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Addenda of State Regulations

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<u>Schedule A-1</u>
<u>California:</u>
<u>Illinois:</u>
<u>Indiana:</u>
<u>Maryland:</u>
<u>Minnesota:</u>
<u>New York:</u>
<u>Virginia:</u>
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EXHIBITS

- A. Franchise Agreement and its Exhibits
- B. Financial Statements
- C. Schedule of Franchisees
- D. List of Agents for Service of Process
- E. List of State Agencies Responsible for Franchise Disclosure and Registration Laws
- F. Table of Contents for Operations Manual

Christopher Gumprecht -Vice President of Marketing and Information Technology (Craveworthy LLC)  
Christopher Gumprecht is our Vice President of Marketing and Information Technology. He has held this position since March 2025. In addition, Mr. Gumprecht was the Vice President of Technology of Roti Restaurants, LLC, based in Chicago, Illinois from December 2021 to December 2024; and the Vice President of Guest Technology for Lettuce Entertain You Enterprises based in Chicago, Illinois from August 2001 to December 2021.

### **ITEM 3 LITIGATION**

Pending Litigation. One of our officers, Joshua Halpern has been named in a counterclaim for a case filed against a former franchisee of one of our affiliated entities.

*BC Licensing, LLC v. DMD Chicken, LLC et al., United States District Court for the District of Nevada, Case No. 2:25-cv-00453-JAD-NJK, Filed November 19, 2024.* On November 19, 2024, BC Licensing, LLC filed suit in the Eighth Judicial District Court, Clark County, Nevada, against DMD Chicken, LLC (“DMD”), a former franchisee of Big Chicken, and Frederick Burgess and Jack Flechner, the co-founders and co-chief executive officers of DMD (collectively with DMD, the “Defendants”). See Case No. A-24-906385-B. In its suit, its alleges, among other things, claims for breach of contract, breach of personal guarantees, and interference with contractual relations as a result of (i) DMD failing to timely open restaurants pursuant its development and license agreements, which Mr. Burgess and Mr. Flechner personally guaranteed. Defendants filed a counter-claim which included an action against BCIP, LLC, JRS Hospitality LLC, Perry Rogers, Shaquille O’Neal, Corey Jenkins, Joshua Halpern, Matthew Silverman and Samuel Stanovich alleging fraudulent and negligent misrepresentation and in the inducement to the area development agreement and as to marketing support, corporate location sales, cost of goods sold and other franchisees as well as breach of the implied covenant of good faith and fair dealing and violation of the Nevada deceptive trade practices act and sought rescission of contract. As of April 30, 2025, the parties are awaiting a response to the counter claim.

Other than the above, no litigation is required to be disclosed in this Item.~~No litigation is required to be disclosed in this Item.~~

### **ITEM 4 BANKRUPTCY**

*In re Roti Restaurants, LLC., United States Bankruptcy Court for the Northern District of Illinois, Case No. 24-13827, filed on August 23, 2024.* On August 23, 2024, Roti Restaurants, LLC (“Roti”), which has a principal place of business of 445 N. Wells Street, Suite 404, Chicago, IL 60654, filed a petition to reorganize under subchapter 5a of Chapter 11 of the U.S. Bankruptcy Code in the Northern District of Illinois. Roti operated a fast-casual restaurant chain, but the business ultimately failed due to rising costs, mixed location performance, and difficult market conditions. Christopher Gumprecht, Big Chicken’s and Craveworthy’s Vice President of Marketing and Information Technology, was the Vice President of Technology of Roti at the time of this filing. On February 26, 2025, the Court issued a plan confirmation order.

Other than the above, no litigation is required to be disclosed in this Item.~~No bankruptcy is required to be disclosed in this Item.~~

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Additional In-Person Training <sup>1,7</sup>	\$250 per day, per person	Upon billing	Depending on advanced notice (at least 30 days from you) and our availability, you may request additional in-person training. In such case, you will also be required to pay all travel, lodging, food, and other expenses of your attendees if at a location other than your franchise business, or our representatives if at your franchise business premises, during this additional training. We can also require you to attend refresher training classes if you do not pass our inspections or otherwise determined by us in our sole discretion.
Rescheduling Fee <sup>1,7</sup>	\$500	As incurred, prior to training	If you postpone or reschedule a training or opening assistance within 14 days of the scheduled date, or if you fail to complete certain requirements prior to a training or opening assistance.
Replacement Fee <sup>1,7</sup>	Costs, plus \$100 per hour	Upon billing	If you fail to replace any equipment, furniture, décor, or other item in the time required by us, we have the right to replace for you.
Technology Fee <sup>1,7,8</sup>	Currently, \$0	Monthly	We do not currently charge a technology fee, but we reserve the right to charge a fee in the future. <u>If we charge a fee, it will be capped at \$99 per week for the through 2030; and capped at \$200 per week through 2035. The fee will be equal to our actual costs for the technology.</u>
Insurance Reimbursement Fee <sup>1,7</sup>	Reimbursement of premium amount, plus \$100 per hour	Upon demand	You are required to hold and maintain your own insurance, but if you fail to do so, we have the right to obtain insurance on your behalf.
PCI and DSS Audit Reimbursement Fee <sup>1</sup>	Costs of the audit	Upon demand	You must reimburse us all costs related to an audit for your non-compliance with PCI and DSS requirements.

or omissions relating to your employees, and other laws regarding public accommodations for persons with disabilities. You are not required to indemnify us for liability caused by our willful misconduct, gross negligence, strict liability, or fraud.

<sup>3</sup> Marketing Fund Fees. The Marketing Fund Fee may be used by us for one or more national or regional marketing and brand development programs, as we choose. We will control and provide all your local marketing to advertise your franchise business locally. We may increase the required local marketing amount upon 60 days' notice to you by up to an additional 1.5% during the term of your franchise agreement, and also have the right to choose to have local marketing performed by you or a designated third party.

<sup>4</sup> System Non-Compliance. If you do not correct the violation within the time required by us, we have the right to put you in default. All fines are to be paid in accordance with our electronic funds transfer or automatic withdrawal program.

