040A, and 1040EZ are generally available for 7 years from filing before they are destroyed by law. Other returns may be available for a longer period of time. Enter only one return number. If you need more than one type of return, you must complete another Form 4506. ▶ _____

Note: If the copies must be certified for court or administrative proceedings, check here

7 Year or period requested. Enter the ending date of the tax year or period using the mm/dd/yyyy format (see instructions).

____ / ____ / ____	____ / ____ / ____	____ / ____ / ____	____ / ____ / ____
____ / ____ / ____	____ / ____ / ____	____ / ____ / ____	____ / ____ / ____

8 Fee. There is a \$43 fee for each return requested. **Full payment must be included with your request or it will be rejected. Make your check or money order payable to "United States Treasury." Enter your SSN, ITIN, or EIN and "Form 4506 request" on your check or money order.**

a Cost for each return	\$ _____
b Number of returns requested on line 7	_____
c Total cost. Multiply line 8a by line 8b	\$ _____

9 If we cannot find the tax return, we will refund the fee. If the refund should go to the third party listed on line 5, check here

Caution: Do not sign this form unless all applicable lines have been completed.

Signature of taxpayer(s). I declare that I am either the taxpayer whose name is shown on line 1a or 2a, or a person authorized to obtain the tax return requested. If the request applies to a joint return, at least one spouse must sign. If signed by a corporate officer, 1 percent or more shareholder, partner, managing member, guardian, tax matters partner, executor, receiver, administrator, trustee, or party other than the taxpayer, I certify that I have the authority to execute Form 4506 on behalf of the taxpayer. **Note:** This form must be received by IRS within 120 days of the signature date.

Signatory attests that he/she has read the attestation clause and upon so reading declares that he/she has the authority to sign the Form 4506. See instructions.

Phone number of taxpayer on line 1a or 2a

Sign Here	▶ Signature (see instructions)	Date
	▶ Print/Type name	Title (if line 1a above is a corporation, partnership, estate, or trust)
	▶ Spouse's signature	Date
	▶ Print/Type name	

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about Form 4506 and its instructions, go to www.irs.gov/form4506.

General Instructions

Caution: Do not sign this form unless all applicable lines, including lines 5 through 7, have been completed.

Designated Recipient Notification. Internal Revenue Code, Section 6103(c), limits disclosure and use of return information received pursuant to the taxpayer's consent and holds the recipient subject to penalties for any unauthorized access, other use, or redisclosure without the taxpayer's express permission or request.

Taxpayer Notification. Internal Revenue Code, Section 6103(c), limits disclosure and use of return information provided pursuant to your consent and holds the recipient subject to penalties, brought by private right of action, for any unauthorized access, other use, or redisclosure without your express permission or request.

Purpose of form. Use Form 4506 to request a copy of your tax return. You can also designate (on line 5) a third party to receive the tax return.

How long will it take? It may take up to 75 calendar days for us to process your request.

Where to file. Attach payment and mail Form 4506 to the address below for the state you lived in, or the state your business was in, when that return was filed. There are two address charts: one for individual returns (Form 1040 series) and one for all other returns.

If you are requesting a return for more than one year or period and the chart below shows two different addresses, send your request based on the address of your most recent return.

Chart for individual returns (Form 1040 series)

If you filed an individual return and lived in:

Florida, Louisiana, Mississippi, Texas, a foreign country, American Samoa, Puerto Rico, Guam, the Commonwealth of the Northern Mariana Islands, the U.S. Virgin Islands, or A.P.O. or F.P.O. address

Mail to:

Internal Revenue Service
RAIVS Team
Stop 6716 AUCS
Austin, TX 73301

Alabama, Arkansas, Delaware, Georgia, Illinois, Indiana, Iowa, Kentucky, Maine, Massachusetts, Minnesota, Missouri, New Hampshire, New Jersey, New York, North Carolina, Oklahoma, South Carolina, Tennessee, Vermont, Virginia, Wisconsin

Internal Revenue Service
RAIVS Team
Stop 6705 S-2
Kansas City, MO 64999

Alaska, Arizona, California, Colorado, Connecticut, District of Columbia, Hawaii, Idaho, Kansas, Maryland, Michigan, Montana, Nebraska, Nevada, New Mexico, North Dakota, Ohio, Oregon, Pennsylvania, Rhode Island, South Dakota, Utah, Washington, West Virginia, Wyoming

Internal Revenue Service
RAIVS Team
P.O. Box 9941
Mail Stop 6734
Ogden, UT 84409

Chart for all other returns

For returns not in Form 1040 series, if the address on the return was in:

Connecticut, Delaware, District of Columbia, Georgia, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, West Virginia, Wisconsin

Mail to:

Internal Revenue Service
RAIVS Team
Stop 6705 S-2
Kansas City, MO
64999

Alabama, Alaska, Arizona, Arkansas, California, Colorado, Florida, Hawaii, Idaho, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, Wyoming, a foreign country, American Samoa, Puerto Rico, Guam, the Commonwealth of the Northern Mariana Islands, the U.S. Virgin Islands, or A.P.O. or F.P.O. address

Internal Revenue Service
RAIVS Team
P.O. Box 9941
Mail Stop 6734
Ogden, UT 84409

Specific Instructions

Line 1b. Enter the social security number (SSN) or individual taxpayer identification number (ITIN) for the individual listed on line 1a, or enter the employer identification number (EIN) for the business listed on line 1a. For example, if you are requesting Form 1040 that includes Schedule C (Form 1040), enter your SSN.

Line 3. Enter your current address. If you use a P.O. box, please include it on this line 3.

Line 4. Enter the address shown on the last return filed if different from the address entered on line 3.

Note. If the addresses on lines 3 and 4 are different and you have not changed your address with the IRS, file Form 8822, Change of Address, or Form 8822-B, Change of Address or Responsible Party — Business, with Form 4506.

Line 7. Enter the end date of the tax year or period requested in mm/dd/yyyy format. This may be a calendar year, fiscal year or quarter. Enter each quarter requested for quarterly returns. Example: Enter 12/31/2018 for a calendar year 2018 Form 1040 return, or 03/31/2017 for a first quarter Form 941 return.

Signature and date. Form 4506 must be signed and dated by the taxpayer listed on line 1a or 2a. The IRS must receive Form 4506 within 120 days of the date signed by the taxpayer or it will be rejected. Ensure that all applicable lines, including lines 5 through 7, are completed before signing.



CAUTION You must check the box in the signature area to acknowledge you have the authority to sign and request the information. The form will not be processed and returned to you if the box is unchecked.

Individuals. Copies of jointly filed tax returns may be furnished to either spouse. Only one signature is required. Sign Form 4506 exactly as your name appeared on the original return. If you changed your name, also sign your current name.

Corporations. Generally, Form 4506 can be signed by: (1) an officer having legal authority to bind the corporation, (2) any person designated by the board of directors or other governing body, or (3) any officer or employee on written request by any principal officer and attested to by the secretary or other officer. A bona fide shareholder of record owning 1 percent or more of the outstanding stock of the corporation may submit a Form 4506 but must provide documentation to support the requester's right to receive the information.

Partnerships. Generally, Form 4506 can be signed by any person who was a member of the partnership during any part of the tax period requested on line 7.

All others. See section 6103(e) if the taxpayer has died, is insolvent, is a dissolved corporation, or if a trustee, guardian, executor, receiver, or administrator is acting for the taxpayer.

Note: If you are Heir at law, Next of kin, or Beneficiary you must be able to establish a material interest in the estate or trust.

Documentation. For entities other than individuals, you must attach the authorization document. For example, this could be the letter from the principal officer authorizing an employee of the corporation or the letters testamentary authorizing an individual to act for an estate.

Signature by a representative. A representative can sign Form 4506 for a taxpayer only if this authority has been specifically delegated to the representative on Form 2848, line 5a. Form 2848 showing the delegation must be attached to Form 4506.

Privacy Act and Paperwork Reduction Act

Notice. We ask for the information on this form to establish your right to gain access to the requested return(s) under the Internal Revenue Code. We need this information to properly identify the return(s) and respond to your request. If you request a copy of a tax return, sections 6103 and 6109 require you to provide this information, including your SSN or EIN, to process your request. If you do not provide this information, we may not be able to process your request. Providing false or fraudulent information may subject you to penalties.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file Form 4506 will vary depending on individual circumstances. The estimated average time is: **Learning about the law or the form**, 10 min.; **Preparing the form**, 16 min.; and **Copying, assembling, and sending the form to the IRS**, 20 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making Form 4506 simpler, we would be happy to hear from you. You can write to:

Internal Revenue Service
Tax Forms and Publications Division
1111 Constitution Ave. NW, IR-6526
Washington, DC 20224.

Do not send the form to this address. Instead, see *Where to file* on this page.

APPENDIX H
AUTHORIZATION TO RELEASE AND DISCUSS FINANCIAL INFORMATION

_____, a _____
("Franchise Owner") authorizes and directs its accountant to release to and discuss with ZOUP! SYSTEMS, LLC, a Michigan limited liability company (the "Company") the following financial information of the Franchise Owner:

(a) monthly statements of profit and loss and cash-flows for Franchise Owner's business; and

(b) annual statements of profit and loss and financial condition for Franchise Owner's business, including a balance sheet.

Franchise Owner agrees to sign any additional authorizations or documentation as may be required by Franchise Owner's accountant or by applicable law to allow the Company to obtain this financial information from Franchise Owner's accountant.

The purpose of this authorization is to allow the Company to obtain this financial information as provided in the Franchise Agreement. This authorization will remain in effect throughout the term of the Franchise Agreement between Franchise Owner and the Company and may not be revoked without the written consent of the Company. This authorization will be valid in original or copy form.

By signing below, the undersigned certifies that he or she is the authorized representative of the Franchise Owner and has authority to sign this form on behalf of the Franchise Owner.

FRANCHISE OWNER

By: _____

Its: _____

EXHIBIT C

AREA DEVELOPMENT AGREEMENT

ZOUP! SYSTEMS, L.L.C.
AREA DEVELOPMENT AGREEMENT

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ZOUP! SYSTEMS, L.L.C.

AREA DEVELOPMENT AGREEMENT

THIS AGREEMENT is made this ____ day of _____, 20____, between ZOUP! SYSTEMS, L.L.C., a Michigan limited liability company (the "Company") and _____ ("Area Developer").

SECTION 1 - Introduction

The Company is engaged in the business of franchising Zoup!® Eatery franchises under the Marks and Systems as more fully described in the Franchise Agreement attached as Appendix B (the "Franchise Agreement") (all capitalized terms used but not defined herein have the meaning given them in the Franchise Agreement); and

Area Developer is aware of the benefit derived from being identified with and franchised by the Company in order to use the Marks and System as more fully described in the Franchise Agreement; and

Area Developer has simultaneously executed a Franchise Agreement pertaining to the first Zoup!® Eatery ("First Unit"), which Area Developer agrees to open or have opened within the time specified in the Franchise Agreement; and

Area Developer desires to obtain area development rights to establish and operate additional Zoup!® Eatery franchises ("Subsequent Units") from us within a specific geographical area and according to a specific time schedule; and

NOW, the parties agree as follows:

SECTION 2 - Grant of Area Development Franchise

(A) Grant of Development Rights.

According to the terms and conditions in this Agreement, the Company grants to Area Developer and Area Developer accepts, a non-exclusive right, during the term of this Agreement, to establish and operate the number of Zoup!® Eatery franchises specified in Item 1 of Appendix A (each referred to as a "Unit") in the area described in Item 2 of Appendix A (the "Development Area"). Area Developer acknowledges that the Company has the right to grant area development rights to other area developers in the Development Area. Any such other area developer granted development rights prior to the date of this Agreement shall be listed on Appendix D attached hereto (the "Existing Area Developers").

(B) Limited Exclusivity; Reservation of Rights.

During the term of this Agreement and as long as Area Developer is not in default of its obligations under this Agreement, including its obligation to meet the Development Schedule (defined herein), and except as provided in Sections 2(C) and 6(A), the Company and its affiliates will not operate or grant a franchise to any other person to operate a retail restaurant business using the Marks or the System or selling substantially the same products or services as a Zoup!® Eatery at a location within the Development Area. All rights not expressly granted in this Agreement to Area Developer relating to the Marks and System are expressly reserved to the Company, including but not limited to (1) the right to operate and authorize others to operate Zoup!® Eateries or any other businesses using

the Marks and System at a location outside the Development Area; and (2) the right to use or authorize others to use the Marks and System, or any other trademarks or systems, in connection with the manufacture and sale of products at wholesale or retail, through the use of toll free telephone numbers, catalogs, direct mail, social media, over the internet, or through any distribution channels other than a retail restaurant business operated under the System. After the expiration or termination of this Agreement, the Company may own, operate, franchise or license others to operate additional Units anywhere, without restriction, including in the Development Area, except for any Protected Areas under Area Developer's Franchise Agreement(s) which remain in effect.

(C) Exceptions to Limited Exclusivity.

The following are exceptions to the limited exclusivity granted to Area Developer under Section 2(B):

(1) The Company has the right to offer and sell and to authorize others to offer and sell products and services at or to corporate cafeterias, institutional accounts (including grocery stores), offsite events (e.g. art fairs, fundraisers, etc.), stadiums, and locations with captive audiences (e.g. airports, large office buildings, military bases, college campuses, indoor regional malls, etc.) in the Development Area.

(2) The Company has the right to purchase, be purchased, merge, acquire, be acquired or otherwise affiliate with a competitor or any other business regardless of the location of the competitor or business, and to continue to operate, franchise or license these businesses regardless of their location, but the Company will not operate a business it acquires under the Marks within the Development Area.

SECTION 3 – Development Obligations

(A) Development Schedule.

Area Developer agrees to open the Units within each of the time periods specified in Item 3 of Appendix A ("Development Schedule"). Area Developer must execute a Franchise Agreement in substantially the form of Appendix B subject to any changes or modifications required by any applicable laws or, at our option, the then current form of the Franchise Agreement and pay the remaining balance of the Initial Franchise Fee due for each of the Subsequent Units within the time periods described in the Development Schedule and this Agreement. Further, Area Developer must open each Unit within the time period described in the Franchise Agreement applicable to each Unit and in the Development Schedule. You will at all times faithfully and diligently comply with the obligations imposed by this Agreement and under the Franchise Agreement for each Unit.

(B) Force Majeure.

If a failure to comply with the Development Schedule is due to causes beyond the control of the Area Developer, such as strike, weather, the inability to obtain essential equipment or materials, or fire, and the Area Developer has acted in good faith to comply with the Development Schedule, the Development Schedule will be extended for an additional time equal to the delay. However, in no event will the Development Schedule be extended for more than 180 days unless the Company causes the delays.

SECTION 4 - Term

The term of this Agreement will start on the date this Agreement is signed by both parties and Area Developer has paid the Development Fee. Unless terminated earlier according to the terms of

this Agreement, the term of this Agreement and all area development rights granted in this Agreement will expire at the earlier of the opening of the last Unit listed in the Development Schedule or the expiration date listed in Item 4 of Appendix A. Area Developer has no right to renew this Agreement.

