

FRANCHISE DISCLOSURE DOCUMENT



MR. CHARLIE'S TOLD ME SO

Mr. Charlie's World LLC
a California limited liability company
450 North Bedford Drive, Suite 312
Beverly Hills, California 90210
Phone: (647) 294-4480
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Mr. Charlie's World LLC offers franchises for the operation of a fast-service restaurant that operates under the name MR. CHARLIE'S TOLD ME SO™ and features plant-based hamburgers, plant-based chicken sandwiches and other meatless menu items. With our approval, franchisees may also purchase a franchise to develop, open and operate a branded mobile food truck that sells approved menu items onsite at local events or gatherings.

Without Optional Food Truck

The total investment necessary to begin operation of a ~~single~~ MR. CHARLIE'S TOLD ME SO™ restaurant is ~~\$283,090~~ \$282,790 to ~~\$700~~ \$697,750. This includes \$54,000 to \$68,500 that must be paid to the franchisor or affiliate.

The total investment necessary to begin operation of 2 to 5 restaurants under an Area Development Agreement is ~~\$318,090~~ \$317,790 to ~~\$915~~ \$912,750. This includes \$89,000 to \$283,500 that must be paid to the franchisor or affiliate.

With Optional Food Truck

The total investment necessary to begin operation of a MR. CHARLIE'S TOLD ME SO™ restaurant and food truck is \$425,180 to \$942,850. This includes \$65,200 to \$82,600 that must be paid to the franchisor or affiliate.

The total investment necessary to begin operation of 2 to 5 restaurants and 1 food truck under an Area Development Agreement is \$460,180 to \$1,157,850. This includes \$100,200 to \$297,600 that must be paid to the franchisor or affiliate.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the franchisor at 450 North Bedford Drive, Suite 312, Beverly Hills, California 90210 or by phone at (647) 294-4480.

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

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

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

Issuance Date: April 18, 2025 ([amended July 23, 2025](#))

How to Use this Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and area development agreement require you to resolve disputes with the franchisor by mediation and/or litigation only in California. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in California than in your own state.
2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
4. **Minimum Payments.** You must make minimum advertising, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
5. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
6. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally-registered. If the Franchisor's ability to use this trademark in your area is challenged, you may have to identify your business and its products/services by a different name. This change can be expensive and may reduce brand recognition of the products and services you offer.
7. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement, even if your spouse has no ownership interest in the franchise. This Guarantee will place both your and your spouse's marital and personal assets (perhaps including your house) at risk if your franchise fails.

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

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

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

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

Any questions regarding this notice should be directed to:

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

ITEM 1 FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The franchised business offered under this Disclosure Document is for: (a) a fast-service restaurant that operates under the name MR. CHARLIE’S TOLD ME SO™ and features plant-based hamburgers, plant-based chicken sandwiches and other meatless menu items (a “Restaurant”); and (b) an optional branded food truck offering menu items similar to those offered at Restaurants (a “Food Truck”). To simplify the language in this Disclosure Document, “you” means the person who buys the franchise for a Restaurant – the franchisee, and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company. “We,” “us” and “the Company” mean Mr. Charlie’s World LLC – the franchisor.

Corporate Information

Mr. Charlie’s World LLC is a California limited liability company that was organized on July 22, 2024. Our principal business address is 450 North Bedford Drive, Suite 312, Beverly Hills, California 90210. Our telephone number is (647) 294-4480. Our agents for service of process are disclosed in EXHIBIT "A" (for franchise registration states) and EXHIBIT "B" (for other states). We do not do business under any names other than our legal name “Mr. Charlie’s World LLC” and our d/b/a “Mr. Charlie’s Told Me So”.

Business History

Our founders opened the first Restaurant in California in 2022. We began offering franchises for Restaurants in 2024, and Food Trucks in 2025. We only offer Food Truck franchises to franchisees who also own and operate a Restaurant. We are not engaged in any business other than offering franchises for Restaurants and administering the franchise system. We have never offered franchises in any other line of business. We have never directly owned and operated a Restaurant. Our affiliate has operated company-owned Restaurants in California since 2022, and a company-owned Food Truck in California since November 2023.

Predecessors, Parents and Affiliates

We do not have any predecessors. Our parent company is Sona Terra Inc. (“Sona Terra”) and its principal business address is the same as ours.

Our affiliate Mr. Charlie’s Apparel LLC (“MCA”) is the exclusive supplier for merchandise. MCA has never: (a) offered franchises in this or any other line of business; or (b) operated a Restaurant, or Food Truck. MCA’s principal business address is 612 N. La Brea Ave., Los Angeles, California 90036. We have no other affiliates that provide goods or services to our franchisees.

We have no affiliates that offer, or have ever offered, franchises in this or any other line of business except: (a) Mr. Charlie’s TMS LLC (“MCT”); (b) Go Greek Yogurt World-Wide Franchising, LLC (“GGY Franchising”); and (c) Go Greek Yogurt International LLC (“GGY International”), each discussed below. None of these affiliates has ever operated a Restaurant, or Food Truck.

Our affiliate MCT sold 1 master license in September 2022 for the development of Restaurants in Australia and New Zealand. MCT does not currently, and did not at any other time, offer licenses or franchises for Restaurants or Food Trucks or for any other line of business. MCT’s principal business address is 612 N. La Brea Ave., Los Angeles, California 90036.

Our affiliate GGY Franchising has offered franchises for Go Greek Shops since April 2022. Go Greek Shops are specialty retail shops that offer authentic Greek yogurt, parfaits, yogurt blends, Greek frozen yogurt and other Greek-style foods, beverages and delicacies under the name GO GREEK YOGURT®. As of December 31, 2024, GGY Franchising has sold 6 franchises for Go Greek Shops in the United States. GGY Franchising has never offered franchises in any other line of business. GGY Franchising shares our principal business address.

Our affiliate GGY International has offered franchises for Go Greek Shops in certain foreign jurisdictions (currently limited to Saudi Arabia) since September 2024. As of December 31, 2024, GGY International has not sold any franchises for Go Greek Shops. GGY International has never offered franchises in any other line of business. GGY International shares our principal business address.

Description of Franchised ~~Business~~ Restaurant

The franchised business offered under this Disclosure Document is for a fast-service restaurant featuring plant-based hamburgers, plant-based chicken sandwiches and other meatless menu items we approve from time to time. Restaurants also offer and sell approved branded merchandise and other retail items. Restaurants offer on-premises dining, pick-up, delivery and catering service.

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

Description of Food Truck (Optional)

A franchisee who purchases a Restaurant may, with our approval, purchase a Food Truck that offers and sells approved approved menu items at local events and gatherings. Franchisees are not required to purchase a Food Truck. We are not required to offer all franchisees the right to operate a Food Truck. Food Trucks may only operate within a prescribed territory. Food Trucks are branded with our Marks. They may offer and sell Mr. Charlie's menu items, branded merchandise and retail items that we designate or approve. We may limit the specific menu items that may be offered and sold from a Food Truck.

If you purchase a Food Truck franchise, you must sign the form of Food Truck Addendum attached to this Disclosure Document as EXHIBIT "H"-4 (the "Food Truck Addendum"). The Food Truck Addendum grants you the right to develop, equip and operate a Food Truck within a defined territory. The operation of your Food Truck is subject to all the terms and conditions of the Franchise Agreement and Manual, except to the extent modified or supplemented by the Food Truck Addendum. You may cancel the Food Truck Addendum at any time upon 60 days' prior notice.

Area Development Rights

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

Market and Competition

The target market for MR. CHARLIE'S TOLD ME SO™ customers includes health- and/or environmentally-conscious members of the general public seeking a fun and desirable plant-based alternative to unhealthy meat-based menu items commonly featured at fast-food restaurants. Many of our customers are vegans or vegetarians. The fast-service restaurant industry is competitive and well-developed. Sales are not seasonal. However, Food Trucks in areas with harsh winter conditions may experience a reduction in sales during the winter.

As a franchisee, you will compete primarily with other fast-service restaurants that offer plant-based menu items. You will also compete with traditional fast-food restaurants such as McDonald's, Burger King, Wendy's, etc. Some competitors are independently-owned and operated businesses while others consist of regional or national chains. Many of our competitors operate through a franchise model. If you purchase a Food Truck, you may also face competition from other local mobile food trucks.

Laws and Regulations

You must comply with all local, state and federal laws that apply to businesses generally, including laws governing discrimination and sexual harassment in the work place, smoking in public areas as well as EEOC and OSHA standards. The Americans with Disabilities Act of 1990 requires readily accessible accommodations for disabled people and may affect your building construction, site design, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. Building codes and requirements vary in different jurisdictions and it is important for you and your architect to be aware of and comply with all local laws. The Payment Card Industry Data Security Standard (“PCI”) requires that all companies that process, store, or transmit credit or debit card information maintain a secure environment. PCI applies to all organizations or merchants, regardless of size or number of transactions, that accept, transmit or store any cardholder data.

Restaurant Regulations

You must comply with minimum wage laws that apply to businesses generally. Some states have enacted minimum wage laws specific to the food and beverage industry. California’s Fast Food Minimum Wage law (AB 1228) applies to employees working in fast food restaurants that are part of a chain meeting certain criteria. AB 1228 establishes minimum standards for wages, working hours and other working conditions, including health and safety standards and training. Other states may enact similar legislation in the future.

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

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

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

Food Truck Regulations

Additional laws and regulations may apply to a Food Truck. Food trucks are mobile miniature commercial kitchens that must meet the same state health, safety and sanitation requirements applicable to a brick-and-mortar Restaurant. Some states require a mobile food truck operator to obtain a hawkers or peddlers license.

Some cities have regulations that restrict the areas in which food trucks may operate. In some cases, the regulations completely ban food trucks from operating in certain areas, while in other cases, the regulations restrict the times during which food trucks may operate in certain areas (for example, restricting operations from certain locations at night in the public right of way in order to assist with traffic flow and traffic safety). A few cities restrict the amount of time food trucks may stop and wait for customers or operate from one location. Some laws (originally intended to target ice cream trucks) prohibit food trucks from stopping unless flagged down by a customer. Some cities also prohibit food trucks from operating within a certain distance from certain types of establishments, such as schools or brick-and-mortar restaurant locations.

Any person who drives your Food Truck must have a valid driver’s license, and the requirements for these licenses may vary. If your Food Truck is subject to a manufacturer’s vehicle safety recall, you must immediately perform the required repairs, changes, maintenance and/or inspections before resuming operations.

~~The Payment Card Industry Data Security Standard (“PCI”) requires that all companies that process, store, or transmit credit or debit card information maintain a secure environment. PCI applies to all organizations or~~

~~merchants, regardless of size or number of transactions, that accept, transmit or store any cardholder data.~~

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

ITEM 2 BUSINESS EXPERIENCE

Executive Chairman: David Subotic

Our Executive Chairman, David Subotic, has held the following positions during the prior 5 years:

Employer / Company	Location	Title	Period of Time
Mr. Charlie's World LLC	Beverly Hills, CA	Executive Chairman	Jul 2024-present
Go Greek International, LLC	Beverly Hills, CA	Managing Director	Sep 2024-present
Go Greek Yogurt World-Wide Franchising, LLC	Beverly Hills, CA	Managing Director	Jan 2022-present
Go Greek Yogurt Holdings Co. Inc.	Beverly Hills, CA	CEO	Jul 2014-present
GGY Mediterra Foods, LLC	Beverly Hills, CA	CEO	Jan 2014-present
Go Greek Yogurt, LLC	Beverly Hills, CA	Director	Feb 2013-present
Go Greek Yogurt, Inc.	Beverly Hills, CA	CEO & CFO	Feb 2013-present
URU Metals	London, UK	Director	Sep 2012-present
DAS Capital LTD	Toronto, Canada & Los Angeles, CA	CEO	Mar 2010-present

Co-Founder and Chief Marketing Officer: Taylor Mckinnon

Our Co-Founder and Chief Marketing Officer, Taylor Mckinnon, has held the following positions during the prior 5 years:

Employer / Company	Location	Title	Period of Time
Mr. Charlie's World LLC	Beverly Hills, CA	Co-Founder & Chief Marketing Officer	Jul 2024-present
Mr. Charlie's TMS LLC	Los Angeles, CA	Co-Founder & Brand Director	Jul 2022-present
Clyde & Seventh LLC	Los Angeles, CA	Co-Founder & Co-Director	Apr 2019-Jul 2022

Co-Founder and Creative Director: Aaron Haxton

Our Co-Founder and Creative Director, Aaron Haxton, has held the following positions during the prior 5 years:

Employer / Company	Location	Title	Period of Time
Mr. Charlie's World LLC	Beverly Hills, CA	Co-Founder & Creative Director	Jul 2024-present
Mr. Charlie's TMS LLC	Los Angeles, CA	Co-Founder & Global Branding Director	Jul 2022-present
Clyde & Seventh LLC	Los Angeles, CA	Co-Founder & Branding Director	Oct 2019-present
Haxton Photography	Los Angeles, CA	Photographer / Owner	Jun 2006-present

Chief Executive Officer: David Shneer

Our Chief Executive Officer, David Shneer, has held the following positions during the prior 5 years:

Employer / Company	Location	Title	Period of Time
Mr. Charlie's World LLC	Beverly Hills, CA	CEO	Jul 2024-present
Go Greek Yogurt World-Wide Franchising, LLC	Beverly Hills, CA	CEO	Jan 2022-present
Go Greek International, LLC	Beverly Hills, CA	CEO	Sep 2024-present

Employer / Company	Location	Title	Period of Time
YWE Management Inc.	Toronto, Canada	CEO	Jan 2015-present
		EVP	Dec 2012-Jan 2015

Vice President of Development: Phil Guida

Our Vice President of Development, Phil Guida, has held the following positions during the prior 5 years:

Employer / Company	Location	Title	Period of Time
Mr. Charlie’s World LLC	Beverly Hills, CA	VP of Development	Jul 2024-present
Go Greek International, LLC	Beverly Hills, CA	VP of Development	Sep 2024-present
Go Greek Yogurt World-Wide Franchising, LLC	Beverly Hills, CA	VP of Development	Jan 2022-present
YWE Management Inc.	Toronto, Canada	VP of Development	Dec 2012-present

ITEM 3 LITIGATION

Tustin Legacy, LLC v. Aaron Haxton, Taylor Mckinnon & Mr. Charlie Told Me So LLC, Cal. Super. Ct., Western District of Los Angeles County (Case No. 248MCV00901)

On February 27, 2024, Tustin Legacy, LLC (“TLL”) filed a lawsuit naming our affiliate Mr. Charlies Told Me So LLC (“MCTMS”), Aaron Haxton (our Co-Founder and Creative Director) and Taylor Mckinnon (our Co-Founder and Chief Marketing Officer) as defendants. TLL filed suit on its own behalf and derivatively on behalf of MCTMS. The lawsuit is a corporate dispute relating to certain events that took place in 2022 involving the formation of MCTMS. TLL alleges that Mr. Haxton and Mr. Mckinnon breached an oral agreement to make TLL a 25% owner of MCTMS and improperly diverted and distributed corporate funds owned by MCTMS to themselves while failing to properly account for the funds or pay distributions owed to TLL.

The Complaint asserts claims for: (a) declaratory relief, seeking a judicial declaration that TLL is a member of MCTMS with a 25% ownership interest; (b) breach of fiduciary duty; (c) conversion of money belonging to MCTMS; (d) violation of Penal Code §496 for theft and conversion of money belonging to MCTMS; (e) imposition of a constructive trust making Mr. Haxton and Mr. Mckinnon involuntary trustees holding wrongfully obtained funds; and (f) unfair and deceptive business practices in violation of the California Unfair Competition Law based on conversion and concealment of money belonging to MCTMS. The Complaint also requests a financial accounting of MCTMS and injunctive relief prohibiting Mr. Haxton and Mr. Mckinnon from withdrawing or transferring any funds from MCTMS’ accounts. In addition to declaratory and injunctive relief, TLL seeks recovery of compensatory damages of at least \$1,200,000, punitive and exemplary damages, and attorney’s fees and court costs.

On April 24, 2024, Defendants filed an Answer and a Cross-Complaint with various counter-claims. Defendants denied all wrongdoing on the basis that: (a) the parties understood and agreed that TLL would be granted a 25% interest only upon the parties agreeing to and signing a mutually acceptable Operating Agreement; (b) the parties negotiated the Operating Agreement for 3 months but TLL refused to sign the last draft sent on December 29, 2022; (c) TLL did not respond to the December 29, 2022 draft Operating Agreement and discontinued all communications (and refused to respond to numerous follow-up telephone calls, text messages and email communications subsequently sent by defendants) leading defendants to reasonably believe the potential deal to add TLL as an investor/member was “dead”; and (d) after seeing the popularity and success of MCTMS, TLL finally responded to defendants in February 2024 in the form of a letter from TLL’s attorney threatening the current lawsuit. In other words, the “potential” deal to add TLL as a member never materialized due to TLL’s refusal to sign the Operating Agreement. As a result, TLL lacks any right to bring a derivative claim on behalf of MCTMS or restrict the manner in which Mr. Haxton and Mr. Mckinnon manage MCTMS.

The Cross Complaint against TLL asserts counterclaims for: (a) declaratory relief, seeking a judicial declaration that TLL never became a member or acquired any ownership interest in MCTMS; and (b) intentional misrepresentation and unfair and deceptive business practices in violation of the California Unfair Competition

Law based on TLL’s efforts to mislead defendants into believing TLL was not (and would not become) a member of MCTMS while maintaining the secret and deceitful intention of reasserting membership rights only if (and after) MCTMS proved to be a success.

To the extent TLL alleges the parties had an oral agreement in place, the Cross Complaint asserts counterclaims for: (a) breach of contract based on TLL’s (i) failure to fulfill the specified conditions for acquiring the membership interest and (ii) refusal to communicate with Mr. Haxton or Mr. Mckinnon following receipt of the draft Operating Agreement on December 29, 2022; and (b) rescission of the oral agreement based on TLL fraudulently inducing Mr. Haxton and Mr. Mckinnon to enter into the oral agreement by falsely representing that it would sign the Operating Agreement.

In addition to declaratory relief and rescission of any alleged oral agreement, the Cross Complaint seeks recovery of compensatory damages of at least \$35,000, punitive and exemplary damages, and attorney’s fees and court costs.

The court has not yet issued any conclusions of law or fact.

Except for the 1 action disclosed above, no litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

In re Amanda Marie Mckinnon and Antonio David Mckinnon, Bankr. C.D. Cal. (Case No. 2:19-bk-13970-BB)

On April 8, 2019, Amanda Mckinnon, who is married to our co-Founder and Chief Marketing Officer, Taylor Mckinnon, filed for protection under Chapter 7 of the U.S. Bankruptcy Code as “Debtor” after a medical issue prevented her from continuing to operate her formerly successful gym/juice/coffee bar business. Upon advice of counsel, Mr. Mckinnon joined the proceeding as a “Joint Debtor”. The case was discharged on July 24, 2019.

No other bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Initial Franchise Fee - Restaurant

You pay us a non-refundable \$35,000 initial franchise fee at the time you sign the Franchise Agreement. The initial franchise fee is uniformly imposed (except as discussed below for area developers).

Initial Franchise Fee – Food Truck

If we grant you the right to develop and operate a Food Truck, you must pay us an additional \$10,000 initial franchise fee at the time you sign the Food Truck Addendum. The initial franchise fee is uniformly imposed.

Employee Uniforms and Branded Products

Prior to opening, you must purchase your initial supply of employee uniforms ~~(\$2,500 to \$3,500)~~, merchandise ~~(\$500 to \$1,000)~~, branded apparel ~~(\$2,500 to \$4,000)~~ and branded packaging ~~(\$8,500 to \$20,000)~~. You purchase the merchandise from MCA and the remaining items from us. ~~The total estimated cost ranges from \$14,000 to \$28,500. The cost varies~~The costs associated with these purchases are listed in the table below:

	<u>Uniforms</u>	<u>Merchandise</u>	<u>Branded Apparel</u>	<u>Branded Packaging</u>	<u>Total</u>
<u>Restaurant</u>	<u>\$2,500 - \$3,500</u>	<u>\$500 - \$1,000</u>	<u>\$2,500 - \$4,000</u>	<u>\$8,500 - \$20,000</u>	<u>\$14,000 - \$28,000</u>
<u>Food Truck</u>	<u>\$200 - \$600</u>	<u>\$0 - \$1,000</u>	<u>\$500 - \$1,500</u>	<u>\$500 - \$1,000</u>	<u>\$1,200 - \$4,100</u>

For Restaurants, the costs vary depending on the size and location of the Restaurant, which determines the quantity of uniforms and branded products you need and the distance they must be shipped. For a Food Truck, the costs vary depending on the number of employees you expect to dedicate to Food Truck operations and the estimated initial volume of sales. The purchase price is nonrefundable and uniformly imposed. At any time, we may require you to purchase these items directly from third-party suppliers that we designate.

Security Deposit

You pay us a \$5,000 security deposit (the “Security Deposit”) immediately prior to your Restaurant’s opening date. If you fail to cure a financial default under the Franchise Agreement, Food Truck Addendum or any related agreement within 10 days after receipt of a default notice, we may apply the Security Deposit against the amount you owe. If this happens, we will send you a notice detailing the amount of the Security Deposit applied against amounts owed. Within 7 days after receipt of this notice, you must replenish the Security Deposit by paying us a sum equal to the amount of the Security Deposit applied. If we terminate the Franchise Agreement due to your default, we may apply the Security Deposit against amounts owed to us and our affiliates (you must also pay us all amounts owed in excess of the Security Deposit). When the franchise relationship ends, we will deduct from the Security Deposit any and all sums of money owed to us and our affiliates and refund the balance (if any) to you, without interest. Any interest earned on the Security Deposit will accrue to our benefit. Our 1st franchisee who signed a Franchise Agreement in 2024 did not pay a Security Deposit. The Security Deposit is otherwise uniformly imposed.

Development Fee

If you sign an ADA, you will pay us a development fee determined based on the number of Restaurants you commit to develop. You will not pay us any additional initial franchise fee under the Franchise Agreements you sign. We offer development rights for the establishment of between 2 and 5 Restaurants. The development fees and associated payment terms are as follows:

Number of Restaurants	Development Fee	Payment Terms
2	\$70,000	\$70,000 due in full when you sign ADA
3	\$100,000	\$90,000 due when you sign ADA \$5,000 due earlier of lease execution for 2 nd Restaurant or 12 months after signing ADA \$5,000 due earlier of lease execution for 3 rd Restaurant or 18 months after signing ADA
4	\$132,000	\$118,800 due when you sign ADA \$6,600 due earlier of lease execution for 2 nd Restaurant or 12 months after signing ADA \$6,600 due earlier of lease execution for 3 rd Restaurant or 18 months after signing ADA
5	\$250,000	\$250,000 due in full when you sign ADA

You pay us the development fee in accordance with the payment terms listed above. Development fees are non-refundable and uniformly imposed. We do not sign ADAs for Food Trucks (only Restaurants).

ITEM 6 OTHER FEES

TYPE OF FEE ¹	AMOUNT ²	DUE DATE	REMARKS
Royalty Fee	5% of Gross Sales	Day we specify after end of reporting period (currently Wednesday after end of weekly reporting period)	Our current reporting period runs from Monday through Sunday. We may change the reporting period and royalty fee due date upon 30 days’ prior notice. You must send us weekly Gross Sales reports.
Brand Fund Fee	2% of Gross Sales	Same as royalty fee	You must contribute this amount to the Brand Fund we administer. You have no voting rights pertaining to the administration of the Brand Fund, the creation or placement of advertising, or the amount of the brand fund fee.
Local Marketing Commitment	Greater of (a) 1% of monthly Gross Sales or (b) \$500 per month	Monthly, as incurred, after opening date	This is the minimum amount you must spend on advertising and marketing in your local market to promote <u>the your</u> Restaurant (the “Local Marketing Commitment”) <u>and Food Truck (if applicable)</u> . This expenditure is in addition to your Brand Fund Fee.

TYPE OF FEE ¹	AMOUNT ²	DUE DATE	REMARKS
Cooperative Advertising Fee	Amount set by us or the cooperative (will not exceed the Local Marketing Commitment unless higher fee approved by majority of franchisees located in the coop)	Same as royalty fee	Company-owned outlets have the same voting power as franchised outlets in a cooperative. If a majority of outlets are company-owned, we will not increase the fee without the majority vote of franchised outlets in favor of the fee increase. Cooperative advertising fees are credited against your Local Marketing Commitment. There were no cooperatives in effect on December 31, 2024.
Training Fee	Up to \$500 per person per day (plus Travel Expenses for onsite training)	10 days after invoice	Payable for each person who attends (a) initial training after you open (new Managing Owner or manager); (b) repeat training (after failing a prior attempt); (c) refresher or supplemental training; (d) remedial training or (e) training you request. You must also reimburse all our Travel Expenses if we incur for conduct training onsite at your Restaurant or Food Truck .
Conference Registration Fee	Up to \$1,000 per person per conference (we do not currently intend to charge this fee but we reserve the right to do so)	10 days after invoice	We may hold conferences to discuss matters affecting franchisees. Attendance is mandatory unless (a) we designate attendance as optional or (b) we waive your obligation to attend based on showing of good cause. If you fail to attend a required conference without a waiver, you must pay the conference registration fee despite your non-attendance (we will send you a copy of any written materials distributed at the conference).
Technology Fee	Up to \$1,000 per month (currently \$150 per month for programming of Menu Screens; <u>you pay a separate technology fee for your Food Truck, if applicable</u>)	10 days after invoice or as we otherwise specify	Includes amounts you pay us or our affiliate for Technology Systems, including (a) amounts paid for proprietary items, (b) amounts we collect from you and remit to third-parties; and (c) an administrative fee for managing the technology platform and negotiating/managing relationships with third-party licensors. It does not include amounts you pay to third parties.
System Program Fees	Not to exceed \$1,000 per month per program (not currently imposed)	10 days after invoice or as we otherwise specify	You must participate in client loyalty, gift card or other system-wide programs we establish and pay required fees and program contributions to us or a third party to administer the program. <u>We do not charge separate system program fees under the Food Truck Addendum.</u>
Call Center Program	Up to \$350 per month (not currently imposed)	10 days after invoice or as we otherwise specify	Imposed if we choose to administer a call center. If a third party administers the call center, you pay fees directly to the third-party provider unless we choose to collect the fees from you and remit them to the provider. <u>We do not charge a separate call center fee under the Food Truck Addendum.</u>
Product Purchases	Varies depending on item purchased	10 days after invoice	MCA is the designated supplier for merchandise and we are the designated supplier for uniforms and branded products. We and our affiliates may serve as System suppliers for other goods and services in the future. We will provide you with a price list upon request.

TYPE OF FEE ¹	AMOUNT ²	DUE DATE	REMARKS
New Product or Supplier Testing	Actual cost of inspection and testing, with \$1,000 paid as a deposit (estimated to range from \$100 to \$1,000 per test)	10 days after invoice	This covers the costs of testing new products or inspecting new suppliers you propose. We will promptly refund any unapplied portion of the deposit when testing is complete.
Relocation Fee	\$5,000	At time we approve request to relocate	Imposed if we approve your request to relocate your Restaurant.
Food Truck Initial Franchise Fee	\$10,000	At time you sign Food Truck Addendum	Imposed if we approve your request to operate a Food Truck. You may request this right at any time during the term of the Franchise Agreement.
Renewal Fee	Greater of \$17,500 or 50% of then-current initial franchise fee	At time you sign renewal agreement	Imposed if you renew your franchise rights by signing a renewal Franchise Agreement. There is no additional renewal fee for a Food Truck.
Transfer Fee	[Franchise Agreement] \$10,000	Before Transfer	You pay the transfer fee for all Transfers other than Permitted Transfers. If our broker finds the buyer, you must also reimburse us for all commissions we pay the broker. There is no additional transfer fee for a Food Truck (you may only transfer the Food Truck to the transferee of your Restaurant).
	[ADA] \$10,000		
Reimbursement of Quality Assurance Program Costs	Actual cost paid to company we hire	10 days after invoice	If we hire a person or company to inspect your Restaurant or Food Truck , you must reimburse us for all amounts we pay them for the inspection.
Reimbursement of Reinspection Costs	All Travel Expenses and other costs we incur to inspect your Restaurant	10 days after invoice	Imposed if we inspect your Restaurant to verify that you cured a (a) health or safety issue identified by a government agency or (b) breach of system standards we bring to your attention.
Audit Fee	Actual cost of audit (including Travel Expenses for audit team)	10 days after invoice	Imposed if an audit (a) is necessary because you fail to send us required information or reports in a timely manner or (b) reveals you understated Gross Sales by 2% or more.
Late Fee	\$100 plus default interest at lesser of (a) 18% per annum (prorated on daily basis) or (b) highest rate allowed by applicable law	10 days after invoice	If our debit of your account is rejected or your check to us is returned for insufficient funds, we may charge (in addition to the late fee) an NSF fee of \$50 per incident. In California, default interest is limited to 10% per annum.
Noncompliance fee	Up to \$500 per incident	Upon demand	Imposed if you breach a mandatory standard or operating procedure (including submission of required reports) and fail to cure within the time period we require. We may impose an additional \$500 fee every 48 hours the breach remains uncured after we impose the initial fee.
Default Reimbursements	All costs we incur to cure your default	10 days after invoice	If you fail to cure a breach of the Franchise Agreement or our brand standards in the time period we require, we may take steps to cure on your behalf and you must reimburse us for our costs (examples include failure to pay suppliers, maintain insurance or meet quality standards).

TYPE OF FEE ¹	AMOUNT ²	DUE DATE	REMARKS
Management Fee	\$500 per day plus Travel Expenses	10 days after invoice	If you fail to timely cure a Franchise Agreement default or replace a Managing Owner that ceases to perform, we can designate a person to manage the Restaurant until you cure the default or replace the Managing Owner. Our right to appoint a manager does not apply to your Food Truck.
Indemnification	Amount of our damages, losses or expenses	10 days after invoice	You must indemnify us for losses and expenses we incur due to you the operation of the your Restaurant or Food Truck or your breach of the Franchise Agreement or Food Truck Addendum.
Attorneys' Fees and Costs	Amount of attorneys' fees and costs we incur	Upon demand	You must reimburse us for all attorneys' fees and costs we incur relating to your breach of the Franchise Agreement or any related agreement.
Liquidated Damages	Up to 2 years of royalty & brand fund fees-see Note 3	30 days after invoice	Imposed if we terminate due to your default or you terminate in any manner not permitted by the Franchise Agreement: or Food Truck Addendum.

Notes:

1. Nature and Manner of Payment: All fees are imposed by and payable to us except: (a) you pay MCA for the purchase of merchandise; (b) you pay the cooperative advertising fee directly to the cooperative (we may instead require you to pay this fee to us, in which case we remit the fee to the cooperative on your behalf); and (c) you spend the Local Marketing Commitment directly with third-party suppliers. All fees are nonrefundable and uniformly imposed. You must sign ~~an~~[the](#) ACH Authorization Form (attached to the Franchise Agreement ~~as ATTACHMENT "E"~~ [permitting, which permits](#) us to electronically debit your designated bank account for all amounts owed to us and our affiliates (other than fees due less than 15 days after signing the Franchise Agreement). You must deposit all Gross Sales into the bank account and ensure sufficient funds are available for withdrawal before each due date.

2. Definitions: As used in this Disclosure Document, the following ~~capitalized~~ terms have the meanings ~~given to them~~ below:

"Brand Fund" means the brand and system development fund we intend to administer to promote public recognition of our brand and improve our System. The Brand Fund had not been established as of December 31, 2024. We intend to establish the Brand Fund on the opening date of ~~our~~[the](#) first [franchisee/franchised Restaurant.](#)

"Gross Sales" means all gross sums generated from goods and services sold by your Restaurant [and Food Truck](#) (including sales from delivery service, catering or otherwise) or that otherwise relate to your Restaurant [or Food Truck](#) (e.g., advertising revenue, sponsorship fees, business interruption insurance proceeds, etc.). Gross Sales includes the full retail value of any free or discounted goods or services provided to your owners, staff, friends or family members; unless the same pricing is available to the general public as part of an approved promotional program. Gross Sales excludes: (a) sales or use taxes; (b) revenue from the sale of furniture, fixtures and equipment in the ordinary course; (c) tips paid to and retained by staff members as a gratuity; and (d) fees paid to and retained by third-party delivery service providers. The Manual may include policies governing the calculation of Gross Sales relating to proceeds from the sale of gift cards and/or qualifying purchases and redemptions made by members under a loyalty program.

"Managing Owner" means the owner you appoint and we approve with primary responsibility for the overall management and operation of your Restaurant.

"Permitted Transfer" means a Transfer: (a) between existing owners; or (b) by the owners to a new business entity that is 100% owned and controlled by the transferring owners. It does not include a Transfer described in (a) or (b) that results in the Managing Owner owning less than 20% of the franchised business.

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

“**Transfer**” means a transfer or assignment of: (a) the Franchise Agreement, [Food Truck Addendum](#) or ADA (or any interest in ~~either any~~ such agreement); (b) the Restaurant’s ~~or Food Truck’s~~ assets (other than the sale of fixtures or equipment in the ordinary course of business); (c) any ownership interest in the entity that is the “franchisee” or “area developer”; or (d) the franchised business you conduct under the Franchise Agreement, [Food Truck Addendum](#) or ADA.

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

3. **Liquidated Damages:** You must pay us liquidated damages if: (a) we terminate the Franchise Agreement due to your default; or (b) you terminate the Franchise Agreement prior to its expiration date (except in accordance with the provisions governing your right to terminate following our uncured breach). Liquidated damages are calculated as the sum of average weekly royalty fees and brand fund fees imposed during the 52-week period preceding termination (or your entire period of operation if less than 52-weeks) multiplied by the lesser of: (a) 104 (i.e., 2 years); or (b) the total number of weeks remaining under the term. If you pay us liquidated damages in a timely manner, we may not pursue a claim against you for lost profits (but we may still seek other damages we incur due to your breach).

ITEM 7 ESTIMATED INITIAL INVESTMENT

[Table 1 below lists the estimated initial investment to purchase a Restaurant.](#)

YOUR ESTIMATED INITIAL INVESTMENT (TABLE 1 – RESTAURANT)				
TYPE OF EXPENDITURE ¹	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee	\$35,000	Lump sum	At time you sign Franchise Agreement	Us
Security Deposit	\$5,000	Lump sum	Immediately prior Prior to opening date	Us
Initial Training Expenses ²	\$500 to \$10,000	As incurred	During training	Hotels, restaurants and airlines
Food Handler Certification ³	\$200 to \$500	Lump sum	Before opening	Suppliers
Lease Deposit & Rent ³ (3 Months) (3 months) ⁴	\$12,000 to \$80,000	Lump sum	Monthly (with security deposit paid before opening)	Landlord
Architect Fees	\$8,500 to \$11,200	As incurred	Before opening	Architect
Construction ⁴⁶	\$100,000 to \$300,000	As incurred	Before opening	Contractor & suppliers
Exterior & Interior Signage ⁷	\$15,000 to \$30,000	Lump sum	Before opening	Suppliers
Furniture, Fixtures & Décor	\$9,000 to \$20,000	As incurred	Before opening	Suppliers
Technology Systems ⁸	\$8,990 to \$17,850	Lump sum	Before opening	Suppliers
Kitchen Equipment ⁹	\$32,000 to \$57,000	Lump sum	Before opening	Suppliers
Employee Uniforms	\$2,500 to \$3,500	Lump sum	Before opening	MCA
Opening Inventory ¹⁰	\$22,500 to \$51,500	Lump sum	Before opening	Suppliers, us & MCA

YOUR ESTIMATED INITIAL INVESTMENT <u>(TABLE 1 – RESTAURANT)</u>				
TYPE OF EXPENDITURE ¹	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Grand Opening Advertising ¹¹	\$5,000 to \$12,000	Lump sum	30 days before through 30 days after opening	Suppliers
Office Supplies	\$500 to \$900	As incurred	Before opening	Suppliers
Utility Deposits	\$3,500 to \$5,000	As incurred	Before opening	Utility companies
Business Licenses & Permits	\$2,000 to \$6,000	Lump sum	Before opening	Government agencies
Professional Fees ¹²	\$5,000 to \$16,000	Lump sum	Before opening	Lawyer & accountants
Insurance Premium <u>(3 Months)</u> ^{months}	\$600 to \$1,300	Lump sum	Before opening	Insurance companies
Additional Funds ¹⁴ <u>(3 months)</u> ¹³	\$15,000 to \$35,000	As incurred	As incurred	Suppliers and & employees
Total Estimated Initial Investment ¹⁴	\$283,090 <u>282,790</u> to \$700 <u>697,750</u>			

~~The table~~ Table 2 lists the estimated initial investment to purchase a Food Truck. Some Restaurant expenses carry over and also cover the same or similar expenses for a Food Truck. The “totals” in the table below include: (1) the total investment for a Food Truck alone; and (2) the total combined investment for a Restaurant and Food Truck.