<sup>5</sup> Post-Termination De-Identification, Non-Compliance Fee. In the event you fail to comply promptly with any of your post termination de-identification obligations: (a) you must pay us \$50 per day for each day that you are in default, as a reasonable estimate of the damages suffered by us; and (b) to prevent further injury, we may hire a third-party or use our own personnel to de-identify your unit and/or to carry out any other obligations on your behalf, for which costs you will be responsible. To ensure that we will receive any de-identification fee, immediately prior to termination, we will have the right to automatically deduct up to \$5,000 from your operating account. We will deduct any amounts owing to us for your non-compliance and return the remaining amount, if any, within 30 days of our completing the applicable post-termination obligations. This post-termination fee obligation will not affect our right to obtain appropriate injunctive relief and other remedies to enforce the franchise agreement and your obligations.

<sup>6</sup> Liquidated Damages for Breach of Non-Competition. This fee is applied if you violate the non-compete covenants in the franchise agreement or any related agreements, or if you use our system without our express written permission or approval. This fee is not our only remedy, does not represent a price for the privilege of not performing, nor does the payment represent an alternative manner of performance.

<sup>7</sup> Fee Increases. If a fee is subject to increase by us (rather than a third party), the increase will not be more than the equivalent of 10% per year during the term of your franchise agreement to adjust to increased costs. This only applies to fees that are subject to change by us. If we do not designate that a fee is subject to change, the fee will remain the same during the term of the franchise agreement. Costs charged by third parties are subject to change at any time and do not have an annual cap.

8 Technology Fee. We may provide you with certain technologies in exchange for the monthly technology fee, which may change from time to time based on changes to the technical services we provide and/or our costs to provide these services. We reserve the right to license, sublicense, and create software and technology that must be used by our franchisees at any time, which may result in changes to the technology fee.

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**  
**YOUR ESTIMATED INITIAL INVESTMENT**

<sup>3</sup> Real Estate Improvements. This estimate includes the cost for construction to buildout your location according to our specifications, includes architect/engineering fees, and are based on 2<sup>nd</sup> generation spaces that were previously foodservice operations prior to becoming a Sigri™ restaurant space. Costs of improvements vary widely based on location, terms of the lease, the total area of your space, as well as construction and material costs. You must hire your own architect and mechanical engineer and we must approve your architect's plans and renderings. ~~We do not have an estimate for a local architect or engineer.~~ Your landlord may provide you with a tenant improvement allowance as part of your lease, which has not been included as part of these estimates. You should review these costs with a local contractor, commercial real estate agent and other professionals. We provide standard design plans and specifications for construction and improvements. If you locate your center to a newly constructed space, the landlord may require significantly greater additional expenditures to cover leasehold improvements. You are not required to lease newly constructed space.

<sup>4</sup> Rent. Your space will vary depending on your needs, but we estimate you will need approximately 1,000 to 2,500 square feet, and we estimate your lease to be \$12 to \$40 per square foot, per annum. Our estimate includes a security deposit and 3 months of rent. You are encouraged to negotiate a rent-free period for the time it takes to build out your business. You may be able to negotiate additional free rent or reduced rent periods after opening as well. We expect that you will rent your location. If you choose to purchase real estate instead of renting, your costs will be significantly different. We have not included an estimate for the cost to purchase and build a location in the table above.

<sup>5</sup> Equipment, Furniture, Fixtures, Décor, and Supplies. Included in this estimate are the cost of kitchen equipment, tables, chairs, lighting, decals and decor and small wares.

<sup>6</sup> POS System, Computer Hardware, and Software. Included in this estimate is the cost to purchase or lease the required POS system, subscriptions to all required software, and purchase an office computer and purchase and install of a security system.

<sup>7</sup> Signs. At least 1 exterior sign(s) displaying the trademark and 2 interior signs (including a 4-panel menu board) are required. These signs may be made locally. All signs must conform to our specifications. All purchase agreements or leases must be negotiated with your suppliers. You must use the location's monument or marquee sign if available.

<sup>8</sup> Miscellaneous Costs. These miscellaneous costs include legal fees, utility set up fees, business entity organization expenses, employee training, deposits, insurance and licenses. The cost of insurance may vary depending on the insurer, the location of your franchise business, and your claims history. Rates for professionals can vary significantly based on locale, area of expertise, and experience.

<sup>9</sup> Opening Inventory. Opening inventory items include your food and beverage products. The range in cost depends upon the size of your franchise business, as well as estimated initial business volume. This is only an initial supply and will require replenishment on a regular on-going basis based on the volume of sales for your franchise business.

<sup>10</sup> Advertising. This estimates the cost of advertising for your grand opening and the first 3 months of operations. We recommend you plan to spend \$5,000 to \$10,000 on your grand opening marketing.

<sup>11</sup> Additional Funds. This estimates your operating expenses during your first 3 months of operations, not including cash flows. You must maintain a minimum of \$10,000 in your operating account even after royalties and other required fees to us have been paid or have a \$10,000 line of credit at all times for business emergencies; except that if you do not have the required line of credit, then in any 30-day period, the operating account may have less than such amount for a period of up to 5 days. You are required to provide

us with view-only access to your operating account, and you cannot have more than one operating account. Employee compensation is between you and your employees and may vary. Additionally, if you elect to finance your investment, you need to account for the additional costs of repaying that financing. We have relied upon the experience of our principals in opening and operating Sigri Indian BBQ units since 2019 to compile these estimates.

<sup>12</sup> Total. These figures are estimates for the development of a single franchise unit, ~~and we cannot guarantee that you will not have additional expenses starting your franchise business. All purchase agreements or leases must be negotiated with suppliers. For any items purchased from us or an affiliate, we require immediate payment.~~ We do not offer direct or indirect financing for any item. All fees and payments payable to us or an affiliate are non-refundable. Your lease security deposit and utility deposits will usually be refundable unless you owe money to the landlord or utility provider. You should verify with third-party payees whether such payments, deposits, or fees are refundable or not. If you enter into an area development agreement, then you can expect similar costs for each unit to be developed, but we anticipate you will develop your units over time according to the development schedule rather than all at once.

**YOUR ESTIMATED INITIAL INVESTMENT  
(3-Restaurant Area Development)**

TYPE OF EXPENDITURE	LOW AMOUNT	HIGH AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Area Development fee <sup>1</sup>	\$85,000	\$85,000	Lump Sum	Upon signing the area development agreement	Us
Estimated initial investment to open three units <sup>2</sup>	\$500,850	\$1,409,499	Estimated based on the single unit estimates (minus the initial franchise fee) in the above Item 7 chart for a single unit.		
Total <sup>3</sup>	\$585,850	\$1,494,499			

Notes: ~~NO FEES ARE REFUNDABLE EXCEPT AS DESCRIBED IN ITEM 5, AND ALL MUST BE PAID IN A LUMP SUM AS INCURRED AND WILL NOT BE FINANCED UNLESS OTHERWISE STATED.~~

<sup>-1</sup> Area Development Fee. This fee is determined based on the total number of units to be developed for a fee of \$35,000 for the first unit, and half of the \$25,000 initial franchise fee per unit and assumes you will develop three units. When you sign an area development agreement, you must also sign the franchise agreement for your first unit to be developed under the area development agreement.