SECTION 5 – Development Fee

In exchange for the rights granted under this Agreement, Area Developer will pay a development fee equal to the total of \$29,900 for the first Subsequent Unit and \$15,000 for each additional Subsequent Unit to be developed under this Agreement (the "Development Fee"). The amount of the Development Fee is set forth in Item 5 of Appendix A and is fully earned when paid and not refundable even if you fail to proceed with the development of Units under this Agreement. Area Developer will pay the Development Fee to the Company upon execution of this Agreement. Area Developer will not be required to pay any additional Initial Franchise Fees for Subsequent Units.

SECTION 6 – Procedure for Developing Franchise Businesses

(A) Right of First Refusal to Develop a Unit.

The Company maintains a priority list of each area developer who has rights to develop Zoup!® Eatery franchises in the Development Area (the "Priority List"). Area Developer acknowledges that the Existing Area Developers have priority over potential locations for Zoup!® Eatery franchises according to the right of first refusal process described in this paragraph. Upon learning of a potential location for a Zoup!® Eatery franchise in the Development Area, whether from Area Developer or otherwise, the Company will notify all area developers who have development rights in the Development Area of such potential location, and the Company will grant each such area developer a right of first refusal to establish a Zoup!® Eatery franchise at such potential location according to their respective place on the Priority List. So long as Area Developer is in compliance with its obligations under this Agreement, including its obligation to meet the Development Schedule, then, upon all Existing Area Developers on the Priority List rejecting the potential location, the Company will provide Area Developer with written notice that Area Developer has the right of first refusal to establish a Unit at the potential location (the "Offer"). The Offer will describe the lease terms (to the extent known) for such potential location. The Company will also provide Area Developer with the Company's then-current Franchise Disclosure Document. Area Developer will have 14 days from the date of the Offer to elect to exercise its right of first refusal to establish a Unit at the potential location. If timely elected, Area Developer will then have 30 additional days to negotiate and sign a lease, as well as execute a Franchise Agreement, for such Unit as described in Section 6(B) below. Subject only to Section 6(B) to the contrary, in the event Area Developer fails to timely elect to exercise its right of first refusal or fails to sign a lease, sign a Franchise Agreement with the Company, Area Developer will be deemed to have rejected the potential location and the Company shall be free to offer said potential location to other area developers with rights to the Development Area.

(B) Franchise Agreement.

Within the times specified in the Development Schedule and the time specified in Section 6(A) above, Area Developer must execute a Franchise Agreement for each Subsequent Unit. Area Developer will execute a Franchise Agreement in the form of Appendix B, subject to any changes or modifications required by any applicable laws, or, at the Company's option, the then current form of Franchise Agreement. In no event will Area Developer be required to sign a Franchise Agreement until such time as the Company has complied with any applicable disclosure and waiting periods according to law.

(C) Complying with the Franchise Agreement.

After a Franchise Agreement is signed for a Unit, Area Developer must fully comply with all of the terms contained in that Franchise Agreement, including the payment of the fees required by that Franchise Agreement, in a timely manner. HOWEVER, AREA DEVELOPER DOES NOT OBTAIN ANY RIGHTS AS A FRANCHISEE FOR A PARTICULAR SITE UNTIL A FRANCHISE AGREEMENT IS SIGNED BY AREA DEVELOPER AND THE COMPANY. Area Developer must submit all proposals for sites to the Company for approval. The Company has the right, in its sole discretion, to withhold its approval to any proposed site. Approval of a site is no assurance of success.

(D) The Company's Discretion.

Area Developer acknowledges that all Units must be developed and operated according to the Company's standards. Area Developer agrees and recognizes that the Company may refuse to grant a Franchise Agreement for a Subsequent Unit if it reasonably believes that Area Developer does not have sufficient financial resources and other ability (including, but not limited to, experience, character, skill, aptitude, attitude, and business acumen sufficient to operate multiple locations) to properly develop and operate the proposed Subsequent Unit. The Company may take into account, among other things, Area Developer's past performance and financial success of its existing Units. In order to assist the Company in making such a determination, Area Developer must provide the Company, upon its request, the financial and other information regarding such existing Units and the proposed Subsequent Unit. The Company's approval, however, is not deemed to be a warranty of Area Developer's financial or other ability to develop and operate the proposed Subsequent Units.

(E) No Right to Marks.

Area Developer acknowledges that the Company is not granting any right to use the Marks under this Agreement. Any rights regarding Area Developer's use of the Marks arises solely from the Franchise Agreement(s) Area Developer and the Company sign or will sign, and Area Developer may only use the Marks pursuant to the terms of that (those) Franchise Agreement(s).

SECTION 7 – No Subfranchising; Transferability

(A) No Subfranchising.

Area Developer must not offer, sell or negotiate the sale of Franchise Businesses to any third party, either in Area Developer's own name or in the name and on behalf of the Company, or otherwise subfranchise, share, divide or partition this Agreement and nothing in this Agreement will be construed to grant Area Developer any such rights.

(B) General Rule.

This Agreement is personal to Area Developer or to the owners of Area Developer if Area Developer is a corporation, partnership or other entity. This Agreement or any interest in the corporation, partnership or other entity (if Area Developer is a corporation, partnership or other entity) must not be transferred, assigned, pledged, encumbered or sold, either directly, indirectly or contingently, whether voluntarily or by operation of law, except with the prior written consent of the Company and then only in accordance with the provisions of Section 7(D). Any attempted assignment or transfer not in accordance with this Agreement will have no effect and will constitute a breach of this Agreement.

(C) Transfer on Death or Incapacity.

If Area Developer or the owner of Area Developer (if Area Developer is a corporation, partnership or other entity) dies or becomes incapacitated, Area Developer's or the owner's rights

under this Agreement will pass to the estate, heirs, devisees or legal representatives of Area Developer or the owner of Area Developer (collectively referred to in this Agreement as the "estate"). The estate may continue to perform under this Agreement if: (a) the estate provides a qualified individual acceptable to the Company to manage the business of Area Developer on a full time basis; (b) this manager attends and successfully completes the Company's training program at the estate's expense; and (c) this manager assumes full time operation of the business of Area Developer within 90 days of the date Area Developer dies or becomes incapacitated. If the estate fails to designate an acceptable manager or the designated manager fails to attend and satisfactorily complete the training program and to assume the full time operation of the business of Area Developer within 90 days of the death or incapacity, then the estate must sell the estate's interest in this Agreement within 180 days of the date of death or incapacity. Any sale must be made in accordance with Section 7(D).

(D) Conditions of the Company's Consent to Transfer.

If Area Developer or any person owning an interest in Area Developer desires to transfer any rights in this Agreement or in Area Developer, Area Developer, or another appropriate person, must give written notice of the proposed transfer to the Company, setting forth in detail the nature of the items to be transferred, the name, address and background of the proposed transferee, the consideration for the transfer and any other information that the Company may reasonably require. This notice must also include a copy of any agreement relating to the proposed transfer. After reviewing the information, the Company will determine, in accordance with the provisions of this Agreement and any procedures specified in the operations manual, whether to grant its consent to the transfer. The Company will not unreasonably withhold its consent to a transfer, provided that the following conditions are satisfied:

- (1) the proposed transferee must follow the same application procedures as a new Area Developer and must meet the same standards of character, business experience, credit standing, health, etc. as the Company has set for any new Area Developer and must be approved by the Company in its sole discretion;
- (2) the proposed transferee assumes in writing for the benefit of the Company all rights and obligations of Area Developer under this Agreement;
- (3) the proposed transferee has completed the Company's training program to the Company's satisfaction, exercised in good faith;
- (4) as of the date of the transfer, Area Developer is in full compliance with all of its obligations to the Company, whether under this Agreement or any other agreement with the Company;
- (5) the terms of the proposed transfer must not, in the Company's reasonable determination, place unreasonable burdens on the proposed transferee;
- (6) Area Developer must sign at the time of transfer an agreement terminating this Agreement with respect to Area Developer and releasing the Company from any claims; and
- (7) the proposed transferee must pay Company a transfer fee equal to \$15,000 times the number of Units operated by Area Developer in the Development Area.

(8) Area Developer must pay the Company a business marketing fee in the amount of \$10,000 if Area Developer uses the Company's marketing program in connection with the transfer.

Area Developer acknowledges that the conditions listed above are necessary for protection of the Marks and System and do not impose unreasonable restrictions on the transfer of this Agreement.

(E) Transfers to Controlled Entities.

If Area Developer is in full compliance with this Agreement, the Agreement may be assigned to a corporation, partnership or other entity in which the Area Developer owns and will continue to own all the issued and outstanding stock, partnership interest, or other ownership interests and in which the Area Developer will act as its principal executive officer or manager ("Controlled Entity"), provided that: (1) the Controlled Entity is newly organized and its organizational document provides (and will continually provide) that its activities are confined exclusively to the operation of the Franchise Business; (2) all documents evidencing ownership in the Controlled Entity bear a legend that they are subject to the terms of this Agreement; (3) all owners of the Controlled Entity execute this Agreement and agree to be personally bound, jointly and severally, by all of the provisions of this Agreement; and (4) the Controlled Entity agrees to be bound by all the provisions of this Agreement and to assume and discharge all of the Area Developer's obligations under this Agreement.

(F) Minor Changes in Ownership.

A change in ownership of Area Developer of less than 20% of the initial ownership, in the aggregate, is exempt from the transfer requirements of this Section, except that: (1) written notice of the proposed change in ownership of Area Developer must be delivered to the Company; and (2) the Company must indicate in writing that it has no objection to the change in ownership of Area Developer before the occurrence of the change in ownership.

(G) Transfer of the Company's Interest.

This Agreement is fully assignable by the Company and will inure to the benefit of any assignee or other legal successor to the interests of the Company. The Company may sell, assign, discount or otherwise transfer any rights under this Agreement or any other assets of the Company or its owners, without notice to or approval of Area Developer or any other area developer or franchise owner, at any time. However, the Company will make provision for the performance of those obligations by the assignee.

SECTION 8 - Termination

(A) Default by Area Developer.

Upon written notice to Area Developer, the Company may terminate this Agreement for cause, but without providing Area Developer an opportunity to cure, in the event of any material breach of this Agreement by Area Developer. As used in this Section 8(A), "material breach" will include, among other things, the following:

(1) Any material misrepresentation by Area Developer or any owner, shareholder, member or partner of Area Developer relating to the acquisition of this franchise;

(2) Any attempt by Area Developer to sell, assign, transfer or encumber, in whole or in part, any or all rights and obligations under this Agreement or in Area Developer, in violation of the terms of this Agreement, or without the written consents required, pursuant to this Agreement;

(3) Area Developer's failure to develop the Units within the Development Schedule set forth in this Agreement;

(4) Area Developer's bankruptcy, insolvency or general assignment for the benefit of creditors; or

(5) If Area Developer or its affiliates materially breach any Franchise Agreement with the Company and fail to cure that breach within the applicable cure period under that Franchise Agreement.

(B) Rights on Termination, Expiration or Transfer.

Upon termination, expiration or Transfer of this Agreement, all of Area Developer's rights regarding the Development Area will cease and any remaining rights Area Developer may have to open any Subsequent Unit will cease. The Company will be entitled to establish, or to license others to establish, franchised businesses using the Marks and System in the Development Area, subject to the provisions in any existing Franchise Agreements Area Developer has with us relating to the Protected Area defined in those Franchise Agreements. Area Developer will continue to operate Zoup![®] Eatery franchises according to any existing Franchise Agreements between it and the Company, if such Franchise Agreements have not been terminated.

SECTION 9 – Arbitration; Law and Jurisdiction; Injunctive Relief; Costs of Enforcement; Waiver of Punitive Damages and Jury Trial; Limitations of Claims

(A) Binding Arbitration.

Except for actions described in Section 9(F), all controversies, disputes or claims between: (i) the Company and/or its affiliates and their respective owners, officers, directors, members, managers, employees, agents or representatives; and (ii) Area Developer, and/or its affiliates and their respective owners, officers, directors, members, managers, employees, agents or representatives; arising out of or related to (1) this Agreement; or (2) the scope and validity of this Agreement (including the validity and scope of the arbitration obligations under this Section, which the parties acknowledge is to be determined by an arbitrator and not a court); must be submitted for binding arbitration in accordance with the provisions of this Section 9 on the demand of either party. Except as otherwise provided in this Section 9, such arbitration proceeding must be conducted in accordance with the commercial arbitration rules (the “Rules”) of the American Arbitration Association (“AAA”). The Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) (the “Act”) and not any state arbitration law will govern all matters relating to arbitration.

The provisions of this Section 9 are intended to benefit and bind certain third party non-signatories and will continue in full force and effect after and notwithstanding the expiration or termination of this Agreement.

(B) Arbitration Procedures.

Any matter will be adjudicated before one arbitrator unless the Company elects for the dispute to be decided before a panel of three arbitrators. The arbitration will be administrated and conducted in the office of the AAA closest to the principal place of business of the Company at the time of the arbitration. The parties desire that at least one of the arbitrators be an attorney familiar with franchise matters. The arbitrator will follow the Rules except as otherwise provided in this Section. The arbitrator will comply with the Federal Rules of Evidence; will grant limited discovery consisting of written interrogatories and requests for production of documents eliciting only relevant evidence; will

provide for the exchange of witness lists and exhibit copies; and will conduct a pretrial and rule on dispositive motions. Each party will have the right to request the arbitrator to make findings of specific factual issues.

The Company and Area Developer agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. The Company and Area Developer further agree that, in connection with any such arbitration proceeding, each must submit or file any claim that 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 that is not submitted or filed as described above will be forever barred. The arbitrator will not consider any settlement discussions or offers that might have been made by either the Company or Area Developer.

The Company reserves the right, but has no obligation, to advance Area Developer's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished the Company's right to seek the recovery of those costs in accordance with Section 9(G).

The Company and Area Developer agree that arbitration will be conducted on an individual, not a class-wide, basis, and that an arbitration proceeding between the Company and its affiliates, officers, directors, members, managers, employees, agents or representatives and Area Developer, or its affiliates, officers, directors, members, managers, employees, agents or representatives, may not be consolidated with any other arbitration proceeding between them and any other person, corporation, limited liability company, partnership or other entity. Notwithstanding the foregoing or anything to the contrary in this Section or elsewhere in this Agreement, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section, then the parties agree that this arbitration clause will not apply to that dispute and that such dispute will be resolved in a judicial proceeding.

The arbitrator will complete the proceedings and render a decision within 90 days after submission of the dispute, unless both parties agree to an extension. Each party will cooperate with the arbitrator to comply with procedural time requirements, and the failure to do so will entitle the arbitrator to extend the arbitration proceedings accordingly, and to impose sanctions on the party responsible for the delay, payable to the other party. If the arbitrator does not fulfill his/her responsibilities on a reasonably timely basis, either party will have the right to require a replacement and the appointment of a new arbitrator, and may, for that purpose, invoke the jurisdiction of the Oakland County, Michigan Circuit Court or the Federal District Court for the Eastern District of Michigan.