<u>YOUR ESTIMATED INITIAL INVESTMENT</u> <u>(TABLE 2 - FOOD TRUCK)</u>				
<u>TYPE OF EXPENDITURE ¹</u>	<u>AMOUNT</u>	<u>METHOD OF PAYMENT</u>	<u>WHEN DUE</u>	<u>TO WHOM PAYMENT IS TO BE MADE</u>
<u>Initial Franchise Fee</u>	<u>\$10,000</u>	<u>Lump sum</u>	<u>At time you sign Food Truck Addendum</u>	<u>Us</u>
<u>Initial Training Expenses ²</u>	<u>\$0 to \$10,000</u>	<u>As incurred</u>	<u>During training</u>	<u>Hotels, restaurants and airlines</u>
<u>Food Handler Certification ³</u>	<u>\$115 to \$300</u>	<u>Lump sum</u>	<u>Before opening</u>	<u>Suppliers</u>
<u>Food Truck-Vehicle & Wraps ⁵</u>	<u>\$109,250 to \$166,700</u>	<u>As incurred</u>	<u>Before opening</u>	<u>Suppliers</u>
<u>Technology Systems ⁸</u>	<u>\$4,800 to \$8,500</u>	<u>Lump sum</u>	<u>Before opening</u>	<u>Suppliers</u>
<u>Kitchen Equipment ⁹</u>	<u>\$1,500 to \$3,000</u>	<u>Lump sum</u>	<u>Before opening</u>	<u>Suppliers</u>
<u>Employee Uniforms</u>	<u>\$200 to \$600</u>	<u>Lump sum</u>	<u>Before opening</u>	<u>MCA</u>
<u>Opening Inventory ¹⁰</u>	<u>\$3,000 to \$7,500</u>	<u>Lump sum</u>	<u>Before opening</u>	<u>Suppliers, us & MCA</u>
<u>Grand Opening Advertising ¹¹</u>	<u>\$0 to \$6,000</u>	<u>Lump sum</u>	<u>30 days before through 30 days after opening</u>	<u>Suppliers</u>
<u>Business Licenses & Permits</u>	<u>\$25 to \$1,000</u>	<u>Lump sum</u>	<u>Before opening</u>	<u>Government agencies</u>
<u>Professional Fees ¹²</u>	<u>\$2,500 to \$5,000</u>	<u>Lump sum</u>	<u>Before opening</u>	<u>Lawyer & accountants</u>
<u>Insurance Premium (3 months)</u>	<u>\$1,000 to 1,500</u>	<u>Lump sum</u>	<u>Before opening</u>	<u>Insurance companies</u>
<u>Additional Funds (3 months) ¹³</u>	<u>\$10,000 to \$25,000</u>	<u>As incurred</u>	<u>As incurred</u>	<u>Suppliers & employees</u>
<u>Total Initial Investment ¹⁴</u>	<u>\$142,390 to \$245,100 (Food Truck)</u> <u>\$425,180 to \$942,850 (Food Truck and Restaurant Combined)</u>			

Table 3 below estimates the initial investment to purchase area development rights for 2 to 5 Restaurants:

YOUR ESTIMATED INITIAL INVESTMENT (TABLE 3 – AREA DEVELOPMENT)				
TYPE OF EXPENDITURE ¹	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Development Fee ¹⁵	\$70,000 to \$250,000	Lump sum	At time you sign ADA	Us
Initial Investment to Open First-1st Restaurant	\$248,090 <u>\$247,790</u> to \$655,662 <u>750</u>	This is the total estimated initial investment in table above <u>Table 1</u> , less the initial franchise fee included in the Development Fee.		
<u>Initial Investment-1st Food Truck</u>	<u>\$142,390 to \$245,100</u>	<u>This is the total estimated initial investment in Table 2 for the Food Truck.</u>		
Total Estimated Initial Investment ¹⁴	\$318,090 <u>\$317,790</u> to \$915,912 <u>750</u> <u>(Restaurant Only)</u> <u>\$460,180 to \$1,157,850 (Restaurant and Food Truck Combined)</u>			

Notes:

1. Financing and Refunds: We do not offer direct or indirect financing. The Security Deposit paid to us is refundable under the circumstance described in Item 5. No other amounts paid to us are refundable. We are not aware of any amounts paid to third-party suppliers that are refundable, although your landlord may refund your security deposit at the end of the lease if you do not damage the property or default.
2. Initial Training Expenses: This estimates your expenses to send up to 3 people to San Francisco, California or Los Angeles, California (at our discretion) for initial training. Your actual training expenses may vary depending on: (a) the number of people you send to training; (b) the distance they must travel; and (c) the level and quality of accommodations, travel and dining selected. The low estimate assumes your Restaurant is located in close proximity to our headquarters and company-owned Restaurants, in which case you will not incur significant expenses to attend training. Table 2 includes your estimated expenses to send 3 additional people (i.e., food truck personnel) to our initial training program.
- 2.3. Food Handler Certification: This estimates the cost for certain managers and staff members to complete and pass a food handler certification course offered by a certified third-party provider.
- 3.4. Lease Deposit & Rent: This estimate assumes you lease your premises. Rent varies depending on factors such as the size and location of the premises and local market conditions. We expect most Restaurants will range in size from 1,000 to 2,000 square feet with rent ranging from \$3,000 to \$20,000 per month. Landlords typically require security deposits equal to 1- or 2-months' rent and may, in addition, require payment in advance of the first and/or last (or more) month's rent. The estimate in the table includes 1 month's security plus 3 months' rent. Some franchisees may choose to purchase the real estate. The cost to purchase real estate varies so widely that we cannot reasonably estimate the cost.
5. Food Truck-Vehicle & Wraps: This estimates the cost to purchase a food truck vehicle equipped with our designated equipment (excluding Technology Systems). It includes the cost to install our designated vehicle wrap. This estimate assumes you purchase the vehicle. If you finance, your initial investment may be lower.
- 4.6. Construction: ~~The cost of construction~~ Construction and leasehold ~~improvements varies~~ improvement costs vary widely based on ~~a number of~~ factors including:
 - the size and condition of the leased space
 - whether the premises is first- or second-generation retail space
 - the extent and nature of existing leasehold improvements
 - the amount of landlord contributions, if any, towards leasehold improvement costs (a "TI Allowance")
 - demolition and construction costs and prevailing wage rates in the local market

Some landlords provide a TI Allowance but increase monthly rent to recapture the TI Allowance and amortize it over the lease term (or part of the lease term). A significant factor in determining whether a landlord will provide a TI Allowance, and if so, the amount, is whether the building is first-generation or

second-generation space. The estimates in the table above assume you do not receive any TI Allowance.

~~5-7.~~ **Signage:** This estimates the cost of exterior and interior signage. You must purchase and install the signage we specify. However, you may need to modify our standard signage to conform to local zoning laws, property use restrictions and/or lease terms. In some instances, exterior signage may be prohibited due to applicable zoning or use restrictions.

~~6-8.~~ **Technology Systems:** This estimates the initial cost to purchase and set up your Technology Systems, including the: (a) computer and point of sale system (\$4,150 to \$7,350); (b) music system (\$500 to \$1,500); (c) AV system (\$1,840 to \$5,000); and (d) security system (\$2,500 to \$4,000). The table below lists the Technology Systems and the associated costs:

	<u>Computer/POS System</u>	<u>Music System</u>	<u>AV System</u>	<u>Security System</u>	<u>Total</u>
<u>Restaurant</u>	<u>\$4,150 - \$7,350</u>	<u>\$500 - \$1,500</u>	<u>\$1,840 - \$5,000</u>	<u>\$2,500 - \$4,000</u>	<u>\$8,990 - \$17,850</u>
<u>Food Truck</u>	<u>\$2,800 - \$4,200</u>	<u>\$400 - \$800</u>	<u>\$800 - \$2,000</u>	<u>\$800 - \$1,500</u>	<u>\$4,800 - \$8,500</u>

~~7-9.~~ **Kitchen Equipment:** This estimates your costs to purchase your cooking equipment (griddle, fryer and fry dump station), pizza prep refrigerator, 2 under-counter refrigerators, large freezer, chest freezer, stainless steel table, kitchen/table shelving, optional ice cream machine and cooking supplies (knives, bowls, etc.). The low estimate assumes you purchase some used equipment in good condition, which we recommend, and some new equipment. The high estimate assumes you purchase new equipment. The estimated cost for kitchen equipment in Table 2 includes additional smallwares for the Food Truck.

~~8-10.~~ **Initial Inventory:** This estimates your cost to purchase an opening inventory of food and beverage products, paper and plastic products, cleaning supplies, promotional materials and other supplies. Approximately Of the total inventory costs, approximately \$11,500 to \$25,000 of this amount (for a Restaurant) or \$1,000 to \$3,500 of this amount (for a Food Truck) consists of branded products purchased from MCA and us. The rest of your opening inventory is purchased from third-party suppliers.

~~9-11.~~ **Grand Opening Advertising:** During the period beginning 30 days before opening through 30 days after opening, you must spend the minimum amount we specify on grand opening marketing activities. The minimum amount ranges from \$5,000 to \$12,000 and varies based upon our assessment of current brand awareness in your local market, the cost of local advertising, the cost of free or promotional give-away products and other factors. We determine the minimum amount you must spend when we help you put together your grand opening marketing plan. Franchisees who purchase a Food Truck are not required to spend additional funds on grand opening marketing activities to promote the launch of their Food Truck. In Table 2, the low estimate assumes you do not spend additional funds while the high estimate assumes you choose to spend an additional \$6,000 to promote the launch of your Food Truck.

~~10-12.~~ **Professional Fees:** This includes the estimated fees for professionals you may choose to hire in order to:

- assist you in reviewing this Disclosure Document and negotiating your Franchise Agreement
- advise you regarding local laws and regulations applicable to your Restaurant
- form a business entity
- set up your books, records and accounts
- develop a business plan and budget for the development and operation of your Restaurant

These services are optional but highly recommended. Table 2 includes the estimated additional legal and accounting costs you may incur if you purchase a Food Truck (e.g., reviewing and negotiating the Food Truck Addendum, advising you on laws and regulations applicable to a Food Truck and/or developing a business plan and budget for your Food Truck.

~~11-13.~~ **Additional Funds:** This estimates your expenses during the first 3 months of operation, including payroll costs (excluding any wage or salary paid to you), marketing and advertising expenses, technology fees, inventory replenishment costs, utilities and other miscellaneous expenses and required working capital. Your initial 3 months of rent and insurance premium are separately stated in the table above. The estimate

for additional funds in Table 2 includes the additional estimated costs for the operation of a Food Truck, including payroll costs for food truck personnel (excluding any wage or salary paid to you), marketing and advertising expenses, technology fees, inventory replenishment costs, gas and other miscellaneous expenses and required working capital. These figures are estimates based on the experience of our Co-Founders in developing, ~~opening~~ and operating company-owned Restaurants, and our company-owned Food Truck, in California.

~~12.~~14. Budget and Initial Investment Report: We strongly recommend you hire an accountant, business advisor or other professional to assist you in developing a budget for the construction, opening and operation of your Restaurant, and Food Truck (if applicable). Within 60 days after your opening date, you must send us a report, in the form we designate, listing the expenses you incur to develop and open your Restaurant, and Food Truck (if applicable). We may use this data to update the initial investment estimate in future versions of our Franchise Disclosure Document.

~~13.~~15. Development Fee: The development fee ranges from \$70,000 to \$250,000 depending on the number of Restaurants you commit to develop. This initial investment estimate assumes you commit to develop either 2 Restaurants (low estimate) or 5 Restaurants (high estimate). This estimate does not include your costs to develop any Restaurant or Food Truck other than the first Restaurant (and, if applicable, Food Truck) you develop under the ADA.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Source-Restricted Purchases and Leases - Generally

You must purchase or lease certain source-restricted goods and services for the development and operation of your Restaurant. "Source-restricted" means the good or service must meet our specifications or must be purchased from an approved or designated supplier (in some cases, an exclusive designated supplier, which may be us or an affiliate). The Manual includes our specifications and supplier list. We notify you of changes to our specifications and suppliers by email, updates to the Manual or other means of communication. We formulate specifications based on our prescribed menu, ingredients, cost of goods, quality standards, taste, features, functionality, environmental factors, consistency with our marketing plan and creative content and other criteria.

Supplier Criteria

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

If you wish to purchase or lease a source-restricted item from a non-approved supplier, you must send us: (a) a written request for approval; (b) product samples for testing purposes; and (c) all additional information we request. The supplier must agree to comply with our minimum insurance, indemnification and confidentiality requirements for system suppliers and allow us to periodically inspect their facility. We will notify you of our decision within 30 days after we receive all required information and product samples. We may periodically reinspect approved products and suppliers and revoke our approval if a product or supplier fails to meet our then-current criteria. You must reimburse all costs we incur to evaluate products and suppliers you propose.

Current Source-Restricted Purchases and Leases

We estimate 95% to 100% of the total purchases and leases to ~~establish~~develop and operate your Restaurant and 95% to 100% of the total purchases and leases to develop and operate your Food Truck (if applicable) will consist of source-restricted goods or services, as further described below.

Lease

We do not conduct a general review of your lease terms. However, if you lease the premises for your Restaurant, you must use best efforts to ensure your landlord signs the Lease Addendum attached to the Franchise Agreement as ATTACHMENT "C".

Design and Construction Services

You must hire an architect to prepare initial design plans and detailed construction plans for the construction of your Restaurant. We must approve all plans before constructions begins. Once approved, you must construct and equip your Restaurant according to the approved plans and the specifications in the Manual. Your architect and general contractor must be appropriately licensed and bonded to the extent required by applicable law. We may require that you utilize an architect and general contractor that we designate or approve.

Fixtures, Furnishings and Décor

All of your fixtures, furnishings and décor must meet our standards and specifications and be purchased from suppliers we designate or approve.

Operating Equipment

All of your operating equipment must meet our standards and specifications and be purchased from suppliers we designate or approve.

Technology Systems

Your Technology Systems (including hardware, software, equipment, software applications, mobile apps and similar items) must meet our standards and specifications. Certain Technology System components must be purchased from approved or designated suppliers. Other components may be purchased from any supplier of your choosing. We may also require that certain services relating to the establishment, use, maintenance, monitoring, security or improvement of your Technology Systems be purchased from approved or designated suppliers. You use the point-of-sale system we designate. You must contract with Toast (the licensor of your POS system) or a merchant processor designated by Toast to serve as your merchant processor for credit card transactions. We are currently ~~serve as~~ the exclusive supplier of programming services for your digital menu screens.

Signage

All exterior signage must meet our standards and specifications and be purchased from suppliers we designate or approve.

Uniforms

Your employees must wear the uniforms we require. You must purchase these uniforms from a designated or approved supplier. We are currently the exclusive supplier for employee uniforms.

Inventory

All inventory must meet our standards and specifications. You must purchase these items only from approved or designated suppliers. You may not utilize or sell any inventory items we have not approved. We currently require you to purchase your inventory of: (a) merchandise exclusively from MCA; and (b) branded packaging and apparel (other than merchandise) from us.

Marketing Materials and Services

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

Insurance Policies

You must obtain the insurance coverage we require (whether in the Franchise Agreement or in the Manual) from licensed insurance carriers rated A or better by AM Best, including the following:

Policy Type	Minimum Coverage
“All risk” Property Insurance	Replacement Value
Comprehensive General Liability Insurance	\$1,000,000 per occurrence and \$2,000,000 in the aggregate
Automobile Liability Insurance	\$1,000,000 per occurrence and \$1,000,000 in the aggregate
Privacy and Cyber Security Liability Insurance	\$50,000 per occurrence and \$50,000 in the aggregate
Umbrella Insurance (including employer liability)	\$3,000,000 per occurrence and \$3,000,000 in the aggregate
Business Interruption Insurance	At least 12 months, including coverage for royalty fees
Worker’s Compensation Insurance	As required by law
Landlord-Required Insurance	As required by lease
Other Insurance	As required by law or in Manuals

[If you purchase a Food Truck, you must purchase the following additional policies covering your Food Truck:](#)

<u>Policy Type</u>	<u>Minimum Coverage</u>
Food Truck Insurance (including bodily injury, property damage and uninsured motorist coverage)	\$1,000,000 per occurrence
Worker’s Compensation Insurance	As required by law
Other Insurance	As required by law or in Manuals

The required coverage and policies are subject to change. Each policy must be endorsed to: (a) name us and our owners, officers and directors as additional insureds; (b) waive all subrogation rights against us; and (c) provide us with 30 days’ prior written notice of the termination, expiration, cancellation or modification of the policy.

Vehicle (Mobile Food Truck)

[If you acquire franchise rights for an optional Food Truck, you must purchase or lease a food truck vehicle meeting our standards and specifications. The food truck vehicle must be equipped with all kitchen equipment we require. It may be new or used at the time of purchase or lease. You must also purchase and install the wraps we designate. You may purchase or lease your food truck from any supplier of your choosing.](#)

Purchase Agreements

We intend to negotiate purchase agreements with suppliers, including favorable pricing terms, for the benefit of franchisees. As of the date of this Disclosure Document, we have negotiated purchase agreements (including pricing terms) with suppliers for: (a) plant-based patties; (b) plant-based chicken items; (c) ice cream; (d) buns and cheese; and (e) Toast (licensor of our designated point-of-sale system). We may also purchase items in bulk and resell them to you at our cost plus a 10% markup. Currently there are no purchasing cooperatives but we may establish them in the future. You do not receive any material benefits for using designated or approved suppliers other than having access to any discounted pricing we negotiate.

Franchisor Revenue from Source-Restricted Purchases

We are currently the exclusive supplier for: (a) programming services for digital menus screens; (b) employee uniforms; and (c) branded packaging and apparel (other than merchandise). Our affiliate MCA is currently the exclusive supplier for branded merchandise. We may designate ourselves or an affiliate as an approved or designated supplier for other goods or services in the future. We and our affiliates may generate a profit from these purchases. No person affiliated with us is currently an approved (or the only approved) supplier other than MCA. David Subotic, Aaron Haxton and Taylor Mckinnon each own an interest in MCA. There are no other approved or designated suppliers (other than us) in which any of our officers own an interest.

We may receive rebates, payments or other material benefits from suppliers based on your purchases and leases. We have no obligation to pass these amounts through to you or use them in any particular manner. As of the issuance date of this Disclosure Document, we do not have any supplier relationships that involve the payment

of rebates or other consideration based on franchisee purchases or leases.

During the fiscal year ended December 31, 2024, neither we nor any affiliate of ours generated any revenue as a result of franchisee purchases or leases.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	FA: 7.1 & 7.2 FTA: Not Applicable ADA: 4.3	Item 7 & Item 11
b. Pre-opening purchases/leases	FA: 7.3, 11.8 & 15.1 FTA: 6 ADA: Not Applicable	Item 5, Item 7, Item 8 & Item 11
c. Site development and other pre-opening requirements	FA: 7.3 & 7.4 FTA: 6 ADA: 4.3	Item 6, Item 7 & Item 11
d. Initial and ongoing training	FA: 5 FTA: 6 ADA: Not Applicable	Item 6 & Item 11
e. Opening	FA: 7.4 FTA: 6 ADA: 4.1	Item 11
f. Fees	FA: 4.2, 5.4, 5.5 6.6, 6.7, 7.5 8.4, 10.1, 10.4, 11.8, 11.10, 11.12, 11.16, 13, 15.1, 16, 19.2 & 21.3 FTA: 5 ADA: 5 & 7.2	Item 5 & Item 6
g. Compliance with standards and policies/Operating Manual	FA: 6.1, 7.1, 7.3, 10.3, 11 & 17.1 FTA: 6, 7 & 9 ADA: 4.3	Item 11
h. Trademarks and proprietary information	FA: 17 FTA: 4 ADA: 2	Item 13 & Item 14
i. Restrictions on products/services offered	FA: 11.3 FTA: 2 & 7 ADA: Not Applicable	Item 16
j. Warranty and client service requirements	FA: 11.14 FTA: Not Applicable ADA: Not Applicable	Not Applicable
k. Territorial development and sales quotas	FA: Not Applicable FTA: Not Applicable ADA: 4.1	Item 12
l. Ongoing product/service purchases	FA: 11.8 FTA: Not Applicable ADA: Not Applicable	Item 8

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
m.- Maintenance, appearance and remodeling requirements	FA: 11.9 & 11.11 FTA: 6 & 9 ADA: Not Applicable	Item 11
n. Insurance	FA: 15.1 FTA: 8 ADA: Not Applicable	Item 6, Item 7 & Item 8
o. Advertising	FA: 10 FTA: Not Applicable ADA: Not Applicable	Item 6, Item 7 & Item 11
p. Indemnification	FA: 18 FTA: 13 ADA: Not Applicable	Item 6
q. Owner's participation/management/staffing	FA: 8 FTA: 10 ADA: Not Applicable	Item 11 & Item 15
r. Records/reports	FA: 15.2 & 15.3 FTA: 5.3 ADA: Not Applicable	Item 6
s. Inspections/audits	FA: 16 FTA: 10 ADA: Not Applicable	Item 6 & Item 11
t. Transfer	FA: 19 FTA: 14 ADA: 7	Item 17
u. Renewal	FA: 4 FTA: 15 ADA: 4.5	Item 17
v. Post termination obligations	FA: 21 FTA: 17 ADA: Not Applicable	Item 17
w. Non-competition covenants	FA: 14 FTA: Not Applicable ADA: Not Applicable	Item 17
x. Dispute resolution	FA: 22 FTA: Not Applicable ADA: 10	Item 17
y. Franchise Owner Agreement (brand protection covenants, transfer restrictions and financial assurance for owners and spouses)	FA: 9 & <u>ATTACHMENT "D"</u> FTA: Not Applicable ADA: 6	Item 15

ITEM 10 FINANCING

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

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

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

Before you open your Restaurant, ~~or Food Truck (if applicable)~~, we will:

1. Provide access to our Manual ~~which will~~to help you ~~establish~~develop and operate your Restaurant ~~and Food Truck~~. The Manual includes 72 pages. The Table of Contents is attached as EXHIBIT "E". ~~(§(FA: §6.1-& 11.2 & 11.2; FTA: §6)~~
2. Evaluate sites you propose for your Restaurant, as discussed below under ~~"Site Selection"~~. ~~(§(FA:§7.1)~~
3. Provide our written specifications for goods and services you must purchase to develop, equip and operate your Restaurant and ~~Food Truck and~~ a list of suppliers. ~~(§11.2(FA:§11.2; FTA: §6)~~
4. Cause MCA to sell, and deliver to your Restaurant, your opening inventory of employee uniforms and branded merchandise, apparel and packaging. Neither we nor our affiliate deliver or install any other items that you purchase. ~~(§11.8(FA:§11.8)~~
5. Provide access to approved advertising ~~and marketing~~ materials, as discussed below under ~~"Advertising and Marketing"~~. ~~(§(FA:§10.2)~~
6. Provide access to our recommended marketing plan. We may designate certain aspects of the marketing plan as mandatory. ~~(§10.2(FA:§10.2)~~
7. Evaluate ~~your~~the Restaurant's design and buildout, as discussed below under ~~"Site Development"~~. ~~(§(FA:§7.3 & 7.4)~~
8. Evaluate the equipping, wrapping and stocking of your Food Truck. We may require you to send us photos and/or video to allow us to inspect the Food Truck remotely. (FTA: §6)
- 8-9. ~~Provide an initial training program, as discussed below under "Training Program"~~. ~~(§(FA:§5.1)~~
- 9-10. ~~Send a representative to your Restaurant to provide up to 5 days of onsite training and assist you with the opening of your Restaurant. We may eliminate or reduce the duration of this assistance for your 2nd and subsequent Restaurants. (§(FA:§5.1)~~

During the operation of your Restaurant, ~~and Food Truck (if applicable)~~, we will:

1. Provide our guidance and recommendations to improve the operation of your Restaurant. ~~(§(FA:§6.2)~~
2. Provide periodic training programs, as discussed below under ~~"Training Program"~~. ~~(§5.2 (FA:§5.2)~~
3. Maintain a corporate website to promote our brand and a local webpage to promote your Restaurant, as discussed below under ~~"Advertising and Marketing"~~. ~~(§6.5~~Advertising. We list information about your Food Truck (if applicable) on our website, but we do not currently create separate dedicated webpages for Food Trucks. (FA:§6.5 & 10.3)
4. ~~Establish and implement~~Administer the Brand Fund, as discussed below under ~~"Advertising and Marketing"~~. ~~(§(FA:§10.1)~~
5. Provide you with our suggested retail pricing. You may deviate from our suggested ~~retail pricing at your discretion. However, you, but we~~ must ~~obtain our approval of~~approve any deviation more than 5% higher or lower than our suggested retail pricing, unless the pricing is part of a temporary advertising campaign we approved. To the extent permitted by applicable law, we may set maximum or minimum prices on the goods and services you sell. ~~(§11.6(FA:§11.6)~~

During the operation of your Restaurant, ~~and Food Truck (if applicable)~~, we may, but need not:

1. Conduct periodic field visits to provide onsite consultation, assistance and guidance pertaining to the

operation and management of the Restaurant. ~~(§(FA:§6.3)~~

2. Develop new retail products, merchandise, menu items or other goods or services you may sell. ~~(§6.8(FA:§6.8)~~
3. Provide additional training or assistance you request, as discussed below under ~~“Training Program”~~. ~~(§(FA:§5.2)~~
4. Negotiate purchase agreements with suppliers to obtain favorable pricing. We may also purchase items in bulk and resell them to you at our cost plus a 10% markup. ~~(§(FA:§6.6)~~
5. Host periodic conferences to discuss relevant business and operational issues such as industry changes or new services, products, technology or marketing strategies. ~~(§(FA:§5.5)~~
6. Develop and administer a call center (either ourselves or through a third-party provider) for purposes of answering customer inquiries and addressing customer complaints. If we establish a call center program, you must participate and pay the associated fees. ~~(§(FA:§6.7)~~

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

~~Training Program~~ ~~(§(FA:§5)~~

~~:FTA §6)~~

Initial Training

We will provide an initial training program for your Managing Owner and general manager(s). You may send other owners to initial training, but it is not required. Your Managing Owner and general manager(s) must successfully complete initial training to our satisfaction before your Restaurant opens. However, there is no specific period of time after signing or before opening that training must be completed.

The initial training program includes: (a) 5 to 7 days of training that takes place at a company-owned Restaurant located in San Francisco, California or Los Angeles, California, or at any other location we designate; and (b) ~~and~~ up to 5 additional days of onsite training at your Restaurant. Onsite training is an informal training program where we monitor your operations and assist you with the opening of your Restaurant.

The format for training may include lectures, interactive role playing, conference calls and/or webinars. We reserve the right to conduct all (or any portion) of the training program remotely via webinar, conference call or similar means. The training materials consist of the Manual. We do not charge you for training materials. We can modify the training program at our discretion based on our subjective assessment of the skills, abilities and prior experience of your Managing Owner and management personnel. Currently, we intend to offer initial training on a monthly basis, assuming sufficient demand. Initial training currently covers the following topics:

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Overview	4	0	San Francisco or Los Angeles
Hiring & Job Descriptions	4	12	San Francisco or Los Angeles
Scheduling	2	4	San Francisco or Los Angeles
New Hire Orientation	2	2	San Francisco or Los Angeles
Payroll	4	12	San Francisco or Los Angeles
Employee Scheduling	2	2	San Francisco or Los Angeles
Vendor Accounts	6	24	San Francisco or Los Angeles
Ordering & Inventory Management	4	8	San Francisco or Los Angeles
POS Training	4	8	San Francisco or Los Angeles

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Menu Training	8	40	San Francisco or Los Angeles
Closing Overview & Q&A	4	8	San Francisco or Los Angeles
TOTAL	44	120	

Post-Opening Training

We may offer periodic refresher or supplemental training courses for your Managing Owner and general manager(s). We may designate each course as mandatory or optional. Any new Managing Owner or general manager you appoint or hire must successfully complete our initial training program prior to managing your Restaurant. If we inspect your Restaurant and determine you are not operating in compliance with the Franchise Agreement or Manual, we may require that your Managing Owner and general managers attend remedial training relevant to the operational deficiencies we observed. You may also request additional training, which we may (but need not) provide.

Instructors

Our current instructors include Taylor Mckinnon, George Zeon and Andrew Powell. We may change instructors at any time. All instructors will have at least 3 years of experience in the development and ongoing operation of Restaurants within the MR. CHARLIE'S TOLD ME SO™ system.

Taylor Mckinnon is a Co-Founder of our system and currently serves as our Chief Marketing Officer. He has been part of our system since 2022. Mr. Mckinnon provides instruction on all subjects. He has been actively involved with the development and ongoing operation of our company-owned Restaurants since the first Restaurant opened in 2022. He also serves as our brand ambassador and represents the “face of our brand” in press interviews, media appearances and public events. He has 27 years of experience in the relevant field.

George Zeon has been involved with MR. CHARLIE'S TOLD ME SO™ since 2022 and currently serves as our Director of Operations. Mr. Zeon provides instruction on topics involving brand standards as well as Restaurant development, logistics and opening procedures. Mr. Zeon's strategic knowledge of logistics has been integral in launching 2 successful Restaurants and a high-profit pop-up location, including the Restaurant located in Sydney, Australia. Mr. Zeon has 9 years of experience in the relevant field.

Andrew Powell has been involved with MR. CHARLIE'S TOLD ME SO™ since 2022 and currently serves as Lead Kitchen Trainer & Senior Operations Specialist. Mr. Powell began as a line cook and quickly ascended to a senior management position. He has overseen the onboarding and training of staff at all Restaurant locations. He provides instruction on cooking techniques and other culinary operational matters to ensure all Restaurants consistently maintain our quality and flavor standards. He has 11 years of experience in the relevant field.

Training Fees and Costs

We provide our preopening initial training program at no additional charge. We may charge you a training fee of up to \$500 per person per day for each person who attends: (a) initial training after you open (for a new Managing Owner or general manager); (b) retraining after failing a prior attempt; (c) remedial training; (d) additional training you request; or (e) refresher or supplemental training. You must also reimburse our Travel Expenses for onsite training or assistance (excluding pre-opening onsite training). You are responsible for all wages and Travel Expenses that you and your trainees incur for training.

[Food Truck Training](#)

[We do not currently provide any additional pre-opening or post-opening training on Food Truck operations. We reserve the right to implement optional and/or required Food Truck training programs in the future.](#)

Site Selection ~~(§(FA:§7.1 & 7.2))~~

A typical Restaurant ranges in size from 1,000 to 2,000 square feet. We recommend, but do not require, that you acquire a space that includes a patio dining area. We do not select the site for your Restaurant, and we do not

purchase the premises and lease it to you. You must identify and obtain our approval of the site for your Restaurant within 90 days after signing the Franchise Agreement. We may terminate your Franchise Agreement (and retain your initial franchise fee) if you fail to meet this deadline or if we cannot agree on a site.

Your Restaurant must be located in the Site Selection Area identified in Part B of ATTACHMENT "A" to the Franchise Agreement and conform to our minimum site selection criteria. You must send us a complete site report that includes all information we require about your proposed site. We try to approve or disapprove sites within 14 days receiving the site report. Your site is deemed disapproved if we fail to issue our written approval within the 14-day period. We consider the following factors when reviewing proposed sites:

- parking and accessibility (including accessibility via public transportation)
- visibility, size, condition and characteristics of the building (including existence or absence of a patio)
- traffic patterns
- existence and location of competitive businesses
- proximity to high schools, universities and office complexes
- local demographic information

If we approve your site before signing the Franchise Agreement, we will list the address in Part C of ATTACHMENT "A" to the Franchise Agreement. Otherwise, we will list the address of your approved site in a Site Approval Notice that we send to you after approving your site. If you sign an ADA, we must approve the site for each Restaurant you develop applying our then-current site selection criteria.

We do not review the general business terms of your lease, but we strongly recommend you negotiate an exclusivity clause granting you the exclusive right to operate a vegan restaurant within the shopping center or complex. If you lease the premises for your Restaurant, you must use best efforts to cause your landlord to sign our prescribed form of Lease Addendum that is attached to the Franchise Agreement. If your landlord refuses to do so we may either (a) waive the Lease Addendum requirement (or the provisions disapproved by the landlord) or (b) require you to find a new site for your Restaurant.

Site Development (§(FA:§7.3 & 11.11)

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

You must remodel and make all improvements and alterations to your Restaurant that we reasonably require from time to time to reflect our then-current standards and specifications. There is no limitation on the cost of these remodeling obligations. However, we will not require you to significantly remodel your Restaurant more than once during any 5-year period, except as a condition to a Transfer or renewal of your franchise rights. You may not remodel or significantly alter your premises without our prior approval.

Opening (§(FA:§7.4)

; FTA §6)

We expect most franchisees will open their Restaurant 4 to 12 months after signing the Franchise Agreement. Factors that may affect this time include:

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

We expect most franchisees will open their Food Truck 1 to 3 months after signing the Food Truck Addendum. Factors that may affect this time include:

- the amount of time needed to purchase or lease a suitable food truck vehicle
- the amount of time needed to secure financing, insurance, licenses and permits
- the extent of required modifications to your food truck to conform to our standards and specifications
- the amount of time needed to complete food truck training
- the amount of time needed to hire and train the staff involved with Food Truck operations

Advertising and Marketing (§(FA:§10)

You must participate at your own expense in all advertising, promotional and marketing programs we require. There is currently no franchisee advertising council that advises us on marketing and advertising matters.

Our Advertising Obligations

We have no obligation to conduct advertising for the franchise system. However, we may periodically create advertising and marketing materials for your use. We may: (a) use the Brand Fund to pay for the creation and distribution of these materials, in which case there will be no additional charge; (b) provide online access to these materials, in which case you must print the materials at your expense; or (c) contract with third-party suppliers to create advertising or marketing materials that you may purchase.

Grand Opening Advertising

You must spend the minimum amount we specify ~~on your~~ (ranging from \$5,000 to \$12,000) on grand opening marketing activities. ~~The minimum amount will not be lower than \$5,000 or higher than \$12,000 to promote the opening of your Restaurant.~~ We determine the minimum amount you must spend when we help you put together your grand opening marketing plan. We may require that you utilize a marketing company we designate to design and implement your customized grand opening marketing plan. There is no minimum grand opening advertising expenditure for a Food Truck.