<sup>2</sup> Estimated Initial Investment. Except for the initial area development fee, all fees in the above area development, 3-unit chart are based on the single unit estimates, multiplied by three. If you develop more than three units, the fee will be higher.

<sup>3</sup> Total. These figures are estimates for the development of three franchise units, ~~and we cannot guarantee that you will not have additional expenses starting your development business. All purchase agreements or leases must be negotiated with suppliers. For any items purchased from us or an affiliate, we require immediate payment.~~ We do not offer direct or indirect financing for any item. All fees and payments payable to us or an affiliate are non-refundable. You should verify with any third-party payee whether such payments, deposits, or fees are refundable or not.

5. Provide you preliminary design/layout plans for your franchise business. You must adapt your franchise business to our general specifications at your own expense, in accordance with local, state and federal laws, rules and ordinances. You are responsible for obtaining any required licenses and permits [franchise agreement section 4.3 and 7.1].

6. We do not assist in the actual construction, remodeling, or decorating of your franchise business [franchise agreement section 4.3].

7. Loan you a copy or provide electronic access to our confidential manuals containing mandatory policies, operating procedures, and other information. ~~The manuals are confidential, will remain our property, and may be used by you only in association with your Sigri Indian BBQ™ franchise business and only during the term of the franchise agreement. You must keep the contents of all manuals confidential. The master copy of the manuals maintained by us will control in the event of a dispute relative to the contents of the manuals. You may not copy any part of the manuals either physically or electronically.~~ The table of contents for the operations manual is included as Exhibit “F” to this disclosure document. Our operations manual is approximately 106 pages [franchise agreement article IX].

8. Provide an initial training program for your operating principal and other owners and managers, described at the end of this Item 11 [franchise agreement paragraph 6.1.4].

9. Provide you with 14 days of assistance at or prior to the opening of your franchise business. You must have obtained all necessary permits, a certificate of occupancy, and all of your equipment must be functioning for us to provide this assistance [franchise agreement paragraph 6.1.5].

#### Lease, Construction and Commencing Operations.

You will have 180 days to have a site approved and your lease signed for your franchise business [franchise agreement sections 4.1 and 4.2]. We must approve your lease. Additionally, you are required to include our standard consent to assignment and lease rider which are attached to the franchise agreement as part of your lease. You must deliver a copy of the lease to us within 15 calendar days after execution [franchise agreement section 4.2; Exhibit “A-6” and Schedule “A-6.1”].

Construction must be started within 60 days of the date of your lease and be completed within 4 months from the date of the lease [franchise agreement section 4.3].

You are required to begin operations within 1 month after construction is complete and no later than 1 year from the date of signing the franchise agreement. You must give us at least 30 days written notice before opening your franchise business [franchise agreement sections 4.3 and 4.4]. You must have certificate of occupancy at least one week prior to the date of our scheduled opening assistance.

#### Estimated Length of Time Before Operation

It is estimated that the length of time between the signing of the franchise agreement with the accompanying payment of the initial franchise fee and the opening of your franchise business is 180 days to one year. Factors affecting this length of time usually include obtaining a satisfactory site, financing arrangements, construction, local ordinance compliance, training, and delivery and installation of furniture, fixtures, equipment, signs, supplies, and opening inventory items.

Failure to meet these deadlines for any reason, including our disapproval of a proposed site location, or if we cannot agree on a site, may result in termination of the franchise agreement without a refund. However, if you can show a good faith effort to meet these deadlines, we may agree to extend a specific deadline at our discretion. ~~If you fail to open your franchise business within 12 months, due to fault of your own, we~~

cannot in our reasonable judgment be amortized during the remaining term of the franchise agreement (except for required changes to the trademarks, or changes due to health or government mandates, guidelines, or public concerns which we may require at any time). This can include changing out items such as flooring, wall treatments, signage, lighting fixtures, and other physical elements of your franchise business. We may also require you to invest in new or updated equipment and technology at any time. You will also be required to complete any day-to-day maintenance issues as they occur during the term of the franchise agreement [franchise agreement section 6.1.9]. You must also make these updates if you relocate your franchise business. You must implement all changes within the time frames required by us.

10. Refine and develop products or services that you will offer to your customers [franchise agreement paragraph 6.2.2(iii)].

11. To the degree permitted by law, we may suggest retail price, specify maximum and minimum pricing above and below which you cannot sell any goods or services. You must honor all coupons, price reductions and other programs established by us [franchise agreement paragraph 6.1.12].

### Employment Matters

We do not assist you with the hiring, firing, discipline, scheduling, management, compensation, supervision, assignment of duties, work rules, or working conditions of your employees. That is your responsibility. We may provide you with a sample employee guide or manual, but if we do, it will only be an example of certain employment matters that you may adopt or not. It is your responsibility to comply with state and federal employment laws [franchise agreement paragraph 6.1.10].

### Advertising and Promotion

You are required to participate in all marketing programs as directed by us and to use all materials, mediums, and other information made available to you in doing so. We may provide you with samples of marketing materials developed by us and provide new marketing techniques as developed [franchise agreement section 10.3]. You may develop marketing materials for your use, at your cost, but all marketing material developed or used by you must have our prior written approval: ~~Any marketing materials or concepts you create becomes our property and will be considered a “work made for hire” that can be used by us and other franchisees without compensation to you. If you do not receive written approval or disapproval within 14 days of the date we received your submission of marketing materials, the materials submitted are deemed unapproved. We can revoke our approval of any marketing materials at any time in our sole discretion~~ [franchise agreement sections 3.11 and 10.4].