(C) Decision of Arbitrator.

The decision of the arbitrator will contain findings of fact on which the decision is based, including any specific factual findings requested by either party, and will further contain the reasons for the decision with reference to the legal principals on which the arbitrator relies. The arbitrator will have the right to award or include in the award any relief that the arbitrator deems proper under the circumstances, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorney's fees and costs, provided that the arbitrator may not declare any Mark generic or otherwise invalid or, except as expressly provided in Section 9(H), award exemplary or punitive damages against either party (the Company and Area Developer hereby waiving to the fullest extent permitted by law, except as expressly provided in Section 9(H), any right to or claim for any punitive or exemplary damages against the other). The

decision of the arbitrator will be final and binding on the parties, subject only to appeal rights under the Act, and a judgment by a court of competent jurisdiction may be entered in accordance with the decision.

(D) Choice of Law.

This Agreement will take effect only on its acceptance and execution by the Company (which will be deemed to be in Michigan), and, except for the applicability of the Federal Arbitration Act and other applicable federal law, this Agreement and all controversies, disputes or claims arising from or relating to this Agreement or any other agreement between the parties, Area Developer's relationship with the Company or the validity of this Agreement or any other agreement between the parties, will be interpreted and construed under the laws of Michigan. If there is any conflict of law, the laws of Michigan will prevail, without regard to the application of Michigan conflict-of-law rules. If, however, any provision of this Agreement would not be enforceable under the laws of Michigan, and if Area Developer's business is located outside of Michigan and such provision would be enforceable under the laws of the state in which Area Developer's business is located, then such provision will be interpreted and construed under the laws of that state. Notwithstanding the foregoing, any law regulating the offer or sale of franchises, business opportunities or similar interests or governing the relationship between the Company and Area Developer will not apply unless its jurisdictional requirements are met independently without reference to this Section.

(E) Consent to Venue and Jurisdiction.

Subject to Section 9(B) above, any action brought by Area Developer against the Company must be brought exclusively, and any action brought by the Company against Area Developer may be brought, in the federal district court covering the location at which the Company has its principal place of business at the time the action is commenced; provided, however, that if the federal court would not have subject matter jurisdiction had the action been commenced in such court, then the action must (with respect to actions commenced by Area Developer), and may (with respect to actions commenced by the Company), be brought in the state court within the judicial district in which the Company has its principal place of business at the time the action is commenced. Area Developer and each owner of Area Developer irrevocably submit to the jurisdiction of such courts and waive any objection Area Developer, he or she may have to either jurisdiction or venue in such courts. Notwithstanding the foregoing, Area Developer and its owners agree that the Company may enforce this Agreement and any arbitration orders and awards in the courts of the state or states in which Area Developer, he or she is domiciled or located.

(F) Injunctive Relief.

Notwithstanding Section 9(A), the Company will have the right, without the posting of any bond or security, to apply to a court of competent jurisdiction for a specific enforcement of the terms of this Agreement, by petitions for temporary or permanent injunctions or other equitable relief. The Company will have the right, without limitation, to obtain injunctive relief to prevent Area Developer from engaging in the following acts, which Area Developer acknowledges would cause irreparable harm to the Company: (1) transferring or assigning this Agreement or the assets of Area Developer without complying with this Agreement; or (2) significantly impairing the goodwill associated with the Company. The Company's rights to apply for injunctive relief are in addition to all other remedies available to the Company under applicable law.

(G) Costs of Enforcement.

Developer must pay to the Company, on demand, all costs and expenses incurred by the Company to enforce Developer's obligations under this Agreement, including, but not limited to, all legal expenses, including reasonable attorneys' fees and arbitration and court costs. Enforcement of Developer's

obligations under this Agreement includes collecting amounts owed to the Company, enforcing system standards, sending default and termination notices, filing and prosecuting arbitration and court actions, enforcing the Company's rights on default and termination, and any other actions to taken to compel Developer to comply with its obligations under this Agreement.

(H) Waiver of Punitive Damages and Jury Trial.

EXCEPT FOR AREA DEVELOPER'S OBLIGATION TO INDEMNIFY THE COMPANY AND THE OTHER INDEMNIFIED PARTIES UNDER SECTION 12(B), THE COMPANY AND AREA DEVELOPER (AND AREA DEVELOPER'S OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THE COMPANY AND AREA DEVELOPER, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

THE COMPANY AND AREA DEVELOPER (AND AREA DEVELOPER'S OWNERS) IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER THE COMPANY OR AREA DEVELOPER (OR ITS OWNERS).

(I) Limitations of Claims.

ALL CLAIMS, EXCEPT FOR MONIES DUE TO THE COMPANY, ARISING UNDER THIS AGREEMENT OR FROM THE RELATIONSHIP BETWEEN THE PARTIES ARE BARRED UNLESS AN ACTION IS FILED AND TIMELY SERVED ON THE OPPOSING PARTY BY THE EARLIEST OF: (1) WITHIN ONE YEAR FROM THE OCCURRENCE OF THE ACT OR OMISSION GIVING RISE TO THE CLAIM; (2) WITHIN SIX MONTHS FROM THE DATE THE PARTY KNEW OR SHOULD HAVE KNOWN OF THE FACTS CREATING THE CLAIM; OR (3) WITHIN THE TIME PERIOD PROVIDED BY ANY APPLICABLE LAW OR STATUTE.

SECTION 10 – Acknowledgments and Representations by Area Developer

(A) Risk of Operations; Independent Investigation; No Violation; No Warranties by the Company.

Area Developer has been advised to make, and represents and warrants that it has made, an independent investigation of the Company and its Zoup!® franchise system. The Company has not and does not represent that Area Developer can expect to attain a specific level of sales, profits or earnings. Area Developer has been advised to obtain independent, professional advice regarding the franchise and the development rights granted herein. Area Developer understands that it may sustain losses as a result of the operation or the closing of the business contemplated by this Agreement. Area Developer understands that the business venture contemplated by this Agreement involves a high degree of financial risk and depends to a large degree on Area Developer's skills, abilities, initiative, and hard work. The Company does not make any representation or warranty as to the potential success of this business venture. Area Developer acknowledges that it has entered into this Agreement solely in reliance upon its independent investigation.

This Agreement is only effective once signed by both Area Developer and the Company. No person has the authority to bind or obligate the Company except an authorized officer of the Company by a written document. No representations as to projections, financial performance, potential success, future profits, promises, guarantees or warranties of any kind are authorized to be made by the

Company or its affiliates or representatives other than those expressly contained in this Agreement or the FDD.

Area Developer represents to the Company that its signature on and performance of this Agreement does not violate or constitute a breach of the terms of any other agreement or commitment to which it or its owners are a party.

Area Developer acknowledges that it has received, read and understands this Agreement and its attachments, that it has had an opportunity to ask the Company all questions relating to this Agreement and the Zoup!® franchise system, and that the Company has satisfactorily answered all of Area Developer's questions.

(B) Independent Status of Contract; Uniformity of Agreements.

Area Developer understands and agrees that the Company is entering into this Agreement with Area Developer independently and separately from any franchise or license that the Company may grant to any other person or entity, and that Area Developer is not entering into this Agreement in reliance on or because of any other agreement that the Company may have entered into with a third party. Area Developer understands and agrees that the terms of the Company's agreements with third parties, now and in the future, may be materially different with respect to any terms and condition of this Agreement, including but not limited to, royalty fees, advertising fees, transfer fees, territorial exclusivity, renewals and training. These variations may be based on any factors or conditions that the Company deems to be in the best interest of the Zoup!® franchise system or a particular Zoup!® Eatery, including but not limited to, the knowledge, experience and financial status of a franchisee, peculiarities of a particular location, customer base, density, lease provisions, business potential, population of trade area, existing business practices or any other condition that the Company deems to be of importance to the operation of a specific Zoup!® Eatery. Also, these variations may result from the Company, in its sole discretion, compromising, forgiving, or settling claims or disputes with or against other franchisees. Area Developer will not be entitled to require the Company to disclose or grant to Area Developer a like or similar variation.

(C) Terrorist and Money Laundering Activities.

Area Developer and its owners, officers, directors, members, partners and agents represent and warrant to the Company that: (a) they are not identified by name or alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (text is currently available at www.treas.gov/offices/enforcement/ofac/); (b) they are not directly or indirectly owned or controlled by the government of any country that is subject to a United States embargo; (c) they will not act directly or indirectly on behalf of the government of any country that is subject to a United States embargo; and (d) they are in full compliance with all laws proscribing money laundering and corrupt practices. Further, Area Developer and its owners, officers, directors, members, partners and agents represent and warrant to Area Developer that they have not violated and agree not to violate any law prohibiting corrupt business practices, money laundering or the aid or support of persons who conspire to commit acts of terror against any person or government, including acts prohibited by the USA Patriot Act (text currently available at <http://www.epic.org/privacy/terrorism/hr3162.html>), U.S. Executive Order 13244 (text currently at <http://www.treas.gov/offices/enforcement/ofac/sanctions/terrorism.html>), or any similar law. The foregoing constitute continuing representations and warranties, and Area Developer and its owners, officers, directors, members, partners and agents must immediately notify the Company in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

SECTION 11 – Waivers and Approvals

(A) No Waivers.

Neither party's waiver of a breach or default by the other, nor delay or failure to exercise any right upon breach or default, nor acceptance of any payment, will be deemed a waiver, nor will it impair rights for other breaches or defaults of the same or a different kind. The description of any breach or default in any notice will not prevent the assertion of other defaults or breaches. The Company may waive any one or more of the requirements imposed under this Agreement for the benefit of any particular franchisee or any particular Unit, but the waiver in favor of any other franchisee or Unit will not prevent the Company from enforcing the requirements against Area Developer, all other franchisees and all other Units.

(B) Consents, Approvals and Satisfaction; Liability.

Whenever the Company's consent or approval is required under this Agreement, consent or approval may be withheld in the sole discretion of the Company unless specifically stated in this Agreement to the contrary. All consents or approvals required of the Company are not binding on the Company unless the consent or approval is in writing and signed by the president or a managing member of the Company. The Company's consent or approval, whenever required, may be withheld if Area Developer is in default under this Agreement. Where the satisfaction of the Company is required under this Agreement, unless the Agreement expressly states otherwise, the satisfaction is determined in the Company's sole discretion.

(C) The Company's Reasonable Business Judgment.

Whenever the Company has reserved in this Agreement a right to take or to withhold an action, or to grant or decline to grant Area Developer a right to take or omit an action, the Company may, except as otherwise specifically provided in this Agreement, make its decision or exercise its rights based on information readily available to the Company and the Company's judgment of what is in the Company's and/or the Zoup![®] franchise system's best interests at the time the Company's decision is made, without regard to either whether the Company could have made other reasonable or even arguably preferable alternative decisions or whether the Company's decision promotes its financial or other individual interest.

SECTION 12 – General Conditions and Provisions

(A) Independent Contractor.

Area Developer is and will be considered an independent contractor with control and direction of its business and operations limited only by the conditions set forth in this Agreement or otherwise specified by the Company. No agency, employment, partnership or joint venture is created by this Agreement and neither party has the right to act on behalf of the other. The parties acknowledge that this Agreement does not create a fiduciary relationship between the parties.

(B) Indemnification.

Area Developer is responsible for all losses or damages from contractual liabilities to third persons from the possession, ownership and operation of the Area Developer's business and all claims or demands for damages to property or for injury, illness or death of persons, directly or indirectly, arising out of, or in connection with, possession, ownership or operation of the Area Developer's business or the actions or omissions of Area Developer. Area Developer must defend, indemnify and hold harmless the Company and its affiliates, subsidiaries and parent companies and their agents, employees, attorneys and other franchisees, their agents, employees and attorneys, against any and all claims, suits, demands, losses, damages or liabilities and all related expenses, including reasonable

attorneys fees and court costs, which arise out of, in connection with, or as a result of possession, ownership or operation of the Area Developer's business or the acts or omissions of Area Developer. This indemnity obligation will continue in full effect even after the expiration, transfer or termination of this Agreement. The Company will notify Area Developer of any claims against the Company subject to this Section and Area Developer will be given the opportunity to assume the defense of the matter. If Area Developer fails to assume the defense, the Company may defend the action in the manner it deems appropriate and Area Developer must pay the Company for all costs, including reasonable attorneys' fees, incurred by the Company in defending the action, in addition to any sum which the Company may pay by reason of any settlement or judgment against the Company in the action. The Company's right to indemnity under this Agreement will arise and be valid notwithstanding that joint or concurrent liability may be imposed on the Company by statute, ordinance, regulation or other law.

(C) Corporate, Partnership or Other Entity.

If Area Developer is a corporation, partnership or other entity, the name and address of each owner of Area Developer is set forth on Appendix C.

(D) Third Parties.

Except as provided in this Agreement to the contrary for any affiliates or franchisees of the Company, nothing in this Agreement, whether expressed or implied, is intended to confer any rights under this Agreement on any person (including other area developers or franchisees) other than the parties and their respective personal representatives, other legal representatives, heirs, successors and permitted assigns.

(E) Cumulative Remedies.

All remedies, either under this Agreement or by law or otherwise afforded, will be cumulative and not alternative.

(F) Notices.

Notices under this Agreement must be in writing signed by the party serving the same and must be sent by: (a) registered or certified mail, return receipt requested, postage pre-paid, in which case the notice will be complete two days after mailing; (b) overnight courier service, in which case the notice will be complete one day after delivery to the overnight courier; or (c) facsimile with proof of completion, in which case the notice will be complete one day after proof of completion. The notice must be sent to the address or facsimile number set forth below or at such address or facsimile number as designated by notice pursuant to this Section.

If to the Company:

Zoup! Systems, L.L.C.
28290 Franklin Road
Southfield, Michigan 48034
Facsimile number: (248) 663-9880

If to the Area Developer:

See Item 6 of Appendix A.

(G) Unavoidable Contingencies.

Neither party will be responsible for any contingency that is unavoidable or beyond its control, such as strike, flood, war, rebellion, governmental limitation or Act of God.

(H) Receipt of Franchise Disclosure Document.

Area Developer acknowledges receipt of the Company's franchise disclosure document ("FDD") along with this Agreement, at least 14 days before its execution of this Agreement or any payment by it to the Company. If any unilateral modifications have been made to this Agreement, Area Developer acknowledges that it has had at least 7 days to review them.

(I) Entire Agreement; Modifications.

This Agreement, including all exhibits and addenda, contains the entire agreement between the parties and supersedes any and all prior written and oral agreements, understandings, promises, representations or other communications concerning the franchise to be operated by Area Developer under this Agreement; provided that nothing in this Agreement or in any related agreement is intended to disclaim the representations made by the Company in the Franchise Disclosure Document. No modifications of this Agreement will be effective except those in writing and signed by both parties.

(J) Severability.

Each Section, part or provision of this Agreement will be considered severable. If a court of competent jurisdiction finds any Section, part or provision unenforceable, that determination will not impair the operation or affect the validity of the remainder of this Agreement.

(K) Obligations Joint and Several.