Post-Opening Advertising

After opening, you must spend ~~a minimum monthly amount equal to your Local Marketing Commitment (which is the greater of 1% of monthly Gross Sales or \$500 per month~~ (i.e., the Local Marketing Commitment) on local advertising. ~~to promote your Restaurant and Food Truck (if applicable).~~ Your minimum grand opening marketing expenditure is in addition to, and not credited towards, your Local Marketing Commitment. You may

develop your own advertising and marketing materials and programs but we must approve them prior to use. We must also approve the media you intend to use. You may not use any advertising materials, programs or media that we have not approved.

Websites, Social Media and Digital Advertising

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

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

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

Gift Card and Loyalty Programs

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

Advertising Cooperatives

We may, but need not, establish regional advertising cooperatives for purposes of pooling advertising funds to be used in discrete regions. We will determine the boundaries of the cooperative. In most instances, the boundaries will coincide with zip codes, designated marketing areas or municipal boundaries. We will specify the manner in which the cooperative is organized and governed. We may choose between: (a) administering the cooperative ourselves; or (b) establishing an advertising council, comprised by the cooperative's members, to administer the cooperative. We may require that the cooperative be administered in accordance with written bylaws, organizational documents or other governing documents that we approve.

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

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

Brand and System Development Fund

We intend to establish and administer ~~the~~a Brand Fund to promote public awareness of our brand and improve our System. We may use the Brand Fund to pay for any of the following in our discretion:

- developing, distributing or administering advertising and marketing materials and programs
- conducting and administering promotions, contests or giveaways
- public and consumer relations and publicity
- brand development
- sponsorships and charitable and nonprofit donations and events
- research and development of technology, products and services
- website development and search engine optimization
- development, maintenance and promotion of an ecommerce platform
- development and implementation of quality control programs
- conducting market research
- reimbursing us for costs we incur to host franchisee conferences
- changes and improvements to the System
- fees and expenses charged by advertising agencies we engage to provide marketing services
- collecting and accounting for brand fund fees and preparing financial accountings of the Brand Fund
- any other programs or activities we deem appropriate to promote or improve the System
- reimbursing us for administrative, overhead and other expenses we incur to administer the Brand Fund, including compensation paid to our personnel for time spent working on Brand Fund matters

We direct and have complete control and discretion over all advertising programs paid for by the Brand Fund, including the creative concepts, content, materials, endorsements, frequency, placement ~~and~~and media used and allocation between Restaurants and Food Trucks. Currently, most advertising is intended to be national or regional in coverage and utilize digital media (primarily social media). The source of advertising will be in-house as well as through a regional advertising agency that we engage. The Brand Fund will not be used to pay for advertisements principally directed at selling additional franchises, although consumer advertising may include notations such as “franchises available” and one or more pages on our website may promote the franchise opportunity. We are not obligated to use the Brand Fund on advertising in your territory.

You must pay a brand fund fee equal to 2% of Gross Sales. Company-owned Restaurants contribute to the Brand Fund on the same basis as franchisees. However, if we modify the amount or timing of required contributions, any company-owned Restaurant established or acquired after the modification may contribute to the Brand Fund utilizing the modified amount or timing. Company-owned Food Trucks are not required to pay brand fund fees. All monies deposited into the Brand Fund that are not used in the fiscal year in which they accrue will be utilized in the following fiscal year. Any surplus of monies may be invested and we may lend money if there is a deficit. An unaudited financial accounting of Brand Fund contributions and expenditures will be prepared annually and made available to you upon request. During the fiscal year ended December 31, 2024, we did not collect or spend any monies from the Brand Fund.

The Brand Fund is not a trust. We have no fiduciary obligations or liability to you with respect to our administration of the Brand Fund. Once established, we may discontinue the Brand Fund on 30 days’ notice.

Advisory Council (§(FA:§12))

We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations or new products or services. We would consider suggestions in good faith, but would not be bound by them. The council would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of council representatives to communicate with us on matters raised by the council. You would have the right to be a member of the

council as long as you comply with your Franchise Agreement and do not act in a disruptive or abusive manner, as determined by us in our discretion. As a member, you would be entitled to all voting rights and privileges granted to other council members. Any company-owned Restaurant would also be a member of the council. Each member would be granted 1 vote on all matters on which members are authorized to vote. We would have the power to form, change or dissolve the advisory council in our discretion.

Computer System (~~§~~(FA:§11.8, 11.9, 11.10, 15.3 & ~~16.1~~16.1; FTA §6)

You must purchase and use all Technology Systems we designate. ~~Our~~We currently ~~required~~ require the following Technology Systems ~~are described below~~:

<u>TECHNOLOGY SYSTEMS – INITIAL COST</u>				
<u>Technology System</u>	<u>For Restaurant</u>		<u>For Food Truck</u>	
Technology System	<u>Components</u>	<u>Cost</u>	<u>Components</u>	<u>Cost</u>
<i>Computer & Toast POS System</i>	<ul style="list-style-type: none"> • 1 14” Toast Flex For Guest with Toast Tap (on counter), MSR Credit Card Reader, Toast Printer and Cash Drawer • 2 22” Toast Flex for Kitchen (with wall mount) • 1 22” Toast Flex Kiosk (with counter stand) and Toast Tap (on counter) • 1 Meraki Z4 Router • 1 8 Port Ethernet Switch • 1 Toast Kitchen Printer • 1 iPad or desktop computer 	\$4,150 - \$7,350	<ul style="list-style-type: none"> • <u>14” Toast Flex For Guest with Toast Tap (on counter), MSR Credit Card Reader, Toast Printer</u> • <u>2 22” Toast Flex for Kitchen (with wall mount)</u> • <u>Toast Handheld wireless POS</u> • <u>1 Meraki Z4 Router</u> • <u>1 8 Port Ethernet Switch</u> • <u>1 Toast Kitchen Printer</u> • <u>Laptop of choice</u> 	<u>\$2,800 - \$4,200</u>
<i>Music System</i>	<ul style="list-style-type: none"> • Sonos sound system and speakers • iPad to control music via Spotify & manage customer orders/communications) 	\$500 - \$1,500	<ul style="list-style-type: none"> • <u>Wireless Sonos speaker</u> 	<u>\$400 - \$800</u>
<i>AV System</i>	<ul style="list-style-type: none"> • 2 flat screen TVs used as digital menu boards • 2 TV ceiling mounts • Raydiant hardware • Sound system 	\$1,840 - \$5,000	<ul style="list-style-type: none"> • <u>1 flat screen TV used as a digital menu board</u> • <u>1 TV wall mount</u> • <u>Raydiant hardware</u> 	<u>\$800 - \$2,000</u>
<i>Security System</i>	You may choose any security system you desire .	\$2,500 - \$4,000	<u>You may choose security system.</u>	<u>\$800 - \$1,500</u>
TOTAL		<u>\$8,990 - \$17,850</u>		<u>\$4,800 - \$8,500</u>

How Computer System Is Used

The POS system includes all hardware and most software used to operate the Restaurant ~~and Food Truck (if applicable)~~. You will use your computer and POS system to: accept online orders submitted by customers; process and record credit card and payment transactions; process gift card transactions; manage and track sales and inventory; generate sales reports; record and analyze sales, labor, inventory, product usage, employee information and tax information; manage your customer database (including implementation of loyalty programs and marketing); and communicate by email. The Raydiant software connects the TVs to MR. CHARLIE’S TOLD ME SO™ managed menu screens.

We may, but need not, provide you with one or more email addresses for use with your Restaurant ~~and Food Truck (if applicable)~~. If we do so, you must exclusively use the email address(es) we provide for all

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

Ongoing Fees and Costs

As further detailed in Item 6, you must pay us a technology fee for certain software, technology and related services that we provide. As of the issuance date of this Disclosure Document, we charge a technology fee of \$150 per month (\$1,800 per year) for programming of the digital menu screens. A separate technology fee of \$150 per month (\$1,800 per year) is required if you also own and operate a Food Truck.

You must pay monthly fees for the Toast POS System and associated restaurant management software. The current monthly fee is \$660 per month for a Restaurant (\$7,920 per year) and \$360 for a Food Truck (\$4,320 per year). The table below summarizes the various subscriptions and associated fees that comprise the \$660 monthly fee.

TOAST SUBSCRIPTIONS AND FEES				
<u>Subscription</u>	<u>Fee For Restaurant</u>		<u>For Food Truck</u>	
	<u>Monthly</u>	<u>Annual</u>	<u>Monthly</u>	<u>Annual</u>
Toast Marketing Essentials (including gift card, loyalty program, email marketing and text marketing)	\$185	\$2,220	<u>\$185</u>	<u>\$2,220</u>
Kiosk Subscription	\$100	\$1,200	<u>N/A</u>	<u>N/A</u>
POS Software	\$90	\$1,080	<u>\$90</u>	<u>\$1,080</u>
Toast Digital Storefront	\$75	\$900	<u>N/A</u>	<u>N/A</u>
Kitchen Display Subscription (2 units)	\$70 <u>(2 units)</u>	\$840 <u>(2 units)</u>	<u>\$35</u> <u>(1 unit)</u>	<u>\$420</u> <u>(1 unit)</u>
Toast Restaurant Management	\$50	\$600	<u>\$50</u>	<u>\$600</u>
3rd Party Delivery Platform Integration (GrubHub, DoorDash and UberEats)	\$90 (\$30 per platform)	\$1,080 (\$360 per platform)	<u>N/A</u>	<u>N/A</u>
TOTAL	\$660	\$7,920	<u>\$360</u>	<u>\$4,320</u>

Toast will serve as your credit card processing company and charge you its then-current credit card processing rates. The fees charged by Toast are subject to change.

The table below identifies the ongoing fees and costs you must pay for all software, technology, Apps, subscriptions and related services associated with the Technology Systems (including the POS System fees that are broken down in more detail in the table above):

COMPUTER & POS SYSTEM – ONGOING FEES AND COSTS					
Item	<u>Fee* For Restaurant *</u>		<u>For Food Truck *</u>		To Whom Paid?
	<u>Monthly</u>	<u>Annual</u>	<u>Monthly</u>	<u>Annual</u>	
Menu Screen Programming (included in technology fee)	\$150	\$1,800	<u>\$150</u>	<u>\$1,800</u>	Us
POS System (<u>from table above</u>)	\$660	\$7,920	<u>\$360</u>	<u>\$4,320</u>	Third-Party Licensor
Raydiant Software	\$120	\$1,440	<u>\$120</u>	<u>\$1,440</u>	Third-Party Licensor
Spotify (music subscription)	\$11	\$132	<u>\$11</u>	<u>\$132</u>	Third-Party Licensor

COMPUTER & POS SYSTEM – ONGOING FEES AND COSTS					
Item	Fee* For Restaurant *		For Food Truck *		To Whom Paid?
	<u>Monthly</u>	<u>Annual</u>	<u>Monthly</u>	<u>Annual</u>	
TOTAL	\$941	\$11,292	\$641	\$7,692	

* Fees are subject to change. The fees listed in the table are the fees currently imposed at the time this Disclosure Document was issued.

Maintenance, Support, Updates and Upgrades

You will receive a certain number of hours of support and training from a Toast representative as part of the onboarding and implementation services you must purchase (the fee for this service is included in the \$4,150 to \$7,350 estimated initial cost disclosed above). Toast provides a 2-year warranty on all hardware. As part of the monthly fee, Toast provides all required maintenance and updates for your POS System software. Any upgrades will be billed at Toast’s then-current rates. In exchange for the monthly fees listed in the table above: (a) the licensor of Raydiant software provides all required maintenance, repairs, updates and customer support; and (b) the licensor of Spotify provides all required updates. Except as otherwise disclosed above, neither we nor any other party has any obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer system. We are not aware of any optional or required maintenance, updating, upgrading or support contracts relating to your computer system.

Collection and Sharing of Data

Your computer system will collect sales data, credit card information, inventory data, employee data, and customer names and contact information. We will have independent unlimited access to the data collected on your computer system and there are no contractual limits imposed on our access. You must also provide us with independent unlimited real-time access to the video feed from ~~your~~the security cameras installed in your Restaurant and Food Truck (if applicable) so we can monitor your operations and provide feedback.

Computer System Maintenance and Changes

You must maintain the computer system in good condition at your cost. We may require that you upgrade, update or otherwise change your computer system and other Technology Systems to conform to our then-current specifications. There is no contractual limitation on the frequency or cost of these updates, upgrades or changes. Annual costs incurred for these updates, upgrades or changes will not exceed \$1,000.

ITEM 12 TERRITORY

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

Location of Your Business Restaurant

The Franchise Agreement grants you the right to operate one Restaurant from a site we approve. You must identify a site for your Restaurant within the Site Selection Area described in your Franchise Agreement.

You may relocate your Restaurant with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (a) obtain our approval of the new site for your Restaurant within the Site Selection Area (but outside any territory assigned to another Restaurant); (b) comply with our then-current site selection and development requirements; (c) remove trade dress and alter the premises of the closed (i.e., former) Restaurant to eliminate any resemblance to a MR. CHARLIE’S TOLD ME SO™ Restaurant; (d) pay us a relocation fee of \$5,000 at the time we approve your request to relocate; and (e) open your Restaurant at the new site and resume operations within 30 days* after closing your Restaurant at the former site. We may also require that you conduct another grand opening marketing campaign to promote the opening of your Restaurant at the new site.

* If your Restaurant is destroyed, condemned or otherwise rendered unusable due to the physical condition of

the premises, you will instead have 270 days to relocate and resume operations at the new site.

Description of Restaurant Territory (Franchise Agreement)

We will grant you a territory that includes the geographic area within a 2-mile radius from your Restaurant. However, if your Restaurant is located within a Captive Venue (described below), then your territory will be limited to the geographic area comprised by the Captive Venue. Upon renewal, we reserve the right to modify the boundaries of your territory in accordance with our then-current territory guidelines and criteria.

Description of Service Area (Food Truck Addendum)

The Food Truck Addendum will grant you a prescribed “Service Area” that includes, at a minimum, the area within a 2-mile radius from your Restaurant (i.e., your Restaurant territory). With our approval, your Service Area may also include certain areas outside your Restaurant’s territory (typically defined to include the area within 1 or more contiguous zip codes). You may request certain zip codes for your Service Area. We will consider your request in good faith, but we are not required to accept your requested zip code(s). We designate the boundaries of your Service Area in ATTACHMENT “A” to the Food Truck Addendum.

You may operate your Food Truck anywhere in your Service Area except in a Restricted Area. The “Restricted Area” is defined to include the geographic area within a 2-mile radius of every open and operational Restaurant located in the Service Area (excluding Restaurants owned by you or your affiliate). The area within a 2-mile radius from your Restaurant will never be deemed a Restricted Area, even if the outer boundaries are less than 2 miles from another Restaurant. The Restricted Area is subject to change as new Restaurants open in your Service Area or existing Restaurants close. We reserve the right to change the boundaries of your Service Area due to the opening of new Restaurants in your existing zip code(s), but your new Service Area will always include the area comprising your Restaurant’s territory.

You may not operate the Food Truck outside your Service Area unless you receive our prior written approval. You may operate no more than 1 Food Truck in a given Service Area.

Description of Development Territory (ADA)

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

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

Territorial Protections and Limitations

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

The Food Truck Addendum does not grant you any territorial rights or protections for your Food Truck. As a result, we and other franchisees may operate Food Trucks within your Service Area.

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

We reserve the right to develop and operate, and license third parties to develop and operate, Restaurants that

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

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

We reserve the right to acquire (or be acquired by) another company or system that sells goods or services the same as or similar to the goods or services sold by Restaurants, and the outlets of the acquired or acquiring company may be converted into MR. CHARLIE’S TOLD ME SO™ outlets even if located in your territory and development territory, if applicable (an “Acquisition”).

Alternative Channels of Distribution

We reserve the right to sell, and license others to sell, competitive or identical goods and services (either under the Marks or different trademarks) through Alternative Channels of Distribution, including within your territory, Service Area and development territory, if applicable. An “Alternative Channel of Distribution” means any channel of distribution other than retail sales made to customers while present at a Restaurant. Examples of Alternative Channels of Distribution include: (a) sales through direct marketing, such as over the Internet or through catalogs or telemarketing; (b) sales through stores that do not operate under the Marks, such as grocery stores or convenience stores; and (c) sales made from kiosks, mobile trailers or food trucks. You are not entitled to any compensation for sales that take place through Alternative Channels of Distribution.

Restrictions on Your Sales and Marketing Activities

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

You may not market or sell using Alternative Channels of Distribution (such as the Internet, catalog sales, telemarketing or other direct marketing) either inside or outside your territory, Service Area or development territory, ~~if~~ applicable. However, you are permitted to market and promote your Restaurant and Food Truck (if applicable) through social media, subject to the restrictions described in Item 11 under “Websites, Social Media and Digital Advertising”. You must comply with any minimum advertised pricing policy we establish.

There are no other restrictions on your right to solicit customers, whether from inside or outside of your territory, Service Area or development territory, ~~if~~ applicable.

Minimum Performance Requirements

~~Your territorial protections under the Franchise Agreement do not depend on achieving a certain sales volume,~~

~~market penetration or other contingency.~~

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

Additional Franchises and Territories

We do not grant options, rights of first refusal or similar rights to acquire additional territories or franchises, other than your right ~~and obligation~~ to develop ~~the prescribed number of~~ multiple Restaurants ~~within~~ in your development territory if you sign an ADA.

Competing Businesses Under Different Marks

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

ITEM 13 TRADEMARKS

Our affiliate, Mr. Charlies Told Me So LLC (“MCTMS”) registered the following Mark ~~on the Principal with Register of~~ the United States Patent and Trademark Office (USPTO):

REGISTERED MARKS			
Mark	Registration Number <u>No.</u>	Registration Date (<u>Renewal Date</u>)	<u>Register</u> (<u>Principal or Supplemental</u>)
	7098869	July 4, 2023	<u>Principal Register</u>

MCTMS assigned ownership of the registered Mark to our parent, Sona Terra, effective as of September 17, 2024. Sona Terra also applied to register the following Marks on the Principal Register of the USPTO:

UNREGISTERED MARKS				
Mark	Serial Number <u>No.</u>	Application Date	<u>Application Type</u>	<u>Status</u>
MR. CHARLIE’S TOLD ME SO	98666696 (intent to use application)	July 25, 2024	<u>Intent to use application</u>	<u>USPTO issued an Office Action. See Material Determinations below.</u>
MR. ROYALE WITH CHEESE <u>FROWNYS</u>	<u>98666728</u>	<u>July 25, 2024</u>	98666719 (intent <u>Intent</u> to use application)	<u>Notice of Allowance issued. Sona Terra has not yet filed affidavit of use. July 25, 2024</u>
MR. ROYALE WITH CHEESE <u>FROWNYS</u>	<u>98726758</u>	<u>August 30, 2024</u>	98666719 (intent <u>Intent</u> to use application)	<u>July 25, 2024</u> <u>Notice of Allowance issued. Sona Terra has not yet filed affidavit of use.</u>
<u>TURN THAT FROWN UPSIDE DOWN</u> MR. FROWNYS	<u>98726801</u>	<u>August 30, 2024</u>	98666728 (intent <u>Intent</u> to use application)	<u>Notice of Allowance issued and Sona Terra filed an affidavit of use. July 25, 2024</u>
STOP STARING AT ME LIKE I’M SOME PIECE OF MEAT	98726806 (intent to use application)	August 30, 2024	<u>Intent to use application</u>	<u>Notice of Allowance issued and Sona Terra filed an affidavit of use.</u>

UNREGISTERED MARKS				
Mark	Serial Number	Application Date	Application Type	Status
MR. CHUCK TURN THAT FROWN UPSIDE DOWN	<u>98726751</u>	<u>August 30, 2024</u>	Intent <u>98726801</u> (intent to use application)	<u>Notice of Allowance issued and Sona Terra filed an affidavit of use. August 30, 2024</u>
NOT A CHICKEN SANDWICH <u>MR. SUNDAY</u>	<u>98726747</u>	<u>August 30, 2024</u>	98726787 (intent <u>Intent</u> to use application)	<u>Notice of Allowance issued and Sona Terra filed an affidavit of use. August 30, 2024</u>
<u>MR. ROYALE WITH CHEESE</u> NOT A CHEESEBURGER	<u>98666719</u>	<u>July 25, 2024</u>	<u>Intent</u> 98726773 (intent to use application)	<u>Notice of Allowance issued. Sona Terra has not yet filed affidavit of use. August 30, 2024</u>
NOT A HAMBURGER <u>CHICKEN SANDWICH</u>	<u>98726787</u>	<u>August 30, 2024</u>	98726765 (intent <u>Intent</u> to use application)	<u>Notice of Allowance issued and Sona Terra filed an affidavit of use. August 30, 2024</u>
MR. FROWNY <u>NOT A HAMBURGER</u>	<u>98726765</u>	<u>August 30, 2024</u>	98726758 (intent <u>Intent</u> to use application)	<u>USPTO issued an Office Action. See Material Determinations below. August 30, 2024</u>
NOT A CHEESEBURGER <u>MR. CHUCK</u>	<u>98726773</u>	<u>August 30, 2024</u>	<u>Intent</u> 98726751 (intent to use application)	<u>USPTO issued an Office Action. See Material Determinations below. August 30, 2024</u>
<u>MR. SUNDAY</u>		<u>98726747</u> (intent to use application)		<u>August 30, 2024</u>

We do not have a federal registration for the Marks above. Therefore, these Marks do not have many legal benefits and rights as a federally registered trademark. If our right to use any of these Marks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

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

~~MCTMS also~~ MCTMS intends to file all required affidavits and renewals by applicable due dates. There are currently no: (a) pending infringements, oppositions or cancellations; (b) pending material litigation matters involving any of the Marks; or (c) infringing uses we are aware of that could materially affect your use of the Marks.

Material Determinations

MCTMS previously applied for 3 other Marks that were abandoned following receipt of Final Office Actions refusing to register the marks. The applications included the word mark MR. CHARLIE’S TOLD ME SO™ (Serial # 9742128) and 2 design marks (Serial #’s 97424171 ~~and~~ & 9742846). The Final Office Actions cited to a likelihood of confusion with 2 registered marks, including MR. CHARLIE’S CHICKEN FINGERS (with design) and MR. CHARLIE’S CHICKEN FINGERS (Registration #’s 6606082 ~~and~~ & 6606083-) (the “Cited Marks”). In light of these rulings, we removed “MR. CHARLIE’S” from the scope of the licensed design Marks and submitted a new application for MR. CHARLIE’S TOLD ME SO™ with a revised description of the goods and services covered by this Mark.

On May 10, 2025, the USPTO issued a Final Office Action refusing to register MR. CHARLIE’S TOLD ME SO™ (Serial # 98666696) on the same grounds cited in the Final Office Action issued in connection with the prior application for MR. CHARLIE’S TOLD ME SO™ (Serial # 9742128). MCTMS is currently attempting to negotiate a co-existence or similar agreement with the owner of the Cited Marks that would include the owner’s consent to MCTMS’ registration of MR. CHARLIE’S TOLD ME SO™ (Serial # 98666696). We believe obtaining such consent will cure the objections raised in the Final Office Action.

On February 21, 2025, the USPTO issued Nonfinal Office Actions refusing to register NOT A HAMBURGER

[\(Serial # 98726765\)](#) and [NOT A CHEESEBURGER \(Serial # 98726773\)](#) citing to a likelihood of confusion with the registered mark [NOTABURGER \(Registration # 6725203\)](#). MCTMS is currently evaluating its options in response to these Nonfinal Office Actions.

There are no other effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court.

~~We may change the trademarks you may use from time to time, including by discontinuing use of Marks listed below.~~ [Agreements Affecting Use of the Marks](#)

~~If this happens you must change to the new trademark at your expense.~~

~~You must notify us immediately if you discover an infringing use (or challenge to your use) of the Marks. We will take the action we deem appropriate. We are not required to take any action if we do not feel it is warranted. You may not control any proceeding or litigation involving our Marks.~~

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

~~There are currently no: (a) pending infringements, oppositions or cancellations; (b) pending material litigation matters involving any of the Marks; or (c) infringing uses we are aware of that could materially affect your use of the Marks.~~

On September 26, 2024, we entered into an Intellectual Property License Agreement with Sona Terra (the “[License Agreement](#)”). Under the terms of the License Agreement, Sona Terra granted us the right to use the Marks in the MR. CHARLIE’S TOLD ME SO™ System and sublicense the Marks to our franchisees. The term of the License Agreement automatically renews annually, unless it is terminated in accordance with its terms. Sona Terra is permitted to terminate the License Agreement only if we: (a) declare bankruptcy or become insolvent; (b) breach Sona Terra’s quality control standards and fail to cure the breach within a 60-day cure period; or (c) consent to the termination. If the License Agreement is terminated, it states all sublicenses granted by us to our franchisees will continue in full force and effect until the expiration or termination of the applicable franchise agreement. No other agreements limit our right to use or sublicense use of the Marks.

[Infringements](#)

~~You must notify us immediately if you discover an infringing use (or challenge to your use) of the Marks. We will take the action we deem appropriate. We are not required to take any action if we do not feel it is warranted. You may not control any proceeding or litigation involving our Marks. [The Franchise Agreement and Food Truck Addendum](#) do not require that we: (a) protect your right to use the Marks; (b) protect you against claims of infringement or unfair competition arising out of your use of the Marks; or (c) participate in your defense or indemnify you for expenses or damages you incur if you are a party to an administrative or judicial proceeding involving our Marks or if the proceeding is resolved in a manner unfavorable to you.~~

[Changes to the Marks](#)

~~We may change the trademarks you may use from time to time, including by discontinuing use of Marks listed above. If this happens you must change to the new trademark at your expense.~~

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

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

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

During the term of the Franchise Agreement, [and Food Truck Addendum \(if applicable\)](#) we allow you to use certain confidential and proprietary information (some of which constitute “trade secrets”) relating to the development, marketing and operation of a Restaurant, [or a Food Truck](#). Examples may include:

- [architectural plans, drawings and specifications for a prototype Restaurant or Food Truck](#)
- [site selection criteria](#)
- [methods, techniques, policies, procedures, recipes, standards and specifications](#)
- [supplier lists and information](#)
- [marketing and merchandising strategies](#)
- [information comprising the System](#)

We own all ideas, improvements, inventions, marketing materials and other concepts you develop relating to a Restaurant ~~or Food Truck~~. We also own all operational and customer data relating to your Restaurant ~~and Food Truck (if applicable)~~. You must treat this data as confidential and proprietary. We license you the right to use this data during the term of your Franchise Agreement. You must comply with all applicable data protection laws and our data processing and data privacy policies in the Manual.

We provide access to our confidential information through the Manual, training programs and other periodic support and guidance. You may use this information solely for purposes of developing, marketing and operating your Restaurant [and Food Truck \(if applicable\)](#) in compliance with the Franchise Agreement, [Food Truck Addendum](#) and Manual. All information in the Manual is confidential. You may not disclose our confidential information to anyone other than your employees, on a need-to-know basis, without our prior permission. All your employees and representatives must sign the Confidentiality Agreement attached to the Franchise Agreement as [ATTACHMENT "F"](#) before you give them access to our confidential information.

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

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

Owner Participation

You must designate an owner ([the "Managing Owner"](#)) with overall responsibility for the management and operation of your Restaurant ~~(the "Managing Owner")~~ [and Food Truck \(if applicable\)](#). The Managing Owner must: (a) be approved by us; (b) successfully complete all training programs we require; (c) dedicate full-time efforts to the Business; and (d) at all times own at least 20% of the ownership interests in the Business unless we waive this requirement. The Managing Owner need not provide onsite management of the Restaurant [or Food Truck \(if applicable\)](#) when a general manager is onsite. Any new Managing Owner you appoint must successfully complete our then-current initial training program prior to managing your Restaurant [or Food Truck](#).

Except as otherwise provided above with respect to your Managing Owner, we do not require that your owners personally participate in the management or operation of your Business. If you are an entity, each owner (i.e., each person holding a direct or indirect ownership interest in the entity) and the spouse of each owner must sign the Franchise Owner Agreement attached to the Franchise Agreement as [ATTACHMENT "D"](#). By signing the Franchise Owner Agreement, the owner (or spouse of the owner) agrees to: (a) comply with all brand protection covenants (except to the extent prohibited by law), covenants that protect our intellectual property and transfer restrictions set forth in the Franchise Agreement; and (b) guarantee the franchisee's financial obligations.

Managers

You may hire general managers to assist the Managing Owner with onsite management of the Restaurant ~~Any person you hire as a general manager~~ [and Food Truck \(if applicable\)](#). [General managers](#) must: (a) successfully complete all training programs we require; (b) dedicate full-time efforts to managing your Restaurant [or Food Truck](#); and (c) sign a Confidentiality Agreement. At all times during normal business hours, either the Managing Owner or a general manager must be present at the Restaurant [and Food Truck \(if applicable\)](#) to provide onsite

management and supervision. The Managing Owner must monitor and supervise each general manager to ensure the Restaurant ~~is~~ and Food Truck are operated in accordance with the Franchise Agreement, Food Truck Addendum and Manual. You may also hire assistant managers who would report to the Managing Owner or a general manager. We do not require that your managers own any equity interest in the franchise.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We must approve all goods and services you sell. You must offer all goods and services we require from time to time, including all food, beverage, merchandise, gift cards and other goods and services. ~~You~~ The goods and services we authorize for sale from a Restaurant may be different than the goods and services we authorize for sale from a Food Truck. Your Restaurant must offer dine-in, take-out, delivery and catering services. You must follow all policies and procedures in the Manual applicable to catering and delivery services. You may not sell any goods or services we have disapproved. At any time, we may change the goods and services you sell and you must comply with the change.

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTIONS IN AGREEMENT	SUMMARY
a. Length of franchise term	FA: 1 (definition of Term) & 4.1	Term is equal to 10 years.
	<u>FTA: 15</u>	<u>Coterminous with Franchise Agreement.</u>
	ADA: 1 (definition of Term)	Term expires on the opening date listed in the development schedule for the last Restaurant you are required to develop.
b. Renewal or extension of the term	FA: 4.1 & 4.2	If you meet our conditions for renewal, you can enter into 2 consecutive successor franchise agreements. Each renewal term will be 5 years. The parties may mutually agree to further renewals but neither party is obligated to do so (subject to state law).
	<u>FTA: 15</u>	<u>You may renew if you renew your Franchise Agreement.</u>
	ADA: 4.5	No renewal rights.
c. Requirements for you to renew or extend	FA: 4.1 & 4.2	You must: not be in default; give us timely notice; sign then-current form of franchise agreement; sign general release (subject to state law); pay renewal fee; remodel Restaurant and upgrade furniture, fixtures and equipment to current standards; and extend lease term. If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract.
	<u>FTA: 15</u>	<u>You must satisfy all criteria to renew the Franchise Agreement. You must also sign our then-current form of Food Truck Addendum. If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract.</u>
	ADA: 4.5	You may not renew or extend the term of the ADA.
d. Termination by you	FA: 20.1	You can terminate if we default and fail to timely cure.
	<u>FTA: 16.1</u>	<u>You can terminate with or without cause upon 60 days' notice to us.</u>
	ADA: Not Applicable	You can terminate under any grounds permitted by law.
e. Termination by us without cause	FA: 20.3	We can terminate without cause if you provide your written consent.
	<u>FTA: 16.3</u>	
	ADA: 8.2	

THE FRANCHISE RELATIONSHIP

PROVISION	SECTIONS IN AGREEMENT	SUMMARY
l. Our approval of transfer by you	FA: 1 (definition of “Permitted Transfer”), 19.2 & 19.3	You may engage in a Permitted Transfer (defined in Note 2 in Item 6) without approval. We must approve other Transfers but will not unreasonably withhold approval.
	FTA: 14.2	
	ADA: 1 (definition of “Permitted Transfer” definition), 7.2 & 7.3	
m. Conditions for our approval of transfer	FA: 19.2	<p>Transferee must: meet our qualifications; successfully complete training (or arrange to do so); obtain required licenses and permits; agree to assume your obligations under agreements relating to the Business; sign then-current form of franchise agreement for remainder of term or, at our option, assume your Franchise Agreement; and remodel Restaurant and upgrade furniture, fixtures and equipment to current standards within 1 year of Transfer or such shorter period of time we specify.</p> <p>You must: be in compliance with Franchise Agreement; assign lease (if applicable); pay transfer fee; subordinate transferee’s ongoing payments owed to you (if any) to transferee’s financial obligations owed to us; and sign general release (subject to state law).</p> <p>We must notify you that we will not exercise our right of first refusal.</p>
	FTA: 14.2	<p><u>You may only Transfer the Food Truck to the same person who acquires your Restaurant. In addition to meeting the Transfer conditions in the Franchise Agreement, the following conditions apply to the Food Truck: Transferee must: meet our qualifications; obtain required licenses and permits; agree to assume your obligations under agreements relating to the Food Truck; sign then-current form of Food Truck Addendum for remainder of term or, at our option, assume your Food Truck Addendum; and update Food Truck and its equipment to current standards within 1 year of Transfer or such shorter period of time we specify. You must be in compliance with Food Truck Addendum. We must notify you that we will not exercise our right of first refusal.</u></p>
	ADA: 7.2	<p>Transferee must: meet our qualifications; successfully complete training (or arrange to do so); and sign then-current form of area development agreement for remainder of term or, at our option, assume your ADA.</p> <p>You must: be in compliance with all Franchise Agreements and ADA; assign all Franchise Agreements to same purchaser unless we agree to contrary (or at our option transferee must sign then-current form of franchise agreement); pay transfer fee; comply with transfer provisions in Franchise Agreements; and sign general release (subject to state law).</p> <p>We must notify you that we will not exercise our right of first refusal.</p>
n. Our right of first refusal to acquire your business	FA: 19.5	We can match any offer for your Business Restaurant.
	FTA: 17	<u>We can match any offer for your Food Truck.</u>
	ADA: 7.5	We can match any offer for your area development rights.
o. Our option to purchase your business	FA: 21.2	We have the option to purchase your Restaurant at the expiration or termination of the Franchise Agreement.
	FTA: 17	<u>We have the option to purchase your Food Truck at the expiration or termination of the Food Truck Addendum.</u>
	ADA: Not Applicable	The ADA does not include a purchase option.
p. Your death or disability	FA: 19.4	Within 180 days, interest must be assigned by estate to an assignee in compliance with conditions for other Transfers. We may designate a manager to operate the Restaurant prior to Transfer.
	FTA: 14.2	
	ADA: 7.4	

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTIONS IN AGREEMENT	SUMMARY
q. Non-competition covenants during the term of the franchise	FA: 14.3	No involvement in with a competing business restaurant or food truck.
	ADA FTA: Not Applicable	The ADA does These agreements do not impose any noncompetition covenants.
	ADA : Not Applicable	
r. Non-competition covenants after the franchise is terminated or expires	FA: 14.3 & 21.1	No involvement for 2 years in with a competing business operated restaurant or food truck that operates from the Restaurant site or from any location within 10 miles of your Restaurant or any other Restaurant that is open or under development at the time.
	ADA FTA: Not Applicable	The ADA does These agreements do not impose any noncompetition covenants.
	ADA : Not Applicable	
s. Modification of the agreement	FA: 24.3 & 24.8	Requires writing signed by both parties (except we may unilaterally change Manual or reduce scope of restrictive covenants)); or modify Service Area (for Food Truck) based on new Restaurant openings. Other modifications to comply with state laws.
	FTA: 3.4 & 18.1	
	ADA: 12.7	
t. Integration/ merger clause	FA: 24.8	Only the terms of the Franchise Agreement, <u>Food Truck Addendum</u> and ADA (if applicable) and their attachments are binding (subject to state law). Any representations or promises made outside the Disclosure Document, Franchise Agreement, <u>Food Truck Addendum</u> and ADA may not be enforceable. Nothing in the Franchise Agreement, <u>Food Truck Addendum</u> , ADA or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) disclaiming reliance on any statement made by any franchisor, franchise seller or other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.
	<u>FTA</u> : 18.1	
	ADA: 12.7	
u. Dispute resolution by arbitration or mediation	FA: 22	Subject to state law, all disputes must be mediated before litigation, except for certain disputes involving our intellectual property or compliance with restrictive covenants or post-term obligations.
	<u>FTA</u> : 18.2	
	ADA: 10	Subject to state law, all disputes must be mediated before litigation.
v. Choice of forum	FA: 22	Subject to applicable state law, mediation and litigation must take place in county where we maintain our principal place of business at time dispute arises (currently Los Angeles County, California).
	<u>FTA</u> : 18.2	
	ADA: 10	
w. Choice of law	FA: 24.1	Subject to applicable state law, California law governs (except the public policies of your state govern enforceability of noncompetition covenants));
	<u>FTA</u> : 18.2	
	ADA: 12.1	

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing

outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Defined Terms

For purposes of this FPR, the following terms have the meanings given to them below:

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

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

“***Franchised Restaurant***” means any Restaurant owned by a franchisee.