### Marketing Fund

Although under the terms of the franchise agreement we are not obligated to conduct advertising for the franchise system or to spend any amount on advertising in your territory, we have the right to and currently do maintain and administer a national advertising, marketing and development fund (referred to as the “Marketing Fund” in the franchise agreement) for local, regional or national marketing or public relations program as we, in our sole discretion, may deem necessary or appropriate to advertise and promote the franchise system. We may utilize the Marketing Fund to develop and test various media and technologies for potential utilization and/or improvement of the system and marketing of the system [franchise agreement section 10.1].

You must contribute 2.5% of your monthly gross revenue to the Marketing Fund. We and our affiliates do not contribute to this fund on the same basis as the franchisees. Contributions by our franchisees to the marketing fund may not be uniform [franchise agreement section 10.1].

We are responsible for administering the Marketing Fund, but we are not a fiduciary or trustee of the Marketing Fund. We will direct all uses of the fund, with sole discretion over: 1) the creative concepts,

materials, endorsements and media used (that may include television, Internet, social media, radio, print, and other media and marketing formats as developed over time, as funds permit); 2) the source of the marketing or public relation efforts (that may be in-house or through an outside agency located locally, regionally or nationally); 3) the placement, timing, and allocation of these programs (that may be local or regional); and 4) the composition of all geographic territories and market areas for the development and implementation of these programs [franchise agreement paragraph 10.1.1]. ~~We may use the Marketing Fund to offset a portion of direct costs to manage and maintain the fund, including the payment of staff salaries and other expenses for those employees who may be involved in the Marketing Fund, commissions, market research, marketing development and creation, production costs, costs for developing and monitoring a home page on the Internet or an Internet like service, and other costs relating to the Marketing Fund [franchise agreement paragraph 10.1.2].~~

We are not required to spend any amount on marketing directly in the area or territory where you are located. We make no representations that expenditures the Marketing Fund will benefit you or any other franchisee directly, on a pro-rata basis, proportionally, or at all. We are not required to segregate the Marketing Fund from our general operating funds. We will not use the brand fund contributions for advertising that is principally a solicitation for the sale of franchises, ~~but we reserve the right to include a notation in any advertisement or website indicating “franchises available” or similar phrasing [franchise agreement paragraph 10.1.2].~~

#### Advertising Expenditures in the Last Fiscal Year

Because we are a new franchise, we do not have an accounting of the use of marketing funds in our prior fiscal year. Any unused marketing funds in any calendar year will be applied to the following year’s fund. The Marketing Fund is unaudited. Once each calendar year, you may send us a written request to receive an unaudited annual report of marketing expenditures from the previous fiscal year but such written cannot be made until after 120 days of our fiscal year end [franchise agreement paragraph 10.1.2].

#### Marketing Fund Council

No franchisee advertising council is anticipated at this time.

#### Advertising Cooperative

You are not required to participate in a local or regional advertising cooperative. However, we reserve the right to require it if we determine that it is in the best interest of the system. If established, the area of any cooperative marketing association will be based on regions determined by us. Your marketing area is defined as a market with multiple Sigri Indian BBQ™ locations, as determined by us. Upon the formation of an advertising cooperative, you will be deemed to be a member of that association as covers the area where your franchise is located, and you will be bound by any decisions made by the association upon a majority vote by voting members. You and other franchisees in the cooperative will be responsible for the administration of the association. Governing documents will be provided by us or by the cooperative and approved by us. At this time, these governing documents are not available. Voting will be on the basis of one vote per company-owned location and one vote per franchise in good standing within the cooperative. If we control the voting in a cooperative, we will not require individual contributions to be more than your local marketing requirement each month unless otherwise agreed by all the members of the cooperative. Members of the cooperative must make contributions pro rata based on the number of units in the cooperative. The timing and amount of contributions you make may vary according to the vote and rules of the advertising cooperative, but will not exceed your required annual local marketing percentage in any single year, unless a majority of the members in your advertising cooperative vote to increase the contribution percentage. This is in addition to your contributions made to the marketing fund. Our affiliates within the cooperative will contribute to advertising cooperatives on the same basis as the franchisees. The cooperative will not be required to prepare unaudited annual financial statements and these will be available for review by all franchisees in the cooperative and us. We have the power to require cooperatives to be

formed, changed, dissolved, or merged at any time. You are not required to join more than one advertising cooperative for the same franchise business [franchise agreement section 10.2].

#### Other Marketing Funds

At this time, you are not required to participate in any other marketing funds.

#### Internet and Social Media

We may allow you to place pre-approved information concerning your franchise business on our website or a subdomain, as developed by us. We will own the social media accounts related to the brand, but we may decide to provide you access to the social media account for your location for certain management responsibilities and functions. You must follow our policies regarding use of the internet and social media related to the brand and your franchise business [franchise agreement section 10.5.2].

#### Computer / Point-of-Sale System

We require the use of a point-of-sale (POS) system designated by us to be purchased or leased from our designated supplier. The POS system currently provides reporting of sales; customer database; credit card payment; coupon/gift card tracking.

You must purchase or lease a POS system that meets our specifications. The POS system must have at least 2 terminals. The estimated cost of purchasing or leasing the POS system is \$3,500 to \$5,000. At this time, we use and require you to use Toast POS. We have used Toast POS since 2022. ~~We reserve the right to change the POS system at any time, and you are required to comply with and are solely responsible for the fees associated with such changes~~ [franchise agreement paragraph 6.1.13].

You must also have an office computer or laptop for your franchise business that must meet our specifications and be capable of interfacing with our computer system and software. We estimate the amount for your purchase of those items to be \$500.

The data generated and stored on your POS system and computer systems includes customer information and sales and revenue data. We will have independent access to the information and data collected or generated by the computer and the POS system. There are no contractual limits on our rights to do so. We can require you to obtain a static IP address from your internet provider. ~~There are no contractual limits on our rights to do so.~~ You must keep these systems available for our access 24 hours a day, 7 days a week. All data collected or provided by you, downloaded from your POS system, or otherwise collected from you by us or provided to us, is and will be owned exclusively by us, and we have the right to use the data in any manner without compensation to you.

We may require updates and upgrades to your computer hardware, software and POS system at your expense during the term of the franchise agreement. There are no contractual limitations on our right to do so. We estimate the annual costs to maintain, upgrade and support your computer and POS system to be \$1,750 to \$3,000. We are not required to maintain, repair, update, and/or upgrade your computer or POS system. There are no contractual limitations to the frequency and cost of the obligation to upgrade and maintain the computer or POS system [franchise agreement paragraph 6.1.13]. For defective equipment, products, software or other items purchased by you, you must deal directly with that manufacturer [franchise agreement paragraph 8.5].