If there is more than one individual or entity executing this Agreement as Area Developer, all such persons are jointly and individually liable for the Area Developer's obligations under this Agreement.

(L) Execution by the Company.

The submission of this Agreement is not an offer by the Company and the Company is not bound in any way until the president of the Company executes this Agreement.

(M) Headings.

Section and Subsection headings are for convenience of reference only and do not limit or affect the provisions of this Agreement.

(N) Non-Liability of the Company's Affiliates.

The Company is the only entity obligated to you under this Agreement. Area Developer may not look to any of the Company's affiliates or related companies, other business entities or individuals for performance of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

ZOUP! SYSTEMS, L.L.C.

(Entity Area Developer)

By: _____
Its: _____

By: _____
Its: _____

(Individual Area Developer(s))

APPENDIX A

ITEM 1: The number of Franchise Businesses Area Developer is authorized to develop is _____.

ITEM 2: The Development Area referred to in Section 2(A) is:

ITEM 3: The Development Schedule under Section 3(A) is as follows:

Unit Number	Date by which Franchise Agreement Must be Executed and Balance of Initial Franchise Fee paid	Date by which Unit Must be in Operation in the Development Area

ITEM 4: The expiration of the term of this Agreement is: _____.

ITEM 5: The Development Fee under Section 5 is \$ _____.

ITEM 6: The Area Developer’s address and facsimile number for purposes of notice under Section 12(F) are:

Facsimile number: (____) _____ - _____

E-mail address: _____

Dated: _____

ZOUP! SYSTEMS, L.L.C.

Area Developer

By: _____

Its: _____

By: _____

Its: _____

APPENDIX B—FRANCHISE AGREEMENT

(Sign and attach current form of Franchise Agreement)

APPENDIX C—REPRESENTATION OF INDIVIDUALS INVOLVED IN THE AREA DEVELOPER

Each of the individuals signing below represent that the following is correct and true:

Legal Name of Area Developer: _____

Type of Entity and State of Organization (sole proprietorship, corporation, partnership, limited liability company, etc.): _____

d/b/a (if applicable): _____

Address of Area Developer: _____

Business Telephone: _____

Name, Address, Phone No., Title and % of Ownership of each Owner of an interest in Area Developer:

Name	_____
Address	_____
Telephone	_____
Title	_____ % Ownership_____
Email	_____

Name	_____
Address	_____
Telephone	_____
Title	_____ % Ownership_____
Email	_____

(Attach additional sheets if necessary)

_____ Dated: _____

_____ Dated: _____

EXHIBIT D

OPERATING MANUAL TABLE OF CONTENTS

<u>Description</u>	<u>Number of Pages</u>
Build Your Team Guide	
• Hiring	8
• Training Great Employees	9
• Creating an Employee Manual	1
• Continued Coaching on Culture	12
Management Functions	
• Operations	14
• Store Management Functions	14
Product Ordering Guide	9
Safety Manual	
• Manager Food Safety	36
User Guides	
• POS (Brink) User Guide	39
• Inventory Management (Data Central) User Guide	35
• Online Ordering and Catering System (Monkey Media) User Guide	19
• BOH Technology (Retherm) User Guide	26
• Labor Management (Z!Net) User Guide	43
• Digital Training Platform (Z!Train LMS) User Guide	20
Four Walls Marketing	5
Catering	
• Catering Process	5
• Prospecting	12
Maintenance Manual	
• Maintenance	34
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EXHIBIT E

LIST OF ZOUP! EATERIES

Store #	Store Name	Contact Person(s)	Franchisee	Address	City	State	Zip	Phone	Date Open/ Projected
COLORADO									
228	Zoup! Interquest Marketplace	Timothy J. McCartney	McSOUP INC	1254 Interquest Pkwy.	Colorado Springs	CO	80921	719-359-4400	4/14/2016
143	Zoup! Sheraton Hotel	Robin & Michelle Valois	Soup 4 Him LLC	1550 Court Pl.	Denver	CO	80202	303-656-6575	5/26/2011
253	Zoup! Firestone	Rob Valois	Robin Paul Valois	11169 E. I-25 Frontage Road CO	Firestone	CO	80504	720-689-2200	12/11/2017
158	Zoup! 7th & North	Terry A. & Joya A. Piland	eatZ!, LLC	644 North Ave., Unit 1	Grand Junction	CO	81501	970-361-3340	11/15/2012
CONNECTICUT									
255		Craig & Elke Kulas	Kulas Enterprises, Inc.		Hartford	CT			
DELAWARE									
222	Zoup! Christiana	Eric A. & Dia M. Ames	MACK Enterprises, LLC	2136 Fashion Ctr. Blvd.	Newark	DE	19702	303-273-8400	11/17/2016
155	Zoup! Kirkwood Hwy & Limestone Rd.	Eric A. & Dia M. Ames	Ames Enterprise, Inc.	4715 Kirkwood Hwy.	Wilmington	DE	19808	302-379-3171	9/26/2013
ILLINOIS									
154	Zoup! N. Veterans & Washington	Steve & Patti Bunch	Bunch Family Enterprises Inc.	115 Krispy Kreme Dr., Ste. 1	Bloomington	IL	61704	217-577-2020	3/8/2012
167	Zoup! Adams & Clark	Moc Jeong	Soup Adams 167 INC	62 W. Adams St.	Chicago	IL	60603	312-656-5810	10/3/2013
207		Jim M. Behling & Stan J. Bumstead	Apexiti 180, LLC		Chicago	IL	60602		
169	Zoup! Plaza Del Prado	Andrew Siegel	Ladle & The Tramp, LLC	2743 Pfingsten Rd.	Glenview	IL	60025	847-400-1000	2/6/2014
177	Zoup! Broadway & 36th	Steve & Patti Bunch	Bunch Family Enterprises Inc.	3428 Broadway	Quincy	IL	62301	217-577-2020	10/16/2014
165		Ghouse Qadri & Hamid Khadri	MIRAJ SERVICES, INC.		Willowbrook	IL			
216	Zoup! 75th Street	James E. Kemp & Maria P Avramopoulos-Kemp	Sophia James Corporation	1001 W. 75th St., Ste. 189C	Woodridge	IL	60517	630-324-9999	9/15/2016
INDIANA									
147	Zoup! West Carmel Drive	Coy Compton & Jonathon Morgan	TPC Carmel LLC	1430 West Carmel Drive	Carmel	IN	46032	317-810-9800	9/15/2011
140	Zoup! Evansville	Subbu & Ponnammal Subbiah	GBS 22S LLC	4660 N. 1 st Ave.	Evansville	IN	47710	812-423-1800	1/6/2011
200	Zoup! Main & Day	Kevin Lee Pearson	K & S Soup Company, Inc.	4334 Grape Rd.	Mishawaka	IN	46545	574-344-4100	10/16/2014
KENTUCKY									
259	Zoup! Florence Square	James & Pat Cowley	JPI Cowley, LLC	7753 Mall Rd Suite A	Florence	KY	41042	859-212-9933	10/22/2018
152	Zoup! 4 th Street	Paul D. & Gaya Rachelle Gilles	PR GillesS KY, LLC	317 S. 4 th Street, Ste. 6	Louisville	KY	40202	513-884-4995	4/5/2012
MARYLAND									
252	Zoup! Frederick	Lorraine & Jeffrey Overstreet	Lorraine & Jeffrey Overstreet	5597 Spectrum DR. Suite 103	Frederick	MD	21703	410-788-1993	10/15/2018
MICHIGAN									
107	Zoup! Ann Arbor	Jason Valentine	Corporate	2619 Plymouth Rd.	Ann Arbor	MI	48105	734-997-9070	7/15/2004
197		Nisharth Patel	Nishhh Enterprises, Inc.		Auburn Hills	MI			
264	Zoup! Bloomfield Twp. - Woodward	Earl & Joi Harris	KKJ Restaurant Group	42983 Woodward Ave	Bloomfield	MI	48304	248-633-2800	1/20/2020
102	Zoup! RenCen	Kamal Khalil	Maha's Place, LLC	200 Renaissance Ctr., A-2012	Detroit	MI	48243	313-567-7500	6/30/2000
246	Zoup! Evergreen & Ten	Vincent & Tonisha Bryant	Bryant Drive Investments, Inc.	25254 Evergreen Rd.	Southfield	MI	48075	248-849-9898	3/16/2017
115	Zoup! Cascade	Grant & Amy Winkelman	SOUPERGROUP, INC.	4021 Cascade Rd., S.E.	Grand Rapids	MI	49546	616-956-3052	10/24/2006
149	Zoup! Medical Mile Food Court	Grant & Amy Winkelman	SOUPERPOWER, INC.	25 Michigan St., NE	Grand Rapids	MI	49503	616-608-1400	9/9/2011
129	Zoup! Holland	Heather & Ludwig Gonzalez	HEB & LUD LLC	3435 Westshore Dr.	Holland	MI	49424	616-738-9687	4/6/2010
248		Michael James & Katherine Irene Longman	Hamrik, LLC		Kalamazoo	MI			
138	Zoup! Washington Square	Marvin Veltkamp, Raymond Neatfeld & Matthew Rzepka	RAMAMA, LLC	214 S. Washington Sq.	Lansing	MI	48933	517-367-7400	12/3/2010
104	Zoup! Haggerty Rd.	Greg & Janet Coppola	Idlewydle Enterprises	20065 Haggerty Rd.	Northville	MI	48167	248-374-1000	9/1/2001

Store #	Store Name	Contact Person(s)	Franchisee	Address	City	State	Zip	Phone	Date Open/ Projected
120	Zoup! Twelve Oaks	Gopal Dave & Sameer Patel	JRJ Enterprise, Inc.	27292 Novi Rd., FC 109	Novi	MI	48377	248-468-0350	10/16/2007
124	Zoup! Grand River Rd.	Gopal Dave & Sameer Patel	47996 GR ENTERPRISE, INC.	47996 Grand River Ave.	Novi	MI	48375	248-449-5025	6/16/2009
131		Anne Michele Michel			Oakland County	MI			
194	Zoup! Portage Crossings	Michael James & Katherine Irene Longman	HEAR Holdings LLC	6749 S. Westnedge Ave., Ste. J	Portage	MI	49002	269-366-3500	12/11/2014
242		Edwin P. Blue	ESC, LLC		Saginaw	MI			
101	Zoup! Northwestern	Jason Valentine	Corporate	29177 Northwestern Hwy.	Southfield	MI	48034	248-799-2800	9/30/1998
210	Zoup! Downtown St. Joe	Julie & James Thomsen	JT Enterprises, INC	119 Main St.	St. Joseph	MI	49085	219-928-8599	6/25/2015
122	Zoup! Somerset Collection	Jason Valentine	Corporate	2800 West Big Beaver	Troy	MI	48084	248-816-3132	8/7/2008
123	Zoup! Byron Center	Grant & Amy Winkelman	SOUPERGROUP, INC	5783 Bryon Center Ave., SW	Wyoming	MI	49519	616-261-8022	3/9/2009
MINNESOTA									
229		Susan Casale	City Sprouts, LLC		Minneapolis	MN			
257	Zoup! Eagan	Anthony & Julie Steffen	Anthony M. and Julie A. Steffen	1348 Town Centre Dr. Suite 102	Eagan	MN	55123	651-440-7373	8/6/2018
MONTANA									
146		Katie Harte & Alex Christie	Collins Girls, LLC		Bozeman	MT			
NEBRASKA									
188	Zoup! 27 th & Pine Lake	Timothy T. Knorr	Black Rock Management Company Inc.	2801 Pine Lake Rd., Ste. U	Lincoln	NE	68516	402-875-9779	3/6/2014
231		Suk K. Choi Leonor H. Choi	LITTLE MIRCALES, LLC		Omaha	NE			
265	Zoup! Omaha – South 67th Street	Jeffery Hansen	JTH Ventures, LLC	1917 South 67th ST.	Omaha	NE	68106		2020
NEW JERSEY									
262		Zulfiqar & Ayesha Ahmed	ZKA Enterprises		Central	NJ			
180	Zoup! Cedar Grove	Clinton & Charmayne Fleming	Glassysea, Inc.	120 Cedar Grove Ln.	Somerset	NJ	08873	201-401-5741	8/10/2017
NEW YORK									
192	Zoup! Crossroads Centre	Rohan Sivananthan & Rathini Rohan	NIVESH R, LLC	3217 Southwestern Blvd., Ste. E	Orchard Park	NY	14127	716-508-2500	6/12/2014
OHIO									
163	Zoup! Montrose Centre	Paul E. & Maureen M. Harris	HRG2, Inc.	3900 Medina Rd., Ste. W	Akron	OH	44333	330-622-4300	1/17/2013
193	Zoup! Avon Commons	Colleen J. Hopkins	Skip Enterprises, LLC	35918 Detroit Rd.	Avon	OH	44011	440-695-3939	5/15/2014
141	Zoup! Stetson Square	Coy Compton	TPC HOLDING, LLC	260 Stetson St., Ste. C	Clifton	OH	45219	513-221-1888	3/31/2011
227	Zoup! 32 East	Jon Morgan & Coy Compton	TPC Deerfield LLC	690 Eastgate South Dr., Ste. 200	Cincinnati	OH	45245	513-909-1700	11/10/2016
237		Manish Walia Ramesh C. Arora Rachna Walia	Imaginarium Goods, LLC		Cleveland	OH			
139	Zoup! Huntington Center	Tommy E Dailey & Sung Jin Pak	TASTY MAIN LLC	41 S. High St.	Columbus	OH	43215	614-405-7800	11/10/2011
191	Zoup! Arena District	Tommy E Dailey & Sung Jin Pak	TASTY MAIN LLC	155 W. Nationwide Blvd., Ste. 175A	Columbus	OH	43215	614-607-5600	10/27/2016
199	Zoup! Lennox Town Center	Treva L. James D. Weaver	J D Weaver, LLC	1543 Lennox Town Ln.	Columbus	OH	43212	614-942-3800	3/26/2015
221	Zoup! Easton Gateway	Treva L. James D. Weaver	J D Weaver, LLC	4189 Weaverton Lane	Columbus	OH	43212	614-493-2300	12/17/2015
112	Zoup! Rockside	Manish Kapur & Rebecca A. Kapur	MKRK, LLC	6901 Rockside Rd.	Independence	OH	44131	216-328-9300	4/12/2006
203	Zoup! Mason-Montgomery Rd.	Coy B. Compton & Jonathon Whitton Morgan	TPC FLORENCE, LLC	9343 Mason-Montgomery Rd., Space A-2	Mason	OH	45040	513-234-6446	11/13/2014
114	Zoup! Maumee	Mike Haskins	MDH Endeavors, LLC	310 West Dussel Dr.	Maumee	OH	43537	419-724-9687	3/13/2006
156	Zoup! Points East	Jamie C. Buzzanca	KATJAM Enterprises, LLC	7327 Mentor Ave.	Mentor	OH	44060	440-701-4110	10/4/2012