“***Gross Sales***” means the total gross sums generated from all goods and services sold by a Qualifying Restaurant, but excluding: (a) sales or use taxes; (b) revenue from the sale of furniture, fixtures and equipment in the ordinary course; (c) staff tips; and (d) fees paid to and retained by third-party delivery service providers.

“***Measuring PeriodYear***” means the period of time beginning January 1, 2024 and ending December 31, 2024.

“***Qualifying Restaurant***” means any Company-Owned Restaurant or Franchised Restaurant that satisfies the following criteria: (a) the outlet was open and operating the entire Measuring ***PeriodYear***; and (b) the outlet provided us with all data we requested in order to prepare this FPR.

System Statistics

For purposes of this FPR, each Restaurant may be referred to as an “outlet.” As of December 31, 2024 (the last day of the Measuring ***PeriodYear***) there were: (a) 0 Franchised Restaurants in operation; and (b) 2 Company-Owned Restaurants in operation, both of which are Qualifying Restaurants. The table below summarizes the outlet statistics and the number of Qualifying Restaurants:

Outlet Statistics					
Outlet Type	Statistics During Measuring <i>PeriodYear</i>				Qualifying Restaurants
	<i>Open Outlets (Jan 1, 2023)</i>	<i>Outlets Opened During Period</i>	<i>Outlets Closed During Period</i>	<i>Open Outlets (Oct 31, 2024)</i>	
Franchised	0	0	0	0	0
Company-Owned	1	1	0	2	2

Details Regarding Our Company-Owned Restaurants / Qualifying Restaurants

This FPR includes data from 2 Qualifying Restaurants, which are both Company-Owned Restaurants. [This FPR is limited to data from our Company-Owned Restaurants since there were no Franchised Restaurants open during the Measuring Year.](#) Relevant details of the Qualifying Restaurants are provided in the table below:

Details Regarding Qualifying Restaurants		
Location	Opening Date	Approximate Size (Square-Feet)
Los Angeles, CA	February 14, 2022	1,200 <u>square feet</u>
San Francisco, CA	January 21, 2023	2,000 <u>square feet</u> (plus 1,000 sq ft storage basement)

There are no material differences between the operations of the Qualifying Restaurants and the franchised Restaurant offered under this Disclosure Document.

~~This FPR is limited to data from our Company Owned Restaurants since there were no Franchised Restaurants open during the Measuring Period.~~

Financial Performance Representation

The table below presents ~~the historical~~ historic Gross Sales achieved by ~~the~~ 2 Qualifying Restaurants during the Measuring ~~Period~~ Year.

Financial Performance Representation—Gross Sales (2 Company-Owned Restaurants)	
<u>Qualifying Restaurant</u>	<u>2024 Gross Sales</u>
Los Angeles Restaurant	\$1,521,216
San Francisco Restaurant	\$1,178,180

Notes:

1. Source of Data: We prepared the FPR based on data we obtained from the point-of-sale system used by our Company-Owned Restaurants. The data has not been audited.
2. Expenses: This FPR does not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Restaurant. Franchisees or former franchisees listed in the Franchise Disclosure Document (if any) may be one source of this information.

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

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

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting our Chief Executive Officer, David Shneer, at 450 North Bedford Drive, Suite 312, Beverly Hills, California 90210 or by phone at (647) 294-4480, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

The tables below provide the statistical data for Restaurants. They do not include Food Trucks.

TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2021 2022 TO 2023 2024				
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Company-Owned	2022	0	1	+1
	2023	1	2	+1
	2024	2	2	0
Total Outlets	2022	0	1	+1
	2023	1	2	+1
	2024	2	2	0

**TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR)
FOR YEARS 2022 TO 2024**

State	Year	Number of Transfers
Total	2022	0
	2023	0
	2024	0

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2022 TO 2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations/Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Totals	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2022 TO 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
California	2022	0	1	0	0	0	1
	2023	1	1	0	0	0	2
	2024	2	0	0	0	0	2
Totals	2022	0	1	0	0	0	1
	2023	1	1	0	0	0	2
	2024	2	0	0	0	0	2

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2024

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California	0	0	1
Georgia	1	1	0
Total	1	1	1

The tables below provide the statistical data for Food Trucks. They do not include Restaurants.

TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2022 TO 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Company-Owned	2022	0	0	0
	2023	0	1	+1
	2024	1	1	0
Total Outlets	2022	0	0	0
	2023	0	1	+1
	2024	1	1	0

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN FRANCHISOR) FOR YEARS 2022 TO 2024

<u>State</u>	<u>Year</u>	<u>Number of Transfers</u>
<u>Total</u>	<u>2022</u>	<u>0</u>
	<u>2023</u>	<u>0</u>
	<u>2024</u>	<u>0</u>

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2022 TO 2024

<u>State</u>	<u>Year</u>	<u>Outlets at Start of Year</u>	<u>Outlets Opened</u>	<u>Terminations</u>	<u>Non-Renewals</u>	<u>Reacquired by Franchisor</u>	<u>Ceased Operations - Other Reasons</u>	<u>Outlets at End of Year</u>
<u>Totals</u>	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2024</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2022 TO 2024

<u>State</u>	<u>Year</u>	<u>Outlets at Start of Year</u>	<u>Outlets Opened</u>	<u>Outlets Reacquired From Franchisee</u>	<u>Outlets Closed</u>	<u>Outlets Sold to Franchisee</u>	<u>Outlets at End of Year</u>
<u>California</u>	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>Totals</u>	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2024

<u>State</u>	<u>Franchise Agreements Signed But Outlet Not Opened</u>	<u>Projected New Franchised Outlets in the Next Fiscal Year</u>	<u>Projected New Company-Owned Outlets in the Next Fiscal Year</u>
<u>Florida</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Total</u>	<u>0</u>	<u>1</u>	<u>0</u>

A list of all current franchisees is attached to this Disclosure Document as EXHIBIT "F" (Part A), including their names and the addresses and telephone numbers of their outlets as of December 31, 2024. In addition, EXHIBIT "F" (Part B) lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

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

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

ITEM 21 FINANCIAL STATEMENTS

Our fiscal year ends on December 31st. Audited financial statements of Mr. Charlie’s World LLC for the fiscal

year ended December 31, 2024 are attached to this Disclosure Document as EXHIBIT "G". In addition, an unaudited balance sheet as of June 30, 2025 and an unaudited profit and loss statement from January 1, 2025 through June 30, 2025 are attached to this Disclosure Document as EXHIBIT "G". Because we have not been in existence for 3 years, we cannot provide all of the financial statements required by the FTC franchise disclosure guidelines.

ITEM 22 CONTRACTS

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

Exhibits to Disclosure Document

- EXHIBIT "C" Franchise Agreement
- EXHIBIT "D" Area Development Agreement
- EXHIBIT "H"-1 State Addenda
- EXHIBIT "H"-2 Franchisee Disclosure Questionnaire (**Questionnaire may not be signed or used if the franchisee resides within, or the franchised business will be located within, a franchise registration state**)
- EXHIBIT "H"-3 General Release
- EXHIBIT "H"-4 Food Truck Addendum

Attachments to Franchise Agreement

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

ITEM 23 RECEIPT

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

EXHIBIT "A"
TO DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

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

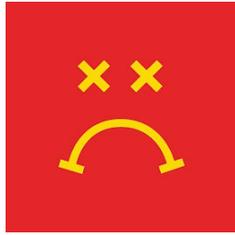
InCorp Services
5716 Corsa Ave., Suite 110
Westlake Village, California 91362
Los Angeles County

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

EXHIBIT "C"
TO DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

[See Attached]



MR. CHARLIE'S TOLD ME SO FRANCHISE AGREEMENT

FRANCHISEE: _____
DATE: _____

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ATTACHMENTS

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

MR. CHARLIE'S TOLD ME SO FRANCHISE AGREEMENT

This Mr. Charlie's Told Me So Franchise Agreement (this "Agreement") is entered into as of _____, 202__ (the "Effective Date") between Mr. Charlie's World LLC, a California limited liability company ("we" or "us") and _____, a(n) _____ ("you").

1. DEFINITIONS. Capitalized terms not defined above have the meanings given to them below:

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

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

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

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

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

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

"Appraised Value" means the fair market value of the Acquired Assets as determined by independent appraisers in accordance with §21.2(b).

"Business" means the franchised businessRestaurant you operate pursuant to this Agreement.

"Business Data" means, collectively or individually, Customer Data and Operational Data.

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

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

"Competing Business" means any business that meets at least one of the following criteria: (a) any fast-service restaurant or food truck that derives, or could reasonably be expected to derive, at least 25% of its total revenue (excluding revenue from merchandise, beverages and side items) from the sale of plant-based hamburgers, plant-based chicken sandwiches and other meatless menu items similar to those offered at a MR. CHARLIE'S TOLD ME SO™ restaurant; (b) any business that solicits, offers or sells franchises or licenses for a business that meets the criteria in clause (a) of this definition; and/or (c) any business that services, trains, supports, consults with, advises or otherwise assists any Person with respect to the development, management and/or operation of a business that meets the criteria in clause (a) of this definition. A Competing Business does not include any MR. CHARLIE'S TOLD ME SO™ Restaurant or Food Truck operated pursuant to a valid franchise agreement or license agreement with us or our affiliate.

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

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

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

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

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

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

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

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

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

“Force Majeure” means acts or circumstances that are beyond a party’s control, including fire, storm, flood, earthquake, explosion or accident, acts of war or terrorism, rebellion, insurrection, sabotage, epidemic, failures or delays of transportation and strikes, provided that: (a) the non-performing party promptly notifies the other party of the Force Majeure event; (b) the non-performing party is without fault and the delay or failure could not have been prevented by reasonable precautions by the non-performing party; (c) nothing herein shall excuse or permit any delay or failure to pay fees or other amounts owed on the applicable due date; (d) insolvency, lack of required funds or financing, currency fluctuations, currency devaluations, foreign exchange controls or inflation shall never be deemed Force Majeure; and (e) an epidemic or pandemic of a contagious illness or disease, or economic or financial changes caused by an epidemic or pandemic of a contagious illness or disease, shall never be deemed Force Majeure except to the extent a Governmental Authority mandates closure (or prevents the opening) of the Restaurant as a result of such epidemic or pandemic.

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

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

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

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

“Gross Sales” means the total gross sums: (a) generated from all goods and services sold from or in connection with your Restaurant (including sales from delivery service, catering or otherwise); or (b) that otherwise relate to your Restaurant, including advertising revenue, sponsorship fees and business interruption insurance proceeds. In calculating Gross Sales you must include the full retail value of any free or discounted goods or services you or your staff provide to your Owners or staff, or to their friends or family members, unless the same pricing is available to the general public as part of an approved promotional program in effect at the time. Gross Sales excludes: (a) sales or use taxes you pay to a Governmental Authority; (b) revenue derived from the sale of furniture, fixtures or equipment in the ordinary course; (c) tips paid to and retained by staff members as a gratuity; and (d) fees paid to and retained by third-party delivery service providers in connection with delivery transactions. The Manual may include policies governing the calculation of Gross Sales relating to: (a) proceeds from the sale of gift cards; and (b) qualifying purchases and redemptions by members under loyalty programs.

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

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

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

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

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

“IP Dispute” means any: (a) actual or suspected infringement of the Intellectual Property; (b) challenge to your use of the Intellectual Property; or (c) claim by any Person, other than us or our affiliate, of any rights in or to the Intellectual Property.

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

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

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

“Losses and Expenses” means and includes any of the following: compensatory, exemplary and punitive damages; fines and penalties; attorneys’ fees; experts’ fees; court costs; Travel Expenses and other costs associated with investigating and defending a Claim; settlement amounts; judgments; damage to reputation or goodwill; and all other costs, damages, liabilities and expenses associated with any of the foregoing losses and expenses or otherwise incurred by a Person.

“Managing Owner” means the Owner you designate and we approve with primary responsibility for the

overall management and supervision of your Restaurant in accordance with §8.1.

“Manual” means our Brand Standards Manual described in §11.2 or the operation of a Restaurant.

“Marks” means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize Restaurants to use, including MR. CHARLIE’S TOLD ME SO™ and the associated logo. The Marks also include any distinctive trade dress used to identify a Restaurant or the products it sells.

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

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

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

“Permitted Transfer” means a Transfer: (a) between existing Owners; or (b) by the Owners to a new Franchisee Entity for which such Owners collectively own and control 100% of the Equity Interests; *provided, however*, that a Permitted Transfer does not include a Transfer that results in the Managing Owner owning less than 20% of the Equity Interests in the Business or Franchisee Entity.

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

“Post-Term Restricted Period” means, with respect to you, the two-year period after the termination, expiration or Transfer of this Agreement; *provided, however*, that if a court of competent jurisdiction determines the two-year period is too long to be enforceable then Post-Term Restricted Period means the one-year period after the termination, expiration or Transfer of this Agreement.

“Post-Term Restricted Period” means, with respect to an Owner, the two-year period after the earlier to occur of: (a) the termination, expiration or Transfer of this Agreement; or (b) the date on which the Owner no longer owns an Equity Interest in the Business or Franchisee Entity; *provided, however*, that if a court of competent jurisdiction determines the two-year period is too long to be enforceable then Post-Term Restricted Period means the one-year period after the earlier to occur of: (a) the termination, expiration or Transfer of this Agreement; or (b) the date on which the Owner no longer owns an Equity Interest in the Business or Franchisee Entity.

“Program Participation Rules” means the policies, procedures, fees and other requirements pertaining to any gift card, loyalty, membership or other system-wide program we implement pursuant to §11.12.

“Prohibited Activities” means and includes any of the following: (a) owning, operating or having any other interest (e.g., as a director, officer, employee, manager, consultant, creditor, representative, agent or in any similar capacity) in a Competing Business, other than owning less than 5% of the Equity Interests in a publicly-traded company that is a Competing Business; (b) disparaging or otherwise making negative comments about us, our affiliate, the System or any Restaurant (this provision shall not prohibit the disclosure of truthful information to Governmental Authorities or to other franchisees); (c) diverting or attempting to divert any business from us, our affiliate or another franchisee; and/or (d) inducing any Person to transfer their business from a Restaurant to a competitor.

“Reportable Event” means any event or occurrence described in §15.6 that you must report to us.

“Restaurant” means any restaurant we authorize to operate under the Marks and use our System, and may include Restaurants operated by us, our affiliates, you or other franchisees.

“Restricted Territory” means the geographic area within: (a) a 10-mile radius from your Restaurant (including your Restaurant’s premises); and (b) a 10-mile radius from all other Restaurants that are operating or under construction when the Post-Term Restricted Period begins; *provided, however*, that if a court of competent jurisdiction determines the foregoing Restricted Territory is too broad to be enforceable then Restricted Territory means the geographic area within a 10 mile radius from your Restaurant

(including your Restaurant's premises).

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

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

"Successor Agreement" means our then-current form of Mr. Charlie's Told Me So Franchise Agreement you must sign pursuant to §4.2 in order to renew your franchise rights.

"System" means our system developed for the operation of a Restaurant, the distinctive characteristics of which include: distinctive interior and exterior design, décor, signage, color scheme and other trade dress elements; branded packaging, merchandise and retail items; comprehensive training programs; advertising and marketing strategies; merchandising strategies; and operating system.

"Technology Systems" means and includes all information and communication technology systems we specify from time to time, including, without limitation, computer systems, point-of-sale systems, kiosk ordering systems, online ordering systems, webcam systems, telecommunications systems, security systems, music systems and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps, and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems.

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

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

"Third-Party Technology" means any Technology Systems (or components thereof) that are owned by Persons who are not affiliated with us.

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

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

including by: merger or consolidation; judicial award, order or decree; issuance of additional Equity Interests (including public and private offerings); foreclosure of a security interest by a lender; or operation of Law, will or a trust upon an Owner's death (including via the Laws of intestate succession).

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

2. **GRANT OF FRANCHISE.** We hereby grant you the right, license and obligation to own and operate one (1) Restaurant using our Intellectual Property from a site we approve. You will establish and operate a fast-service restaurant featuring plant-based hamburgers, plant-based chicken sandwiches and other meatless menu items we approve from time to time. Your Restaurant will also offer and sell branded merchandise and other retail items we approve from time to time. We reserve all rights not expressly granted to you.
3. **TERRITORIAL RIGHTS AND LIMITATIONS.** We hereby grant you a territory that consists of the geographic area within a two (2) mile radius from the site we approve for your Restaurant (your "Territory"); *provided, however*, that if your Restaurant is located in a Captive Venue, your Territory shall be limited to the geographic area comprised by the Captive Venue. During the Term we will not develop or operate, or license a third party to develop or operate, a Restaurant that is located in the Territory except as otherwise provided in this Section with respect to Captive Venues and Acquisitions. At any time during the Term we reserve the right to: (a) develop and operate, and license third parties to develop and operate, Restaurants within Captive Venues that are located in your Territory; and (b) engage in Acquisitions that

involve, or subsequently result in, conversion of the acquired or acquiring company's outlets to MR. CHARLIE'S TOLD ME SO™ restaurants, even if those outlets are located in your Territory. We reserve the right to sell, and license third parties to sell, competitive or identical goods and services (including under the Marks) within the Territory through Alternative Channels of Distribution.

4. TERM AND RENEWAL.

4.1. **Generally.** This Agreement grants you the right to operate your Restaurant during the Term. You may renew your franchise rights by signing a Successor Agreement for a five (5) year renewal term. You may enter into a maximum of two (2) Successor Agreements. The parties may agree to further renewals after expiration of the second (2nd) renewal term, but neither party is obligated to do so (unless required by applicable Law, in which case the same renewal terms and conditions set forth in this Agreement shall apply to subsequent renewals). In order to sign a Successor Agreement you must satisfy all renewal conditions specified in this Agreement or the Successor Agreement you wish to renew, as applicable. The Successor Agreement shall be the current form of franchise agreement we use to grant franchises as of the expiration of the Term or renewal term, as applicable, the terms of which may vary materially and substantially from the terms of this Agreement. Upon renewal, we reserve the right to modify your Territory in accordance with our then-current territory guidelines and criteria. If this Agreement is a Successor Agreement, the Term of this Agreement and your remaining renewal rights, if any, shall be governed by your original franchise agreement.

4.2. **Renewal Requirements.** In order to renew, you and the Owners (as applicable) must:

- (a) send us a notice of your intent to enter into a Successor Agreement not less than 210 days nor more than one (1) year before the expiration of the Term or renewal term, as applicable;
- (b) not be in default under any Definitive Agreement at the time you send the renewal notice or sign the Successor Agreement;
- (c) sign the Successor Agreement and all ancillary documents we require franchisees to sign;
- (d) sign a General Release;
- (e) pay us a renewal fee equal to the greater of (i) \$17,500 or (ii) 50% of our then-current non-discounted initial franchise fee;
- (f) remodel the Restaurant and upgrade all furniture, fixtures and equipment to conform to our then-current standards and specifications; and
- (g) extend the term of your lease for the duration of the renewal term.

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

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

5. TRAINING AND CONFERENCES

- 5.1. **Initial Training.** Your Managing Owner and other management personnel must successfully complete our initial training program before your Restaurant opens. As part of the initial training program, and at no additional charge to you, we will send a representative to your Restaurant for up to five (5) days to provide onsite training and assist you with the opening of your Restaurant; *provided, however*, that we may eliminate or reduce the duration of this onsite training and assistance if the Restaurant developed pursuant to this Agreement is your second (2nd) or subsequent Restaurant.
- 5.2. **Post-Opening Training.** Any new Managing Owner or manager you appoint or hire after your Restaurant opens must successfully complete our then-current initial training program prior to managing your Restaurant. We may offer periodic refresher or supplemental training courses for your Managing Owner and management personnel. We may designate each course as mandatory or optional. If we determine your Restaurant is not being operated in full compliance with this Agreement or the Manual, we may require that your Managing Owner and management personnel attend remedial training relevant to your operational deficiencies. We may, but need not, provide additional assistance or training requested by you at a mutually convenient time.
- 5.3. **Training Locations.** Our training programs may take place at any location we designate. We reserve the right to conduct training programs virtually.
- 5.4. **Training Fees and Expenses.** We provide our preopening initial training program at no additional charge to you. We may charge a training fee of up to \$500 per Person per day for any Person who attends: (a) initial training after your Restaurant opens; (b) retraining (after failing a prior attempt); (c) remedial training; (d) additional training requested by you; or (e) refresher or supplemental training. If we provide onsite training or assistance, you must also reimburse all Travel Expenses we incur (this reimbursement obligation does not apply to the onsite training we provide pursuant to §5.1 at the time your Restaurant opens). You are responsible for all wages and Travel Expenses you and your personnel incur to attend training programs.
- 5.5. **Conferences.** We may hold periodic conferences to discuss business and operational matters relevant to Restaurants. Attendance is mandatory unless: (a) we designate attendance as optional; or (b) we waive your obligation to attend based on showing of good cause. Under current policy, we do not charge (or intend to charge) conference registration fees; *provided, however*, that we reserve the right in the future to charge a conference registration fee of up to \$1,000 per Person per conference. If we charge a conference registration fee, you are still responsible for the fee if you fail to attend a required conference without a waiver from us. You are also responsible for wages and Travel Expenses you and your personnel incur to attend conferences.

6. OTHER FRANCHISOR ASSISTANCE.

- 6.1. **Manual.** We provide you with access to our Manual during the Term. The Manual will help you develop and operate your Restaurant. The information in the Manual is confidential and proprietary and may not be disclosed to third parties without our prior approval.
- 6.2. **General Guidance.** We will periodically review and evaluate your Restaurant and reports you submit to us and provide our guidance and recommendations on ways to improve the operation of your Restaurant. We will be available to render advice, discuss problems and offer general guidance to you during normal business hours by phone, email or other means of communication.
- 6.3. **Field Visits.** We have the right, but not the obligation, to conduct periodic field visits for purposes of providing onsite consultation, assistance and guidance pertaining to the operation and management of your Restaurant. We will provide a report detailing any problems or concerns observed during the field visit together with our instructions to address or resolve them. You must implement all required corrective measures in the time and manner we specify.
- 6.4. **Marketing Assistance.** As further described in §10.1 and §10.2, we intend to administer the brand

and system development fund and provide other marketing assistance during the Term.

- 6.5. **Website.** We currently maintain a corporate website for our brand. We will also develop and host a webpage for your Restaurant that will: (a) be linked to our corporate website; and (b) list information about your Restaurant we deem appropriate, such as address, contact information and hours of operation. We control all content on your Restaurant's webpage but will consider your suggestions in good faith. We will own your Restaurant's webpage and domain name. We may change or discontinue our website and/or your Restaurant's webpage at any time.
- 6.6. **Purchase Agreements.** We may, but need not, negotiate purchase agreements with suppliers to obtain discounted prices for franchisees. We will arrange for you to be able to purchase the goods or services directly from the supplier at the discounted prices we negotiate (subject to any rebates the supplier pays to us). We may also purchase goods from suppliers in bulk and resell them to you at our cost plus a 10% markup.
- 6.7. **Call Center.** We may operate, or designate a third-party provider to operate, a call center to answer customers calls and provide other related services. You must participate in the call center program and pay all reasonable setup and monthly fees designated by us or the third-party provider. Participation in the program may include, without limitation:
 - (a) using and publishing a telephone number that we designate;
 - (b) engaging a designated service provider (which may be us, our affiliate, or a third party);
 - (c) acquiring, installing, and using related technology; and
 - (d) executing any related user or service agreement designated by us or the third-party provider.
- 6.8. **New Developments.** We may, but need not, create new menu items, retail products, merchandise or other goods or services for sale at your Restaurant. You must comply with any minimum inventory stocking requirements in the Manual.

7. ESTABLISHING YOUR BUSINESS

- 7.1. **Site Selection.** You must identify and obtain our approval of the site for your Restaurant within 90 days after the Effective Date. The site must be located in the Site Selection Area and conform to our minimum site selection criteria. You must send us a complete site report that includes all documents, information, photos and video we require. We may accept or reject sites you propose in our commercially reasonable judgment. We will notify you of our decision within 14 days after we receive all requisite materials. Your site is deemed disapproved if we do not issue our approval within the 14-day period. If we approve the site for your Restaurant before signing this Agreement, we will list the address of your approved site in Part C of ATTACHMENT "A". Otherwise, we list the address of your approved site in a Site Approval Notice we will send to you within 15 days after approving your site. Within five (5) business days after we send you the Site Approval Notice, you must sign and date the franchisee acknowledgment section and send us a copy for our records. Our approval of the site is immediately effective and binding on you at the time we issue the Site Approval Notice even if you do not send us a signed acknowledgment. Our approval of a site is not a representation or warranty of any kind, express or implied, of the suitability of the site for a Restaurant. It indicates only that we believe the site meets our minimum criteria.
- 7.2. **Lease.** If you lease the premises for your Restaurant, you must use best efforts to ensure your landlord signs the prescribed form of Lease Addendum attached to this Agreement as ATTACHMENT "C". If your landlord refuses to do so we may either: (a) waive the Lease Addendum requirement (or the provisions disapproved by the landlord); or (b) require you to find a new site. You must promptly send us an executed copy of your lease and Lease Addendum for our records. We do not review the terms of your lease, but we strongly recommend you negotiate an exclusivity clause granting you the exclusive right to operate a vegan restaurant within the shopping center / property. You must secure the premises by signing the lease (or purchase contract, if

applicable) within 120 days after the Effective Date.

- 7.3. Construction.** The Manual includes generic prototype plans and our standards and specifications for the design, layout, equipping and trade dress for a Restaurant. You must hire a licensed and bonded architect to prepare initial design plans for the construction of your Restaurant and leasehold improvements. We must approve the initial design plans to ensure they are consistent with our system standards. Once approved, your architect must prepare detailed construction plans that: (a) are consistent with the approved design plans; (b) satisfy all required standards and specifications in the Manual; and (c) comply with all Laws (including the Americans with Disabilities Act), building codes, permits and lease requirements and restrictions applicable to the premises. You must submit the final construction plans to us for approval. The limited purpose of our review is to verify the construction plans are consistent with our system standards. Once approved, you must, at your sole expense, construct and equip the premises according to the approved construction plans and the specifications in the Manual. You must also purchase (or lease) and install all equipment, fixtures, signs and other items we require. We must approve the architects, contractors and other suppliers you use to design and construct your Restaurant. At all times during the construction process, you must maintain the minimum general liability and property damage insurance required by the Manual.
- 7.4. Opening.** You must open your Restaurant to the public within one (1) year after the Effective Date. You must send us a written notice identifying your proposed opening date at least 45 days before opening. We may conduct a preopening inspection of your Restaurant. We may conduct the inspection virtually, in which case you must facilitate the virtual inspection in accordance with our instructions. You must make all changes and modifications we require before you open. You may not open your Restaurant prior to receipt of our written authorization to open. We will not issue our authorization to open before:
- (a) the Managing Owner successfully completes our initial training program;
 - (b) you obtain all required licenses, permits and approvals from Governmental Authorities;
 - (c) you purchase all required insurance policies and provide evidence of coverage;
 - (d) you hire and train the staff necessary to operate your Restaurant;
 - (e) we review and approve the construction, build-out and layout of your Restaurant; and
 - (f) you fulfill all of your other preopening obligations under this Agreement and the Manual.
- 7.5. Relocation.** You may relocate your Restaurant with our prior approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (a) locate your new Restaurant within the Site Selection Area (but outside any territory assigned to another Restaurant); (b) comply with §7.1 through §7.4 with respect to your new Restaurant (excluding the one (1) year opening period); (c) deidentify your former Restaurant §21.1(g); (d) pay us a \$5,000 relocation fee at the time we approve your request to relocate; and (e) open your Restaurant at the new site and resume operations within 30 days after closing your Restaurant at the former site; *provided, however*, that if you relocate because your Restaurant is destroyed, condemned or otherwise rendered unusable due to the physical condition of the premises, then you have 270 days after closing to reopen at the new site. We may require you to conduct another grand opening marketing campaign in accordance with §10.3(a) to promote the opening of your Restaurant at the new site.

8. MANAGEMENT AND STAFFING.

- 8.1. Owner Participation.** You must designate an Owner who will have overall responsibility for the management and operation of your Restaurant (the “Managing Owner”). The Managing Owner must: (a) be approved by us; (b) successfully complete all training programs we require; (c) dedicate full-time efforts to the Business; and (d) at all times own at least 20% of the Equity Interests in the Business or Franchisee Entity, unless we waive this requirement.
- 8.2. Managers.** You may hire a general manager to assist the Managing Owner with onsite management

of the Restaurant. Any Person you hire as a general manager must: (a) successfully complete all training programs we require; (b) dedicate full-time efforts to the onsite management of your Restaurant; and (c) sign a Confidentiality Agreement. Either the Managing Owner or a trained manager must be onsite at your Restaurant during normal business hours. You may also hire assistant managers. The Managing Owner must supervise each general manager to ensure the Restaurant is operated in accordance with this Agreement and the Manual.

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

8.4. Interim Manager. We may, but need not, designate a Person (an "Interim Manager") to manage your Restaurant if either: (a) you fail to appoint an approved replacement Managing Owner, who has successfully completed all training we require, within 30 days after your Managing Owner ceases to perform the responsibilities of a Managing Owner for any reason; or (b) you fail to cure a material breach before the expiration of the cure period. The Interim Manager will cease to manage your Restaurant at such time that you appoint an approved replacement Managing Owner who has completed training or you cure the material breach, as applicable. If we appoint an Interim Manager, you agree to: (a) pay us a management fee of \$500 per day during the period of time that the Interim Manager manages your Restaurant; and (b) reimburse all Travel Expenses incurred by the Interim Manager. The Interim Manager has no liability to you except for gross negligence or willful misconduct. We have no liability to you for the activities of an Interim Manager unless we are grossly negligent in appointing the Interim Manager.

9. FRANCHISEE ENTITY. You represent that Part A of ATTACHMENT "A" includes a complete and accurate list of your Owners. Upon request, you must send us a resolution of the Franchisee Entity authorizing the execution of this Agreement, a copy of the Franchisee Entity's organizational documents and a current Certificate of Good Standing. Each Owner of the Franchisee Entity, and the spouse of each Owner who is a natural Person, must sign a Franchise Owner Agreement.

10. ADVERTISING & MARKETING.

10.1. Brand and System Development Fund. We intend to establish and administer a brand and system development fund to promote public awareness of our brand and improve our System. On each royalty fee due date, you must pay us a brand fund fee equal to 2% of Gross Sales generated during the immediately preceding reporting period. We may use the fund to pay for any of the following:

- (a) developing, administering or distributing advertising and marketing materials and programs;
- (b) conducting and administering promotions, contests or giveaways;
- (c) public and consumer relations and publicity;

- (d) brand development;
- (e) sponsorships and charitable and non-profit donations and events;
- (f) research and development of technology, products and services;
- (g) website development and search engine optimization;
- (h) development, maintenance and promotion of an ecommerce platform;
- (i) development and implementation of quality control programs and customer satisfaction surveys;
- (j) conducting market research;
- (k) changes and improvements to the System;
- (l) reimbursing us for costs we incur to host franchisee conferences;
- (m) fees and expenses charged by advertising agencies we engage to provide marketing services;
- (n) collecting and accounting for brand fund fees and preparing financial accountings of the fund;
- (o) any other programs or activities we deem appropriate to promote or improve the System; and
- (p) direct or indirect labor, administrative, overhead and other expenses incurred by us and/or our affiliates relating to any of these activities, including salary, benefits and other compensation of any of our (and any of our affiliate's) officers, employees or independent contractors based on time spent working on any brand fund matters described above.

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

10.2. Marketing Assistance From Us. We will provide reasonable marketing consulting, guidance and support throughout the Term on an as-needed basis. We will provide you with access to our recommended marketing plan for a Restaurant, which may be included in the Manual. We may designate certain aspects of the marketing plan as mandatory. We may create and provide you with access to local advertising assets such as print marketing materials, social media templates and stock photography. We may: (a) use the brand fund to pay for the creation and distribution of these materials, in which case there will be no additional charge; (b) provide online access to these materials, in which case you must print the materials at your expense; and/or (c) contract with third-party suppliers to create and sell these materials to you.

10.3. Your Marketing Activities.

- (a) Grand Opening Marketing. You must implement a grand opening marketing campaign that you develop and we approve. You must spend the minimum amount we designate on these marketing expenditures during the 60-day grand opening period that begins 30 days before your anticipated opening date. The minimum required expenditure varies based on our assessment of current brand awareness in your local market, the cost of local advertising, the cost of free or promotional give-away products and other factors. We determine the minimum amount you must spend, which will be at least \$5,000 but not more than \$12,000, when we help you put together a grand opening marketing plan.

- (b) Post-Opening Advertising. You must participate in all advertising, promotional and marketing programs we require at your expense, including any advertising cooperative we establish pursuant to §10.4. In addition to brand fund fees and the minimum grand opening marketing expenditure, each month (commencing with your Restaurant's opening date) you must spend an amount equal to or greater than the Local Marketing Commitment on approved local advertising to promote your Restaurant. The "Local Marketing Commitment" is the greater of (i) \$500 per month or (ii) 1% of monthly Gross Sales. We measure your compliance with this requirement on a rolling six-month basis, meaning as long as your average monthly expenditure on local advertising over the six-month period equals or exceeds the Local Marketing Commitment, you are deemed in compliance even if your expenditure in a given month is less than the Local Marketing Commitment.
- (c) Advertising Standards. All your advertising must be completely factual, conform to the highest standards of ethical advertising and comply with all Laws. You must ensure your advertisements and promotional materials do not infringe upon the intellectual property rights of others. You must comply with any minimum advertised pricing policy we establish.
- (d) Extraterritorial Advertising. You may advertise and market outside your Territory as long as you: (i) comply with all policies and procedures in the Manual governing extra-territorial marketing; and (ii) do not engage in targeted marketing directed into another Restaurant's territory (unless conducted as part of an advertising cooperative that includes the affected territory). Marketing that is distributed, circulated or received both in your Territory and another Restaurant's territory is not "targeted marketing" if: (i) you use reasonable efforts to limit circulation or distribution of the advertising to areas in your Territory; and (ii) most recipients of the advertising are located in your Territory and there is only incidental circulation or distribution in another Restaurant's territory. The meaning of "targeted marketing" that is "directed into a territory" may be further defined in the Manual. Examples include direct mail sent to addresses in a given territory, digital advertising sent to devices with IP addresses registered in a given territory and conducting promotional events in a given territory.
- (e) Advertising Approval. Prior to use, we must approve all advertising and marketing programs and materials you intend to use, including all materials we did not prepare or previously approve, or that we prepare or approve and you modify. We must also approve the media you use. You may not use any advertising materials, programs or media that we have not approved or that we approve and later disapprove. We have 14 days to review and approve or disapprove advertising and marketing materials and programs you submit. Our failure to approve them within the 14-day period constitutes our disapproval. Any advertising you propose and we approve is an "Improvement" for purposes of §17.5.
- (f) Social Media. You may promote your Restaurant using social media provided that: (i) you only utilize social media platforms and social media handles we approve; (ii) you strictly comply with our social media policy; (iii) you immediately remove any post we disapprove; (iv) you contract with and exclusively utilize any social media company we designate; and (v) we own all social media accounts relating to your Restaurant and retain full administrator rights.
- (g) Internet and Websites. Without our prior approval, you may not: (i) develop, host, or otherwise maintain a website (or other digital presence) that references our Marks; (ii) conduct digital or online advertising or marketing; or (iii) engage in ecommerce.