#### Loyalty Programs

You are required to participate in the loyalty, gift card, discount, memberships, subscription, and coupon programs we develop. You are not allowed to implement any sort of loyalty, coupon, membership, gift card

or subscription model without our prior written permission [franchise agreement paragraph 6.2.2(ii)].

#### Accounting

You must use the designated accounting software designated by us, and we can require that we have independent view-only access to your account. We also reserve the right to require you to follow our accounting procedures and line items, including standardized profit and loss statement templates, balance sheet templates, and charts of account as we may designate [franchise agreement paragraph 6.1.13(ii)].

#### Security System

You are required to use a security system to protect your franchise business. We do not designate a specific type of security system or a specific brand you must use, but you must have both inside and outside cameras, and the security system must have the ability to record and store data for at least 30 days. ~~We have the right but are not required to designate the number of cameras. You may not install any cameras in places where employees and customers have a reasonable expectation of privacy, e.g., bathrooms, changing rooms, etc. By installing the system, you and your employees are waiving their right to privacy with respect to the use of the security system in non-private areas of the business.~~ You are required to provide us with notice of its installation. We estimate the cost of such system to be between \$800 and \$5,000 for initial installation, and depending on the number of cameras, an ongoing cost of approximately \$50 to \$175 per month [franchise agreement paragraph 6.1.13(v)].

#### Area Development Agreement

Your rights under the area development agreement are territorial only and do not give or imply a right to use our trademarks or system. Our only obligation is to provide an area where you must develop the set number of Sigri Indian BBQ™ franchise businesses provided in the area development agreement. We must approve the potential site for each franchise business location. Our approval will be based on our then-current standards for that franchise business pursuant to your franchise agreement [area development agreement article 2; franchise agreement section 1.1].

#### Online Ordering and Delivery

You must participate in any online ordering program for takeout or delivery program we create or adopt and cover the applicable fees for such program. You will not participate in any third party delivery platform unless approved by us [franchise agreement paragraph 6.2.2(v)].

#### Initial Training

We provide an initial training program. The initial training program is held in North Brunswick, New Jersey or another location designated by us. The length of training depends on the prior experience of your attendees but should last approximately 7 days. The training program is held as needed [franchise agreement paragraph 6.1.4].

Your “operating principal” is: a) if the franchisee is an individual, that individual; or b) if the franchisee is an entity, an individual that owns at least 20% of the ownership and voting interests in the franchisee entity (unless you obtain our written approval of a lower percentage), has authority over all business decisions related to the franchise business, and has the power to bind the franchise business in all dealings with us. The operating principal must be involved with the business as described in Item 15 [franchise agreement article XXI].

Your operating principal and your manager are required to attend and successfully complete the training program. Successful completion of training must be completed 45 days before you may open your franchise business. Successful completion will be determined by our trainers and is based on your attendees’ knowledge and demonstration of competency in the various aspects of operating a Sigri Indian BBQ™ franchise business [franchise agreement paragraph 6.1.4].

Trainers	Subject(s) Taught	Length of Experience in the Field	Length of Experience with the Franchisor	Experience Relevant to Subject(s) Taught and Franchisor's Operations
Teddie Handler	Preparation of products, daily operations, cleaning & maintenance	Since 2001	Since 2024	GM of multiple restaurants and is an ops specialist for Sigri
Kyle Sampson	Preparing to open, personnel & training, items offered for sale, paperwork & controls, inventory	Since 2014	Since 2024	GM of multiple franchise restaurants and current ops specialist and head trainer for Sigri
Utkarsh Yadav	Accounting & insurance, marketing, security & safety, compliance	Since 2018	Since 2024	Owner of Sigri Indian BBQ in North Brunswick, NJ

#### Materials Provided at the Initial Training

We will provide access to our manuals during the initial training and other handouts to facilitate training. All attendees at any training must sign a non-disclosure agreement acceptable to us before attending the training.

#### Replacement Training

Any new operating principal must complete the initial training program prior to taking over as the operating principal. New managers may be trained by your operating principal, and the training must be completed within 14 days of hire or taking over management responsibilities, but we can also require your managers to be trained by us if we reasonably believe such training would be in the best interest of your franchise. Our fee for this additional training is currently \$250 per person, per day. You will also be responsible to cover the travel, food, and lodging for your attendees or our representatives (as applicable) [franchise agreement paragraph 6.1.4(i)].

#### Additional Trainings

Depending on availability and 30 days' advanced written notice, if you would like additional in-person training, we may provide this training to you, or we may have such additional training provided by a qualified franchisee. We can also require your operating principal and/or other key personnel to attend additional trainings if you are in default, or if we reasonably believe such training would be in the best interest of your franchise. We can limit additional training to a certain number of days, attendees, and/or representatives at a time. Our fee for this additional training is currently \$250 per person, per day. You will be responsible for the costs of travel, food, lodging and compensation of your attendees or our representatives [franchise agreement paragraph 6.1.4(ii)].

At this time, other than listed above, no additional trainings or refresher courses are required.

## **ITEM 12 TERRITORY**

### Non-Exclusive Territory

You will not receive an exclusive territory ~~for your franchise business~~. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. ~~However, we will not establish another traditional franchise or company owned physical unit using the trademark within your territory.~~

### Grant of Territory

Under the franchise agreement, we will grant you the right to use the system and proprietary marks at a specific location within your territory, the boundaries of which will be negotiated prior to signing the franchise agreement and are described in the franchise agreement.

### Size of Your Territory

The specific size of your territory is set by us based upon the population density, the business base in the territory, whether your location is in a metropolitan or rural area, and other comparable factors. The size of a franchise territory is usually up to 2 driving miles from the franchise location in all directions have a minimum population base of approximately 30,000 people. Densely populated areas will have different territory restrictions and will be negotiated on a case-by-case basis. The territory may also be smaller based on demographics and geographical boundaries. If your franchise business is located within a shopping mall or similar facility with a captive market, your territory may be limited to the physical boundaries of the mall or facility. The written boundaries of your territory will be included in your franchise agreement. In determining the total population within your territory, we generally consult the United States Census estimate, available via the Internet website located at [census.gov/quickfacts](http://census.gov/quickfacts).