Store #	Store Name	Contact Person(s)	Franchisee	Address	City	State	Zip	Phone	Date Open/ Projected
171	Zoup! Engle Rd.	Jason Valentine	Corporate	7080 Engle Rd., Ste. C	Middleburg Heights	OH	44130	440-345-9090	7/18/2013
151	Zoup! Portage Street	Bill Horton	JMJWV Enterprises, LLC	4898 Portage St., NW	North Canton	OH	44720	330-433-4090	1/26/2012
240	Zoup! Surrey Square	Patrick R. Harder & Daniel Harder	Harder Industries, LLC	4426 Montgomery Rd., Ste. A	Norwood	OH	45212	513-655-5050	5/4/2017
232	Zoup! Westwood Town Center	Colleen J. Hopkins	MMB Enterprises, LLC	21619 Center Ridge Rd.	Rockey River	OH	44116	440-657-3200	6/23/2016
113	Zoup! Solon	Bill Horton	JMJWV Enterprises, LLC	30050 Aurora Rd.	Solon	OH	44139	440-349-0020	3/20/2006
260	Zoup! Tuttle Crossing	Tom Dailey & Sung Pak	TASTY MAIN LLC	4971 Tuttle Crossing Blvd.	Columbus	OH	43016	614-721-1771	12/10/2018
212	Zoup! Greens of Strongsville	George S. Rofail	Victorious 528 Rest2, Inc.	18086 Royalton Rd.	Strongsville	OH	44136	216-647-3161	7/23/2015
187	Zoup! Cedar Center	Paul E. & Maureen M. Harris	HRG 3, Inc.	13957 Cedar Rd.	South Euclid	OH	44118	216-430-0880	6/12/2014
161	Zoup! Talmadge Towne Center	Mike Haskins	MDH Endeavors	4204 W. Sylvania Ave., Ste. 104	Toledo	OH	43623	419-481-8700	12/13/2012
249		Kevin L. Forrer & Brian G. Wood	Soup KP Troy, LLC		Troy	OH			
145	Zoup! Harvard Park	Jason Valentine	Corporate	4025G Richmond Rd.	Warrensville Heights	OH	44122	216-365-7210	12/8/2011
164	Zoup! Polaris & Westgreen	Jim & Treva L. Weaver	J D Weaver, LLC	522 Polaris Pkwy.	Westerville	OH	43082	614-212-2100	6/13/2013
142	Zoup! Promenade at Crocker Park	Colleen J. Hopkins	Hopkins Enterprises, LLC	30187 Detroit Rd.	Westlake	OH	44145	440-892-9687	4/28/2011
223	Zoup! Wooster	Manish Walia Ramesh C. Arora Rachna Walia	Imaginarium Goods, LLC	3991 Burbank Rd.	Wooster	OH	44691	330-439-5757	4/21/2016
270		Hope & Jim Fossessa	Fossoupca Inc.		Youngtown	OH			
OREGON									
190	Zoup! Argyle Square	Thomas Stephen Whitaker & Mickey Sebourn	Whitaker2 Inc	8729 SW Jack Burns Blvd., Unit E	Wilsonville	OR	97035	503-404-0123	6/19/2014
PENNSYLVANIA									
234	Zoup! Center Square Commons	Dan W. London	E&F Restaurants	970 Dekalb Pike, Ste. 230	Blue Bell	PA	19422	267-460-1141	10/29/2017
184	Zoup! Southpointe Town Center	Mike Kita & Wangdali Bacdayan	Trident Goals 184 LLC	1900 Main St., Ste. 111	Canonsburg	PA	15317	724-416-9500	4/10/2014
263		Mike Kita & Wangdali Bacdayan	Trident Goals 263 LLC		Pittsburgh	PA	15219		2020
136	Zoup! Providence Town Center	Julie & Paul Diaz	JPD MANAGEMENT, LLC	500 Broad St., Ste. 1	Collegeville	PA	19426	610-409-6100	8/30/2010
196	Zoup! Festival @ Exton	Dan W. London	C&D Restaurants, LLC	470 W. Lincoln, Hwy., Unit 444	Exton	PA	19341	610-772-0616	1/29/2015
116	Zoup! Lancaster	Julie & Paul Diaz	JPD MANAGEMENT, LLC	359 Park City Center	Lancaster	PA	17601	717-553-7020	3/27/2007
258	Zoup! Uptown Worthington	Julie & Paul Diaz	JDP Management, LLC	650 Carnegie Blvd. Suite 145	Malvern	PA	19355	610-249-9998	9/24/2018
226	Zoup! Fox Chapel	Richard J. Cagley	L R&J Holdings, Inc.	1137 Freeport Rd.	Pittsburgh	PA	15238	412-799-6464	3/9/2017
235	Zoup! Old Mill	Dean Evers	EVERS HOLDINGS GROUP, LLC	181 Old Mill Blvd., Ste. 102	Pittsburgh	PA	15301	814-427-8200	8/14/2017
118	Zoup! Plymouth Meeting Mall	Julie & Paul Diaz	JPD MANAGEMENT, LLC	500 W. Germantown Pike, Unit #2325	Plymouth Meeting	PA	19462	610-372-6717	4/1/2016
261	Zoup! Robinson Town Centre	Dean James Evers & Antoinette Jean Evers	Bryier DAE LLC	1936 Park Manor Blvd.	Robinson	PA	15205	412-646-6006	12/10/2018
121	Zoup! Wyomissing	Julie & Paul Diaz	JPD MANAGEMENT, LLC	760 Woodland Rd.	Wyomissing	PA	19610	610-372-6717	11/12/2007

Store #	Store Name	Contact Person(s)	Franchisee	Address	City	State	Zip	Phone	Date Open/ Projected
SOUTH DAKOTA									
175	Zoup! 41 st & Kiwanis	Anna Clarissa Miranda-Santos	Prairie Soup, LLC	2802 W. 41st St.	Sioux Falls	SD	57105	617-953-3436	1/30/2014
TENNESSEE									
224		Bharatkumar Koyani Dr. Ratila G. Gajera Kishorkumar Ghelabhai Gajera	Lime Foods, LLC		Nashville	TN			
VIRGINIA									
254	Zoup! Arlington - N. Fairfax Dr.	James H. & Lorena Beverley	Beverley Foodz, Inc.	4401 N Fairfax Dr	Arlington	VA	22203	703-340-3355	10/21/2019
250		Cherish & Josh Alberts Fredrick & Barbra Davidson	Reves, LLC		Charlottesville	VA			
168	Zoup! Parkside Marketplace	Cherish & Josh Alberts Fredrick & Barbra Davidson	Reves Inc	10835 W. Broad St.	Glen Allen	VA	23060	804-823-6446	10/31/2013
195	Zoup! Cascades Overlook	Mayur Jayant Udeshi & Khushboo Sharad Lotia	AKS Enterprises, LLC	21435 Epicerie Plaza, Ste. 185	Sterling	VA	20164	571-376-2200	8/4/2016
204	Zoup! Landstown Place	Mark Allen & Judi Kay Dewhurst	DE SOUP, LLC	1909 Landstown Centre Way, Unit 160	Virginia Beach	VA	23456	757-410-2446	11/19/2015
WASHINGTON									
236		Amandip & Ranjit Lally	AMAN, LLC		Ferndale	WA			
WEST VIRGINIA									
238		Terry O. Vance, Jr.	Terry Vance, Inc.		Morgantown	WV	26508		
ONTARIO, CANADA									
172	Zoup! Hespeler Rd.	David Henrique Kroeker	Souper Dave Inc.	561 Hespeler Rd., Unit 19	Cambridge	ON	N1R 6J4	519-241-4139	11/14/2013
244		Charles Trapp & Tara Spengen	C & T Lunch Co. Limited		Hamilton	ON			
176	Zoup! Dixie & Eglinton	Samuel G. Tenizo	Tenizo Ltd.	5083 Dixie Rd., Unit D6	Mississauga	ON	L5M 7V7	905-286-4705	10/22/2015
271		Marc & Lindsay Lynch	2720508		Milton	ON			
272		Ali H. Shaukat, Ali K. Shaukat & Shamim Shaukat	2750059 Ontario Inc.		Ajax	ON			
239		Emilio F. Albanese			Toronto	ON			
153	Zoup! Simcoe Place	Jugal Chokshi, Payal Patel & Seema Patel	JP'S Inc., ON Corp No. 0027408848	200 Front St., West, Unit F010	Toronto	ON	M5V 3K2	416-351-9687	11/8/2012

EXHIBIT F

LIST OF FRANCHISEES THAT LEFT THE SYSTEM IN THE PAST FISCAL YEAR

The following are the name, city and state and current business telephone number, or if unknown, the last known home telephone number, of every franchisee who has had a franchise terminated, transferred, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement or Area Development Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Transfers:

Maureen & Paul Harris
North Canton, OH 44720
Maureen.harris627@gmail.com
(330) 472-6204
Transfer Date: July 1, 2020
Reason: Retiring

Emilio Albanese
Etobicoke, Ontario, Canada M9P 1V8
Ealbanese@zoup.com
(416) 543-1380
Transfer Date: September 3, 2020
Reason: Moving out of area.

George Rofail
Middleburgh Hts., OH 44130
George.rofail@sgeccleveland.com
(216) 647-3161
Transfer Date: September 8, 2020
Reason: Closing business

Carl & Melissa Kureinka
Fishers, IN 46037
Kureinka@aol.com
(317) 908-3077
Transfer Date: March 4th, 2019
Reason: Health issues

Denis & Poonam Barboza (2 locations)
Lewis City, OH 43035
Pbarboza1@hotmail.com
(740) 513-2029
Transfer Date: April 1st, 2019
Transfer Date: April 8th, 2019
Reason: Health issues

William Gomez
West Chicago, IL 60185
Dgomez60490@yahoo.com
(312) 801-0787
Transfer Date: September 13th, 2019
Reason: Health issues

Closed Stores:

Tony Steffen
Eagen, MN 55123
Tonysteffen333@gmail.com
(651) 261-2132
Date Closed: February 14, 2020
Reason: Closed business

Steve & Patti Bunch
Quincy, IL 62301
Sbunch@zoup.com
(217) 257-8312
Date Closed: March 1, 2020
Reason: Moving out of state

George Rofail
Middleburgh Hts., OH 44130
George.rofail@sgeccleveland.com
(216) 647-3161
Date Closed: March 23, 2020
Reason: Closed business

Nisharth Patel
Troy, MI 48804
(734) 239-2892
nisharthp@yahoo.com
Date Closed: March 27, 2020
Reason: Lease

Cherish & Josh Alberts
Fredrick & Barbra Davidson
Barboursville, VA 22923
albertscherish@aol.com
(434) 825-6486
Date Closed: March 27, 2020
COVID related issues

Tom Whitaker
Mulino, OR 97042
Tomwhitaker22@gmail.com
(503) 505-2400
Date Closed: April 25, 2020
Reason: COVID related issues

Todd Knorr
Lincoln, NE 68516
tknorr@windstream.net
(402) 326-5860
Date Closed: May 18, 2020
Reason: COVID related issues

Paul Gilles
Louisville, KY 40202
Paulgilles42@gmail.com
(502) 594-1651
Date Closed: July 20, 2020
Reason: Health issue

Zoup Milwaukee, LLC
Farmington Hills, MI 48334
Jasonv@zoupco.com
(262) 227-7803
Date Closed: July 25, 2020
Reason: Lease

Dan London
Lafayette Hill, PA 19444
(610)772-0616
Date Closed: September 19, 2020
Reason: COVID related issue

Jon Morgan and Coy Compton
Mason, OH 45040
Date Closed: September 20, 2020
Reason: Closed business

Patrick Harder
Batavia, OH 45103
(513) 325-4719
Date Closed: September 28, 2020
Reason: COVID related issue

Subbu & Ponnammal Subbiah (2 locations)
Newburg, IN 47630
Subbusubbiah1@gmail.com
(812) 962-6112
Date Closed: February 15th, 2019
Date Closed: August 30th, 2019
Reason: Job transfer in different state

Mark Barbour
Belle Mead, NJ 08502
Barbour.mark1@gmail.com
(347) 322-0027

~~Date Closed: February 27th, 2019~~
~~Reason: Closed business~~

~~Joyce & Doug Kanoff~~
~~Albany, OR 97321~~
~~Joycebuddy@outlook.com~~
~~(541) 223-8547~~
~~Date Closed: April 30th, 2019~~
~~Reason: Other business interest~~

~~John Basilavecchio~~
~~Easton, PA 18040~~
~~(973) 670-6519~~
~~Date Closed: May 17th, 2019~~
~~Reason: End of lease~~

~~Steve & Diane Crnokrak~~
~~Schererville, IN 46375~~
~~Crnokrak@msn.com~~
~~(219) 794-6568~~
~~Date Closed: May 28th, 2019~~
~~Reason: Closed business~~

~~Thomas Whitaker~~
~~Beaverton, OR 97042~~
~~Tomswhitaker22@gmail.com~~
~~(503) 505-2400~~
~~Date Closed: July 26th, 2019~~
~~Reason: Other business interest~~

~~Leo Mariani~~
~~Drums, PA 18222~~
~~Leomjr2@aol.com~~
~~(570) 579-4308~~
~~Date Closed: September 26th, 2019~~
~~Reason: Non-renewal~~

Reacquired by Franchisor:

Lisa Pierce
Ann Arbor, MI 48105
(248) 982-8347
lpiercenp@icloud.com
Date Closed: March 20, 2020
Reason: Non-renewal retiring

George Rofail (2 locations)
Middleburgh Hts., OH 44130
George.rofail@sgeccleveland.com
(216) 647-3161
Transfer Date: March 23, 2020
Reason: Closed business

Jamie & Steve Steiert
Waunakee, WI 53597
Jsteiert@yahoo.ocm
(608) 469-1041
Transfer Date: June 30, 2020
Reason: Health issues

Jamie & Steve Steiert
Waunakee, WI 53597
Jsteiert@yahoo.com
(608) 469-1041
Transfer Date: June 31st, 2019
Reason: Health issues

EXHIBIT G
FINANCIAL STATEMENTS

Zoup! Systems, L.L.C.

Audited Financial Statements

December 31, 2020

2302 Stonebridge Drive, Bldg. D | Flint, MI 48532 | 810.230.8200

3150 Livernois Road, Suite 150 | Troy, MI 48083 | 248.688.9399

1213 W. Morehead St., 5th Floor | Charlotte, NC 28208 | 704.926.7570

www.tmcpa.com

**ZOUP! SYSTEMS, LLC.
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INDEPENDENT AUDITOR'S REPORT

February 24, 2021

To the Member
Zoup! Systems, L.L.C.
Farmington Hills,, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of Zoup! Systems, L.L.C. (a Michigan Limited Liability Company), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of income, member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Zoup! Systems, L.L.C. as of December 31, 2020 and 2019, and the results of its operations, change in member's

FLINT, MI OFFICE
G-2302 STONEBRIDGE DRIVE, BUILDING D,
FLINT, MICHIGAN 48532
OFFICE # (810) 230-8200 FAX # (810) 230-8203

CHARLOTTE, NC OFFICE
1213 W. MOREHEAD ST, 5th FLOOR
CHARLOTTE, NORTH CAROLINA 28208
OFFICE # (704) 887-5229 FAX # (810) 230-8203

TROY, MI OFFICE
3150 LIVERNOIS ROAD, SUITE 175
TROY, MICHIGAN 48083
OFFICE # (248) 688-9399 FAX # (248) 688-9397

GRAND BLANC, MI OFFICE
9400 SOUTH SAGINAW STREET, SUITE B
GRAND BLANC, MICHIGAN 48439
OFFICE # (810) 771-4178 FAX # (810) 771-4178

equity and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Zoup! Systems, L.L.C. as of December 31, 2018 were audited by other auditors whose 2018 report dated February 26, 2019 expressed an unmodified opinion on those statements and related footnote information. These statements are presented for informational and comparative purposes only. Accordingly, we do not express an opinion on the financial statements for the year ended December 31, 2018 or the related footnotes to the financial statements for that period.