10.4. Advertising Cooperative. We may, but need not, establish regional advertising cooperatives for purposes of creating and/or purchasing advertising programs for the benefit of all Restaurants located in the region. We may: (a) determine the boundaries of the cooperative; (b) specify the manner in which the cooperative is organized and governed; (c) require the cooperative to be administered in accordance with written bylaws, organizational documents or other governing documents that we approve; and (d) require you to participate in the cooperative according to its rules and procedures and abide by its decisions. You must pay the cooperative advertising fee, which will be due on each

royalty fee due date or such other date specified by the cooperative. We may set the minimum cooperative advertising fee or we may allow the cooperative to set the cooperative advertising fee based on majority vote of its members. In either case, the fee will not exceed the Local Marketing Commitment unless a higher fee is approved by majority vote of all franchisees who are members of the cooperative (each franchisee has one (1) vote for each open and operating Restaurant located in the cooperative). We may either: (a) collect cooperative advertising fees and remit them to the cooperative; or (b) require you to pay these fees directly to the cooperative. All cooperative advertising fees you pay are credited towards your Local Marketing Commitment. We may form, change, merge or dissolve advertising cooperatives in our discretion.

11. OPERATING STANDARDS.

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

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

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

The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by Restaurants. We can modify the Manual at any time. Modifications are binding at the time we notify you of the change, subject to any “grace period” we provide to implement the change. All mandatory provisions in the Manual (whether included now or in the future) are binding on you. The Manual may consist of written text as well as videos, tutorials, training modules, recordings and/or other means of communication.

11.3. Authorized Goods and Services. You must offer all food, beverage, merchandise, gift cards and other goods and services we require from time to time in our commercially reasonable discretion. You may not offer any other goods or services without our prior approval. Under our current policy, you must offer dine-in, take-out, delivery and catering services. You may not use your Restaurant, or permit your Restaurant to be used, for any purpose other than offering the goods and services we authorize. We may change authorized goods and services at any time and you must comply with our instructions regarding same. Any such change shall not constitute a termination of this Agreement.

11.4. Preparation of Menu Items. All menu items and food products must be prepared only by properly trained personnel and strictly in accordance with our recipes, techniques and processes (including the handling and storage of both ingredients and fully prepared menu items). These requirements are integral to the System and necessary in order to: (a) ensure all menu items prepared at your Restaurant meet our high standards for health and wellness, taste, texture, appearance and freshness; and (b) protect the goodwill associated with our Marks. Your failure to adhere to these requirements will be detrimental to the System and the Marks.

11.5. Sales Restrictions. You may only sell to retail customers while they are present at the Restaurant; *provided, however*, that you must offer catering and delivery service in compliance with all

associated policies and procedures in the Manual, including use of designated third-party delivery service providers, pricing policies and restrictions on catering/delivery service areas. You may not contract with any delivery service provider without our prior approval. Unless you receive our prior approval, you may not: (a) offer or sell food, beverage, merchandise or other goods or services from any location other than your Restaurant's premises or via approved catering or delivery service; (b) produce, sell or provide food, beverage, merchandise or other goods or services through any other channel of distribution, including through ghost kitchens or ecommerce sites; (c) sell food, beverage, merchandise or other goods or services to any Person for purposes of resale; or (d) use, or allow any other Person to use, the kitchen in your Restaurant as a ghost kitchen (or in any similar capacity) to prepare menu items for other brands or culinary concepts.

11.6. Pricing. We will provide you with our suggested retail pricing, which may vary by market. You may deviate from our suggested retail pricing at your discretion; *provided, however*, that: (a) you must obtain our approval of any deviation more than 5% higher or lower than our suggested retail pricing unless such pricing is part of an advertising campaign we approved; and (b) we may set maximum or minimum prices on the goods and services you sell to the extent permitted by applicable Law.

11.7. Customer Payments. You must, at your expense, lease or purchase the necessary equipment and/or software and have arrangements in place with Visa, MasterCard, American Express and all other credit card issuers we designate, in order for you to be able to accept such methods of payment from customers. You must accept debit cards, credit cards, stored value cards, and other non-cash systems (including, for example, Apple Pay and/or Google Wallet) that we specify. You must acquire and install all necessary hardware and/or software used in connection with these non-cash systems.

11.8. Suppliers and Purchasing.

(a) Generally. You must purchase, lease or license, as applicable, all goods, services and other items required by the Manual. You must only purchase goods and services that satisfy all standards and specifications we designate. You must comply with all sourcing and supplier restrictions we impose from time to time.

(b) System Suppliers. In accordance with the Manual, you must purchase certain goods and services exclusively from suppliers we designate or approve. The Manual may designate us or our affiliate as a designated or approved supplier. We and our affiliates may generate a profit from these purchases. We are currently the exclusive designated supplier for digital menu board programming services, employee uniforms and products branded with our Marks (other than merchandise). Our affiliate is currently the exclusive designated supplier for merchandise. Our right to specify the suppliers you use is necessary so we can control the uniformity and quality of goods and services used, sold or distributed in connection with the development and operation of Restaurants, protect our trade secrets, negotiate bulk purchase discounts and protect the reputation and goodwill associated with our System and Marks. If we notify you a system supplier is no longer approved, you must immediately discontinue purchasing from the supplier.

(c) Approval Process. If you wish to purchase alternative goods or services or purchase from alternative suppliers, you must send us a request for approval that: (i) identifies the proposed supplier and the goods/services to be purchased; (ii) includes all information we require about the goods/services and the supplier (including the supplier's qualifications, reputation, financial strength and production capabilities); and (iii) includes product samples for examination and testing purposes. We may condition our approval on the supplier's agreement to comply with our minimum insurance, indemnification and confidentiality requirements for system suppliers. We will approve or disapprove your request within 60 days after we receive all required information and samples. Your request is deemed disapproved if we fail to issue our approval within the 60-day period. You must reimburse all costs we incur to review suppliers or goods/services you propose. We may require you to pay us, in advance, a deposit of up to \$1,000 which we will apply to our evaluation costs (we will refund any applied portion of the

deposit). We need not consider substitute goods or alternative suppliers for goods that are proprietary or branded with our Marks.

- (d) **Payment Disputes.** You understand that: (i) your failure to timely pay a system supplier may jeopardize the supplier's relationship with us and other franchisees; and (ii) the supplier's termination of its relationship with us or refusal to supply goods or services to our franchisees may cause significant harm to us and our franchisees. Accordingly, you agree to promptly pay all amounts owed to system suppliers except as otherwise permitted by this Section. If you have a bona-fide dispute with a supplier that you believe justifies non-payment or partial payment, you must promptly notify the supplier of the particulars of your claim and diligently pursue resolution of the claim or prosecution of appropriate legal action. Any trade debt that remains unpaid more than 30 days after its due date constitutes a material breach of this Agreement unless, before the end of the 30-day period: (i) you and the supplier agree to alternative payment terms; or (ii) you initiate appropriate legal action to contest the trade debt.
- (e) **Supplier Payments.** We may receive rebates, benefits and other consideration from suppliers based on your purchases, leases or licenses. We may retain these payments as compensation and reimbursement for the time and expenses we incur to negotiate and manage supplier relationships. We have no obligation to pass them through to you or use them for any particular purpose (except as otherwise agreed to by us and a supplier).
- (f) **Disclaimer of Liability.** Provided that we designate or approve system suppliers in good faith, we have no liability to you for their acts, errors or omissions including, without limitation, defective or tainted goods, delayed delivery or inability to meet demand. With respect to goods purchased from us or our affiliate, you acknowledge that we or our affiliate purchase the goods from third-party manufacturers or suppliers and resell them to you as a convenience. If you have any type of Claim relating to the purchase of goods or services from a system supplier, your sole recourse shall be against the supplier. If we or our affiliate are the supplier, your sole recourse shall be against the manufacturer or supplier from whom we or our affiliate acquired the goods unless both: (i) the Claim arises from our (or our affiliate's) failure to supply the goods in breach of our obligations under this Agreement; and (ii) our (or our affiliate's) failure to supply the goods is not caused by a Force Majeure event. ***We and our affiliates make no warranties or representations and expressly disclaim all warranties and representations, including the implied warranties of merchantability and fitness for a particular purpose, with respect to goods or services you purchase from system suppliers.***

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

11.10. Technology Systems.

- (a) **Generally.** You must acquire and utilize all Technology Systems we require from time to time. Technology Systems may relate to matters such as: purchasing; pricing; accounting; order entry; inventory control; security; data storage, retrieval and transmission; customer information; customer loyalty; marketing; communications; copying, printing and scanning; or any other business purpose we deem appropriate. We may require that you acquire new or substitute Technology Systems and/or replace, upgrade or update existing Technology Systems at your expense upon reasonable prior notice. You are solely responsible for: (i) the acquisition, operation, maintenance, updating and upgrading of your Technology Systems; (ii) the manner in which your Technology Systems integrate and interface with our computer system and those of third parties; and (iii) any consequences resulting from improper use or operation, or failure to properly maintain, update or upgrade, Technology Systems.

- (b) Use and Access. You must use Technology Systems in accordance with the Manual and comply with all associated data entry policies. You may not load or permit any unauthorized programs or games on your Technology Systems. You must ensure your employees are adequately trained in the use of the Technology Systems. You agree to take all steps necessary to provide us with independent and unlimited access to data collected by or through your Technology Systems, including: (i) Gross Sales data for purposes of calculating fees owed; and (ii) real-time access to the video feed from your security cameras. Upon request, including upon termination or expiration of this Agreement, you must provide us with the user IDs and passwords for your Technology Systems.
- (c) Disruptions. You are solely responsible for protecting against computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, date-related problems and attacks by unauthorized Persons. Upon request, you must obtain and maintain cyber insurance and business interruption insurance for technology disruptions.
- (d) Third-Party Technology. You understand and agree that we and our affiliates: (i) do not own certain Technology Systems (or components thereof) you must use to operate your Restaurant (i.e., Third-Party Technology); and (ii) have no liability to you for any losses, damages or expenses you incur as result of Third-Party Technology not functioning properly. Accordingly, you hereby: (i) waive any and all Claims against us or our affiliates relating to Third-Party Technology; and (ii) acknowledge your sole recourse for any liabilities, losses, damages or expenses you incur due to improperly functioning Third-Party Technology shall be against the owner or licensor of such Third-Party Technology.
- (e) Email Accounts. We may, but need not, provide you with MR. CHARLIE'S TOLD ME SO™ email addresses. We may charge you our then-current fee for these email addresses (this fee is added to the technology fee described in §11.10(f) below). You must exclusively use these email addresses for all communications with us, customers, suppliers and other Persons relating to your Restaurant. You may not use them for any purpose unrelated to your Restaurant. We own the email addresses and accounts but allow you to use them during the Term.
- (f) Fees and Costs. You are responsible for all fees, costs and expenses associated with acquiring, licensing, utilizing, updating and upgrading Technology Systems. Certain Technology Systems must be purchased or licensed from third-party suppliers. We and/or our affiliate may develop proprietary Technology Systems (or components thereof) that become part of our System. If this occurs, you agree to: (i) pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees; and (ii) upon request, sign our prescribed form of license agreement governing use of proprietary Technology Systems (or components thereof). We may enter into master agreements with licensors of Third-Party Technology and charge you for amounts we pay them based on your use of their Third-Party Technology. We may charge you a technology fee, which includes all amounts you pay us and our affiliates relating to Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to suppliers of Third-Party Technology. The technology fee may change based on changes to Technology Systems or prices charged by third parties with whom we enter into master agreements. The technology fee may include a reasonable administrative fee for the time, money and resources we invest to administer the technology platform and associated components, negotiate and manage contracts with third-party licensors, and collect and remit technology fees owed to third-party licensors on behalf of franchisees under master license arrangements. The technology fee does not include amounts you pay directly to third-party suppliers. The technology fee is due 10 days after invoicing or as we otherwise specify. We list the current technology fee in the Manual.

11.11. Remodeling and Maintenance. We may periodically require you to remodel and renovate your Restaurant to conform to our then-current standards and specifications. We will not require you to remodel and renovate your Restaurant more than once during any five (5) year period except as a condition to Transfer or renewal of your franchise rights. You may not remodel or renovate your

Restaurant without our prior approval. We will not approve any remodeling or renovations that conflict with our then-current standards and specifications. You must maintain your Restaurant in good order and condition, reasonable wear and tear excepted, and make all necessary repairs, including replacements, renewals and alterations, at your sole expense, to conform to our standards and specifications. Without limiting the generality of the foregoing, you agree to take the following actions at your expense: (a) thorough cleaning, repainting, redecorating of the interior and exterior of the Restaurant's premises at the intervals we prescribe (or at such earlier times that such actions are required or advisable); and (b) interior and exterior repair of the Restaurant's premises as needed. You must comply with any maintenance, cleaning or facility upkeep schedule we prescribe.

11.12. System Programs.

- (a) Generally. We may periodically develop and implement loyalty, gift card and other system-wide programs. You must fully participate in all programs we designate as mandatory. In order to participate you must: (i) comply with all policies and procedures we establish for participation in the program; (ii) purchase or license and utilize all equipment, software, mobile applications, technology and others items we designate as being necessary for participation in the program and pay all associated fees and costs; and (iii) pay all program fees and other amounts we specify as being necessary for participation in the program to us, our affiliate or a third party we designate (collectively, "Program Participation Rules"). Program Participation Rules may be set forth in the Manual. We may change Program Participation Rules at any time and you must comply with the changes. We may develop and implement new or successor programs and/or modify or terminate existing programs at any time.
- (b) Loyalty Program. You must fully participate and implement all required customer loyalty, rewards and other affinity programs designed to increase customer loyalty, generate new customers or improve overall demand for our Restaurants.
- (c) Gift Card Program. You must participate in any gift card program we establish and honor all gift cards, even if purchased from us or another Restaurant. You may not sell gift cards we have not approved. We have the right to: (i) determine how gift card proceeds are divided or otherwise accounted for; (ii) require that gift card proceeds be paid to us or deposited into a trust account we control for subsequent disbursement to the Restaurant(s) where the gift card is redeemed; and (iii) retain proceeds from unredeemed gift cards.

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

11.14. Standards of Service and Professionalism. You and your staff must provide prompt, courteous, friendly and efficient service to all customers and ensure all customer interactions are conducted in a professional and ethical manner. If you receive a customer complaint, you must follow the complaint resolution process we specify to protect the goodwill associated with the Marks. You must also treat your employees and our staff with honesty and respect. You understand that your breach of this Section may significantly damage the goodwill associated with our Marks and our System.

11.15. Quality Assurance Programs. For quality control purposes we may periodically: (a) inspect your Restaurant in accordance with §6.3 and §16.1; and/or (b) hire mystery shoppers or quality assurance firms to inspect your Restaurant. Inspections may address a variety of issues, including customer service, food safety, sanitation, inventory rotation, etc. You must fully cooperate with all inspections. ~~We may require that you directly pay any mystery shopper or firm we hire for the cost of the inspection. Alternatively, we may pay for the cost of the inspection and require you to reimburse us.~~ We may implement a scoring system pursuant to which each Restaurant receives a "grade" or "score" based on inspection results. Failure to achieve a passing grade or score constitutes a default under this Agreement. You must implement all corrective measures we require within the time period we specify to rectify any noncompliance issues revealed by an inspection.

11.16. Failure to Comply with Standards. You acknowledge the importance of every one of our standards and operating procedures to the reputation and integrity of the System and goodwill associated with the Marks. If we notify you of a breach of our standards or operating procedures (including failure to submit required reports in a timely manner) and you fail to cure within the time period we prescribe, we may (in addition to our other remedies under this Agreement) impose a noncompliance fee of \$500 per occurrence. We may impose a separate \$500 fee every 48 hours the same noncompliance issue remains uncured after we impose the initial fee. Any noncompliance fees we collect are paid in consideration of us refraining from exercising our contractual right to terminate this Agreement. If you fail to cure a breach before the expiration of the cure period (if any) and we take steps to cure the breach (for example, obtaining required insurance coverage on your behalf or paying amounts you owe to system suppliers), then you must reimburse all costs and expenses we directly or indirectly incur in connection with our efforts to cure the default. Your payment of noncompliance fees and default expense reimbursements does not preclude us from terminating this Agreement in accordance with §20.2 if the default continues after we collect these amounts.

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

13. FEES

13.1. Initial Franchise Fee. You agree to pay us a \$35,000 initial franchise fee in one lump sum at the time you sign this Agreement (or, if applicable, any discounted initial franchise fee specified in an area development agreement signed by you and us). The initial franchise fee is fully earned by us and nonrefundable once this Agreement is signed.

13.2. Royalty Fee. On the day we designate from time to time (the “royalty fee due date”) you must pay us a royalty fee equal to 5% of Gross Sales generated during the immediately preceding reporting period. The current reporting period runs from the opening of business on Monday through the close of business on Sunday. The current royalty fee due date is the Wednesday immediately following the end of the prior reporting period. We may periodically change the reporting period and weekly royalty fee due date through updates to the Manual.

13.3. Other Fees and Payments. You must pay all other fees, expense reimbursements and other amounts specified in this Agreement in a timely manner as if fully set forth in §13. You also agree to promptly pay us an amount equal to all taxes levied or assessed against us based on goods or services you sell or goods or services we furnish to you, excluding income taxes imposed on us based on fees you pay us under this Agreement.

13.4. Due Date & Late Fee. Payments are due 10 days after invoicing unless otherwise specified. If any sum due under this Agreement is not received by us when due or there are insufficient funds in your Account to cover the sum when due, then in addition to this sum you must pay us \$100 plus default interest on the amount past due at a rate equal to the lesser of 18% per annum (pro-rated on a daily basis) or the highest rate permitted by applicable Law. We will not impose a late fee for any amount paid pursuant to §13.5 if, but only to the extent that, sufficient funds were available in your Account to be applied towards the payment when due; *provided, however*, that if we are unable to determine the amount due to your failure to record sales or submit Gross Sales reports in a timely manner, we may assess a late fee on the entire amount that was due. This §13.4 shall not constitute our agreement to accept late payments or extend credit to you.

13.5. Method of Payment. No later than 15 days after the Effective Date, you must send us a completed

and executed ACH Agreement authorizing us to electronically debit your designated Account for all amounts owed to us and our affiliates on the applicable due date, excluding any amounts due less than 15 days after the Effective Date. You must sign all other documents required by us or your bank to enable us to debit your Account for amounts owed. You must deposit all Gross Sales into the Account and ensure sufficient funds are available for withdrawal before each payment due date. If there are insufficient funds in your Account, any excess amounts you owe will be payable upon demand, together with any late fee imposed pursuant to §13.4. We may also impose a \$50 NSF fee for each instance where either: (a) there are insufficient funds in your Account to cover amounts owed when due; or (b) a check you issue to us is returned due to insufficient funds.

13.6. Security Interest. In order to secure payment of all amounts owed under the Definitive Agreements, you hereby grant us a first priority, unsubordinated security interest in all of your furniture, fixtures, equipment, signage, inventory, accounts receivable and realty (including your interest under all real property and personal property leases) associated with your Business, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with your Business (collectively, the “Collateral”). You agree to execute all documents necessary to document, perfect and record our security interest in the Collateral, including Uniform Commercial Code (UCC) financing statements used in the jurisdiction in which your Restaurant is located. If you default under this Agreement we may, in addition to our other rights and remedies under this Agreement, exercise all rights of a secured creditor granted by Law. This Agreement constitutes a Security Agreement. You hereby irrevocably authorize us at any time and from time to time to file in any filing office in any UCC jurisdiction any initial financing statements and amendments thereto that: (a) indicate the Collateral (i) as all your assets or words of similar effect, regardless of whether any particular asset comprising part of the Collateral falls within the scope of the UCC of such jurisdiction, or (ii) as being of an equal or lesser scope or with greater detail; and (b) provide any other information required by the UCC applicable in your jurisdiction, for the sufficiency or filing office acceptance of any financing statement or amendment, including (i) whether you are an organization, the type of organization and any organizational identification number issued to you, and (ii) in the case of a financing statement filed as a fixture filing, a sufficient description of real property to which the Collateral relates. If a third-party lender requests that we subordinate our security interest in any assets of your Business as a condition to lending you funds or working capital for the development or operation of your Business, we will agree to do so in accordance with our then-current subordination policies.

13.7. Security Deposit. In order to secure your financial obligations under the Definitive Agreements, you must pay us a cash security deposit in the amount of \$5,000 immediately prior to your opening date. We will deposit this amount into our checking account and it may be commingled with our other funds. If you commit a financial default under a Definitive Agreement and fail to cure before the expiration of the associated cure period, we may apply the security deposit to satisfy your financial obligations, including any applicable late fees. Within seven (7) days after we apply the funds, you must replenish the security deposit by paying us an additional amount equal to the amount of funds we applied to satisfy your debt. If we terminate any Definitive Agreement due to your default, we may apply the security deposit against amounts owed to us and our affiliates (you must also pay us all amounts owed in excess of the security deposit). If you fulfill all your obligations under all Definitive Agreements, we will refund the security deposit to you, without interest, at such time that the Term of this Agreement expires without renewal.

14. BRAND PROTECTION COVENANTS.

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

- 14.2. Intellectual Property & Confidential Information.** You and the Owners agree to: (a) refrain from using any Intellectual Property or Confidential Information in any business or for any purpose other than the operation of your Restaurant pursuant to this Agreement; (b) maintain the confidentiality of our Confidential Information at all times; (c) refrain from making unauthorized copies of documents containing Confidential Information; (d) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (e) stop using the Intellectual Property and Confidential Information immediately upon the expiration, termination or Transfer of this Agreement (any Owner who ceases to be an Owner before the expiration, termination or Transfer of this Agreement must stop using the Intellectual Property and Confidential Information immediately at the time he or she ceases to be an Owner).
- 14.3. Unfair Competition.** You and the Owners may not engage in any Prohibited Activities during the Term or Post-Term Restricted Period. Notwithstanding the foregoing, you and the Owners may have an interest in a Competing Business during the Post-Term Restricted Period as long as the Competing Business is not located (and does not operate) within the Restricted Territory. If you or an Owner engage in a Prohibited Activity during the Post-Term Restricted Period (other than having an interest in a Competing Business permitted by this Section), then the Post-Term Restricted Period applicable to you or the non-compliant Owner, as applicable, shall be extended by the period of time during which you or the non-compliant Owner, as applicable, engaged in the Prohibited Activity. For purposes of clarity, you and the Owners remain bound by any non-competition covenants in other Definitive Agreements that remain in effect for a period of time that extends beyond the expiration of the Post-Term Restricted Period under this Agreement, and the expiration of the Post-Term Restricted Period under this Agreement does not in any way diminish your or the Owners' obligation to comply with such covenants.
- 14.4. Family Members.** Because (a) an Owner could circumvent the intent of §14 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child or grandchild) and (b) it would be difficult for us to prove whether the Owner disclosed Confidential Information to the family member, each Owner agrees that he or she will be presumed to have violated the terms of §14 if any member of his or her immediate family engages in any Prohibited Activity during the Term or Post-Term Restricted Period or uses or discloses Confidential Information. However, the Owner may rebut this presumption with evidence conclusively showing he or she did not disclose Confidential Information to the family member.
- 14.5. Employees.** You must ensure all employees, officers, directors, independent contractors and other Persons associated with you or your Business sign and send us a Confidentiality Agreement before accessing our Confidential Information. You must: (a) use best efforts to ensure these individuals comply with the Confidentiality Agreements; (b) immediately notify us of any breach that comes to your attention; and (c) reimburse all expenses we incur to enforce a Confidentiality Agreement, including attorneys' fees and court costs.
- 14.6. Covenants Reasonable.** You and the Owners agree that: (a) the covenants in §14 are reasonable both in duration and geographic scope; (b) our use and enforcement of similar covenants with other franchisees benefits you and the Owners by preventing them from unfairly competing with your Restaurant; and (c) you and the Owners have sufficient resources, business experience and opportunities to earn an adequate living while complying with the covenants in §14.
- 14.7. Breach of Covenants.** You and the Owners agree that: (a) any breach of §14 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at Law; and (b) we are entitled to injunctive relief if you or an Owner breach §14, together with any other relief available at equity or Law. We will notify you if we intend to seek injunctive relief but we need not post a bond. If a court requires us to post a bond despite our agreement to the contrary, the bond amount may not exceed \$1,000. No remedy available to us under this Agreement is exclusive of any other, but may be combined with others under this Agreement, or at Law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

15. YOUR OTHER RESPONSIBILITIES

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

- (a) “all risk” property insurance, including coverage for fire, vandalism and malicious mischief, with minimum coverage for full replacement cost, covering all assets including inventory, furniture, fixtures, equipment and other property used to operate the Restaurant;
- (b) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your Restaurant, containing minimum liability protection of \$1,000,000 combined single limit per occurrence and \$2,000,000 in the aggregate;
- (c) privacy and cyber security liability insurance containing minimum liability protection of \$50,000 combined single limit per occurrence and \$50,000 in the aggregate;
- (d) umbrella insurance containing minimum liability protection of \$3,000,000 combined single limit per occurrence and \$3,000,000 in the aggregate;
- (e) business interruption insurance providing coverage for 100% of all expenses and financial obligations for a minimum period of 12 months, including fees owed to us, which shall be deemed to include average weekly royalty fees and brand fund fees imposed during the 52-week period preceding the event triggering coverage under the insurance policy;
- (f) automobile liability and property damage insurance covering all loss, liability, claim or expense of any kind whatsoever resulting from the use, operation, or maintenance of any automobiles or motor vehicles, owned, leased or used by you or your officers, directors, employees, partners or agents in the operation of your Restaurant, containing minimum liability protection of \$1,000,000 combined single limit per occurrence and \$1,000,000 in the aggregate;
- (g) worker’s compensation insurance and employer’s liability insurance as required by Law;
- (h) any insurance required under your lease or by Law; and
- (i) any other insurance we specify in the Manual from time to time.

These policies reflect our minimum requirements and may not be adequate to fully protect your interests. You may wish to procure additional coverage. You must provide us with proof of coverage: (a) prior to opening; (b) within 10 days after a policy renewal; and (c) any other time on demand. You must obtain these policies from licensed insurance carriers rated A or better by AM Best. Each policy must satisfy all requirements in the Manual and be endorsed to: (a) name us and our owners, officers and directors as additional insureds; (b) waive all subrogation rights against us; and (c) provide us with at least 30 days’ prior written notice of the termination, expiration, cancellation or modification of the policy. We may disapprove any policy that fails to meet these criteria, and you must immediately secure a new policy meeting our criteria. Upon 10 days’ notice, we may increase the minimum liability coverage amount of any policy and/or require different or additional types of insurance due to inflation, special risks, changes in Law or standards of liability, higher damage awards or other relevant changes in circumstances. If you fail to maintain a required policy we may, at our option, obtain the policy on your behalf. If we do so, you must promptly sign any application or other form required to obtain the policy and reimburse all premiums and other costs we incur.

15.2. Books & Records. You must prepare complete and accurate books, records, accounts and tax returns pertaining to your Business and keep copies for at least five (5) years after their preparation. We may require you to prepare your books and records in compliance with our bookkeeping and accounting standards and policies in the Manual. You must send us copies of your books and records within seven (7) days of our request. You must provide us with independent access to your QuickBooks Online account (or any other online accounting software or platform we authorize) with permission to read all reports.

15.3. **Reports.**

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

15.4. Financial Statements. No later than the 15th day of each month, you must prepare and send us a monthly balance sheet and profit and loss statement for your Business for the prior month. Within 90 days after the end of each calendar year, you must prepare and send us a balance sheet (as of the end of the calendar year) and profit and loss statement for the prior calendar year. Financial statements must be: (a) verified and signed by you certifying to us that the information is true, complete, and accurate; (b) prepared on an accrual basis in compliance with Generally Accepted Accounting Principles; and (c) submitted in any format we reasonably require. We may require that your financial statements be reviewed or audited by a certified public accountant if you submit materially inaccurate financial statements on a prior occasion. You must send us a copy of any financial statement required by this Section upon request. You hereby authorize us to disclose Operational Data to prospective franchisees, Governmental Authorities and other Persons for any reasonable business purpose, provided the disclosure is not prohibited by applicable Law.

15.5. Legal Compliance. You must secure and maintain all required licenses, permits and regulatory approvals and operate your Restaurant in compliance with all applicable Laws.

15.6. Reportable Events. You must promptly notify us in writing of the occurrence of any of the following (each, a "Reportable Event"):

- (a) the occurrence of an incident at your Restaurant involving significant personal injury;
- (b) the issuance of a citation or notice of violation by a Governmental Authority (or the commencement of an inquiry reasonably likely to lead to a citation or notice of violation) relating to a health or safety matter involving your Restaurant;
- (c) the commencement (or written threat) of an action, suit or proceeding against you, your Owners and/or your Restaurant that is reasonably likely to materially and adversely affect you, your Restaurant or the goodwill associated with the Marks; or
- (d) the conviction or indictment of any Owner for a felony or other crime or offense that is reasonably likely to materially and adversely affect you, your Restaurant or the goodwill associated with the Marks.

15.7. Data Ownership & Protection. We are the exclusive owner of all Business Data, whether collected

by you, us or any other Person. We hereby grant you a license to use the Business Data solely for purposes of operating your Restaurant in compliance with this Agreement. You must protect all Customer Data with a level of control proportionate to the sensitivity of data. You must adhere to applicable privacy Laws with respect to data which, if compromised, could have a negative impact on our image or consumer confidence. You must comply with all applicable data protection Laws and our data processing and data privacy policies in the Manual (if any). Upon request, you must sign any data processing or data privacy agreement required by us or by Law. You further agree to: (a) obtain, maintain and adhere to all applicable compliance standards established by PCI-DSS; (b) establish appropriate administrative, technical and physical controls consistent with Law and PCI-DSS to preserve the security and confidentiality of credit card information (in any form) that you store, process, transmit or come in contact with; (c) promptly notify us if you suspect, or there has been, a security breach or potential compromise of credit card information; (d) provide us with updates regarding the status of PCI-DSS via completed PCI AOC (Attestation of Compliance), PCI-DSS SAQ (Self-Assessment Questionnaire) or other mutually-agreed method; and (e) promptly notify us of any PCI-DSS noncompliance to discuss your remediation efforts and timeline.

16. INSPECTION AND AUDIT

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

- (a) evaluating the condition of your Restaurant for cleanliness, sanitation and state of repair;
- (b) examining and copying your books, records, accounts and tax returns;
- (c) inspecting and testing your equipment;
- (d) sampling your menu items (at no cost to us);
- (e) removing samples of your inventory (at no cost to us) for testing purposes;
- (f) monitoring and speaking with your staff; and
- (g) contacting your landlord and customers.

We may conduct inspections at any time without prior notice. We (or our representative) will use reasonable efforts to minimize any interference with the operation of your Restaurant. You and your employees must cooperate and not interfere with the inspection. You consent to us accessing your Technology Systems to retrieve Business Data. You must reimburse all Travel Expenses and other costs we incur to conduct an inspection to verify whether you remedied: (a) a health or safety issue identified by a Governmental Authority; or (b) a breach of system standards we bring to your attention. We bear the cost of all other inspections. We may also, at any time, remotely inspect and monitor your operations by accessing the video feed from your security cameras.

16.2. Audit. We may audit your books and records at any time. You must fully cooperate with us and any Person we hire to conduct the audit. If an audit reveals an understatement of Gross Sales, you must immediately pay us all additional fees you owe together with any late fee imposed pursuant to §13.4. You must reimburse us for the cost of any audit (including reasonable accounting and attorneys' fees and Travel Expenses incurred by us or the auditor) that: (a) is required due to your failure to provide information we request, preserve records or file reports as required by this Agreement; or (b) reveals you understated Gross Sales by at least 2%. We bear the cost of all other audits. Your reimbursement of our audit costs does not preclude us from terminating this Agreement.

17. INTELLECTUAL PROPERTY

17.1. Ownership & Use. You acknowledge that: (a) we are (or our affiliate is) the exclusive owner of the Intellectual Property and the associated goodwill; and (b) your right to use the Intellectual Property is

derived solely from this Agreement and is limited to a license to operate your Restaurant during the Term pursuant to, and only in compliance with, this Agreement and the Manual. You may not use the Intellectual Property in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized by us. Any unauthorized use of the Intellectual Property constitutes an infringement of our rights. You must comply with all provisions in the Manual governing use of the Intellectual Property. You will not acquire any goodwill, title or interest in or to the Intellectual Property.

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

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

17.4. Use of Know-how. We disclose our proprietary Know-how to you during training programs, in the Manual and through other guidance furnished during the Term. You do not acquire any interest in the Know-how other than the right to utilize it, during the Term, solely for purposes of developing and operating your Restaurant in compliance with this Agreement and the Manual.

17.5. Improvements. If you (or your Owner or employee) conceive of or develop an Improvement, you must send us a notice describing the Improvement. You must obtain our approval prior to using the Improvement. Any Improvement we approve may be used by us and any Person we authorize to operate a Restaurant, without any obligation to pay royalties or other fees to you or any other Person. You or your Owner or employee, as applicable, must assign ownership of the Improvement to us or our designee, without charge, together with all associated intellectual property rights, including the right to grant sublicenses. If applicable Law precludes you from assigning ownership to us, then you must grant us a perpetual royalty-free license to use, commercialize and sublicense the Improvement in any manner we deem appropriate.

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

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

- (a) the marketing, use or operation of your Restaurant;
- (b) the breach of a Definitive Agreement committed by you or your Owner or affiliate;
- (c) the breach of an agreement with a third party committed by you or your Owner or affiliate;

- (d) any representations made by you or your Owner to a transferee in connection with a Transfer;
- (e) any Claim relating to taxes or penalties a Governmental Authority assesses against us as a direct result of your failure to pay or perform functions required of you under this Agreement;
- (f) libel, slander or disparaging comments made by you or your Owners, officers, employees or independent contractors regarding the System, a Restaurant or an Indemnified Party (this provision does not apply to disclosure of truthful information to Governmental Authorities or other franchisees);
- (g) any labor, employment or similar type of Claim pertaining to your employees (including Claims alleging we are a joint employer of your employees) or our relationship with you or your Owners (including Claims alleging we are an employer of you and/or any of your Owners); or
- (h) any actions, investigations, rulings or proceedings conducted by any Governmental Authority (including the United States Department of Labor, Equal Employment Opportunity Commission or National Labor Relations Board) relating to your employees.