### Adjustment of Territory Boundaries

~~We have the right, in our sole discretion, to adjust the boundaries of your territory for increases of more than 50% as demonstrated by demographic data available to us at the time of the territory adjustment. We also have the right to adjust the boundaries of your territory based on inadvertent error in the creation of your territory, or in an effort to more accurately reflect the target market population after your premises location has been selected and approved, or for other reasons that we may specify from time to time.~~

### Territory Restrictions

~~You are restricted to operations from the approved franchised premises and may not, without our prior written approval, open or operate another outlet whether inside or outside the territory.~~

### Relocation

You do not have the automatic right to relocate your business, and we have the right to deny any relocation request. You must obtain our prior written permission if you want to relocate your franchise premises, and you must also be able to demonstrate to us that you have the financial ability to relocate. Approval to relocate is determined on a case-by-case basis and is based on factors such as your operational history, our then-current criteria used in approving a new franchisee's proposed site, and other factors that are relevant to us at the time of the relocation request. You must reimburse us our costs associated with reviewing and approving the new territory or site at a cost of \$100 per hour for costs associated with updating documentation, reviewing new sites, and editing our website and promotional materials, plus any legal fees associated with the relocation. Additionally, prior to opening your new location, you will be required to pay for two of our representatives to visit your new premises for up to two days and you must pay our then-current fee for additional in-person training. You will also be responsible for the transportation, food and lodging for each representative.

### Minimum Sales Requirement

In the past, we or an affiliate have used one or more of the following distribution channels to sell and distribute products and services in your territory under the Sigri Indian BBQ™ brand: websites and social media.

#### National Accounts

We will control all national accounts in your territory. A “national account” is defined as a company with multiple units or outlets located in more than one geographical area or market. We will designate if and how franchisees will sell or service national accounts but there is no obligation on us to provide you with any national accounts or to compensate you for our providing services to any national account within your territory.

#### Competition by Us Under Different Trademarks

We or an affiliate have the right to own and operate a business that sells or will sell goods or services similar to those sold in your franchise using a different trademark.

#### Area Development Agreements

As an area developer, you will not receive an exclusive area ~~for your development business~~. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You will be provided with a first right of refusal to develop within the development area and will be guaranteed the ability to open the required number of franchise units within the development area, but we, our affiliates, and other franchisees may also develop within the development area.

The size of the development area is to be negotiated and the written boundaries will be included in your area development agreement. The schedule of units to be developed in your area are negotiated between you and us. To maintain your area development rights, you must develop the number of franchise businesses by the deadlines listed in your development schedule. We must approve of the site for each of your units. Our approval or disapproval of a proposed site will be based on our then-current standards for approving sites. We must approve of the site for each of your units. Our approval or disapproval of a proposed site will be based on our then-current standards for approving sites.

If you do not meet the development deadlines, we may terminate your development agreement. However, if you can show a good faith effort to meet your development deadlines, we may agree to extend a specific deadline at our discretion. In case of termination, you may continue to own and operate all units that you have developed and that faithfully perform the terms of each franchise agreement but will lose all rights to develop the undeveloped units.

The area development agreement automatically terminates once you develop your last unit under the development schedule or upon your breach. Upon termination, you will cease to have any ongoing development rights, and we will be free to own, operate or franchise Sigri Indian BBQ™ businesses anywhere in the development area unless prohibited by any existing franchise agreement you sign.

We, and our parent and affiliates, either personally or through agents and representatives, reserve the right to sell and market Sigri Indian BBQ™ outlets in non-traditional locations and large institution-type locations both within and without your development area. These outlets may include locations at convention centers, military bases, universities, sporting arenas, airports, transportation facilities, (including rail or bus terminals, toll road plazas and highway rest stops); urban office buildings; supermarkets; carnivals or street fairs; government facilities; shopping malls; educational facilities; casinos; resort properties; amusement parks or amusement centers, and other similar locations. Non-traditional units, whether or not owned by you, will not count towards your development schedule.

We or our affiliate also reserve the right to sell, market and distribute products and services under the Sigri Indian BBQ™ marks or other marks both within and outside your area using distribution channels, such as through websites, the Internet, social media, national accounts, apps, wholesale outlets, retail outlets, etc., within your development area. We do not pay you for soliciting or accepting orders for any products or services under the Sigri Indian BBQ™ brand or other marks through these channels inside your development area.

### ITEM 13 TRADEMARKS

#### Non-Exclusive Grant of the Trademark



We grant you the non-exclusive right to use certain of our trademarks in the operation of your franchise business. You may also use future trademarks in the operation of your franchise business, as we designate. You will not at any time acquire any rights in the trademarks. By trademarks we mean our trade names, trademarks, commercial symbols, service marks and logos.

#### Agreements Regarding the Trademark

Under a license agreement entered into between Craveworthy IP, LLC and us in 2025, we were granted the right to use and sublicense the trademarks for 50 years, which license will automatically renew for one year terms for up to 25 additional years. The license may be terminated for our default; however, all franchisees in good standing will be able to continue to use the Sigri Indian BBQ™ trademarks through the end of their respective then-current franchise agreement term. The terms and provisions of the license agreement cannot be modified without written authorization from both parties.

#### Registered Trademarks

~~The following trademarks, service marks, trade names, logotypes or other commercial symbols listed below are registered or have been filed for registration with the United States Patent and Trademark Office on the Principal Register, or the mark has not been filed for registration, but we claim common law rights in the mark. All required affidavits and renewals have been filed.~~

Registration/ Serial Number	Word or Design Mark	Registry	Registration/ Filing Date	Status
N/A	SIGRI INDIAN BBQ (word mark)	N/A	N/A	N/A
N/A	 (composite mark)	N/A	N/A	N/A
N/A	 (composite mark)	N/A	N/A	N/A

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

#### Registered Domain Names

~~We have registered the Uniform Resource Locators (domain names) <https://www.sigribbq.com/>. You may not register or own a domain name, social media account, email account, etc., using our trademark or any~~

~~derivative of our trademark in a domain name, and you may not create or register any domain name, social media, email, etc., in connection with your franchise business or the franchise system without our prior written permission.~~

### Use of the Trademark

You must promptly modify or discontinue the use of a trademark at your cost if we modify or discontinue it, and you have no rights to compensation or otherwise under the franchise agreement if we require you to modify or discontinue using a trademark, or we require you to use a different trademark.

### Government Determinations Regarding the Trademarks

There are presently no effective determinations by the United States Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of any state or any court or pending interference, opposition or cancellation proceeding, or pending material litigation involving the trademarks. There are no agreements currently in effect that significantly limit our rights to use or license the use of the trademarks.