Taylor & Morgan

Taylor & Morgan, P.C.

ZOUP! SYSTEMS, L.L.C.
BALANCE SHEETS
AS OF DECEMBER 31, 2020, 2019 AND 2018

ASSETS

	<u>2020</u>	<u>2019</u>	<u>2018</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 960,505	\$ 1,044,063	\$ 667,938
Accounts receivable - trade			
less allowance for doubtful accounts			
of \$0, \$38,027 and \$0, respectively	88,188	126,027	124,904
Accounts receivable - trade, related party	3,897	3,751	2,806
Advances to related parties	45,568	-	-
Prepaid expenses and other	13,789	113,929	64,187
Total current assets	<u>1,111,947</u>	<u>1,287,770</u>	<u>859,835</u>
PROPERTY AND EQUIPMENT			
Information technology	108,703	108,703	247,237
Leasehold improvements	24,454	43,479	43,479
Office furniture and equipment	260,022	253,372	103,526
	<u>393,179</u>	<u>405,554</u>	<u>394,242</u>
Less: accumulated depreciation	(328,832)	(323,350)	(301,626)
Net property and equipment	<u>64,347</u>	<u>82,204</u>	<u>92,616</u>
OTHER ASSETS			
Start up costs	-	35,811	35,811
Total other assets	<u>-</u>	<u>35,811</u>	<u>35,811</u>
Total assets	<u>\$ 1,176,294</u>	<u>\$ 1,405,785</u>	<u>\$ 988,262</u>

See accompanying notes and independent auditor's report.

ZOUP! SYSTEMS, L.L.C.
BALANCE SHEETS
AS OF DECEMBER 31, 2020, 2019 AND 2018

LIABILITIES AND MEMBER'S EQUITY

	<u>2020</u>	<u>2019</u>	<u>2018</u>
CURRENT LIABILITIES			
Accounts payable			
Trade	\$ 137,641	\$ 237,303	\$ 46,975
Deferred revenue	73,319	126,919	69,029
Accrued wages and payroll taxes	17,491	92,841	92,617
Current portion of long term debt	2,538	-	-
Accrued other	21,587	49,677	117,715
Total current liabilities	<u>252,576</u>	<u>506,740</u>	<u>326,336</u>
LONG-TERM LIABILITIES			
Long Term Debt - less current portion	147,462	-	-
Deferred revenue	52,085	40,880	158,064
Total long term liabilities	<u>199,547</u>	<u>40,880</u>	<u>158,064</u>
Total liabilities	452,123	547,620	484,400
MEMBER'S EQUITY			
	<u>724,171</u>	<u>858,165</u>	<u>503,862</u>
Total liabilities and member's equity	<u><u>\$ 1,176,294</u></u>	<u><u>\$ 1,405,785</u></u>	<u><u>\$ 988,262</u></u>

See accompanying notes and independent auditor's report.

ZOUP! SYSTEMS, L.L.C.
STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31, 2020, 2019, AND 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenues			
Initial franchise fees	\$ 76,288	\$ 104,663	\$ 280,427
Royalties	1,691,240	2,868,964	3,218,510
Support and marketing fees	1,327,153	1,425,365	1,569,676
Other	549,881	426,592	278,374
Total Revenues	<u>3,644,562</u>	<u>4,825,584</u>	<u>5,346,987</u>
Selling, general and administrative expenses	<u>3,221,550</u>	<u>4,031,765</u>	<u>4,791,009</u>
Operating Income	423,012	793,819	555,978
Other expense			
Foreign currency loss recognized	<u>(6,481)</u>	<u>(83,890)</u>	<u>(42,087)</u>
Net operating Income	416,531	709,929	513,891
Loss on disposal of fixed assets	<u>(28,641)</u>	<u>-</u>	<u>-</u>
Net income	<u>\$ 387,890</u>	<u>\$ 709,929</u>	<u>\$ 513,891</u>
Other Comprehensive income (or loss)			
Foreign currency translation adjustment	<u>(46,884)</u>	<u>42,374</u>	<u>(39,214)</u>
Comprehensive income (or loss)	<u>\$ 341,006</u>	<u>\$ 752,303</u>	<u>\$ 474,677</u>

See accompanying notes and independent auditor's report.

ZOUP! SYSTEMS, L.L.C.
STATEMENTS OF MEMBER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019, AND 2018

	Member's Equity	Accumulated Other Comprehensive Income (Loss)	Total Member's Equity
Balance-December 31, 2017	\$ 434,185	-	\$ 434,185
Member's distribution	(405,000)	-	(405,000)
Foreign Currency Translation Adjustment	-	(39,214)	(39,214)
Net Income	513,891	-	513,891
Balance-December 31, 2018	\$ 543,076	\$ (39,214)	\$ 503,862
Member's distribution	(398,000)	-	(398,000)
Foreign Currency Translation Adjustment	-	42,374	42,374
Net Income	709,929	-	709,929
Balance-December 31,2019	\$ 855,005	\$ 3,160	\$ 858,165
Member's distribution	(475,000)	-	(475,000)
Foreign Currency Translation Adjustment	-	(46,884)	(46,884)
Net Income	387,890	-	387,890
Balance-December-31,2020	<u>\$ 767,895</u>	<u>\$ (43,724)</u>	<u>\$ 724,171</u>

See accompanying notes and independent auditor's report.

ZOUP! SYSTEMS, L.L.C.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019, AND 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income	\$ 387,890	\$ 709,929	\$ 513,891
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization	22,598	21,724	22,389
Foreign currency translation adjustment	(46,884)	42,374	(39,214)
Bad debt expense	14,468	-	38,027
Loss on sale of fixed assets	28,641		
Change in assets and liabilities:			
Accounts receivable-trade, net	37,839	(1,123)	7,258
Accounts receivable- related parties	(146)	(945)	(2,806)
Prepaid expenses and other	140,951	(49,742)	23,483
Advancers to related party	(45,568)	-	-
Accounts payable- trade	(99,662)	190,328	(18,062)
Deferred revenue- current	(53,600)	57,890	(195,261)
Accrued wages and payroll taxes	(75,350)	224	27,541
Accrued other	(28,090)	(68,038)	(12,607)
Deferred revenue-long-term	11,205	(117,184)	78,656
Net cash provided by operating activities	<u>294,292</u>	<u>785,437</u>	<u>443,295</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	<u>(52,850)</u>	<u>(11,312)</u>	<u>(18,428)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from debt issuance	150,000	-	-
Member distributions	(475,000)	(398,000)	(405,000)
Net cash provided by (used in) operating activities	<u>(325,000)</u>	<u>(398,000)</u>	<u>(405,000)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(83,558)	376,125	19,867
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>\$ 1,044,063</u>	<u>\$ 667,938</u>	<u>\$ 648,071</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 960,505</u>	<u>\$ 1,044,063</u>	<u>\$ 667,938</u>
Cash paid during the year for:			
Federal income tax	\$ -	\$ -	\$ -
Interest	\$ -	\$ -	\$ -

See accompanying notes and independent auditor's report.

ZOUP! SYSTEMS, L.L.C.
NOTES TO FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2020, 2019 and 2018
(See Independent Auditor's Report)

Note 1- Nature of Business and Significant Accounting Policies

A summary of Zoup! Systems, L.L.C.'s significant accounting policies consistently applied in the preparation of the accompanying financial statement follows:

Nature of Operations

Zoup! Systems, L.L.C., (the "Company"), a Michigan LLC, is a franchisor engaged in the business of selling and supporting Zoup! Franchises in the United States of America and Canada. The franchises operate businesses that serve specially prepared soups, salads, and other complementary food items. Under terms of the franchise agreements, each franchisee received training and a territory in which to provide services and is responsible for franchise fees and royalties per the franchise agreement.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

During the years ended December 31, 2020, 2019, and 2018, the Company had cash deposits in excess of Federal Depository Insurance Corporation limits. However, the Company only deals with well established financial institutions and the Company has not experienced any losses on such accounts in the past. The Company believes it is not exposed to any significant depository risk.

Fair Value of Financial Instruments

The fair value of financial instruments is determined by reference to various market data and other valuation techniques as appropriate. Considerable judgement is required to develop estimates of fair values; therefore, the estimates are not necessarily indicative of the amounts that could be realized or would be paid in a current market exchange. The effect of using different market assumptions and/or estimation methodologies may be material to the estimated fair value amounts. The Company estimates that the fair value of its financial instruments approximates their carrying value.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded when invoices are issued and are presented in the balance sheet net of an allowance for doubtful accounts. The Company manages its credits risk by monitoring customers' credit exposure on a continual basis. Management reviews past due accounts on a periodic basis. The Company includes any accounts receivable balances that are determined to be uncollectable, along with a general reserve, in the overall allowance for doubtful accounts. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. The Company provides for estimated losses on accounts receivable based on management's assessment of the collectability of each receivable. However, actual write-offs might exceed the recorded allowance.

ZOUP! SYSTEMS, L.L.C.
NOTES TO FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2020, 2019 and 2018
(See Independent Auditor's Report)

Note 1 – Nature of Business and Significant Accounting Policies (continued)

Property and Equipment

For financial reporting, depreciation is provided using the straight-line depreciation method over the estimated useful lives of the related assets.

The estimated useful lives used in determining depreciation are:

Information Technology	2-5 years
Office Furniture and Equipment	5-15 years

Leasehold improvements are amortized over the useful life of the asset, or the terms of the lease, whichever is shorter.

Depreciation and amortization expense for the years ending December 31, 2020, 2019 and 2018 was \$22,598, \$21,724, and \$22,389, respectively.

Revenue Recognition

As defined in the franchise agreement, royalty fees, support, and marketing fees are measured as a percentage of a franchisee's weekly gross receipts, as defined in the franchise agreement, and recorded as revenue when earned, as defined in the franchise agreement. A technology fee is also assessed for use and access of licensee software.

Initial franchisee fees are charged to a deferred revenue account and transferred to revenue as the Franchisor meets all obligations as outlined in the franchise agreement, which may be a term of years. After both parties sign the contract, the fee is non-refundable. Franchise fees received that have not yet qualified to be recognized as income are recorded as "deferred revenue".

On January 1, 2018, the Company adopted ASU 2014-09 Revenue from Contracts with Customers and all subsequent amendments to the ASU (Collectively, "ASC 606") which (i) creates a single framework for recognizing revenue from customers that fall within its scope and (ii) advises when it is appropriate to recognize a gain (loss) from the transfer of nonfinancial assets. The Company's services that fall within the scope of ASC 606 are presented within operating income and are recognized as revenue as the Company satisfies their performance obligations to the customer.

The Company adopted ASC 606 using the modified retrospective method applied to all contracts not completed as of January 1, 2018. The adoption of ASC 606 did not result in a change to the accounting for any of the in-scope revenue streams; as such, no cumulative effect adjustment was recorded as of January 1, 2018 when the new standard was adopted.

In accordance with ASC 606, the Company does not recognize income from sales of franchises until after all material services or conditions (performance obligations) relating to the sale have been substantially performed or satisfied by the Company, substantially all of the initial services of the Company required by the franchise agreement have been performed, and no other material conditions or obligations relating to the determination of substantial performance exist. The Company has elected to treat all pre-opening activities and obligations as one performance obligation under the practical expedient allowed by ASU 2021-02.

ZOUP! SYSTEMS, L.L.C.
NOTES TO FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2020, 2019 and 2018
(See Independent Auditor's Report)

Note 1 - Nature of Business and Significant Accounting Policies (continued)

Comprehensive income

Unrealized gains and losses related to foreign currency translations are recognized as a component of comprehensive income or loss and are reported as such on the Statement of Comprehensive Income. Comprehensive income or loss items are recorded directly to Accumulated Other Comprehensive Income, a component of Company equity, and do not flow through the statement of net income from operations.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Company is a limited liability company. As such, the members include their respective share of taxable income and losses on their individual tax return. Therefore, the Company has made no provision for Federal income taxes.

Deferred Revenue

Deferred revenue is composed of deposits for unopened franchise units and franchise transfer fees paid where the franchisor performance obligations were not yet met as of year end. Deferred revenues from franchise locations not expected to open within the next year are reported as a long-term liability. Total deferred revenues were \$125,404, \$167,799 and \$227,096 at December 31, 2020, 2019 and 2018, respectively.

Date of Management's Review

Management has evaluated subsequent events through February 24, 2021 which is the date the financial statements were available to be issued.

Reclassification of prior year amounts

Certain account balances have been reclassified in the comparative statements to be consistent with the current year presentation.

Upcoming Accounting Pronouncements

The FASB issued ASU No. 2016-02 Leases, which will supersede the current lease accounting requirements. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, except certain short-term leases. Leases will be classified as either an operating lease or capital lease which will determine how expenses are recognized on the statement of operations. The new lease guidance will be effective for the Company's year ending June 30, 2022 and will be applied on a modified prospective basis. The Company is currently evaluating the impact this standard will have on the financial statements once adopted.

ZOUP! SYSTEMS, L.L.C.
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Note 2 - Related Party Transactions

The Company shares office space and overhead costs with affiliated companies whose member is the same as that of Zoup! Systems, L.L.C. Operating expenses for Zoup! Systems, L.L.C. include a shared office expense reimbursement charge to its affiliated companies. The reimbursement is netted with operating expenses and represents allocated portions of administrative and overhead expenses shared by the companies. The reimbursement charge was \$25,200, \$-0-, and \$-0- for the years ended December 31, 2020, 2019 and 2018, respectively.

The Company shares certain employee costs with affiliated companies whose member is the same as that of Zoup Systems, LLC. These costs are reimbursed by the affiliated companies on a periodic basis. Reimbursements receivable from affiliated companies were \$45,568, \$ -0-, and \$ -0- at December 31, 2020, 2019, and 2018, respectively.

During 2019 and for portions of 2020, the Company had an office lease agreement with an affiliated company, with the lease expiring March 31, 2020. The lease required payments of \$12,000 per month and expired on March 31, 2020. The Company paid \$36,000 and \$144,000 for rent expense on the related party lease for the years ending December 31, 2020, and 2019, respectively.

Trade receivables due from affiliated companies amounted to \$3,897, \$3,751, and \$2,806, as of December 31, 2020, 2019 and 2018, respectively.