You and your Owners must immediately notify us of any Claim or proceeding described above. The Indemnified Parties have the right, in their sole discretion, to: (a) retain counsel of their choosing to represent them; and (b) control the response thereto and the defense thereof, including the right to settle the Claim. You may participate in the defense at your expense. You must fully cooperate and assist the Indemnified Parties with defense of the Claim and reimburse all costs and expenses they incur in defending the Claim including, without limitation, mediation, arbitration or court expenses, expert fees and Travel Expenses incurred by attorneys or expert witnesses to attend proceedings or hearings relating to the matter. Your indemnification obligations survive, and continue in full force and effect after, the Transfer, termination or expiration of this Agreement.

19. TRANSFERS

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

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

- (a) we believe the proposed transferee has sufficient business experience, aptitude and financial resources to own and operate a Restaurant and meets our minimum criteria for franchisees;
- (b) you and your affiliates and Owners are in full compliance with all Definitive Agreements;
- (c) the transferee's owners successfully complete, or make arrangements to attend, the initial training program and the transferee pays us any applicable training fee;
- (d) your landlord consents to the assignment of your lease to the transferee, or the transferee is diligently pursuing an approved substitute location within the Site Selection Area;
- (e) the transferee and its owners obtain all licenses and permits required by applicable Law to own and operate the Restaurant;
- (f) the transferee: (i) agrees to discharge and guarantee your obligations under this Agreement and other Business contracts (including supplier contracts); and (ii) signs any agreement we require

to confirm the foregoing;

- (g) the transferee and its owners sign our then-current form of franchise agreement (unless we instruct you to assign this Agreement to the transferee) except that: (i) the Term and renewal term(s) shall be the Term and renewal term(s) remaining under this Agreement unless we specify otherwise; and (ii) the transferee need not pay a separate initial franchise fee;
- (h) the transferee agrees to remodel the Restaurant and upgrade all furniture, fixtures and equipment to conform to our then-current standards and specifications (these changes must be completed within 12 months after the Transfer or such shorter period of time we specify);
- (i) you or the transferee pay us a \$15,000 transfer fee to defray expenses we incur related to the Transfer (in addition to the transfer fee, you must reimburse us for any commission we pay our broker if our broker finds the transferee);
- (j) you and your Owners sign a General Release;
- (k) you agree to subordinate the transferee's financial obligations to you to the transferee's financial obligations owed to us pursuant to the franchise agreement (we may require you to enter into a written subordination agreement);
- (l) we choose not to exercise our right of first refusal described in §19.5; and
- (m) you or the transferring Owner, as applicable, and the transferee satisfy all other conditions we reasonably require as a condition to approval of the Transfer.

Our consent to a Transfer shall not constitute a waiver of any Claims we have against the transferor or our right to demand the transferee comply with all terms of the franchise agreement.

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

19.4. Owner Death or Disability. Within 180 days after an Owner's death or permanent disability, the Owner's Equity Interest in the Business or Franchisee Entity must be Transferred to another Person in compliance with §19.2 or §19.3. An Owner is deemed to have a "permanent disability" only if he/she has a medical or mental problem preventing him/her from substantially complying with his/her obligations under this Agreement or operating the Business in the manner required by this Agreement and the Manual for a continuous period of at least three (3) months.

19.5. Our Right of First Refusal. If you or an Owner wish to engage in a Transfer, you or the Owner, as applicable, must obtain and send us a bona-fide offer executed by the purchaser after completion of due diligence. We have 30 days after receiving the offer to decide whether to purchase the interest for the same price and upon the same terms contained in the offer, except we may substitute cash for any non-cash form of payment proposed in the offer. If we notify you within the 30-day period that we intend to purchase the interest, you or the Owner, as applicable, must sell the interest to us. We will have an additional 60 days to prepare for closing. You or the Owner, as applicable, must provide us with all customary representations and warranties regarding the title to and condition of the assets or Equity Interest that we purchase, or at our option, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to the terms of the offer, subject to the requirements of §19.2, including our approval of the transferee. If the sale is not completed within 120 days after we receive the offer, or there is a material change to the terms of sale, we will again have the right of first refusal specified in this Section. Our right of first refusal shall not apply to a Permitted Transfer.

20. TERMINATION

20.1. By You. You may terminate this Agreement if we fail to cure a material breach within 90 days after you send us a default notice specifying the nature of the breach. If you terminate pursuant to §20.1, you must still comply with your post-term obligations described in §21 (other than payment of liquidated damages) and all other obligations that survive the termination of this Agreement.

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

- (a) if you are insolvent due to your inability to pay your debts as they become due;
- (b) if you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution or composition or other settlement with creditors under any Law, or you are the subject of an involuntary bankruptcy (which may or may not be enforceable under the Bankruptcy Act of 1978);
- (c) if your Restaurant, or substantially all of its assets, are seized by a government official or taken over or foreclosed upon by a creditor, lienholder or lessor;
- (d) if a final judgment against you remains unsatisfied for 30 days unless a supersedes or other appeal bond has been filed;
- (e) if a levy of execution has been made upon the license granted by this Agreement or any property used in your Business and is not discharged within five (5) days of the levy;
- (f) if the Managing Owner fails to satisfactorily complete initial training as required by §5.1;
- (g) if you fail to identify an approved site or open your Restaurant before the associated deadlines set forth in §7.1 and §7.4, respectively;
- (h) if you abandon or fail to operate your Restaurant for three (3) consecutive business days unless due to Force Majeure (in which case §24.6 governs) or another reason we approve;
- (i) if a Governmental Authority suspends or revokes a license or permit required to lawfully operate the Restaurant unless the suspension/revocation is overturned within 20 days thereafter;
- (j) if you operate the Restaurant in a manner that presents a health or safety hazard to your customers, employees or the public and fail to cure within 24 hours after notice from us;
- (k) if you underreport Gross Sales by at least 2% on two (2) or more occasions;
- (l) if you fail to pay any amount owed to us, our affiliate or an approved or designated supplier within 10 days after demand for payment (subject to your right to dispute, in good faith, amounts owed to third-party suppliers in accordance with §11.8(d));
- (m) if you fail to promptly notify us of a Reportable Event in accordance with §15.6;
- (n) if you (or an Owner) (i) are subject to a material administrative disciplinary action or (ii) plead no contest to, or are convicted of, a felony or other material crime;
- (o) if you (or an Owner) fail to comply with a material Law applicable to your Restaurant;
- (p) if you (or an Owner) commit an act that can reasonably be expected to materially and adversely affect the reputation of the System or goodwill associated with the Marks;
- (q) if you (or an Owner) make a material misrepresentation to us at any time;
- (r) if you (or an Owner) make an unauthorized Transfer;
- (s) if you (or an Owner) use the Intellectual Property in an unauthorized manner;

- (t) if you (or an Owner) breach a brand protection covenant in §14 or representation in §23.3;
- (u) if an Owner (or their spouse) breaches a Franchise Owner Agreement;
- (v) if the lease for your premises is terminated due to your default;
- (w) if we send you three (3) or more default notices within a 12-month period (even if cured);
- (x) if we (or our affiliate) terminate a Definitive Agreement (other than an area development agreement) due to a default committed by you (or your affiliate or an Owner); or
- (y) if you (or an Owner) breach any other provision of this Agreement (including any mandatory provision in the Manual) and fail to cure within 30 days after receipt of a default notice.

If we send you a default notice we may cease to perform our obligations under this Agreement until you cure the breach, unless our failure to perform would materially impair your ability to cure.

20.3. By Mutual Agreement. If you and we mutually agree in writing to terminate this Agreement, any notice or cure period that might otherwise apply shall be deemed waived.

21. POST-TERM OBLIGATIONS.

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

- (a) immediately cease use of the Intellectual Property;
- (b) pay us all amounts you owe including, if applicable, liquidated damages pursuant to §21.3;
- (c) comply with all post-term covenants described in §14;
- (d) comply with our instructions to return or destroy all copies of the Manual and Copyrighted Materials and all signs, menus, recipes, brochures, advertising and promotional materials, forms and other materials bearing the Marks or containing Confidential Information;
- (e) comply with our data retention policies pertaining to the Business Data;
- (f) cancel all fictitious or assumed name registrations relating to your use of the Marks;
- (g) alter the interior and exterior of the premises to the extent necessary, or to the extent we require, to prevent any further resemblance to or connection with a Restaurant or our System, including, without limitation, repainting the exterior and interior with new colors and removing trade dress, fixtures and décor items associated with a Restaurant as well as exterior and interior signage and window decals;
- (h) notify all telephone, listing and domain name registration companies of the termination or expiration of your right to use: (i) any telephone numbers and/or domain names associated with your Restaurant; and (ii) any regular, classified or other telephone directory listings associated with the Marks (you hereby authorize the foregoing companies to transfer such telephone numbers, domain names and listings to us and you authorize us, and appoint us and any officer we designate as your attorney-in-fact to direct these companies to transfer the telephone numbers, domain names and listings to us if you fail or refuse to do so); and
- (i) provide us with satisfactory evidence of your compliance with the above obligations within 30 days after the effective date of the termination, expiration or Transfer of this Agreement.

Subsections (d), (g) and (h) above shall not apply if you Transfer your Restaurant to an approved transferee or we exercise our right to purchase your Restaurant. If an Owner transfers his or her entire Equity Interest in the Business or Franchisee Entity, but you continue to operate the Business pursuant to this Agreement, then this Section shall not apply to you (or to any remaining Owner) and the former Owner shall be subject only to the obligations set forth in subsections (a) and (c) above.

21.2. Purchase Option.

- (a) Generally. Upon the termination or expiration of this Agreement we have the option to purchase your Restaurant and/or its assets. If we choose to exercise our purchase option, we will notify you of the assets we wish to purchase (the “Acquired Assets”) within 20 days after the termination or expiration date. If we exercise our purchase option we may require that: (i) you assign your lease to us at no additional charge (if you lease the premises); or (ii) you or your affiliate enter into a lease with us that includes standard and commercially reasonable commercial leasing terms, including rent at fair rental value, for a term of 10 years or such shorter term that we specify (if you or your affiliate own the real estate). The purchase price for the Acquired Assets will be: (i) the purchase price established by the parties (if mutually agreed upon); or (ii) the Appraised Value established in accordance with §21.2(b) below. We may, at our option, assign our purchase option to a designee of our choosing.
- (b) Appraisal Process. If the parties cannot agree on the purchase price, the purchase price shall be the Appraised Value established in accordance with this Section. “Appraised Value” means the fair market value of the Acquired Assets as of the date this Agreement is terminated or expires, as applicable; *provided, however*, that fair market value shall not include any value for goodwill and/or the franchise rights granted by this Agreement. The parties shall attempt to mutually agree upon a single independent appraiser. If they fail to do so, either party may demand the appointment of three (3) appraisers in accordance with the following: (i) no later than 15 days after the demand, each party shall appoint one (1) appraiser and notify the other party of the appointed appraiser’s name and contact information; and (ii) no later than 30 days after the demand, the two (2) appraisers appointed by the parties will jointly appoint a third (3rd) appraiser. If either party fails to appoint an appraiser within the 15-day period, then the appraiser appointed by the other party shall be deemed the single appraiser approved by the parties. You must promptly provide any documents or information requested by the appraisers. If a single appraiser is appointed, the purchase price shall be the Appraised Value established by the appraiser. If three (3) appraisers are appointed, the purchase price shall be: (i) the Appraised Value agreed upon by at least two (2) of the appraisers; or (ii) the average of the two (2) Appraised Values that are closest to each other if none of the appraisers agree upon the Appraised Value. Each party shall promptly pay 50% of the cost of the appraisal.
- (c) Closing. The parties shall memorialize the acquisition by executing the form of Asset Purchase Agreement we reasonably prescribe, which shall include customary representations and warranties regarding title to and the condition of the Acquired Assets. At closing you must transfer good and clean title to the Acquired Assets, subject to any exceptions set forth in the Asset Purchase Agreement, and we must pay you the purchase price. We may deduct from the purchase price: (i) any amounts you owe us or our affiliates under any Definitive Agreements including, if applicable, liquidated damages imposed under this Agreement; and (ii) the amount of any liabilities we assume on your behalf, including future rent. We will have at least 60 days after the purchase price of the Acquired Assets has been established to close the transaction.

- 21.3. Liquidated Damages. You must pay us liquidated damages if either: (a) we terminate this Agreement due to your default; or (b) you terminate this Agreement in any manner other than as permitted by §20.1 or §20.3. Liquidated damages are calculated as the product of Average Weekly Fees multiplied by the lesser of (a) 104 or (b) the total number of full weeks remaining under the Term as of the termination effective date. “Average Weekly Fees” means the combined average weekly royalty fee and brand fund fee (without regard to any fee waivers or other reductions, and regardless of collection) imposed by this Agreement during the 52-week period preceding the termination date (or during the period of time you operated the Business if less than 52 weeks). Liquidated damages are due 30 days after we send you an invoice detailing our calculation of same. Liquidated damages are in addition to and not in lieu of: (a) any fees or other amounts incurred by you prior to the termination of this Agreement, all of which must be paid by you in accordance with the terms of this Agreement; or (b) any damages we or our affiliate incur as a result of your breach of this Agreement; *provided, however*, that we may not pursue a Claim against you for recovery of lost

future profits if you pay us all liquidated damages owed when due. The parties agree the amount of liquidated damages set forth in this Section is in proportion to, and is necessary to protect, our legitimate interests, including: (a) encouraging our franchisees to commit to the 10-year franchise relationship in which both parties have already invested time and expense to develop; (b) the time and expense we will incur to ensure your timely and orderly departure from our franchise network and recruit a new franchisee to acquire franchise rights to the Territory; (c) protecting the reputation and goodwill associated with our Marks; and (d) partially compensating us for financial damages we expect to incur as a result of your breach or wrongful termination. If this liquidated damages clause is unenforceable under applicable Law, then we are only entitled to actual damages we incur as a result of your default or improper termination.

22. DISPUTE RESOLUTION.

- 22.1. Negotiation and Mediation.** Except as otherwise provided below with respect to Excluded Claims, the parties shall attempt in good faith to resolve any Dispute through informal discussions and negotiations. If these efforts are unsuccessful, either party may submit the Dispute to mediation before a mutually-agreeable mediator prior to litigation. All negotiations and mediation proceedings (including all discovery conducted therein and statements and settlement offers made by either party or the mediator in connection with the mediation): (a) shall be strictly confidential; (b) shall constitute “settlement negotiations” for purposes of federal and state rules of evidence; and (c) shall not be admissible or otherwise used for any purpose in any court or arbitration proceeding (except evidence that would otherwise be discoverable or admissible shall not be excluded from discovery or made inadmissible simply because of its use in mediation). The mediator may not be called as a witness for any purpose in any court proceeding. Any Dispute involving Claims alleging a breach of §14, §17 and/or §21 (referred to as “Excluded Claims”) is not subject to mandatory negotiation or mediation unless both parties agree otherwise.
- 22.2. Litigation.** If a Dispute either (a) is not successfully resolved by mediation within 60 days after a party makes a demand for mediation or (b) involves an Excluded Claim, then either party may file a lawsuit in any state or federal court of general jurisdiction in accordance with the choice of venue provision below. The parties hereby express their clear and unequivocal intent that a court, rather than a mediator, has exclusive jurisdiction to decide the threshold issue of whether a Dispute involves an Excluded Claim (i.e., whether any Claim alleges a breach of §14, §17 or §21).
- 22.3. Venue.** All mediation and litigation shall take place in the county in which we maintain our principal place of business at the time the Dispute arises (currently Los Angeles County, California). The parties irrevocably waive any objection to such venue and consent to the jurisdiction of such courts.
- 22.4. Attorneys’ Fees and Costs.** If a Dispute is resolved through a judicial proceeding, the substantially prevailing party is entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees and cost costs. In addition, if you or an Owner breach any term of a Definitive Agreement, you must reimburse us for all reasonable legal fees and other expenses we incur as a result of the breach, regardless of whether the breach is cured prior to commencement of formal dispute resolution proceedings.
- 22.5. Waivers.** UNLESS PROHIBITED BY APPLICABLE LAW, ANY CLAIM (OTHER THAN FOR PAYMENT OF MONIES OWED OR AN EXCLUDED CLAIM) MUST BE BROUGHT BY FILING A WRITTEN DEMAND FOR MEDIATION WITHIN ONE (1) YEAR FOLLOWING THE CONDUCT, ACT OR OTHER EVENT OR OCCURRENCE GIVING RISE TO THE CLAIM, OR THE RIGHT TO ANY REMEDY WILL BE DEEMED FOREVER WAIVED AND BARRED. WE AND YOU IRREVOCABLY WAIVE: (a) TRIAL BY JURY; AND (b) THE RIGHT TO LITIGATE A DISPUTE ON A CLASS ACTION BASIS.

23. REPRESENTATIONS.

- 23.1. Corporate Representations.** You and the Owners jointly and severally represent and warrant to us that the execution and delivery of this Agreement, and the performance of your obligations

hereunder, does not: (a) conflict with, breach or constitute a default under any agreement to which you are (or any affiliate of yours is) a party or by which your (or your affiliate's) assets are bound; (b) violate any order, injunction, decree, judgment or ruling of a Governmental Authority; or (c) violate any applicable Law. If the franchisee is an Entity, you and the Owners also jointly and severally represent and warrant to us that: (a) the Franchisee Entity is duly organized, validly existing and in good standing under the Laws of the state of its formation and has the requisite power and authority to enter into this Agreement and perform its obligations hereunder; and (b) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action and this Agreement constitutes the legal, valid and binding obligation of, and is enforceable against, the Franchisee Entity in accordance with its terms.

23.2. General Representations. You and the Owners jointly and severally represent and warrant to us that you and the Owners are aware that: (a) other franchisees may operate under different forms of agreement and our obligations and rights with respect to franchisees differs materially in certain circumstances; and (b) we may negotiate terms or offer concessions to other franchisees and we have no obligation to offer you the same or similar negotiated terms or concessions.

23.3. Anti-Terrorism Compliance. You and the Owners jointly and severally represent and warrant to us that, to the best of your and their knowledge: (a) no property or interest owned by you or any Owner is subject to being "blocked" under any Anti-Terrorism Law; (b) neither you nor any Owner, nor any of their respective funding sources (including any legal or beneficial owner of an Equity Interest in the Business or Franchisee Entity) or related parties is, or has ever been: (i) a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Law; or (ii) identified by name, alias, pseudonym, nickname or address on any Terrorist List, including the list of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts currently available at www.home.treasury.gov); and (c) you and the Owners are in compliance with, and shall continue to comply with, the Anti-Terrorism Law and all other U.S. Laws currently in effect, or enacted in the future, that prohibit corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government. The foregoing representations and warranties are 'continuing' representations and warranties for the duration of the franchise relationship. Accordingly, you must immediately notify us of the occurrence of any event or development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

24. GENERAL PROVISIONS

24.1. Governing Law. Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), this Agreement and the franchise relationship are governed by the Laws of California without reference to its principles of conflicts of law, but any California Law that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section. If your Restaurant is located outside of California, the public policies of the state in which your Restaurant is located shall govern the enforceability of noncompetition covenants notwithstanding the California choice of law provision set forth above.

24.2. Relationship of the Parties. Nothing in this Agreement creates a fiduciary relationship between the parties or is intended to make either party a general or special agent, legal representative, joint venture, partner, employee or servant of the other for any purpose. Throughout the Term you must, in all dealings with third parties, conspicuously identify yourself as a franchisee and the independent owner of your Restaurant. We may require that you display a written notice of independent ownership, in the form we prescribe, at any location within your Restaurant that we specify. You must also include a written indication of independent ownership on all agreements, forms, letterhead, advertising materials, business cards and other materials that we specify. Neither party may: (a) make any express or implied agreement, warranty or representation, or incur any debt, in the name of or on behalf of the other; or (b) represent that our relationship is other than franchisor and franchisee. In addition, neither party will be obligated by any agreements or representations made by the other

that are not expressly authorized by this Agreement.

- 24.3. Severability.** Each section of this Agreement (and portion thereof) is severable. If applicable Law imposes mandatory terms that conflict with this Agreement, the terms required by such Law shall govern to the extent of the inconsistency. If a court concludes any promise or covenant in this Agreement is unreasonable or unenforceable, we or the court may modify such promise or covenant to the minimum extent necessary to make it enforceable.
- 24.4. Waivers.** Each party may waive any obligation imposed on the other party in writing. Neither party is deemed to have waived or impaired any of its rights under this Agreement, including the right to require strict compliance with all terms of this Agreement or terminate this Agreement if the other party fails to comply with such terms, by virtue of: (a) any custom or practice of the parties at variance with the terms of this Agreement; (b) any failure, refusal or neglect by a party to exercise any right under this Agreement or require the other party to strictly comply with any term of this Agreement; (c) our waiver, failure or refusal to exercise any of our rights with respect to other franchisees; or (d) our acceptance of payment from you after your breach.
- 24.5. Approvals.** Whenever this Agreement requires our approval, you must make a timely written request for approval. Our approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request.
- 24.6. Force Majeure.** Neither party is liable for loss or damage or deemed in breach of this Agreement if such party's failure to perform its obligations results from an event of Force Majeure; *provided, however,* that Force Majeure will not excuse or permit any failure to perform for more than 180 days. If the period of non-performance exceeds 180 days from receipt of notice of the Force Majeure event, the party whose ability to perform has not been affected may immediately terminate this Agreement by giving notice of termination to the other party.
- 24.7. Binding Effect.** This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any Person not a party to this Agreement; *provided, however,* that the additional insureds listed in §15.1 and the Indemnified Parties are intended third-party beneficiaries under this Agreement with respect to §15.1 and §18, respectively.
- 24.8. Integration.** THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT, EXCEPT AS PERMITTED BY §11.2 AND §24.3, BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. In addition, our issuance of a Site Approval Notice shall be deemed to amend this Agreement to identify the approved site for your Restaurant, regardless of whether you countersign and/or return the Site Approval Notice. Any email or informal electronic communication shall not be deemed to modify this Agreement unless it is signed by both parties and expressly states it is intended to modify this Agreement. The attachments are part of this Agreement, which together with any Amendments or Addenda executed on or after the Effective Date, constitute the entire understanding and agreement of the parties. There are no other oral or written understandings or agreements between the parties about the subject matter of this Agreement. As referenced above, all mandatory provisions of the Manual are part of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
- 24.9. Good Faith Covenant.** If applicable Law implies into this Agreement a covenant of good faith and

fair dealing, the covenant shall not imply any rights or obligations inconsistent with the express terms hereof. This Agreement, and the relationship of the parties inherent in this Agreement, grants us discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests. We will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees, but without considering the individual interests of you or any other franchisee.

24.10. Rights of Parties are Cumulative. The rights of the parties under this Agreement are cumulative and no exercise or enforcement by a party of any right or remedy under this Agreement precludes any other right or remedy available to such party under this Agreement or by Law.

24.11. Survival. All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement, or the Transfer of an Equity Interest in the Business or Franchisee Entity, shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire, including, without limitation, §13, §14, §16, §18, §21, §22 and §24.

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

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

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

YOU:	As set forth in Part A of <u>ATTACHMENT "A"</u>
US:	Mr. Charlie’s World LLC 450 North Bedford Drive, Suite 312 Beverly Hills, California 90210 Attention: David Shneer Email: david.shneer@mrcharlies.co

Notice is deemed given on the earliest to occur of: (a) the third (3rd) business days after placed in the mail, postage prepaid, by certified mail with a return receipt requested; or (b) the date delivered by hand or sent by email or comparable electronic system.

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

[Signature Page Follows]

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

FRANCHISOR:

Mr. Charlie's World LLC, a California limited liability company

By: _____

Name: _____

Title: _____

YOU (If you are an Entity):

_____,
a(n) _____

By: _____

Name: _____

Title: _____

YOU (If you are not an Entity):

Name: _____

Name: _____

Name: _____

ATTACHMENT "A"
TO FRANCHISE AGREEMENT
DEAL TERMS

A. Franchisee Details

Name of Franchisee: [_____]

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

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

** If the franchisee is a business Entity, each Person holding a direct or indirect Equity Interest in the Franchisee Entity, and spouse of each such Person who is a natural Person, must sign the Franchise Owner Agreement concurrently with the execution of this Agreement.*

The following table includes the full name of each Person holding a direct or indirect Equity Interest in the Business or Franchisee Entity, as applicable, along with a description of their Equity Interest.

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

Notice Address: _____

Attention: _____

Email: _____

B. Site Selection Area

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

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

C. Approved Site

We hereby approve the site listed below for your Restaurant.

Approved Address: [_____]

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

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

[See Attached]

SITE APPROVAL NOTICE

Mr. Charlie's World LLC ("we" or "us") is issuing this Site Approval Notice (this "Notice") to _____ ("you"), effective _____, 202____, in connection with the Mr. Charlie's Told Me So Franchise Agreement (the "Franchise Agreement") that we executed with you on _____, 202____. The purpose of this Notice is to confirm our approval of the site you proposed for your Restaurant.

Approved Address:

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

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

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

Franchisor

Franchisee

Mr. Charlie's World LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

ATTACHMENT "C"
TO FRANCHISE AGREEMENT

LEASE ADDENDUM

[See Attached]

LEASE ADDENDUM

This Lease Addendum (this "Agreement") is executed as of _____, 202__ by and among Mr. Charlie's World LLC, a California limited liability company ("Franchisor"), [_____] a(n) [_____] with principal offices located at [_____] ("Landlord"), and [_____] a(n) [_____] with principal offices located at [_____] ("Tenant").

Background

- A. On [_____] 202[___], Franchisor and Tenant executed a Mr. Charlie's Told Me So Franchise Agreement (the "Franchise Agreement"), pursuant to which Franchisor granted Tenant the right and obligation to develop and operate a MR. CHARLIE'S TOLD ME SO™ restaurant at the premises described in Exhibit "A" (the "Premises").
- B. Concurrently with the execution of this Agreement, Landlord and Tenant are executing a lease agreement (the "Lease"), pursuant to which Landlord will lease the Premises to Tenant.
- C. To protect Franchisor's rights and interests under the Franchise Agreement, Landlord agrees to grant certain rights to Franchisor as set forth below.

Agreement

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

Mr. Charlie's World LLC
450 North Bedford Drive, Suite 312, Beverly Hills, California 90210
Attention: David Shneer
Email: david.shneer@mrcharlies.co

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

above.

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

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

FRANCHISOR:

Mr. Charlie’s World LLC, a California limited liability company

By: _____
 Name: _____
 Title: _____

LANDLORD:

_____, (a)n _____

By: _____
 Name: _____
 Title: _____

TENANT:

_____, (a)n _____

By: _____
 Name: _____
 Title: _____

EXHIBIT "A" TO LEASE ADDENDUM

DESCRIPTION OF PREMISES

[_____]

ATTACHMENT "D"
TO FRANCHISE AGREEMENT
FRANCHISE OWNER AGREEMENT

[See Attached]

FRANCHISE OWNER AGREEMENT

This Franchise Owner Agreement (this “Agreement”) is entered into by: (a) each of the undersigned owners of Franchisee (defined below); and (b) the spouse of each such owner who is a natural Person, in favor of Mr. Charlie’s World LLC, a California limited liability company, and its successors and assigns (“us”). Each signatory to this Agreement is referred to as “you”.

1. **DEFINITIONS.** Capitalized terms not defined above have the meanings given to them below, or if not defined below, the meanings given to them in the Franchise Agreement or, if applicable, Food Truck Addendum:

“Development Agreement” means, if applicable, the Area Development Agreement pursuant to which the Franchise Agreement was executed.

“Franchise Agreement” means the Mr. Charlie’s Told Me So Franchise Agreement executed by Franchisee with an effective date of _____, 202__.

“Food Truck Addendum” means, if applicable, the Food Truck Addendum executed in connection with the Franchise Agreement that governs the development and operation of Franchisee’s Food Truck.

“Franchisee” means _____. For purposes of this Agreement, the term “Franchisee” shall be deemed to refer to both: (a) [_____], as Franchisee under the Franchise Agreement; and (b) the Person who signed the Development Agreement (if applicable), as Developer, if such Person is different than Franchisee.

“Restricted Period” means the two-year period after the earliest to occur of: (a) the termination or expiration of the Franchise Agreement; (b) the date Franchisee assigns the Franchise Agreement to another Person with respect to whom neither you nor your spouse own an Equity Interest; or (c) the date neither you nor your spouse own an Equity Interest in the Business or Franchisee Entity; *provided however*, that if a court of competent jurisdiction determines the two-year period is too long to be enforceable then Restricted Period means the one-year period after the earliest to occur of: (a) the termination or expiration of the Franchise Agreement; (b) the date Franchisee assigns the Franchise Agreement to another Person with respect to whom neither you nor your spouse own an Equity Interest; or (c) the date neither you nor your spouse own an Equity Interest in the Business or Franchisee Entity.

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

3. **BRAND PROTECTION COVENANTS.**

- (a) Intellectual Property and Confidential Information. You agree to: (i) refrain from using the Intellectual Property or Confidential Information in any capacity or for any purpose other than the operation of Franchisee’s Restaurant and Food Truck (if applicable) in compliance with the Franchise Agreement, Food Truck Addendum (if applicable) and Manual; (ii) maintain the confidentiality of the Confidential Information at all times; (iii) refrain from making unauthorized copies of documents containing Confidential Information; (iv) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (v) immediately stop using the Intellectual Property and Confidential Information at such time that you are (or your spouse is) no longer an Owner. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable Law precludes you from assigning ownership to us, then you agree to perpetually license the Improvement to us, free of charge, with full rights to use, commercialize and sublicense the same.

- (b) Unfair Competition. You may not engage in any Prohibited Activities at any time: (i) that you are (or

your spouse is) an Owner; or (ii) during the Restricted Period. Notwithstanding the foregoing, you may have an interest in a Competing Business during the Restricted Period as long as the Competing Business is not located (and does not operate) within the Restricted Territory. If you engage in any Prohibited Activity during the Restricted Period (other than having an interest in a Competing Business permitted by this Section) your Restricted Period will be extended by the period of time during which you engaged in the Prohibited Activity. Any such extension of time will not constitute a waiver of your breach or impair any of our rights or remedies relating to your breach. For purposes of clarity, you remain bound by any non-competition covenants in other Definitive Agreements that remain in effect for a period of time that extends beyond the expiration of the Restricted Period under this Agreement, and the expiration of the Restricted Period under this Agreement does not in any way diminish your obligation to comply with such other covenants.

- (c) Family Members. You could circumvent the purpose of §3 by disclosing Confidential Information to immediate family members (i.e., parent, sibling, child or grandchild) and it would be difficult for us to prove your breach. For that reason you are presumed to have breached this Agreement if an immediate family member: (i) engages in a Prohibited Activity at any time you are prohibited from doing so; or (ii) uses or discloses Confidential Information. However, you may rebut this presumption with evidence conclusively showing you did not disclose Confidential Information to the family member.
- (d) Covenants Reasonable. You agree that: (i) the covenants in §3 are reasonable in duration and geographic scope; and (ii) you have sufficient resources, business experience and opportunities to earn an adequate living while complying with these covenants. Although you and we believe the covenants in §3 are reasonable we may, upon written notice to you, unilaterally modify the brand protection covenants in §3 of this Agreement by limiting the scope of the Prohibited Activities, narrowing the definition of a Competing Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under §3 of this Agreement to ensure the covenants are enforceable under applicable Law.
- (e) Breach. You agree that: (i) any failure to comply with §3 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (ii) we are entitled to injunctive relief if you breach §3 together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the bond amount may not exceed \$1,000. No remedy available to us under this Agreement is exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

4. **TRANSFER RESTRICTIONS**. We must approve all Persons who own an Equity Interest in the Business or Franchisee Entity. If you are an Owner, you agree that you will not Transfer an Equity Interest in the Business or Franchisee Entity except in accordance with §19 of the Franchise Agreement and, with respect to a Food Truck, §14 of the Food Truck Addendum.

5. **FINANCIAL SECURITY**. In order to secure Franchisee's financial obligations under the ~~Franchise Agreement and all other~~ Definitive Agreements (collectively, the "Secured Agreements") you hereby personally and unconditionally: (a) guarantee to us and our successors and assigns, that Franchisee shall punctually fulfil all of its payment and other financial obligations under the Secured Agreements; and (b) agree to be personally bound by, and personally liable for, each and every monetary provision in the Secured Agreements. You waive: (i) acceptance and notice of acceptance by us of the foregoing undertakings; (ii) notice of demand for payment of any indebtedness guaranteed; (iii) protest and notice of default to any party with respect to the indebtedness guaranteed; (iv) any right you may have to require that an action be brought against Franchisee or any other Person as a condition of liability; and (v) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed. You agree that: (a) your direct and immediate liability under this guaranty is joint and several with Franchisee and all other signatories to this Agreement; (b) you will render any payment required under the Secured Agreements upon demand if Franchisee fails to promptly do so; (c) your liability is not contingent or conditioned upon our pursuit of any remedies against Franchisee or any other Person; and

(d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence we grant to Franchisee or any other Person, including the acceptance of any partial payment or performance, or the compromise or release of any Claims, none of which shall in any way modify or amend this guarantee, which remains continuing and irrevocable during the term of each Secured Agreement and following the termination, expiration or transfer of each Secured Agreement to the extent any financial obligations under a Secured Agreement survive such termination, expiration or transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy of Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Secured Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement will be impaired, modified, released or limited in any manner whatsoever by any impairment, modification, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

6. **REPRESENTATION.** You represent to us that you received a copy of the executed Franchise Agreement and, if applicable, Food Truck Addendum.
7. **DISPUTE RESOLUTION.** Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution provisions set forth in the Franchise Agreement, which are incorporated into this Agreement by reference as if fully set forth herein. **You acknowledge and agree that your breach of this Agreement constitutes a material event of default under the Franchise Agreement, permitting us to terminate the Franchise Agreement in accordance with its terms.**
8. **MISCELLANEOUS.**
 - (a) If either party hires an attorney or files suit against the other party for breach of this Agreement, the losing party must reimburse the prevailing party for its reasonable attorneys' fees and costs.
 - (b) This Agreement is governed by the laws of California and the courts in that state have jurisdiction over any legal proceedings arising out of this Agreement. If you reside outside of California, the public policies of the state in which you reside shall govern the enforceability of noncompetition covenants notwithstanding the California choice of law provision set forth above.
 - (c) Any Claim or defense you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.
 - (d) Each section of this Agreement (and portion thereof) is severable. If any section (or portion thereof) is unenforceable, it shall not affect the enforceability of any other section (or portion thereof). A court may revise any provision of this Agreement to the extent necessary to make the provision enforceable.
 - (e) We may deliver to you any notice contemplated by this Agreement in the same manner and to the same address listed in the notice provision of the Franchise Agreement and any such delivery shall be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice shall be delivered in the manner and to the address listed in the Franchise Agreement.

[\[Signature Page Follows\]](#)

Each of the undersigned has executed this Agreement as of the date or dates set forth below.

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

ATTACHMENT "E"
TO FRANCHISE AGREEMENT
ACH AUTHORIZATION FORM

[See Attached]

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name

Business No.

Franchisee Mailing Address (street)

Franchisee Phone No.

Franchisee Mailing Address (city, state, zip)

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

Franchisee Fax No.

Franchisee Email Address

Bank Account Information:

Bank Name

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

Bank Account No.

Checking Savings
(check one)

Bank Routing No. (9 digits)

Bank Mailing Address (city, state, zip)

Bank Phone No.

Authorization:

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

Signature: _____

Date: _____

Name: _____

Title: _____

Federal Tax ID Number: _____

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

ATTACHMENT "F"
TO FRANCHISE AGREEMENT
CONFIDENTIALITY AGREEMENT

[See Attached]

CONFIDENTIALITY AGREEMENT

This Agreement (this “Agreement”) is entered into by the undersigned (“you”) in favor of Mr. Charlie’s World LLC, a California limited liability company, and its successors and assigns (“us”).