### Superior Prior Rights and Infringing Uses

We are unaware of any superior rights in or infringing uses of the trademarks that could materially affect your use of the trademarks in your territory. We are unaware of any infringements of the trademarks.

### Protection Against Infringement

You are obligated to immediately notify us when you learn about an infringement of or challenge to your use of our trademarks. We have the right to control any administrative proceedings or litigation involving the trademarks, and you must proceed in strict coordination and oversight by us. We will have the discretion to take the action we deem appropriate. The franchise agreement does not require us to take any affirmative action when we are notified of such uses or claims. If you use our trademarks in accordance with the franchise agreement, we will indemnify you against any legal action by a third party alleging infringement by your use of the trademark, and will reimburse you for all direct damages but not consequential damages (including, but not limited to, loss of revenue and/or profits) for which you are held liable in any proceedings arising out of the use of any trademark pursuant to and in compliance with the franchise agreement, and for all costs reasonably incurred by you in the defense of any claim brought against you or in any proceeding in which you are named as a party, provided that you have timely notified us of any claim or proceeding and have otherwise complied with the franchise agreement.

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

### Patents

You do not receive the right to use an item covered by a patent, and we do not have any pending patent applications with the United States Patent and Trademark Office. We do not own rights to, or licenses in, any patent that is material to the franchise system.

### Copyrights

We have not registered our manuals or logos with the United States Copyright Office, but we claim a copyright and consider the information proprietary, and we, or our parent, or an affiliate, claim protected trade secrets and copyrights in parts of our franchise system. We claim other copyrights in sales literature and marketing materials that we or our franchisees develop for our use and for use by our franchisees, and your use of these materials will be limited to the uses required or allowed by us. We or an affiliate may

develop software or apps. If so, we claim copyright protection on all such items. You must modify or discontinue the use of any copyright, at your cost, if we modify or discontinue it, at our reasonable discretion.

### Proprietary Information

~~You may only use the proprietary information in our manuals and then only in connection with the system and only during the term of your franchise agreement. The manuals may not be copied. The manuals must be returned to us or permanently deleted by you upon termination, transfer or non-renewal of your franchise agreement.~~ Portions of the “system,” including certain processes, recipes, mixes, products, customer lists, etc., are a trade secret or confidential and proprietary to us. With regards to our proprietary information, the franchise agreement also provides that you will: (a) strictly follow all confidential security procedures required by us, (b) disclose this information to your employees only as needed to market our products and services; (c) not use this information in any other business; (d) exercise the highest degree of diligence to maintain this information as confidential; and (e) promptly notify us if you learn of any unauthorized use of our trade name, trade secrets or proprietary information. Your use of our proprietary information is limited to the uses required or allowed by us.

### Agreements Regarding Patents, Copyrights, and Other Intellectual Property

Under a license agreement entered into between Craveworthy IP, LLC and us in 2025, we were granted the right to use and sublicense the patents, copyrights, and other intellectual property for 50 years, which license will automatically renew for one-year terms for up to 25 additional years. The license may be terminated for our default; however, all franchisees in good standing will be able to continue to use the Sigri Indian BBQ™ intellectual property through the end of their respective then-current franchise agreement term. The terms and provisions of the license agreement cannot be modified without written authorization from both parties.

### Protection Against Infringement

You are obligated to immediately notify us when you learn about an infringement of or challenge to your use of our copyrights, manuals, or challenge to your use of any of our other proprietary information. We have the right to control any administrative proceedings or litigation involving the copyrights and proprietary information, and you must proceed in strict coordination and oversight by us. We will have the discretion to take the action we deem appropriate. The franchise agreement does not require us to take any affirmative action when we are notified of such uses or claims. If you use our copyrights and proprietary information in accordance with the franchise agreement, we will indemnify you against any legal action by a third party alleging infringement by your use of the copyrights and proprietary information, and will reimburse you for all direct damages but not consequential damages (including, but not limited to, loss of revenue and/or profits) for which you are held liable in any proceedings arising out of the use of any copyrights and proprietary information pursuant to and in compliance with the franchise agreement, and for all costs reasonably incurred by you in the defense of any claim brought against you or in any proceeding in which you are named as a party, provided that you have timely notified us of any claim or proceeding and have otherwise complied with the franchise agreement.

### Government Determinations Regarding Patents and Copyrights

There are presently no effective determinations by the United States Patent and Trademark Office, the United States Copyright Office, or any court regarding a patent or trademark. There are no agreements currently in effect that significantly limit our rights to use or license the use of any patent or copyright.

### Infringing Uses

There are presently no known infringements of the copyrights or patents.

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

### Participation and “On Premise” Supervision

We recommend but do not require on-premises supervision by your operating principal. However, your operating principal must be your primary point of contact with us. We require on-premises supervision by your designated manager who must be trained by us to manage your franchise business unless your operating principal acts as the full-time manager of the franchise business.

Although we do not require your operating principal to be involved in the day-to-day on-premises management, at all times during the term of your franchise agreement, your operating principal is required to participate in your franchise business as follows: (i) be directly responsible for overseeing all accounting, reporting and bookkeeping, and all financial components of the franchise business; (ii) oversee attendance and completion of all training and retraining courses required by us; (iii) attend any annual or special meetings of franchisees required by us; (iv) be directly involved with site selection, construction, remodeling; (v) be directly involved in all personnel decisions affecting the franchise business; and (vi) conduct frequent inspections of the franchise business operations to ensure the highest standards of professionalism, cleanliness and a general pleasant appearance, and compliance with our approved methods. If you are an approved equity group franchisee, you are required to ensure that your operating principal appoints people to oversee each of the above requirements but may not be required to personally fulfill the duties. We must receive notice of each person appointed to oversee these required duties.

Unless your operating principal acts as the full-time manager of the franchise business, your operating principal is not required to work a certain or minimum number of hours. However, your operating principal must work sufficient hours to operate your franchise or supervise your managers so that your franchise business is operating at maximum capacity and efficiency.

### Who Must Attend and Successfully Complete Initial Training

Your operating principal and your managers must attend and successfully complete our initial training program.