The Company pays commissions to certain parties that are related to the Company through common ownership. Total commissions paid to related parties for the years ended December 31, 2020, 2019 and 2018 were \$15,517, \$80,991 and \$138,250, respectively.

Note 3 – Long Term Debt

Long term debt is comprised of:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Economic Injury Disaster Loan issued by the Small Business Administration, with monthly payments beginning May 2021 totaling \$731, bearing interest at 3.75% with principal due May 20, 2050, secured by all personal property of the Company	\$ 150,000	\$ 0	\$ 0

The future maturities of long-term debt as of December 31, 2020 are as follows:

2021	\$ 2,538
2022	3,221
2023	3,346
2024	3,460
2025	3,609
Years thereafter	<u>133,826</u>
Total	<u>\$ 150,000</u>

ZOUP! SYSTEMS, L.L.C.
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Note 4 - Employee Benefit Plan

The Company maintains a Simple IRA retirement plan that substantially covers all employees. The Company provides matching contributions equal to the amount of compensation deferred by employees with a maximum limit of up to 3% of the compensation. Total employer matching contributions for the years ended December 31, 2020, 2019 and 2018 amounted to \$26,032, \$39,825 and \$39,148, respectively.

Note 5 – Operating Lease

In February of 2020 the Company entered into a lease agreement for office space through August 25, 2025. The terms of the lease call for monthly base rent payments ranging from \$4,000 to \$8,125 over the term of the lease. In addition to the base rent, the Company pays a portion of the heating costs based on the square footage occupied. The lease terminates in August 2025 and the Company has an option to renew the lease for two additional years.

Future minimum rental payments at December 31, 2020 are as follows:

2021	\$	85,021
2022		92,855
2023		95,356
2024		97,857
2025		<u>67,025</u>
Total	\$	<u>438,114</u>

Note 6 - Paycheck Protection Program

In April of 2020, the Company received loan proceeds in the amount of \$333,700 under the Paycheck Protection Program (PPP) which was established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and is administered through the Small Business Administration (SBA). The PPP provides loans to qualifying businesses to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA and are forgivable after a “covered period” as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25% during the covered period. Any unforgiven portion is payable over 2 years at an interest rate of 1% with payments deferred until the SBA remits the borrower’s loan forgiveness amount to the lender. PPP loan terms provide for customary events of default, including payment defaults, breaches of representations and warranties, and insolvency events and may be accelerated upon the occurrence of one or more of these events of default.

The Company expects to meet the PPP’s eligibility criteria for forgiveness and believes that the PPP loan represents, in substance, a grant that is reasonably expected to be forgiven. Therefore, the Company has elected to account for the loan as a grant as allowed by accounting principles.

In accordance with accounting principles, the grant revenue can be recognized as revenue when there is reasonable assurance that any conditions attached to the grant will be met and that the grant will be received. Once it is reasonably assured that the grant conditions will be met and that the grant will be received, grant income can be recorded during the same period as the related costs for which the grant is

ZOUP! SYSTEMS, L.L.C.
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Note 6 - Paycheck Protection Program (continued)

intended to compensate. Income from the grant can be presented as either other income or as a reduction in the related expenses.

As of December 31, 2020, the Company had expended all of the PPP loan funds received on qualified expenses and believes that it is reasonably assured that all of the conditions attached to the PPP loan were met, therefore, the Company has recorded grant income of \$333,700 within the Other Income section of its statement of income for the year-end December 31, 2020.

If the Company's PPP loan, or a portion of it, is ultimately not forgiven, the loan will be subject to the PPP terms and conditions discussed above. The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

Note 7 – Franchises in Operations

The number of franchise locations in operations in the United States and Canada during 2020, 2019 and 2018 is summarized as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Franchise locations, at beginning of year	80	88	100
New franchises	2	1	7
Closed franchises	(12)	(8)	(19)
Re-acquired franchises	(4)	(1)	-
Total franchises	<u>66</u>	<u>80</u>	<u>88</u>
Corporate affiliated stores at end of year	<u>6</u>	<u>3</u>	<u>2</u>
Total franchise locations at end of year	<u><u>72</u></u>	<u><u>83</u></u>	<u><u>90</u></u>

Corporate affiliated franchises generated sales of \$1,968,880, \$1,799,682 and \$1,621,745 for the years ended December 31, 2020, 2019 and 2018, respectively.

Note 8 – Subsequent Events

Subsequent to year end, the Company borrowed an additional \$547,000 under the US Small Business Association's Paycheck Protection Program (PPP). This loan is subject to the same forgiveness provisions and requirements as described in Note 6.

EXHIBIT H
CONFIDENTIALITY AGREEMENT

ZOUP! FRANCHISE SYSTEM CONFIDENTIALITY AGREEMENT

I am an employee or trainee of _____ (the "Employer"). The Employer operates or is developing a Zoup! Eatery franchise business under a Franchise Agreement between the Employer and Zoup! Systems, LLC (the "Franchisor").

As an employee or trainee of the Employer, I acknowledge that in the course of my employment by the Employer and/or my training in the Zoup! systems of operation, I will have access to certain Confidential Information, as defined below, about the Employer's and the Franchisor's methods of establishing, developing, operating and maintaining Zoup! Eatery Businesses that is confidential and not available to the public in general. I understand that the Employer and the Franchisor have spent a great deal of time and money developing this Confidential Information and I acknowledge that the Employer's and the Franchisor's reasonable competitive business interests would be severely and irreparably damaged if the Confidential Information that has been (or may be) revealed to me were to be disclosed to any third person, become available to the public in general, or used by me to compete with the Employer or the Franchisor or any of its affiliates or franchisees. I, therefore, agree that the Employer and the Franchisor have a need to protect the Employer's and the Franchisor's valuable Confidential Information and I agree that in consideration of these factors, and in consideration of my employment or continuing employment with the Employer and/or my training in the Zoup! systems of operation, I promise and agree to be bound by the terms of this Agreement as follows:

1. I agree not to directly or indirectly disclose to any individual, sole proprietorship, company, partnership, corporation, limited liability company, joint venture or any other entity (collectively a "Person") or to use myself, any Confidential Information that I learn during my training and/or employment with the Employer, except as necessary in the course of my employment with the Employer. I agree that these restrictions will apply while I am in training and/or am employed by the Employer and indefinitely after my training and/or employment is completed or my employment terminates.

I also agree that if my training ceases without my being employed by the Employer or my employment with the Employer terminates, I will immediately return to the Employer or the Franchisor, all memoranda, notes and other electronic, written or printed information that is in my possession or under my control, which contains Confidential Information, including information, which although not confidential, belongs to the Employer or the Franchisor or relates to the business or systems of the Employer or the Franchisor. This obligation will apply regardless of whether the information was prepared by the Employer, the Franchisor, a third-party, or me.

The term "Confidential Information" as used in this Agreement means (i) "proprietary information," which includes recipes, processes, equipment, materials, computer programs or information, whether patentable or not, relating to the establishment, development, operation and maintenance of the Employer's business or a Zoup! Eatery and all related information and all other information that is confidential, unique and/or not generally known or available to the public relating to the development or operation of the Employer's business or a Zoup! Eatery; (ii) "trade secret" information which includes any recipes, knowledge, ideas, concepts, techniques, computer programs, systems manuals, installation guides, reports, technical manuals, operation manuals, and training programs relating to the establishment, development, operation and maintenance of the Employer's business or a Zoup! Eatery; (iii) "customer information" which includes information about current and prospective customers of the Employer or the Franchisor, including any list that contains the names, addresses, telephone numbers, and other contact information of the Employer's employees and/or current or prospective customers, and specific information about these customers or prospective customers; and (iv) "supplier information" which includes information about current and prospective carriers, suppliers, vendors, agencies or providers of the

Employer or the Franchisor, including the names, addresses and telephone numbers of any such suppliers and the terms of any contracts or arrangements between the Employer or the Franchisor and such suppliers.

2. I will not, while I am in training or while I am employed by the Employer, nor within two (2) years of the date that training ceases without my being employed by the Employer or the date of termination of my employment by the Employer use, advise on the use of or in any manner enter into or be employed in any business that uses the Confidential Information.

I also agree that I will not maliciously disparage or otherwise make harmful or unfavorable statements regarding the Employer or the Franchisor or a Zoup! Eatery or any of their services, operations, processes, or methods to anyone else.

3. Pursuant to the federal Defend Trade Secrets Act of 2016, I have been notified and understand that I will not be held criminally or civilly liable under any federal or state trade secrets law for the disclosure of a trade secret that: (i) is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

4. I understand that the Franchisor is the exclusive owner of all rights relating to the Zoup! Eatery systems and I agree that as a condition of my training and/or employment by the Employer, the Franchisor has the exclusive rights to all ideas, improvements and innovations relating to a Zoup! Eatery, which I conceive, develop or help develop during my training and/or employment.

5. I understand that the Employer is an independently owned and operated Zoup! Eatery franchisee and is my sole employer and solely responsible for the terms of my employment and my compensation. I further understand that the Franchisor is not directly or indirectly my employer and that the Franchisor is granted rights under this Agreement solely for the purpose of protecting the Zoup! Eatery systems and brand.

6. My obligations under this Agreement will be binding on me and my heirs and personal representatives and will inure to the benefit of the Employer and the Franchisor and their successors and assigns. My obligations arising out of this Agreement are in addition to and are not in any manner limited by any limitations on all obligations not to use or disclose the Employer's or the Franchisor's Confidential Information as provided by law, whether expressly or by implication.

7. I acknowledge that the Employer and/or the Franchisor will suffer irreparable harm if I violate or breach the promises I have made in this Agreement. I, therefore, agree that the Employer and/or the Franchisor will be entitled to an injunction enjoining me and restraining me from performing and continuing to commit any violation or breach of this Agreement, in addition to any other rights and remedies it might have. Also, the Employer and the Franchisor will be entitled to recover all damages and costs and expenses from me, including reasonable attorney fees and costs incurred in enforcing this Agreement. These remedies are cumulative and not alternative and will be in addition to every remedy given under this Agreement, any other agreement between me and the Employer, or now or later existing at law or in equity, by statute or otherwise. The election of one or more remedies will not constitute a waiver of the right to pursue other remedies.

8. Except as otherwise provided in this Agreement, if any provision of this Agreement or part thereof is determined by a court or agency of competent jurisdiction ("Court") to be contrary to law, the remainder of this Agreement will constitute the Agreement between me and the Employer. If the Court holds all or part of this Agreement to be unreasonable or unenforceable because the restrictions imposed

on me are too broad, I agree to be bound by a less restrictive covenant that imposes the maximum duty to the Employer and the Franchisor permitted by law, as determined by the Court.

9. I have had an opportunity to review all the terms of this Agreement with my attorney and/or advisors and have read, understand and voluntarily accept all the terms of this Agreement.

10. I agree that any litigation will only be conducted on an individual, not a class-wide basis, and that a litigation proceeding between me and the Employer or the Franchisor may not be consolidated with any other litigation proceeding between me and the Employer or the Franchisor and any other person, corporation, limited liability company, partnership or other entity. I waive, to the fullest extent allowed by law, any right to pursue or participate as a lead plaintiff or a class representative in any claim on a class or consolidated basis.

11. AFTER CONSULTING WITH MY ATTORNEY OR HAVING THE OPPORTUNITY TO DO SO, I KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY (AND WITHOUT DURESS OR COERCION) WAIVE ANY RIGHT I MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED ON OR ARISING OUT OF THIS AGREEMENT OR BASED ON ANY COURSE OF CONDUCT, DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTION RELATING TO THIS AGREEMENT. I WILL NOT SEEK TO CONSOLIDATE, BY COUNTERCLAIM OR OTHERWISE, ANY SUCH ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THESE PROVISIONS WILL NOT BE DEEMED TO HAVE BEEN MODIFIED IN ANY RESPECT OR RELINQUISHED BY ME OR THE EMPLOYER EXCEPT BY A WRITTEN INSTRUMENT EXECUTED BY ME AND THE EMPLOYER.

12. I agree that the Franchisor, although not a party to this Agreement, will be a third-party beneficiary with the right to enforce my obligations under this Agreement.

Dated: _____

Signature of Employee/Trainee

Type or Print Employee/Trainee Name

ACCEPTED:
The Employer

Dated: _____

By: _____

Its: _____

EXHIBIT I

STATE SPECIFIC DISCLOSURES AND ADDENDA TO AGREEMENTS

**ADDENDUM TO ZOUP! SYSTEMS, L.L.C.
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF ILLINOIS**

For franchises and franchisees subject to the Illinois Franchise Disclosure Act of 1987 and the Illinois General Rules and Regulations under the Franchise Disclosure Act, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the ZOUP! SYSTEMS, L.L.C. Illinois franchise disclosure document.

Illinois law shall apply to and govern the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees' right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

**AMENDMENT TO ZOUP! SYSTEMS, L.L.C.
FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT
REQUIRED BY THE STATE OF ILLINOIS**

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

Illinois law shall apply to and govern the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees' right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

The parties have signed this Amendment as of the _____ day of _____, _____.

ZOUP! SYSTEMS, L.L.C.

(Entity Franchise Owner)

By: _____
Its: _____

By: _____
Its: _____

(Individual Franchise Owner(s))

**ADDENDUM TO ZOUP! SYSTEMS, L.L.C.
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF INDIANA**

1. **REGISTRATION OF THIS FRANCHISE IN THE STATE OF INDIANA DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER.**

2. The following is in addition to the disclosure in Item 17 of the Franchise Disclosure Document:

The release that you must sign as a condition to renewal or transfer excepts claims arising under the Indiana Deceptive Franchise Practices Law, Indiana Code 23-2-2.7.

The Franchise Agreement and Area Development Agreement for use in the State of Indiana specify that the Agreements and the construction of the Agreements will be governed by the laws of the State of Michigan except for the applicability of the Federal Arbitration Act and except that the Indiana Franchise Law (Indiana Code 23-2-2.5 and 23-2-2.7) will control where applicable.

**AMENDMENT TO ZOUP! SYSTEMS, L.L.C.
THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT
REQUIRED BY THE STATE OF INDIANA**

This Amendment shall pertain to franchises sold in the State of Indiana and shall be for the purpose of complying with Illinois statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement or the Area Development Agreement to the contrary, each shall be amended as follows:

In recognition of the requirements of the Indiana Deceptive Franchise Practices Act, Indiana Code 23-2-2.7, the parties agree as follows:

1. The release that you must sign as a condition to renewal or transfer shall not apply to claims arising under the Indiana Deceptive Franchise Practices Law, Indiana Code 23-2-2.7.
2. The Indiana Franchise Law (Indiana Code 23-2-2.5 and 23-2-2.7) will control where applicable.

The parties have signed this Amendment as of the _____ day of _____, _____.

ZOUP! SYSTEMS, L.L.C.

(Entity Franchise Owner)

By: _____
Its: _____

By: _____
Its: _____

(Individual Franchise Owner(s))

**ADDENDUM TO ZOUP! SYSTEMS, L.L.C.
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MARYLAND**

For franchises and franchisees subject to the Maryland Franchise Registration and Disclosure Law, the following information amends or supplements, as the case may be, the corresponding disclosures in the main body of the text of the ZOUP! SYSTEMS, L.L.C. Franchise disclosure document:

Item 17.