1. DEFINITIONS. Capitalized terms that are not defined above have the meanings given to them below:

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

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

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

“Franchisee” means the MR. CHARLIE’S TOLD ME SO™ franchisee for whom you are an employee or independent contractor.

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

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

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

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

“Marks” means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize Restaurants to use, including MR. CHARLIE’S TOLD ME SO™ and the associated logo. The Marks also include any distinctive trade dress used to identify a Restaurant or the products it sells.

“Restaurant” means any restaurant we authorize to operate under the Marks and use our System.

“*System*” means our system developed for the operation of a Restaurant, the distinctive characteristics of which include: distinctive interior and exterior design, décor, signage, color scheme and other trade dress elements; branded packaging, merchandise and retail items; comprehensive training programs; advertising and marketing strategies; merchandising strategies; and operating system.

2. **BACKGROUND.** You are an employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our franchise system if you were to misuse our Intellectual Property. To avoid such damage, you agree to comply with the terms of this Agreement.
3. **INTELLECTUAL PROPERTY & CONFIDENTIAL INFORMATION.** You agree to: (a) refrain from using the Intellectual Property or Confidential Information in any business or for any purpose other than the operation of Franchisee’s Restaurant; (b) maintain the confidentiality of Confidential Information at all times; (c) refrain from making unauthorized copies of documents containing Confidential Information; (d) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (e) immediately stop using the Intellectual Property and Confidential Information at such time that you are no longer an employee or independent contractor of Franchisee. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize and sublicense the same.
4. **FAMILY MEMBERS.** You could circumvent the intent of this Agreement by disclosing Confidential Information to immediate family members (i.e., parent, sibling, child or grandchild) and it would be difficult for us to prove your breach. For that reason you are presumed to have breached this Agreement if an immediate family member uses or discloses Confidential Information. You may rebut this presumption with evidence conclusively showing you did not disclose Confidential Information to the family member.
5. **BREACH.** You agree that: (a) any failure to comply with this Agreement is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (b) we are entitled to injunctive relief if you breach this Agreement together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the bond amount may not exceed \$1,000. No remedy available to us under this Agreement is exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.
6. **MISCELLANEOUS.**
 - (a) If we hire an attorney or file suit against you for breach of this Agreement and we prevail, you must reimburse us for our reasonable attorneys’ fees and costs.
 - (b) This Agreement is governed by the laws of California and the courts in that state have jurisdiction over any legal proceedings arising out of this Agreement.
 - (c) Each section of this Agreement (and portion thereof) is severable. If any section (or portion thereof) is unenforceable, it shall not affect the enforceability of any other section (or portion thereof). A court may revise any provision of this Agreement to the extent necessary to make the provision enforceable.

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

By: _____

Name: _____

Date: _____

EXHIBIT "D"
TO DISCLOSURE DOCUMENT
AREA DEVELOPMENT AGREEMENT

[See Attached]



MR. CHARLIE'S TOLD ME SO AREA DEVELOPMENT AGREEMENT

AREA DEVELOPER: _____
DATE: _____

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ATTACHMENTS

ATTACHMENT "A" Deal Terms

AREA DEVELOPMENT AGREEMENT

This Area Development Agreement (this "Agreement") is entered into as of _____, 202__ (the "Effective Date") between Mr. Charlie's World LLC, a California limited liability company ("we" or "us") and _____, a(n) _____ ("you").

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

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

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

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

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

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

"Franchise Agreement" means a Mr. Charlie's Told Me So Franchise Agreement executed by us and you (or your affiliate) for the development and operation of a Restaurant pursuant to this Agreement.

"General Release" means our then-current form of Waiver and Release of Claims that you and your Owners must sign pursuant to §7.2 in connection with a Transfer.

"Initial Franchise Agreement" means the Franchise Agreement you execute for the first (1st) Restaurant to be developed pursuant to this Agreement.

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

"Permitted Transfer" means a Transfer: (a) between existing Owners; or (b) by the Owners to a new Developer Entity for which such Owners collectively own and control 100% of the Equity Interests; *provided, however*, that a Permitted Transfer does not include any Transfer that results in the Managing Owner owning less than 20% of the Equity Interests in the Development Business or Developer Entity.

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

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

- (a) this Agreement (or any interest therein);
- (b) the area development rights granted by this Agreement (or any interest therein);
- (c) the Development Business you conduct pursuant to this Agreement (or any interest therein); or
- (d) an Equity Interest in the Development Business or Developer Entity;

including by: merger or consolidation; judicial award, order or decree; issuance of additional Equity Interests (including public and private offerings); foreclosure of a security interest by a lender; or operation of Law, will or a trust upon an Owner's death (including via the Laws of intestate succession).

2. **GRANT OF DEVELOPMENT RIGHTS.** Subject to the terms of this Agreement, we hereby grant you the right and obligation to develop, open and operate the number of Restaurants listed in Part B of ATTACHMENT "A". This Agreement does not grant you any right or license to use our Intellectual Property.
3. **TERRITORIAL PROTECTIONS AND LIMITATIONS.** During the Term we will not develop or operate, or license a third party to develop or operate, a Restaurant that is located in the Development Territory other than: (a) any Restaurant that is operating, under development, or for which a franchise agreement has been executed, in each case as of the Effective Date, and that is (or will be) located in the Development Territory; and (b) any Restaurant otherwise permitted by this Section. At any time during the Term we reserve the right to: (a) develop and operate, and license third parties to develop and operate, Restaurants in Captive Venues located within the Development Territory; and (b) engage in Acquisitions that involve, or subsequently result in, conversion of the acquired or acquiring company's outlets to MR. CHARLIE'S TOLD ME SO™ outlets, even if those outlets are located in the Development Territory. We reserve the right to sell, and license third parties to sell, competitive or identical goods and services (including under the Marks) within the Development Territory through Alternative Channels of Distribution.
4. **DEVELOPMENT OBLIGATIONS**
 - 4.1. **Development Schedule.** You must develop and open each Restaurant in strict compliance with the time periods set forth in the Development Schedule applicable to you based on the number of Restaurants you have committed to develop, open and operate. We may, in our sole discretion, extend one or more opening dates listed in the Development Schedule if you demonstrate to our satisfaction that you used best efforts to comply with the opening date and the need for the extension is due to unforeseeable delays rather than your lack of diligence or funding. The opening date listed in the Development Schedule for a given Restaurant may be earlier than the opening date required under the terms of the associated Franchise Agreement. In order to comply with the Development Schedule you must open each Restaurant by the opening date listed in the Development Schedule even if such date is earlier than the opening date required by the associated Franchise Agreement.
 - 4.2. **Reasonableness of Development Schedule.** You represent that you: (a) have conducted your own independent investigation and analysis of the prospects for development of the Restaurants in the Development Territory; (b) approve the Development Schedule as being reasonable and viable; and (c) recognize that any breach of the Development Schedule is a material breach of this Agreement.
 - 4.3. **Site Selection.** All Restaurants you develop pursuant to this Agreement must be located in the Development Territory. You must select a specific site within the Development Territory for each Restaurant in compliance with our then-current site selection criteria. We must approve the site for each Restaurant in accordance with the applicable Franchise Agreement.
 - 4.4. **Franchise Agreements.** You must sign a separate Franchise Agreement for each Restaurant. You must sign the Initial Franchise Agreement for your first (1st) Restaurant at the time you sign this Agreement. We will not review proposed sites for a Restaurant until you sign the applicable Franchise Agreement for that Restaurant. Each Franchise Agreement shall be our then-current form of Franchise Agreement, the terms of which may vary materially and substantially from the terms of the Initial Franchise Agreement. The development fee in §5 includes the initial franchise fee associated with each Restaurant you commit to develop under this Agreement. Accordingly, you will not pay us an additional initial franchise fee in connection with any Franchise Agreement executed pursuant to this Agreement. You have no right to construct or operate a Restaurant until the parties have signed a Franchise Agreement and all ancillary agreements for that Restaurant. You must develop, open and operate each Restaurant in compliance with the Franchise Agreement and Manual.
 - 4.5. **Additional Restaurants.** You may not develop any Restaurant other than the Restaurants listed in the Development Schedule unless we, in our sole discretion, permit you to enter into a new area development agreement, which will be upon such terms that we specify, after you develop all Restaurants listed in the Development Schedule in accordance with this Agreement.

5. **DEVELOPMENT FEE.** You must pay us a Development Fee that varies depending on the number of Restaurants you commit to develop, open and operate pursuant to this Agreement. The amount of the Development Fee and payment terms are set forth in the table below:

Number of Restaurants	Development Fee	Payment Terms
2	\$70,000	\$70,000 due in full when you sign ADA
3	\$100,000	\$90,000 due when you sign ADA \$5,000 due earlier of lease execution for 2 nd Restaurant or 12 months after signing ADA \$5,000 due earlier of lease execution for 3 rd Restaurant or 18 months after signing ADA
4	\$132,000	\$118,800 due when you sign ADA \$6,600 due earlier of lease execution for 2 nd Restaurant or 12 months after signing ADA \$6,600 due earlier of lease execution for 3 rd Restaurant or 18 months after signing ADA
5	\$250,000	\$250,000 due in full when you sign ADA

The development fee is fully earned and nonrefundable upon execution of this agreement; *provided, however* that you agree to pay the Development Fee in accordance with the payment terms set forth above.

6. **DEVELOPER ENTITY.** You represent that Part A of ATTACHMENT "A" includes a complete and accurate list of your Owners. Upon request, you must send us a resolution of the Developer Entity authorizing the execution of this Agreement, a copy of its organizational documents and a current Certificate of Good Standing. You may form a separate Entity to enter into each Franchise Agreement provided that: (a) the Person or Persons owning the Equity Interests (and the percentage of the Equity Interests owned) in each such Entity must be the same Person or Persons owning the Equity Interests (with the same percentage of the Equity Interests owned) in the Developer Entity; and (b) each such Entity guarantees the performance of all other Entities formed under the authority of this §6. Each Owner, and the spouse of each Owner who is a natural Person, must sign a Franchise Owner Agreement.

7. TRANSFERS

- 7.1. **By Us.** This Agreement is fully assignable by us, without prior notice to you, and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for the performance of our obligations under this Agreement up to the effective date of the assignment.
- 7.2. **By You.** The rights and duties created by this Agreement are personal to you and the Owners. We are granting you area development rights in reliance upon the character, skill, attitude, business ability and financial resources of you and your Owners. Because this Agreement is a personal services contract, neither you nor any Owner may engage in a Transfer (other than a Permitted Transfer) without our prior approval. Any Transfer (other than a Permitted Transfer) without our approval is void and constitutes a breach of this Agreement. We will not unreasonably withhold our approval of a proposed Transfer if all of the following conditions are satisfied:
- we believe the proposed transferee has sufficient business experience, aptitude and financial resources to develop, own and operate all of the remaining Restaurants to be developed under this Agreement and meets our minimum criteria for area developers;
 - you and your Owners and affiliates are in full compliance with all Definitive Agreements;
 - the transferee's owners successfully complete, or make arrangements to attend, the initial training program and the transferee pays us any applicable training fee;
 - the transferee and its owners sign our then-current form of area development agreement (unless we, in our sole discretion, instruct you to assign this Agreement to the transferee) except that: (i) the Term shall be the Term remaining under this Agreement; (ii) the transferee need not pay a separate development fee; and (iii) the Development Schedule and Development Territory shall

be the same Development Schedule and Development Territory specified in this Agreement (modified to reflect the development obligations satisfied prior to the Transfer);

- (e) you or the transferee pay us a \$10,000 transfer fee (in addition to the transfer fee, you must reimburse us for any commission we pay our broker if our broker finds the transferee);
- (f) you assign all Franchise Agreements to the transferee in accordance with the transfer provisions under each such Franchise Agreement, including payment of any transfer fee imposed under each such Franchise Agreement;
- (g) you and your Owners sign a General Release;
- (h) we choose not to exercise our right of first refusal described in §7.5; and
- (i) you or the transferring Owner, as applicable, and the transferee satisfy all other conditions we reasonably require as a condition to our approval of the Transfer.

You may not: (a) transfer less than all area development rights remaining under this Agreement (i.e., you may not retain the right to develop any Restaurant); or (b) transfer your area development rights to multiple transferees. Our consent to a Transfer shall not constitute a waiver of: (a) any Claims we may have against the transferor; or (b) our right to demand the transferee comply with all terms of the area development agreement.

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

7.4. Owner Death or Disability. Within 180 days after an Owner's death or permanent disability, the Owner's Equity Interest in the Development Business or Developer Entity must be Transferred to another Person in compliance with §7.2 or §7.3. An Owner is deemed to have a "permanent disability" if he/she has a medical or mental problem that prevents him/her from substantially complying with his/her obligations under this Agreement for a period of at least three (3) months.

7.5. Our Right of First Refusal. If you or an Owner wish to engage in a Transfer, you or the Owner, as applicable, must obtain and send us a bona-fide offer executed by the purchaser after completion of due diligence. We have 30 days after receipt of the offer to decide whether to purchase the interest for the same price and upon the same terms contained in the offer, except we may substitute cash for any non-cash form of payment proposed in the offer. If we notify you within the 30-day period that we intend to purchase the interest, you or the Owner, as applicable, must sell the interest to us. We will have an additional 60 days to prepare for closing. You or the Owner, as applicable, must provide us with all customary representations and warranties regarding the title to and condition of the assets or Equity Interest that we purchase, or at our option, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to the terms of the offer, subject to the requirements of §7.2, including our approval of the transferee. If the sale is not completed within 120 days after we receive the offer, or there is a material change to the terms of sale, we will again have the right of first refusal specified in this Section. Our right of first refusal shall not apply to a Permitted Transfer.

8. TERMINATION

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

- (a) if we terminate any Definitive Agreement due to a default committed by you or one of your Owners or affiliates; or

(b) if you (or an Owner) breach any provision of this Agreement and fail to cure within 30 days after receipt of a default notice.

8.2. By Mutual Agreement. If you and we mutually agree in writing to terminate this Agreement, any notice or cure period that might otherwise apply shall be deemed waived.

9. EFFECT OF TERMINATION. Termination of this Agreement ends all your rights and development obligations under this Agreement, including your interests in the Development Territory and right to sign new Franchise Agreements or open new Restaurants. We will not refund any portion of the development fee and you must immediately pay any remaining unpaid balance of the development fee.

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

11. REPRESENTATIONS.

11.1. Corporate Representations. You and your Owners jointly and severally represent and warrant to us that the execution and delivery of this Agreement, and the performance of your obligations hereunder, does not: (a) conflict with, breach or constitute a default under any agreement to which you are (or any affiliate of yours is) a party or by which your (or your affiliate's) assets are bound; (b) violate any order, injunction, decree, judgment or ruling of a Governmental Authority; or (c) violate any applicable Law. If the developer is an Entity, then you and your Owners also jointly and severally represent and warrant to us that: (a) the Developer Entity is duly organized, validly existing and in good standing under the Laws of the state of its formation and has the requisite power and authority to enter into this Agreement and to perform its obligations hereunder; and (b) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action and this Agreement constitutes the legal, valid and binding obligation of, and is enforceable against, the Developer Entity in accordance with its terms.

11.2. General Representations. You and your Owners jointly and severally represent and warrant to us that: (a) other area developers may operate under different forms of agreement and our obligations and rights with respect to area developers differs materially in certain circumstances; and (b) we may negotiate terms or offer concessions to other area developers and we have no obligation to offer you the same or similar negotiated terms or concessions.

11.3. Anti-Terrorism Compliance. You and your Owners jointly and severally represent and warrant to us that, to the best of your knowledge: (a) no property or interest owned by you or any Owner is subject to being "blocked" under any Anti-Terrorism Law; (b) neither you nor any Owner, nor any of their respective funding sources (including any legal or beneficial owner of an Equity Interest in the Development Business or Developer Entity) or related parties is, or has ever been: (i) a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Law; or (ii) identified by name, alias, pseudonym, nickname or address on any Terrorist List, including the list of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts currently available at www.home.treasury.gov); and (c) you and the Owners are in compliance, and will continue to comply, with the Anti-Terrorism Law and all other U.S. Laws currently in effect, or enacted in the future, that prohibit corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government. The foregoing representations and warranties are 'continuing' representations and warranties for the duration of the franchise relationship. Accordingly, you must immediately notify us of the occurrence of any event or development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

12. GENERAL PROVISIONS

12.1. Governing Law. This Agreement and the franchise relationship are governed by the Laws of California without reference to its principles of conflicts of law, but any California Law that

regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

- 12.2. **Severability.** Each section of this Agreement (and portion thereof) is severable.
- 12.3. **Waivers.** Each party may waive any obligation imposed on the other party in writing. Neither party shall be deemed to have waived or impaired any of its contractual rights under this Agreement, including the right to require strict compliance with all terms of this Agreement or terminate this Agreement due to the other party's failure to comply with such terms, by virtue of: (a) any custom or practice of the parties at variance with the terms of this Agreement; (b) any failure, refusal or neglect by a party to exercise any right under this Agreement or require the other party to strictly comply with its obligations under this Agreement; (c) our waiver, failure or refusal to exercise any of our rights with respect to other developers; or (d) our acceptance of payment from you after your breach.
- 12.4. **Approvals.** Whenever this Agreement requires our approval, you must make a timely written request for approval. Our approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request.
- 12.5. **Force Majeure.** Neither party shall be liable for loss or damage or deemed in breach of this Agreement if such party's failure to perform its obligations results from an event of Force Majeure; *provided, however,* that an event of Force Majeure shall not excuse or permit any failure to perform for more than 180 days. If the period of non-performance exceeds 180 days from receipt of notice of the Force Majeure event, the party whose ability to perform has not been affected may immediately terminate this Agreement by giving notice of termination to the other party.
- 12.6. **Binding Effect.** This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any Person not a party to this Agreement.
- 12.7. **Integration.** THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. Any email or informal electronic communication shall not be deemed to modify this Agreement unless it is signed by both parties and specifically states it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which together with any Amendments or Addenda executed on or after the Effective Date constitutes the entire understanding and agreement of the parties. There are no other oral or written understandings or agreements between the parties about the subject matter of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
- 12.8. **Good Faith Covenant.** If applicable Law implies into this Agreement a covenant of good faith and fair dealing, the covenant shall not imply any rights or obligations inconsistent with the express terms hereof. This Agreement, and the relationship of the parties inherent in this Agreement, grants us discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests. We will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees, but without considering the individual interests of you or any other franchisee.

12.9. Rights of Parties are Cumulative. The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by Law.

12.10. Survival. All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement, or the Transfer of an Equity Interest in the Development Business or Developer Entity, shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire.

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

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

12.13. Notices. All notices and notifications given under this Agreement must be in writing and must be provided in accordance with the Notice Provision of the Initial Franchise Agreement.

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

* * *

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

FRANCHISOR:

Mr. Charlie’s World LLC, a California limited liability company

By: _____
Name: _____
Title: _____

YOU (If you are an Entity):

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

YOU (If you are not an Entity):

Name: _____

Name: _____

Name: _____

Name: _____

ATTACHMENT "A"
TO AREA DEVELOPMENT AGREEMENT
DEAL TERMS

A. Area Developer Details

Name of area developer: [_____]

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

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

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

The following table includes the full name of each Person holding a direct or indirect Equity Interest in the Development Business or Developer Entity, as applicable, along with a description of their Equity Interest.

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

Notice Address: _____

 Attention: _____
 Email: _____

B. Number of Restaurants to Develop

You are purchasing the right to develop, open and operate a total of (check applicable box):

- _____ two (2) Restaurants
- _____ three (3) Restaurants
- _____ four (4) Restaurants
- _____ five (5) Restaurants

C. Development Schedule

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

1. The following Development Schedule applies if you purchase the right to open two (2) Restaurants:

DEVELOPMENT SCHEDULE – PURCHASE OF TWO (2) RESTAURANTS		
DEVELOPMENT PERIOD ENDING	NUMBER OF RESTAURANTS OPENED DURING DEVELOPMENT PERIOD	CUMULATIVE NUMBER OF RESTAURANTS OPENED AND IN OPERATION
12 months after Effective Date	1	1
24 months after Effective Date	1	2
Total Number of Restaurants to be Developed: 2		

2. The following Development Schedule applies if you purchase the right to open three (3) Restaurants:

DEVELOPMENT SCHEDULE – PURCHASE OF THREE (3) RESTAURANTS		
DEVELOPMENT PERIOD ENDING	NUMBER OF RESTAURANTS OPENED DURING DEVELOPMENT PERIOD	CUMULATIVE NUMBER OF RESTAURANTS OPENED AND IN OPERATION
12 months after Effective Date	1	1
18 months after Effective Date	1	2
36 months after Effective Date	1	3
Total Number of Restaurants to be Developed: 3		

3. The following Development Schedule applies if you purchase the right to open four (4) Restaurants:

DEVELOPMENT SCHEDULE – PURCHASE OF FOUR (4) RESTAURANTS		
DEVELOPMENT PERIOD ENDING	NUMBER OF RESTAURANTS OPENED DURING DEVELOPMENT PERIOD	CUMULATIVE NUMBER OF RESTAURANTS OPENED AND IN OPERATION
12 months after Effective Date	1	1
18 months after Effective Date	1	2
36 months after Effective Date	1	3
48 months after Effective Date	1	4
Total Number of Restaurants to be Developed: 4		

4. The following Development Schedule applies if you purchase the right to open five (5) Restaurants:

DEVELOPMENT SCHEDULE – PURCHASE OF FIVE (5) RESTAURANTS		
DEVELOPMENT PERIOD ENDING	NUMBER OF RESTAURANTS OPENED DURING DEVELOPMENT PERIOD	CUMULATIVE NUMBER OF RESTAURANTS OPENED AND IN OPERATION
12 months after Effective Date	1	1
18 months after Effective Date	1	2
36 months after Effective Date	1	3
48 months after Effective Date	1	4
60 months after Effective Date	1	5
Total Number of Restaurants to be Developed: 5		

D. Development Territory

The Development Territory consists of, and shall be limited to, the following geographic area, as may be further depicted on a map attached below or on the following page:

[_____]

If the boundaries that define the Development Territory change during the Term, the boundaries of your Development Territory will remain unaffected and will continue to be defined by the boundaries that were in effect as of the Effective Date (as may be depicted on a map attached below or on the following page).

[Insert Map (if applicable)]

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

[See Attached]



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EXHIBIT "F"
TO DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

Part A (Current Franchisees)

The following table lists franchisees [with Restaurants](#) that were open as of December 31, 2024.

FRANCHISEES OPEN AS OF DECEMBER 31, 2024				
<u>(RESTAURANTS)</u>				
State	City	Address	Phone	Owner Name(s)
None				

* These franchisees are also area developers that committed to open multiple franchised ~~businesses~~[Restaurants](#) under the terms of an area development agreement.

The following ~~table lists~~[tables list](#) franchisees with signed ~~franchise agreements~~[Franchise Agreements for Restaurants](#) that were not open as of December 31, 2024.

FRANCHISEES NOT OPEN AS OF DECEMBER 31, 2024				
<u>(RESTAURANTS)</u>				
State	City	Address	Phone	Owner Name(s)
Georgia	Atlanta	8735 Dunwoody Place, Ste N Atlanta, Georgia 30350	770-617-2201	Norman Molyneux Taalib Johnson Bahaaudiyn Johnson Campbellson Shackleton

~~* These~~[The following table lists](#) franchisees ~~are also area developers~~[with Food Trucks](#) that ~~have committed to~~[were](#) open ~~multiple franchised businesses under the terms~~[as](#) of an area development agreement. ~~December 31, 2024.~~

<u>FRANCHISEES OPEN AS OF DECEMBER 31, 2024</u>				
<u>(FOOD TRUCKS)</u>				
<u>State</u>	<u>City</u>	<u>Address</u>	<u>Phone</u>	<u>Owner Name(s)</u>
<u>None</u>				

[The following tables list franchisees with signed Food Truck Addenda for Food Trucks that were not open as of December 31, 2024.](#)

<u>FRANCHISEES NOT OPEN AS OF DECEMBER 31, 2024</u>				
<u>(FOOD TRUCKS)</u>				
<u>State</u>	<u>City</u>	<u>Address</u>	<u>Phone</u>	<u>Owner Name(s)</u>
<u>None</u>				

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

State	City	Current Business Phone or Last Known Home Phone	Owner Name(s)
None			

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

EXHIBIT "G"
TO DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

[See Attached]

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

Mr. Charlies World LLC

Balance Sheet

June 30 2025

Current Assets

Cash and cash equivalents	8,702
Due from related parties	235,898

TOTAL ASSETS 244,600

Current Liabilities

Accounts payable	23,794
Deferred revenue	131,987

TOTAL LIABILITIES 155,781

Members's Equity

Members Contribution	200,000
Retained Earnings/ (loss)	(38,655)
Income/ (loss)	(72,527)

TOTAL MEMBERS' EQUITY 88,818

TOTAL LIABILITIES AND MEMBERS' EQUITY 244,600

Mr. Charlies World LLC
Statement of Operations
Period From January 1 2025 to June 30 2025

Revenue	-
Operating Expenses	
Legal and professional	44,782
Travel expenses	18,320
General and administration	575
Marketing	8,850
Total Operating Expenses	<u>72,527</u>
Net Income/(Loss)	<u><u>(72,527)</u></u>

Mr. Charlie's World, LLC

**Independent Auditor's Report
And
Financial Statements
Period From July 23, 2024 (Inception) to December 31, 2024**

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Metwally CPA PLLC
CERTIFIED PUBLIC ACCOUNTANT
1312 Norwood Dr STE 100, Bedford, Texas 76022
Cell: 214-200-5434 (Mohamed Metwally) Mmetwally@metwallycpa.com

Independent Auditor's Report

To the members of
Mr. Charlie's World, LLC

Opinion

We have audited the accompanying financial statements of Mr. Charlie's World, LLC (the Company), which comprise the balance sheet as of December 31, 2024 and the related statements of operations, members' equity, and cash flows for the period from July 23, 2024 to December 31, 2024, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mr. Charlie's World, LLC as of December 31, 2024 and the results of its operations and its cash flows for the period from July 23, 2024 to December 31, 2024 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mr. Charlie's World, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mr. Charlie's World, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mr. Charlie's World, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mr. Charlie's World, LLC's ability to continue as a going concern for a reasonable period.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Metwally CPA PLLC

Metwally CPA PLLC
Bedford, Texas
April 09, 2025

Mr. Charlie's World, LLC
Balance Sheet
December 31, 2024

	<u>2024</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 6,286
Due from related parties	226,122
Total Current Assets	<u>232,408</u>
Total Assets	<u>\$ 232,408</u>
LIABILITIES AND MEMBERS' EQUITY	
Current Liabilities	
Accounts payable	\$ 49,075
Deferred revenue, current portion	2,443
Total Current Liabilities	<u>51,518</u>
Long-Term Liabilities	
Deferred revenue, net of current portion	19,544
Total Long-Term Liabilities	<u>19,544</u>
Total Liabilities	<u>71,062</u>
Members' Equity	
Members' equity	161,346
Total Members' Equity	<u>161,346</u>
Total Liabilities and Member's Equity	<u>\$ 232,408</u>

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

Mr. Charlie's World, LLC
Statement of Operations
Period From July 23, 2024 to December 31, 2024

	<u>2024</u>
Revenues	
Initial franchise fees	\$ 13,013
Total Revenues	<u>13,013</u>
Operating Expenses	
Legal and professional	35,364
Travel expenses	16,303
Total Operating Expenses	<u>51,667</u>
Net Income / (Loss)	<u>\$ (38,654)</u>

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

Mr. Charlie's World, LLC
Statement of Members' Equity
Period From July 23, 2024 to December 31, 2024

Members' Equity At July 23, 2024	<u>\$ -</u>
Net income / (loss)	(38,654)
Members' contributions	200,000
Members' Equity At December 31, 2024	<u>\$ 161,346</u>

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

Mr. Charlie's World, LLC
Statement of Cash Flows
Period From July 23, 2024 to December 31, 2024

	2024
Cash Flows From Operating Activities	
Net income / (loss)	\$ (38,654)
Adjustments to reconcile net income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Due from related parties	(226,122)
Accounts payable	49,075
Deferred revenue	21,987
Net Cash Provided By (Used In) Operating Activities	(193,714)
Cash Flows From Investing Activities	
Net Cash Flows Provided By (Used In) Investing Activities	-
Cash Flows From Financing Activities	
Member's contributions	200,000
Net Cash Flows Provided By (Used In) Financing Activities	200,000
Net Change In Cash And Cash Equivalents During The Period	6,286
Cash and cash equivalents - beginning of the period	-
Cash And Cash Equivalents - End of The Period	\$ 6,286

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

Mr. Charlie's World, LLC
Notes to Financial Statements
December 31, 2024

1. COMPANY AND NATURE OF OPERATIONS

Mr. Charlie's World, LLC (the Company) was established in the state of California on July 23, 2024, for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their business as a franchise. The Company provide the qualified individual the rights to operate a plant-based restaurant. The franchised business offered under this Disclosure Document is for a fast-service restaurant that operates under the name "MR. CHARLIE'S" mark and features plant-based hamburgers, plant-based chicken sandwiches and other meatless menu items.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of financial statements.

A. Basis of Accounting

The Company's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

B. Cash and Cash Equivalents

For purposes of the Statement of cash flows, cash equivalents include bank accounts and cash in transit for bank deposits with maturities of three months or less to be cash equivalents.

C. Federal Income Taxes

The Company is organized as a limited liability Company and is a disregarded entity for income tax purposes. The Company's accounts are included in the tax return of its members, and all taxes are assessed and paid at the individual member level. Therefore, no income tax liability for federal or state taxes has been recorded in the financial statement.

D. Concentration of Credit Risk

The Company maintains cash and cash equivalents with major financial institutions. At various times during the year, the total amount on deposit might exceed the \$250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC). The Company believes that it mitigates credit risk by depositing cash with financial institutions having high credit ratings.

E. Use of Estimates

The preparation of our Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of our financial statements and the reported amounts of revenues, costs, and expenses during the reporting period. Actual results could differ significantly from those estimates. It is at least reasonably possible that a change in the estimates will occur in the near term.

F. Revenue Recognition

Revenue is recognized in accordance with ASC Topic 606, Revenue from Contracts with Customers. The Company adopted ASU 2021-02 Franchisors - Revenue from Contracts with Customers (Subtopic 952-606) effective with the application of ASC Topic 606. The ASU provides a practical expedient to ASU2014-09 Revenue from contracts with Customers (Topic 606). The new guidance allows franchisors to simplify the application of the guidance about identifying performance obligations for franchisors that perform pre-opening services by allowing a franchisor to account for pre-opening services as distinct if they are consistent with those included in a predefined list of pre-opening services.

Franchise Fees

The franchise arrangement between the Company and each franchise owner is documented in the form of a franchise agreement and, in select cases, a development agreement. The franchise arrangement requires the Company as franchisor to perform various activities to support the brand and does not involve the direct transfer of goods and services to the franchise owner as a customer. Activities performed by the Company before opening are distinguished from the franchise license. Therefore, the Company recognizes franchise fees as two performance obligations. The nature of the Company's promise in granting the franchise license is to provide the franchise owner with access to the brand's intellectual property over the term of the franchise arrangement.

The transaction price in a standard franchise arrangement consists of (a) franchise/development fees; (b) Marketing, brand development and royalties Fees and (c) IT Fees; (d) Annual Conference Fees. The Company utilize ASC 606 five-steps revenue recognition model as follows:

- Identify the contract with the customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognize revenue when (or as) each performance obligation is satisfied.

The terms of the Company's franchise agreement will be as follows:

- The Company will grant the right to use the Company name, trademark, and system in the franchisee's franchise development business.
- The franchisee is obligated to pay a non-refundable initial franchise fee.
- The franchisee is obligated to pay monthly royalties, marketing, IT, and annual conference fees. Certain other fees are also outlined in the agreement.

Franchise revenues are recognized by the Company from the following different sources: The Company recognizes franchise fees as two (2) performance obligations. The first, pre-opening services, including access to manuals, and initial training, have been determined to be distinct services offered to franchisees. Pre-opening services are earned over a period using an input method of completion based on costs incurred for each franchisee at the end of each year.

The second, access to the franchise license, has been determined to be distinct. The amount allocated to the franchise license is earned over time as performance obligations are satisfied due to the continuous transfer of control to the franchisee. Franchise and development fees are paid in advance of the franchise opening, typically when entering into a new franchise or development agreement. Fees allocated to the franchise license are recognized as revenue on a straight-line basis over the term of each respective franchise agreement. Initial franchise agreement terms are typically 10 years while successive agreement terms are typically 10 years.

Variable Considerations

Franchise agreements contain variable considerations in the form of royalty fees and brand development (advertising). These fees are based on franchisee sales and are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license.

Contracts Assets and Liabilities Balances

The Company incurs costs that are directly attributable to obtaining a contract, for example, commission fees, broker fees, and referral fees. Under ASC 606, costs that are directly associated with obtaining a contract are to be capitalized and recognized over the term of the agreement. Capitalized costs are included in deferred expenses on the accompanying balance sheet. As such, direct franchise license costs are recognized over the franchise and renewal term, which is the performance obligation, and is typically the franchise agreement's term. If a customer is terminated, the remaining deferred expense will be recognized as expenses.

Deferred revenue consists of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Deferred revenue is a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed.

G. Advertising and Marketing

The Company expenses the costs of general advertising, promotion, and marketing programs at the time the costs are incurred.

H. Recent Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurements of Credit Losses on Financial Instruments. ASU 2016-13, along with subsequent clarifications and improvements (collectively, ASC 326), replaces the incurred loss impairment methodology in prior U.S. GAAP with a methodology that instead reflects a current estimate of all expected credit losses on financial assets, including receivables. ASC 326 requires that the Company measure and recognize expected credit losses at the time the asset is recorded, while considering a broader range of information to estimate credit losses including country specific macroeconomic conditions that correlate with historical loss experience, delinquency trends and aging behavior of receivables, among others. ASC 326 is effective for the Company beginning January 1, 2023. There was no impact on the Company's financial statements as a result of the implementation of this standard.

FASB ASU No. 2016-02 – Leases (Topic 842) is effective for the calendar year 2022. The standard requires lessees to recognize right-of-use assets and liabilities for most leases with terms longer than twelve months. The Company has evaluated the impact of this standard on its financial statements and determined that it doesn't have any lease that meet the requirement to recognize a right-of-use asset and liability because the Company doesn't have any long-term leases.

3. CASH AND CASH EQUIVALENTS

The Company maintains its cash balance in U.S. noninterest-bearing transaction accounts which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. On December 31, 2024, the Company's cash balance didn't exceed the FDIC insurance limits.

The Company considers all cash in the bank and investments in highly liquid debt instruments with maturities of three months or less to be cash equivalents. As of December 31, 2024, the Company has approximately \$6,286 in cash in their operating bank account.

4. RELATED PARTY TRANSACTIONS

The Company has common ownership with Sona Terra, Inc., the Company covered certain operating expenses on behalf of the related party. As of December 31, 2024, the Company had a receivable from the related party of \$226,122. The balance is presented in the accompanying balance sheet.

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of Revenue

Information regarding revenues disaggregated by the time when goods and services are transferred consists of the following for the period from July 23, 2024 to December 31, 2024:

	<u>2024</u>
Revenue recognized over time	\$ 13,013
Revenue recognized at a point in time	-
Total Revenue	\$ 13,013

Contract Balances

The following table provides information about the change in the franchise contract liability balances as of December 31, 2024. Franchise contract liability is included in deferred revenue on the accompanying balance sheet:

	<u>2024</u>
Beginning balance	\$ -
Additional deferred revenue	35,000
Revenue recognized – additional deferred revenue	(13,013)
Deferred revenue	21,987
Less: current maturities	(2,443)
Deferred revenue, net of current maturities	\$ 19,544

6. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 09, 2025 which is the date the financial statements were available to be issued. The Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in the financial statements.