### Restrictions on the On-Premises Manager

We do not put a limitation on whom you can hire as your on-premises general manager. [Your on-premises supervisor is not required to have an equity interest in the franchise business](#)

### No Competing Enterprises

Neither you, your operating principal, nor your management employees can have an interest in or business relationship with any direct competing business in the Indian food industry whether quick serve or sit-down restaurant, or catering business during the term of the franchise agreement and must keep free from activities that would be detrimental to or interfere with the operation of your franchise business or detrimental to the franchise system. You, your partners, directors, members, shareholders, and operating principal must sign our standard principal brand protection agreement agreeing to protect and keep confidential our trade secrets and confidential information and to conform with the covenants not to compete described in Item 17. ~~[franchise agreement, exhibit A-4]. Your employees and contract personnel with access to the recipes will also be required to sign a brand protection agreement. We provide you this form, but it is your responsibility to conform it to the laws and regulations of your state [franchise agreement, exhibit A-5].~~

### Required Operations

You must operate the franchise business 7 days per week (totaling at least 60 hours per week) as designated by us.

#### Personal Guarantees

Any individual who owns an interest in the franchise business (and their respective spouse or domestic partner) must personally guarantee the performance of all your obligations under the franchise agreement and agree to be personally bound by, and liable for, the breach of every provision of the franchise agreement.

#### Area Developers

If you have a multi-unit/area development agreement and are a legal entity, you are required to designate one of your owners as your operating principal. Your operating principal will be principally responsible for communicating and coordinating with us regarding business, operational and other ongoing matters concerning the multi-unit/area development agreement and all of the units that you develop as part of the multi-unit/area development agreement. Your operating principal will have the full authority to act on your behalf in regard to performing, administering or amending the multi-unit/area development agreement and all franchise agreements executed as a result of your exercising your rights under the multi-unit/area development agreement. The operating principal may be the same person as the operating principal of one of your units.

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

You must provide and sell only those products and services specified and approved by us in writing. We do not put limitations on customers frequenting your business. No product or service may be added to, altered, or discontinued by your franchise business unless it is first approved by us in writing. You must offer all products and services required by us. We reserve the right to add, modify, or delete products and/or services that you may offer. There are no limits on our right to do so. You must strictly follow our policies, procedures, specifications, methods and techniques concerning all our products and services.

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

#### **THE FRANCHISE RELATIONSHIP**

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

	<b>Provision</b>	<b>Section in Franchise or other Agreement</b>	<b>Summary</b>
a.	Length of the franchise term	Section 2.1	The term is 10 years. The franchise term will begin upon signing the franchise agreement.
b.	Renewal or extension of the term	Section 2.2	If you are in good standing at the end of the franchise term, you can enter into a successor franchise agreement for an additional term of 10 years. Your successor agreement may also provide an option to enter into a subsequent successor franchise agreement.

	<b>Provision</b>	<b>Area Development Agreement</b>	<b>Summary</b>
j.	Assignment of contract by franchisor	Article 10	No restrictions on our right to assign.
k.	“Transfer” by developer - defined	Article 10	Includes assignment and transfer of contracts, security interests and ownership change.
l.	Franchisor approval of transfer by developer	Article 10	We have the right to approve all transfers but will not unreasonably withhold approval.
m.	Conditions for franchisor approval of transfer	Article 10	You are not in default, the transferee is trained and signs the then-current area developer agreement, and a release signed by you.
n.	Franchisor’s right of first refusal to acquire developer’s business	Article 10	Not applicable.
o.	Franchisor’s option to purchase franchisee’s business	Article 10	<u>We do not have the option to purchase your business assets upon termination or expiration of the area development agreement.</u>
p.	Death or disability of developer	Article 11	The heirs or personal representative will have the right to continue to fulfill the area developer’s obligations under the agreement; provided that a personal representative be approved or area development agreement must be assigned to an approved buyer within a reasonable time, not to exceed 180 days (subject to state law).
q.	Non-competition covenants during the term of the Area Developer Agreement	Article 11	No involvement in a competing business. Non-competition provisions are subject to state law.
r.	Non-competition covenants after the developer is terminated, transferred or expires	Article 11	No competing business for 2 years within 50 miles of your development area or within 5 miles of another then-existing Sigri Indian BBQ™ franchise or company or affiliate owned business (including after assignment). If you compete within the restricted time period then this non-compete time period will be tolled and extended for the period of your competition. Non-competition provisions are subject to state law. For a period of 3 years from termination, transfer, or expiration of your area development agreement, you cannot divert or attempt to divert any business

5. The disclosure document and franchise agreements are hereby amended to exclude from any release requirements the release of claims under Minnesota Franchise Law.
6. Any limitation of claims must comply with Minn. Stat. ' 80C.17, subdivision 5.
7. Any fee regarding insufficient funds for a dishonored check must comply with Minn. Stat. § 604.113, subdiv. 2(a), 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 (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.
9. Items 5 and 7 of the Disclosure Document is amended to add the following: "Payment of all initial franchise fees owed to the franchisor, or its affiliate, by the franchisee shall be deferred until after all initial obligations owed to the franchisee under the Franchise Agreement or other agreements have been fulfilled by the franchisor and the franchisee has commenced doing business."

8.

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Franchisee (Signature)

## ADDENDUM TO THE AREA DEVELOPER AGREEMENT FOR THE STATE OF MINNESOTA

The disclosure document, franchise agreement, area developer agreement and other related agreements are amended to conform to the following:

1. Governing law, choice of forum, and jurisdiction and venue provisions of the disclosure document, franchise agreement and area developer agreement are amended to include the following:

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

2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. ‘ 80C.14, subdivisions 3, 4 and 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. As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), franchisor will reimburse the franchisee for any costs incurred by the franchisee in the defense of the franchisee’s right to use the Marks, so long as the franchisee was using the Marks in the manner authorized by franchisor, and so long as franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

4. Minnesota Rule Part 2860.4400J prohibits requiring a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of Minnesota, or consenting to liquidated damages, termination penalties or judgment notes.

5. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.

6. Any limitation of claims must comply with Minn. Stat. 80C.17, subdivision 5.

7. Any fee regarding insufficient funds for a dishonored check must comply with Minn. Stat. § 604.113, subdiv. 2(a), 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 (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 franchisee.

8.9. Payment of all initial franchise fees owed to the franchisor, or its affiliate, by the franchisee shall be deferred until after all initial obligations owed to the franchisee under the Franchise Agreement or other agreements have been fulfilled by the franchisor and the franchisee has commenced doing business.

\_\_\_\_\_  
Area Developer (Signature)