The Franchise Agreement and Area Development Agreement provide that we may terminate the agreement if you voluntarily or involuntarily file for bankruptcy. These provisions may not be enforceable under federal bankruptcy law.

Pursuant to Code of Maryland Regulations Section 02.02.08.16L, any general release required of the franchisee as a condition of renewal, sale, assignment and/or transfer shall not apply to any release from liability under the Maryland Franchise Registration and Disclosure Law.

Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law requires the franchisor to file an irrevocable consent to be sued in Maryland. Accordingly, choice of forum provisions contained in the Franchise Agreement or the Area Development Agreement are amended to provide that you may file a lawsuit alleging a cause of action arising under the Maryland Franchise Registration and Disclosure Law in any court of competent jurisdiction within the State of Maryland.

Section 14-227 of the Maryland Franchise Registration and Disclosure Law provides that any action brought under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

**AMENDMENT TO ZOUP! SYSTEMS, L.L.C.
FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT
REQUIRED BY THE STATE OF MARYLAND**

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

1. Pursuant to Code of Maryland Regulations section 02.02.08.16L, any general release required of the franchisee as a condition of renewal, sale, assignment and/or transfer shall not apply to any release from liability under the Maryland Franchise Registration and Disclosure Law. The Franchise Agreement and Area Development are each amended accordingly.
2. Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to agree to any release, estoppel or waiver of liability as a condition of purchasing a franchise. To the extent that the Franchise Agreement or the Area Development Agreement may require you to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law in order to purchase your franchise, each is hereby amended to state that such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.
3. Section 14-227 of the Maryland Franchise Registration and Disclosure Law provides that any action brought under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.
4. Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law requires the franchisor to file an irrevocable consent to be sued in Maryland. Accordingly, the Franchise Agreement and the Area Development Agreement are amended to provide that you may file a lawsuit alleging a cause of action arising under the Maryland Franchise Registration and Disclosure Law in any court of competent jurisdiction within the State of Maryland.
5. The Acknowledgements by Franchise Owner in Appendix B are amended as follows: "Notwithstanding anything in the Franchise Agreement or the Acknowledgments by Franchise Owner to the contrary, all representations requiring prospective franchisee to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

The parties have signed this Amendment as of the _____ day of _____, _____.

ZOUP! SYSTEMS, L.L.C.

(Entity Franchise Owner)

By: _____
Its: _____

By: _____
Its: _____

(Individual Franchise Owner(s))

**ADDENDUM TO ZOUP! SYSTEMS, L.L.C.
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED FOR THE STATE OF MINNESOTA**

For franchises and franchisees subject to the Minnesota Franchise Act, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the ZOUP! SYSTEMS, L.L.C. franchise disclosure document.

Item 13

ZOUP! SYSTEMS, L.L.C. will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or will indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the marks to the extent required by Minnesota law.

Item 17

Minnesota law provides franchisees with certain termination and nonrenewal rights. As of the date of this franchise disclosure document, Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Franchise Agreement or Area Development Agreement, and that consent to transfer may not be unreasonably withheld.

Minn. Stat. Sec. 80C.21 provides that any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of Minnesota or, in the case of a partnership or corporation, organized or incorporated under the laws of Minnesota, or purporting to bind a person acquiring any franchise to be operated in Minnesota to waive compliance or which has the effect of waiving compliance with any provision of "80C.01 to 80C.22 of the Minnesota Franchises Act, or any rule or order thereunder, is void.

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

To the extent you are required to execute a general release in favor of ZOUP! SYSTEMS, L.L.C., such release shall exclude liabilities arising under the Minnesota Franchises Act, Minn. Stat. '80C.01 *et seq.* as provided by Minn. Rule 2860.4400D.

**AMENDMENT TO ZOUP! SYSTEMS, L.L.C.
FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT
REQUIRED BY THE STATE OF MINNESOTA**

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

1. Minnesota law provides franchisees with certain termination and nonrenewal rights. As of the date of this Agreement, Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of nonrenewal of the Franchise Agreement and Area Development Agreement.
2. ZOUP! SYSTEMS, L.L.C. will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or will indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the marks to the extent required by Minnesota law.
3. The Franchise Agreement and Area Development Agreement are supplemented by the following provision:

Pursuant to Minn. Stat. Sec. 80C.21, no provision of the Franchise Agreement or Area Development Agreement shall in any way abrogate or reduce any of your rights as provided in Minnesota Statutes, Chapter 80C, including but not limited to the right to submit matters to the jurisdiction of the courts of Minnesota.
4. Minn. Stat. 80.C.21 and Minn. Rule 2860.4400J prohibit ZOUP! SYSTEMS, L.L.C. from requiring litigation to be conducted outside Minnesota. In addition, nothing in the franchise disclosure document or the Franchise Agreement or Area Development Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.
5. To the extent you are required to execute a general release in favor of ZOUP! SYSTEMS, L.L.C., such release shall exclude liabilities arising under the Minnesota Franchises Act, Minn. Stat. '80C.01 *et seq.* as provided by Minn. Rule 2860.4400J.
6. Any provision in the Franchise Agreement or Area Development Agreement requiring you to waive your right to a jury trial shall be deleted in its entirety.
7. Any claims brought pursuant to the Minnesota Franchises Act, 80.C.01 *et seq.* must be brought within 3 years after the cause of action accrues. To the extent that any provision of the Franchise Agreement or Area Development Agreement imposes a different limitations period, the provision of the Act shall control.

The parties have signed this Amendment as of the _____ day of _____, _____.

ZOUP! SYSTEMS, L.L.C.

(Entity Franchise Owner)

By: _____

By: _____

Its: _____

Its: _____

(Individual Franchise Owner(s))

**ADDENDUM TO ZOUP! SYSTEMS, L.L.C.
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF NEW YORK**

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in

the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

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

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

5. The following is added to the end of the “Summary” sections of Item 17(c), 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.

6. 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.

7. The following is added to the end of the “Summary” section of Item 17(j), titled “Assignment of contract by franchisor”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v), 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.

**AMENDMENT TO ZOUP! SYSTEMS, L.L.C.
FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT
REQUIRED BY THE STATE OF NEW YORK**

In recognition of the requirements of the New York General Business Law, Article 33, the parties to the attached ZOUP! SYSTEMS, L.L.C. Franchise Agreement or Area Development Agreement, as applicable, agree as follows:

1. Any provision of the Franchise Agreement or Area Development Agreement requiring you to sign a general release shall be supplemented by the following provision:

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 nonwaiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

2. The Franchise Agreement and Area Development Agreement are supplemented to include the following provision:

You may terminate the agreement on any grounds available by law.

3. The Franchise Agreement and Area Development Agreement provisions allowing an assignment by franchisor are supplemented to include the following provision:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

4. The Franchise Agreement and Area Development Agreement provisions relating to choice of law or forum are supplemented by the following provision:

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 parties have signed this Amendment as of the _____ day of _____, _____.

ZOUP! SYSTEMS, L.L.C.

(Entity Franchise Owner)

By: _____
Its: _____

By: _____
Its: _____

(Individual Franchise Owner(s))

**ADDENDUM TO ZOUP! SYSTEMS, L.L.C.
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF NORTH DAKOTA**

Notwithstanding anything to the contrary in the franchise disclosure document, the following provisions shall supersede and apply to all franchises offered and sold in the State of North Dakota:

1. Waiver of trial by jury is prohibited by law in the State of North Dakota.
2. Waiver of exemplary and punitive damages is prohibited by law in the State of North Dakota.
3. North Dakota prohibits a provision that the franchisee shall pay all costs and expenses incurred by Franchisor in enforcing the Franchise Agreement or Area Development Agreement.
4. North Dakota requires the following:

"In the event either party incurs legal fees or costs or other expenses to enforce any obligation of the other party hereunder, or to defend against any claim, demand, action or proceeding by reason of the other party's failure to perform or observe any obligation imposed upon that party by an agreement, then the prevailing party shall be entitled to recover from the other party the amount of all legal fees, costs and expenses, including reasonable attorneys' fees, whether incurred prior to, or in preparation for or contemplation of the filing of any claim, demand, action or proceeding to enforce any obligation of the other party hereunder or thereafter or otherwise."
5. The laws of the State of North Dakota supersede any provisions of the Franchise Agreement and the Area Development Agreement, if those provisions are in conflict with North Dakota law.
6. Any provision in the Franchise Agreement and the Area Development Agreement which designates jurisdiction or venue, or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of North Dakota, is deleted when issued in the State of North Dakota.
7. North Dakota has determined that requiring a franchisee to sign a general release upon renewal of the franchise agreement is unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, all references to the Franchise Owner signing a general release upon renewal of the Franchise Agreement or the Area Development Agreement are deleted.
8. Covenants not to compete are generally considered unenforceable in the State of North Dakota. The Commissioner has held that covenants restricting competition are contrary to Section 9-08-06 of the North Dakota Century Code, and are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
9. North Dakota prohibits limiting the time period for bringing claims and the North Dakota statute of limitations will apply.

**AMENDMENT TO ZOUP! SYSTEMS, L.L.C.
THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT
REQUIRED BY THE STATE OF NORTH DAKOTA**

ZOUP! SYSTEMS, L.L.C. and Franchise Owner hereby agree that the Franchise Agreement and the Area Development Agreement, dated _____, 20___, as applicable, will be amended as follows:

1. Section 10(B) of the Franchise Agreement is amended to add the following:

"Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."
2. The Franchise Agreement and the Area Development Agreement are amended as follows:

"In the event either party incurs legal fees or costs or other expenses to enforce any obligation of the other party hereunder, or to defend against any claim, demand, action or proceeding by reason of the other party's failure to perform or observe any obligation imposed upon that party, then the prevailing party shall be entitled to recover from the other party the amount of all legal fees, costs and expenses, including reasonable attorneys' fees, whether incurred prior to, or in preparation for or contemplation of the filing of any claim, demand, action or proceeding to enforce any obligation of the other party hereunder or thereafter or otherwise."
3. The laws of the State of North Dakota supersede any provisions of the Franchise Agreement or the Area Development Agreement if such provisions are in conflict with North Dakota law.
4. Any provision in the Franchise Agreement or the Area Development Agreement which designates jurisdiction or venue, or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of North Dakota, is deleted when issued in the State of North Dakota. Section 14(E) of the Franchise Agreement and Section 9(E) of the Area Development Agreement are deleted.
5. Section 3(B) of the Franchise Agreement is amended to delete the requirement that a general release be signed.
6. Section 14(I) of the Franchise Agreement and Section 9(I) of the Area Development Agreement are deleted.

The parties have signed this Amendment as of the _____ day of _____, _____.

ZOUP! SYSTEMS, L.L.C.

(Entity Franchise Owner)

By: _____

By: _____

Its: _____

Its: _____

(Individual Franchise Owner(s))

**ADDENDUM TO ZOUP! SYSTEMS, L.L.C.
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF RHODE ISLAND**

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34 the Franchise Disclosure Document ZOUP! SYSTEMS, L.L.C. for use in the State of Rhode Island shall be amended to include the following:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following:

§ 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."

2. This addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, are met independently without reference to this addendum to the Franchise Disclosure Document.

**ADDENDUM TO ZOUP! SYSTEMS, L.L.C.
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF VIRGINIA**

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

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Area Development Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

**ADDENDUM TO ZOUP! SYSTEMS, L.L.C. FRANCHISE DISCLOSURE DOCUMENT,
FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT
REQUIRED FOR THE STATE OF WASHINGTON**

The State of Washington has a statute, RCW 19.100.180 which 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 involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

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

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act 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, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

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

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20____.

ZOUP! SYSTEMS, L.L.C.

(Entity Franchise Owner)

By: _____
Its: _____

By: _____
Its: _____

(Individual Franchise Owner(s))

EXHIBIT J

STATE EFFECTIVE DATES AND RECEIPTS

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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:

<u>State</u>	<u>Effective Date or Status</u>
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California	
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Hawaii	
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Illinois	
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Indiana	May 19, 2020
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Maryland	
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Michigan	April 6, 2021 2020
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Minnesota	
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New York	
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North Dakota	
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Rhode Island	
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South Dakota	May 26, 2020
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Virginia	
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Washington	
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Wisconsin	May 19, 2020
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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 other seller-assisted marketing plans.

RECEIPT

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Zoup! Systems, L.L.C. offers you a franchise, we must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under Iowa law, if applicable, Zoup! Systems, L.L.C. must provide this disclosure document to you at the earlier of your 1st personal meeting to discuss the franchise or 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under Michigan law, if applicable, Zoup! Systems, L.L.C. must provide this disclosure document to you at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under New York or Rhode Island law, if applicable, Zoup! Systems, L.L.C. must provide this disclosure document to you at the earlier of your 1st personal meeting to discuss the franchise or 10 business days before you sign a binding agreement with or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Zoup! Systems, L.L.C. 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 any governing state agency.

A list of the names, principal business addresses, and telephone numbers of each franchise seller offering this franchise is as follows:

1. Richard Zimmer, Zoup! Systems, LLC, ~~28290 Franklin Road~~ 28555 Orchard Lake Rd. Southfield, MI 48034 ~~Farmington Hills, Michigan 48334.~~

The issuance date is April 30, ~~2021~~ 2020. See Exhibit A for a list of our registered agents authorized to receive service of process.

I received a Disclosure Document with an issue date of April 30, ~~2021~~ 2020 that included the following Exhibits:

A	List of State Administrators and Agents for Service of Process	F	List of Franchisees that Left the System in the Past Fiscal Year
B	Franchise Agreement	G	Financial Statements
C	Area Development Agreement	H	Confidentiality Agreement
D	Operating Manual Table of Contents	I	State Specific Disclosures and Addenda
E	List of Zoup!® Eateries	J	State Effective Dates and Receipts

Signature: _____ **Date:** _____

Printed Name: _____

Individually and as an officer of _____

- (a _____ corporation)
- (a _____ limited liability company)
- (a _____ partnership)

RECEIPT

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Zoup! Systems, L.L.C. offers you a franchise, we must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under Iowa law, if applicable, Zoup! Systems, L.L.C. must provide this disclosure document to you at the earlier of your 1st personal meeting to discuss the franchise or 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under Michigan law, if applicable, Zoup! Systems, L.L.C. must provide this disclosure document to you at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under New York or Rhode Island law, if applicable, Zoup! Systems, L.L.C. must provide this disclosure document to you at the earlier of your 1st personal meeting to discuss the franchise or 10 business days before you sign a binding agreement with or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Zoup! Systems, L.L.C. 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 any governing state agency.

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C	Area Development Agreement	H	Confidentiality Agreement
D	Operating Manual Table of Contents	I	State Specific Disclosures and Addenda
E	List of Zoup!® Eateries	J	State Effective Dates and Receipts

Signature:

Date: _____

Printed Name: _____

Individually and as an officer of _____

- (a _____ corporation)
- (a _____ limited liability company)
- (a _____ partnership)