EXHIBIT "H"
TO DISCLOSURE DOCUMENT
OTHER AGREEMENTS

EXHIBIT “H”-1

STATE ADDENDA

[See Attached]

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

BACKGROUND AND PURPOSE

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

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

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

CALIFORNIA

The registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the Disclosure Document.
2. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
3. Neither the franchisor nor any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.
4. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a Franchise Agreement or Supplemental Agreement restricting venue to a forum outside the State of California.
5. The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
6. The highest interest rate allowed by law in California for late payments is 10% annually.
7. The Franchise Agreement and Supplemental Agreements contain a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.
8. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.
9. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.
10. You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).
11. OUR WEBSITE (~~www.mrcharlies.co~~www.mrcharlies.co) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT <https://dfpi.ca.gov/>.
12. For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.
13. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any

applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

14. California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

ILLINOIS

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

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

To the extent that any provision in the Illinois State Addendum is inconsistent with any provision in this Agreement, the provision in the Illinois State Addendum shall control.
6. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

INDIANA

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

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

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

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

7. No release language set forth in the Disclosure Document or Franchise Agreement or Supplemental Agreement shall relieve franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana. Any provision in the Franchise Agreement or Supplemental Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.
8. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

MARYLAND

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

1. Item 17 of the Disclosure Document is amended to add the following:
 - a. The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply any liability under the Maryland Franchise Registration and Disclosure Law.
 - b. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
 - c. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
 - d. In the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.
 - e. The Franchise Agreement and Supplemental Agreements provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).
2. The Franchise Disclosure Questionnaire, which is attached as an Exhibit to the Disclosure Document, is amended as follows:

All representations requiring prospective franchisees to assent to the 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.

In recognition of the requirements of the Maryland Franchise Law, the Franchise Agreement and Supplemental Agreements are amended to add the following:

3. Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.
4. Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.
5. You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Law.
6. The Franchise Questionnaire that you completed in connection with your application for the franchise requires you, as a prospective franchisee, to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Law as a condition to your purchase of the franchise. Any such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Law.
7. Any acknowledgements or representations by you that disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Law.
8. Nothing in the Franchise Agreement, Supplemental Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.
9. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

MICHIGAN

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (v) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (vi) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (vii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (viii) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if

the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

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

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

Any questions regarding this notice should be directed to:

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

MINNESOTA

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

1. Minnesota Statute 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchiser from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statute 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
2. With respect to franchises governed by Minnesota law, the franchiser will comply with Minnesota Statute 80C.14 Subd. 3-5, which 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 non-renewal of the franchise agreement and
 - that consent to the transfer of the franchise will not be unreasonably withheld.
3. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statute 80C.12 Subd. 1(G). The franchiser will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.
4. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
5. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rule 2860.4400(J) also, a court will determine if a bond is required.
6. The Limitations of Claims section must comply with Minnesota Statute 80C.17 Subd. 5.
7. NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.
8. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.
9. [Minnesota Rule 2860.4400\(K\) prohibits a franchisor from requiring a security deposit except for the purpose of securing against damage to property, equipment, inventory, or leaseholds.](#)

NEW YORK

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

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

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

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

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

- A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations..
 - B. No such party has pending actions other than routine litigation incidental to the business that is 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 ten years 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 the "Summary" sections of Item 17(c), titled "Requirements for a 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; this proviso intends that the nonwaiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied..

4. The following language replaces the “Summary” section of Item 17(d), titled “Termination by a franchisee”: “You may terminate the agreement on any grounds available by law.”
5. 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 the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

NORTH DAKOTA

In recognition of the requirements of the North Dakota Franchise Investment Law (the "North Dakota Franchise Law"), the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Covenants not to compete are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Law. Item 17(r) of the Disclosure Document and certain provisions in the Franchise Agreement and Supplemental Agreements include certain covenants restricting competition to which you must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Law. The Disclosure Document, Franchise Agreement and Supplemental Agreements are amended accordingly to the extent required by law.
2. Provisions requiring arbitration or mediation to be held at a location that is remote from the site of the franchisee's business are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, the parties must agree on the site where arbitration or mediation will be held.
3. Provisions requiring jurisdiction in a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
4. Provisions requiring that agreements be governed by the laws of a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
5. Provisions requiring your consent to liquidated or termination damages are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
6. Provisions requiring you to sign a general release upon renewal of the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
7. Provisions requiring you to pay all costs and expenses incurred by us in enforcing the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.
8. Provisions requiring you to consent to a waiver of trial by jury have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
9. Provisions requiring you to consent to a limitation of claims within one year have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the statute of limitations under North Dakota Law will apply.
10. Provisions requiring you to consent to a waiver of exemplary and punitive damages have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Invest Law.
11. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

RHODE ISLAND

In recognition of the requirements of the Rhode Island Franchise Investment Act (the "Rhode Island Franchise Law"), the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Rhode Island Franchise Law. This provision does not apply to the settlement of disputes, claims, or civil lawsuits brought under the Rhode Island Franchise Law.
2. Section 19-28.1-14 of the Rhode Island Franchise Law provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." If a claim is enforceable under the Rhode Island Franchise Law, we will not restrict jurisdiction or venue to a forum outside the State of Rhode Island or require the application of the laws of another state.
3. We will not prohibit you from joining a trade association or association of franchisees. We will not retaliate against you for engaging in these activities.
4. Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the Rhode Island Franchise Law is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Rhode Island Franchise Law. Notwithstanding the foregoing, if a rescission offer has been approved by the Rhode Island director of business registration, then the statute of limitations is ninety (90) days after your receipt of the rescission offer.
5. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

VIRGINIA

In recognition of the requirements of the Virginia Retail Franchising Act, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Item 17 of the Disclosure Document is amended to add the following:

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

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee/area developer to surrender any right given to him under the applicable agreement.

2. If any provision of the Franchise Agreement or any Supplemental Agreement involves the use of undue influence by the franchisor to induce a franchisee/area developer to surrender any rights given to him under the applicable agreement, that provision may not be enforceable.
3. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Virginia Retail Franchising Act. This provision does not prohibit you and us from entering into binding arbitration consistent with the Virginia Retail Franchising Act.
4. Any provision in the Franchise Agreement or Supplemental Agreement that limits the time period in which you may assert a legal claim against us under the Virginia Retail Franchising Act is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Virginia Retail Franchising Act.
5. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it shall be unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement or Supplemental Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.
6. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

WASHINGTON

In recognition of the requirements of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, will prevail.
2. RCW 19.100.180 may supersede the Franchise Agreement and Supplemental Agreements in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement and Supplemental Agreements in your relationship with the franchisor including the areas of termination and renewal of your franchise.
3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.
8. The claims limitation provision in Section 22.5 of the Franchise Agreement does not apply to Washington franchisees.
9. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement and Supplement Agreements (if applicable) if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

(Signatures on following page)

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states (“**Addenda**”) is checked as an “Applicable Addenda” below, then that Applicable Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement, Supplemental Agreements (if applicable) and any other specified agreement(s) entered into by us and the undersigned franchisee. To the extent any terms of an applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement, Supplemental Agreement (if applicable) and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement. We are responsible for checking the appropriate box or boxes.

- | | | |
|-------------------------------------|---------------------------------------|---------------------------------------|
| <input type="checkbox"/> California | <input type="checkbox"/> Michigan | <input type="checkbox"/> South Dakota |
| <input type="checkbox"/> Hawaii | <input type="checkbox"/> Minnesota | <input type="checkbox"/> Virginia |
| <input type="checkbox"/> Illinois | <input type="checkbox"/> New York | <input type="checkbox"/> Washington |
| <input type="checkbox"/> Indiana | <input type="checkbox"/> North Dakota | <input type="checkbox"/> Wisconsin |
| <input type="checkbox"/> Maryland | <input type="checkbox"/> Rhode Island | |

Dated: _____, 202____

FRANCHISOR:

Mr. Charlie’s World LLC

By: _____

Name: _____

Title: _____

FRANCHISEE:

[_____]

By: _____

Name: _____

Title: _____

EXHIBIT “H”-2

FRANCHISEE DISCLOSURE QUESTIONNAIRE

[See Attached]

MAY NOT BE SIGNED OR USED IF FRANCHISEE RESIDES WITHIN, OR THE FRANCHISED BUSINESS WILL BE LOCATED WITHIN, A FRANCHISE REGISTRATION STATE¹

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know Mr. Charlie's World LLC ("we" or "us), and you are preparing to enter into a Franchise Agreement for the operation of a MR. CHARLIE'S TOLD ME SO™ franchise. We require that you complete this Questionnaire (a) so that we can determine whether our franchise sales team followed proper sales procedures and (b) to provide us with reasonable assurance that, prior to signing the Franchise Agreement, you have had an adequate opportunity to review the Franchise Disclosure Document and its attachments, consult with legal and/or business advisors of your choosing, and ask us questions about any disclosures or terms that you do not understand. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question.

- Yes__ No__ 1. Have you received from us and personally reviewed the Franchise Agreement and, if applicable, Area Development Agreement ("ADA"), together with all attachments to those agreements?
[If you answer "no," please explain in Explanation Section]
- Yes__ No__ 2. Have you received from us and personally reviewed a Franchise Disclosure Document ("FDD")?
[If you answer "no," please explain in Explanation Section]
- Yes__ No__ 3. Did you sign a receipt for the FDD indicating the date you received it?
- Yes__ No__ 4. Do you understand all the information contained in the FDD, Franchise Agreement and ADA (if applicable)?
[If you answer "no," please identify any information you don't understand in Explanation Section]
- Yes__ No__ 5. Did you receive the FDD at least 14 calendar days before signing any agreement relating to the franchise (other than an NDA) or paying any money?
- Yes__ No__ 6. Did you receive a complete execution copy of the Franchise Agreement and ADA (if applicable), with all material terms filled in, at least seven (7) calendar days before you signed it?
- Yes__ No__ 7. Have you reviewed the FDD, Franchise Agreement and ADA (if applicable) with a lawyer, accountant or other professional advisor?
- Yes__ No__ 8. Have you discussed the benefits and risks of developing and operating a MR. CHARLIE'S TOLD ME SO™ franchise with an existing MR. CHARLIE'S TOLD ME SO™ franchisee?
- Yes__ No__ 9. Do you understand the risks of developing and operating a MR. CHARLIE'S TOLD ME SO™ franchise?
- Yes__ No__ 10. Do you understand the success or failure of your franchise will depend in part upon your skills, abilities and efforts and those of the persons you employ as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs and other relevant factors?
- Yes__ No__ 11. Do you understand that the Franchise Agreement, ADA (if applicable) and the attachments to those agreements contain the entire agreement between us and you concerning the franchise for the MR. CHARLIE'S TOLD ME SO™ franchise, meaning any prior oral or written statements not set out in the Franchise Agreement, ADA or the attachments will not be binding?

¹ Registration states include California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

Yes__ No__ 12. Did any of our employees or representatives, or any person speaking on our behalf, make any statement or promise regarding the costs involved in operating a MR. CHARLIE'S TOLD ME SO™ franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

[If you answer "yes," please describe the statement or promise in Explanation Section]

Yes__ No__ 13. Did any of our employees or representatives, or any person speaking on our behalf, make any statement or promise regarding the training, assistance or support that will be provided to you that is not contained in the FDD or that is contrary to, or different from, the information in the FDD?

[If you answer "yes," please describe the statement or promise in Explanation Section]

Yes__ No__ 14. Did any of our employees or representatives, or any person speaking on our behalf, make any statement or promise regarding the actual, average, projected or hypothetical profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a MR. CHARLIE'S TOLD ME SO™ business may generate, other than any information included in Item 19 of the FDD?

[If you answer "yes," please describe the statement or promise in Explanation Section]

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Dated _____

Dated _____

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Dated _____

Dated _____

EXPLANATION SECTION

Please include any explanations below and refer to the applicable question number.

EXHIBIT “H”-3

GENERAL RELEASE

[See Attached]

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (this “Agreement”) is made as of _____, 202__ (the “Effective Date”) by _____, a(n) _____ (“you”) and each individual holding a direct or indirect ownership interest in you (collectively “Owner”) in favor of Mr. Charlie’s World LLC, a California limited liability company (“us,” and together with you and Owner, the “Parties”).

Background

- A. We signed a Franchise Agreement with you, dated _____, 202__ (the “Franchise Agreement”) pursuant to which we granted you the right to own and operate a MR. CHARLIE’S TOLD ME SO™ restaurant.
- B. You have notified us of your desire to transfer the Franchise Agreement and all rights related thereto, or an ownership interest in the franchisee entity, to a transferee, [**enter into a successor franchise agreement**] and we have consented to such transfer [**agreed to enter into a successor franchise agreement**].
- C. As a condition to our consent to the transfer [**your ability to enter into a successor franchise agreement**], you and Owner have agreed to execute this Agreement upon the terms and conditions stated below.
- D. In consideration of our consent to the transfer [**our entering into a successor franchise agreement**], and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, you and Owner hereby agree as set forth below.

Agreement

1. Release. Owner, you, and each of your officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them (the “Franchisee Parties”), hereby release, acquit and forever discharge us, any and all of our past and present affiliates, parents, subsidiaries and related companies, divisions and partnerships, consultants, advisors and franchise sellers and its and their respective past and present officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and the spouses of such individuals (collectively, the “Franchisor Parties”), from any and all claims, liabilities, damages, expenses, actions or causes of action which any of the Franchisee Parties may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, directly or indirectly arising out of or relating to the execution and performance (or lack thereof) of the Franchise Agreement or the offer, sale or acceptance of the franchise related thereto (including, but not limited to any disclosures and representations made in connection therewith). The foregoing release shall not be construed to apply with respect to any obligations contained within this Agreement.
2. California Law. You and Owner hereby express your intention to release all existing claims, whether known or unknown, against the Franchisor Parties. Accordingly, you and Owner hereby waive §1542 of the California Civil Code, which provides the following:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

[Section 2 only applies for California franchisees; otherwise it is omitted]

3. Washington Franchise Law. The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, or the rules adopted thereunder.

[Section 3 only applies for Washington franchisees; otherwise it is omitted]

4. Nondisparagement. Each of the Franchisee Parties expressly covenant and agree not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Franchisor Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Franchisor Parties, the business conducted by any of the Franchisor Parties or the reputation of any of the Franchisor

Parties. For purposes of clarity, the obligations in this Section apply to all methods of communications, including the making of statements or representations through direct verbal or written communication as well as the making of statements or representations on the Internet, through social media sites or through any other verbal, digital or electronic method of communication. The obligations in this Section also prohibit the Franchisee Parties from indirectly violating this Section by influencing or encouraging third parties to engage in activities that would constitute a violation of this Section if conducted directly by a Franchisee Party.

5. Representations and Warranties. You and Owner each represent and warrant that: (a) [Insert franchisee entity name] is duly authorized to execute this Agreement and perform its obligations hereunder; (b) neither you nor Owner has assigned, transferred or conveyed, either voluntarily or by operation of law, any of their rights or claims against any of the Franchisor Parties or any of the rights, claims or obligations being terminated or released hereunder; (c) you and Owner have not and shall not (i) institute or cause to be instituted against any of the Franchisor Parties any legal proceeding of any kind, including the filing of any claim or complaint with any state or federal court or regulatory agency, alleging any violation of common law, statute, regulation or public policy premised upon any legal theory or claim whatsoever relating to the matters released in this Agreement or (ii) make any verbal, written or other communication that could reasonably be expected to damage or adversely impact any Franchisor Party's reputation or goodwill; and (d) the individuals identified as Owners on the signature pages hereto together hold 100% of the legal and beneficial ownership interests in [Insert franchisee entity name].
6. Communications with Governmental Authorities. Nothing in this Agreement shall restrict or be deemed to preclude you from disclosing truthful information to governmental authorities in response to any request for information you receive from them.
7. Miscellaneous.
 - (a) The Parties agree that each has read and fully understands this Agreement and that the opportunity has been afforded to each Party to discuss the terms and contents of said Agreement with legal counsel and/or that such a discussion with legal counsel has occurred.
 - (b) This Agreement shall be construed and governed by the laws of the State of California.
 - (c) In the event that it shall be necessary for any Party to institute legal action to enforce, or for the breach of, any of the terms and conditions or provisions of this Agreement, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.
 - (d) All of the provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective current and future directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, successors, affiliates, and assigns.
 - (e) This Agreement contains the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes and is in lieu of all prior and contemporaneous agreements, understandings, inducements and conditions, expressed or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. This Agreement may not be modified except in a writing signed by each of the Parties.
 - (f) If one or more of the provisions of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect or impair any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.
 - (g) The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the transactions contemplated hereby.
 - (h) This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one document.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

FRANCHISEE:

[_____]

By: _____

Name: _____

Title: _____

FRANCHISE OWNERS:

Name: _____

Name: _____

Name: _____

EXHIBIT "H"-4

FOOD TRUCK ADDENDUM

[See Attached]

FOOD TRUCK ADDENDUM

This Food Truck Addendum (this “Addendum”) is entered into as of _____, 202_ (the “Addendum Effective Date”) between Mr. Charlie’s World LLC, a California limited liability company (“we” or “us”) and _____, a(n) _____ (“you” and together with us, the “Parties”).

BACKGROUND

- A. On _____, 202_ , the Parties entered into a Mr. Charlie’s Told Me So Franchise Agreement (the “Franchise Agreement”) pursuant to which we granted you the right, license and obligation to develop, open and operate a MR. CHARLIE’S TOLD ME SO™ restaurant (the “Restaurant”).
- B. You have requested that we grant you the additional right and license to develop, equip and operate a Food Truck (as defined below) within a prescribed Service Area (as defined below).
- C. We are willing to grant you the right to develop, equip and operate a Food Truck in conjunction with the operation of your Restaurant in accordance with the terms and conditions set forth below.

AGREEMENT

1. **DEFINED TERMS.** For purposes of this Addendum and the Franchise Agreement, capitalized terms not defined above have the meanings given to them below, or if not defined below, the meanings given to them in the Franchise Agreement.

“Acquired Assets” has the same meaning set forth in the Franchise Agreement, but also includes your Food Truck, and any assets associated with your Food Truck, that we elect to purchase upon the expiration or termination of this Addendum.

“Approved Goods and Services” means and includes the specific food, beverage, merchandise, gift cards and other goods and services that we periodically authorize for sale from a Food Truck (which need not include all goods and services that we authorize for sale from a Restaurant).

“Business” collectively refers to the franchised Restaurant and Food Truck you operate pursuant to the Franchise Agreement and this Addendum.

“Definitive Agreements” has the same meaning set forth in the Franchise Agreement, but also includes this Addendum and any other Food Truck Addendum between you (or your affiliate) and us (or our affiliate).

“Food Truck” means a branded mobile food truck that we authorize to: (a) operate under the Marks; and (b) offer and sell Approved Goods and Services.

“Gross Sales” has the same meaning set forth in the Franchise Agreement, but also includes Gross Sales generated by your Food Truck.

“Manual” has the same meaning set forth in the Franchise Agreement, but also includes any separate manual, instructions, policies or procedures we develop that specifically pertain to a Food Truck.

“Reportable Event” has the same meaning set forth in the Franchise Agreement, but also includes: (a) the occurrence of an incident involving your Food Truck and a significant personal injury; (b) the issuance of a citation or notice of violation by a Governmental Authority (or the commencement of an inquiry reasonably likely to lead to a citation or notice of violation) relating to a health or safety matter involving your Food Truck; and (c) the commencement (or written threat) of an action, suit or proceeding against you, your Owners and/or your Food Truck that is reasonably likely to materially and adversely affect you, your Food Truck or the goodwill associated with the Marks.

“Restricted Area” means the area(s) within your Service Area where you are prohibited from operating the Food Truck, as further described in §3.2 of this Addendum.

“Service Area” means the geographic area described in Attachment A to this Addendum, as amended by us from time to time in accordance with §3.4.

“Transfer” has the same meaning set forth in the Franchise Agreement, but also includes any direct or indirect, voluntary or involuntary, assignment, sale, conveyance, subdivision, sublicense or other transfer or

disposition of: (a) this Addendum; (b) the franchise or intellectual property rights granted by this Addendum (or any interest therein); (c) the Business you conduct pursuant to this Addendum (or any interest therein); or (d) your food truck vehicle or other assets associated with your Food Truck.

“Travel Expenses” has the same meaning set forth in the Franchise Agreement, but also includes Travel Expenses incurred by us and our trainers, field support personnel, auditors or other representatives to visit your Food Truck.

2. AUTHORIZATION. We hereby grant you the right, license and obligation to develop, equip and operate one (1) Food Truck within the Service Area using our Intellectual Property. Your Food Truck may only offer and sell Approved Goods and Services. You must develop and operate your Food Truck in compliance with all terms in the Franchise Agreement and Manual, except as otherwise provided herein.

3. SERVICE AREA.

3.1. Service Area Description. We will grant you a Service Area for the operation of your Food Truck, which at a minimum will include the area within a two (2) mile radius from your Restaurant. We may, in our discretion, grant you a larger Service Area that may include the geographic area within one (1) or more contiguous zip codes (including the zip code in which the associated Restaurant is located). You may operate your Food Truck anywhere in the Service Area except within the Restricted Area. You may not operate your Food Truck outside the Service Area unless you receive our prior written approval.

3.2. Restricted Area. You understand that each brick-and-mortar Restaurant has a protected territory, generally defined as the geographic area within a two (2) mile radius from the Restaurant. To prevent unfair competition, you may not operate your Food Truck anywhere within a two (2) mile radius of any MR. CHARLIE’S TOLD ME SO™ Restaurant that is open and operational (unless you or your affiliate own the Restaurant), including Restaurants opened subsequent to the execution of this Addendum. The total area comprised by the geographic area within a two (2) mile radius from each Restaurant, as revised from time to time to reflect the opening and closure of Restaurants, is referred to as the “Restricted Area”. You are strictly prohibited from: (a) offering or selling Approved Goods and Services from the Food Truck while located in the Restricted Area; or (b) parking the Food Truck anywhere in the Restricted Area for purposes of offering or selling Approved Goods and Services. From time to time, we may notify you of the opening of new Restaurants. Upon your receipt of such notice from us (which notice shall include the address of the applicable Restaurant), the Restricted Area shall be automatically amended to include the geographic area within a two (2) mile radius from the new Restaurant. You acknowledge and agree that each new Restaurant opening in the Service Area further expands the Restricted Area and restricts the areas in which you may operate the Food Truck. Notwithstanding anything above to the contrary, the Restricted Area shall never include the geographic area within a two (2) mile radius from your Restaurant.

3.3. No Territorial Protections. This Addendum does not grant you any territorial rights or protections to the Service Area.

3.4. Service Area Modifications. We reserve the right to change your Service Area from time to time based on new Restaurant openings; *provided, however* that your revised Service Area will always include the area within a two (2) mile radius from your Restaurant. At least 30 days before we change your Service Area, we will send you a written notice describing your new Service Area. Our notice shall be deemed to automatically amend this Addendum by substituting the new Service Area described in the notice in place of your then-current Service Area.

4. INTELLECTUAL PROPERTY. The following terms, when used in reference to a Food Truck, have the same meanings given to them in the Franchise Agreement, but as applied to a Food Truck as opposed to a Restaurant: Copyrighted Materials; Improvements; Intellectual Property; Know-how; Marks; and System.

5. FEES AND REPORTING.

5.1. Initial Fee. In consideration of the Food Truck development rights granted by this Addendum, you

agree to pay us a nonrefundable \$10,000 initial franchise fee in one lump sum at the time you sign this Addendum.

5.2. Ongoing Fees. The fees set forth in following sections of the Franchise Agreement do not apply to your Food Truck: §4.2(e) (renewal fee); §6.7 (call center fee); §7.5 (relocation fee); §13.1 (initial fee); and §19.2(i) (transfer fee). All other fees in the Franchise Agreement apply to your Food Truck.

5.3. Reporting. No later than each royalty fee due date, you must send us a statement of Gross Sales generated by your Food Truck for the prior reporting period. You must report Gross Sales and expenses for your Food Truck separately from Gross Sales and expenses for your Restaurant. You must record all Food Truck sales transactions in our designated point-of-sale system in the time and manner we require.

6. DEVELOPMENT OF FOOD TRUCK. You must purchase or lease a food truck meeting our standards and specifications. You must purchase and install the wraps we require. You must ensure all of our required kitchen equipment is installed in your Food Truck. You must purchase all additional inventory items, smallwares, operating supplies, Technology Systems and other items that we specify for purposes of developing, equipping, and stocking your Food Truck. You may not begin operating your Food Truck prior to receipt of our written authorization to do so. We will not issue such authorization before:

(a) the Managing Owner successfully completes our initial training program, including any additional training specific to the operation of a Food Truck (we need not provide any Food Truck training);

(b) we inspect and confirm your Food Truck satisfies our minimum standards and specifications, including standards and specifications for equipping, wrapping and stocking the Food Truck (you must send us any photos and video we require if we inspect your Food Truck virtually);

(c) you obtain all required licenses, permits and approvals from Governmental Authorities applicable to a Food Truck;

(d) you purchase all required insurance policies for the Food Truck and send us evidence of coverage;

(e) you hire any additional staff necessary to operate your Food Truck at full capacity; and

(f) you fulfill all your other preopening obligations under this Addendum and the Manual (but only such obligations in the Manual that apply to a Food Truck).

If you satisfy all conditions above, you may commence operating your Food Truck prior to the opening date of the Restaurant. You must commence operating your Food Truck within 90 days after the Addendum Effective Date. We do not currently impose any minimum days or hours of operation for a Food Truck.

7. RESTRICTED USE. During the term of this Addendum, you may not use your Food Truck, or allow your Food Truck to be used, for any purpose other than the offer and sale of Approved Goods and Services in compliance with this Addendum, the Franchise Agreement and the Manual (excluding obligations that only apply to a Restaurant). You hereby confirm your understanding that we have not developed, and have no obligation to develop, a separate Manual for a Food Truck. We may designate sections within the Restaurant Manual that apply (or do not apply) to a Food Truck.

8. PERMITS, LICENSES & INSURANCE. You must, at your expense, secure and maintain all licenses, permits and other approvals from Governmental Authorities that are necessary to lawfully operate your Food Truck. You must purchase and maintain all additional insurance we require for a Food Truck, including food truck insurance with minimum liability protection of \$1,000,000 per occurrence. This insurance policy must list us as an additional insured and comply with all other general requirements for insurance policies set forth in the Franchise Agreement and the Manual.

9. MAINTENANCE. You must maintain your Food Truck in good order and condition, reasonable wear and tear excepted, and complete all recommended maintenance and make all necessary repairs, including replacements, renewals and alterations, at your sole expense, to comply with our standards and specifications. Without limiting the generality of the foregoing, you agree to take the following actions at

your sole expense: (a) completion of all maintenance and servicing of your Food Truck recommended by the manufacturer or required by us; (b) thorough cleaning and repainting of the Food Truck at the intervals we may prescribe (or at such earlier times that such actions are required or advisable); and (c) interior and exterior repair of the Food Truck as needed.

10. MANAGEMENT. Either the Managing Owner or a trained general manager must be present at the Food Truck during all hours of operation.

11. INSPECTIONS. We may, in accordance with §16.1 of the Franchise Agreement, inspect your Food Truck and the associated maintenance records to verify you are properly maintaining your Food Truck.

12. LEGAL COMPLIANCE. You are solely responsible for investigating and complying with all Laws and other regulations and requirements applicable to food trucks in the Service Area. You understand these Laws may prevent you from operating your Food Truck in certain areas or during certain times of day. We strongly recommend you investigate these Laws before signing this Addendum.

13. INDEMNIFICATION. Your indemnification obligations in §18 of the Franchise Agreement extend to any and all Losses and Expenses the Indemnified Parties incur as a result of or in connection with the marketing, use or operation of your Food Truck.

14. TRANSFER.

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

14.2. By You. You may not Transfer this Addendum or your Food Truck except in conjunction with a Transfer of your Restaurant in compliance with §19 of the Franchise Agreement. If you Transfer the Restaurant, you must Transfer your Food Truck to the same transferee. In addition to the Transfer conditions in §19.2 of Franchise Agreement, the transferee must: (a) sign our then-current form of Food Truck Addendum (unless we instruct you to assign this Addendum to the transferee); (b) agree to discharge and guarantee your obligations under this Addendum and other contracts relating to the Food Truck (including supplier contracts, vehicle maintenance contracts, etc.); (c) secure all licenses and permits required by applicable Law to own and operate the Food Truck; and (d) update the Food Truck and its equipment to conform to our then-current standards and specifications (these changes must be completed within 12 months of the Transfer or such shorter period of time we specify).

15. TERM. The term of this Addendum begins on the Addendum Effective Date and expires on the earlier of the termination or expiration of the Franchise Agreement. This Addendum may only be renewed in conjunction with a renewal of the Franchise Agreement. As a further condition to renewal, we may require you to sign our then-current form of Food Truck Addendum.

16. TERMINATION.

16.1. By You. You may terminate this Addendum, with or without cause, upon delivery of a notice of termination that specifies the effective date of termination. The termination effective date must be no less than 60 days after the date you send the termination notice. If you terminate pursuant to this §16.1, you must still comply with your post-term obligations described in §17 of this Addendum and all other obligations that survive the termination of this Addendum.

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

(a) if your Food Truck, or substantially all of its assets, are seized by a government official or taken over or foreclosed upon by a creditor, lienholder or lessor;

- (b) if you fail to open your Food Truck by the opening deadline set forth in §6 of this Addendum;
- (c) if a Governmental Authority suspends or revokes a license or permit required to lawfully operate the Food Truck unless the suspension/revocation is overturned within 20 days;
- (d) if you operate the Food Truck in a manner that presents a health or safety hazard to your customers, employees or the public and fail to cure within 24 hours after notice from us;
- (e) if you (or an Owner) fail to comply with a material Law applicable to your Food Truck;
- (f) if you lose the right to possess your Food Truck;
- (g) if your Food Truck is destroyed or damaged beyond reasonable repair;
- (h) if we send you three (3) or more default notices under this Addendum and/or the Franchise Agreement within a 12-month period (even if cured);
- (i) if you (or an Owner) breach any other provision of this Addendum (including any mandatory provision in the Manual) and fail to cure within 30 days after receipt of a default notice; or
- (j) if the Franchise Agreement expires without renewal or is terminated for any reason.

Our termination of this Addendum due to your default is grounds for termination of the Franchise Agreement.

16.3. By Mutual Agreement. If you and we mutually agree in writing to terminate this Addendum, any notice or cure period that might otherwise apply shall be deemed waived.

17. POST-TERM OBLIGATIONS. Upon the expiration or termination of this Addendum you must: (a) remove all wraps and other indicia of our Marks from your Food Truck; and (b) discontinue operating the Food Truck (you may use food truck to sell menu items that are not similar to or competitive with menu items sold at a Restaurant). Clause (a) does not apply if we purchase your Food Truck or allow you to Transfer it to another franchisee. Upon the expiration or termination of this Addendum, we have the option (but not the obligation) to purchase your Food Truck in accordance with §21.2 of the Franchise Agreement.

18. MISCELLANEOUS.

18.1. Integration. Once executed, this Addendum and the Franchise Agreement: (a) constitute the entire agreement and understanding between the Parties with respect to the subject matter of this Addendum and the Franchise Agreement; and (b) supersede all other agreements, either oral or in writing, between the Parties with respect to the subject matter of this Addendum and the Franchise Agreement. In order to bind the Parties, any subsequent modifications must be in a written document signed by the Parties.

18.2. Effect on Franchise Agreement. The terms of this Addendum are expressly made subject to and governed by the Franchise Agreement. Except as specifically modified or supplemented by this Addendum, all terms set forth in the Franchise Agreement remain in full force and effect. If any terms of the Franchise Agreement conflict with this Addendum, the terms of this Addendum govern with respect to the Food Truck (but not with respect to the Restaurant).

18.3. Severability. Each section of this Addendum (and portion thereof) is severable. If any section (or portion thereof) is unenforceable, it shall not affect the enforceability of any other section. A court may revise any section of this Addendum to the extent necessary to make the section enforceable.

18.4. Counterparts. This Addendum may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same document.

[Signature Page Follows]

In witness whereof, the Parties have executed this Addendum on the Addendum Effective Date forth above.

~~EXHIBIT "I" EXHIBIT "A"~~
~~TO DISCLOSURE DOCUMENT~~

~~STATE EFFECTIVE DATES~~

~~State Effective Dates~~

~~The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.~~

~~This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:~~

~~State~~ FRANCHISOR:

~~Effective Date~~

Mr. Charlie's World LLC

~~California~~ By: _____

Name: _____

Its: _____

~~Hawaii~~ YOU (If you are an entity):

YOU (If you are not an entity):

a(n) _____

Name: _____

Name: _____

Name: _____

Name: _____

~~Illinois~~ By: _____

Name: _____

Its: _____

<u>Indiana</u>	
----------------	--

ATTACHMENT “A”
TO FOOD TRUCK ADDENDUM
SERVICE AREA

The Service Area referenced in the Food Truck Addendum consists of the following geographic area:
[_____]*

* We reserve the right to modify the Service Area in accordance with §3.4 of this Addendum.

EXHIBIT "I"
TO DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<u>State</u>	<u>Effective Date</u>
<u>California</u>	
<u>Hawaii</u>	<u>May 5, 2025(amended _____, 2025)</u>
<u>Illinois</u>	
<u>Indiana</u>	<u>April 30, 2025 (amended _____, 2025)</u>
Maryland	
Michigan	March 3, 2025 (amended April 18 <u>July 23</u> , 2025)
Minnesota	<u>June 9, 2025(amended _____, 2025)</u>
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT "J"
TO DISCLOSURE DOCUMENT

RECEIPTS

[See Attached]

RECEIPT

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

If Mr. Charlie’s World LLC offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Mr. Charlie’s World LLC does not deliver this Disclosure Document on time, or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency listed in EXHIBIT "A" to this Disclosure Document.

The franchise seller(s) involved with the sale of this franchise is/are:

David Shneer; 450 North Bedford Drive, Suite 312, Beverly Hills, California 90210; (647) 294-4480

[Name] _____; [Address] _____; [Phone] _____

Issuance Date: April 18, 2025 ([amended July 23, 2025](#))

Mr. Charlie’s World LLC’s agent to receive service of process is listed in EXHIBIT "A" to this Disclosure Document (for franchise registration states) or EXHIBIT "B" to this Disclosure Document (for all other states).

I received a Franchise Disclosure Document that included the following Exhibits:

- EXHIBIT "A" List of State Administrators and Agents for Service of Process
- EXHIBIT "B" Agent for Service of Process
- EXHIBIT "C" Franchise Agreement
- EXHIBIT "D" Area Development Agreement
- EXHIBIT "E" Table of Contents of the confidential Brand Standards Manual
- EXHIBIT "F" List of Franchisees
- EXHIBIT "G" Financial Statements of Mr. Charlie’s World LLC
- EXHIBIT "H" Other Agreements
- EXHIBIT "H"-1 State Addenda
- EXHIBIT "H"-2 Franchisee Disclosure Questionnaire
- EXHIBIT "H"-3 General Release
- EXHIBIT "H"-4 Food Truck Addendum

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- EXHIBIT "I" State Effective Dates
- EXHIBIT "J" Receipts

Print Name

Date

(Signature) Prospective Franchise Owner

(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to Mr. Charlie's World LLC)

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