

## FRANCHISE DISCLOSURE DOCUMENT



### Ori'Zaba's Franchise Operations, LLC

a Colorado limited liability company

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Ori'Zaba's businesses operate restaurants serving Mexican cuisine from scratch with in-house recipes, under a made-to-order, fast casual format ("Ori'Zaba's Restaurant(s)" or "Restaurant(s)"). We offer franchises for single Ori'Zaba's Restaurants and for area development franchises ("Area Development Franchises(s)") for the rights to open multiple Restaurants in a designated area.

The total investment necessary to begin operation of a single Ori'Zaba's Restaurant is between ~~\$413,195~~499,700 to ~~\$854,610~~883,200. This includes between ~~\$3560,000~~ and ~~\$47,560~~67,800 that must be paid to the franchisor or its affiliate(s). The total investment necessary to begin operation of three Ori'Zaba's Restaurants under an Area Development Franchise is ~~\$1,209,585~~469,100 and ~~\$2,533,830~~619,000. This includes between ~~\$75150,000~~ and ~~\$112,680~~173,400 that must be paid to the franchisor or its affiliate(s). The total investment necessary to begin operation of four Ori'Zaba's Restaurants under an Area Development Franchise is between ~~\$1,607,780~~953,800 and ~~\$3,373,440~~487,800. This includes between ~~\$95195,000~~ and ~~\$145,240~~226,200 that must be paid to the franchisor or its affiliate(s). The total investment necessary to begin operation of five Ori'Zaba's Restaurants under an Area Development Franchise is between ~~\$2,005,975~~438,500 and ~~\$4,213,050~~356,000. This includes between ~~\$115240,000~~ and ~~\$177,800~~279,000 that must be paid to the franchisor or its affiliate(s).

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

You may wish to receive your disclosure document in another format that is more convenient for you. –To discuss the availability of disclosures in different formats, contact Ori'Zaba's Franchise Operations, LLC at 8084 S. Wallace Court, Suite A, Englewood, CO 80112, ~~702-751-7943~~720-817-9326 or franchise@zabas.com.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise", which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or 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 27, ~~2023~~19, 2024**

## How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	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 D.
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit C includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Ori’Zaba’s business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be an Ori’Zaba’s franchisee?</b>	Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	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 E.

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement and area development agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Colorado. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Colorado than in your own state.
2. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement and area development agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
- ~~3. **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.~~
- ~~4. **Estimated Initial Investment**. The franchisee will be required to make an estimated initial investment ranging from \$413,195 to \$854,610. This amount exceeds the franchisor's members' equity as of December 31, 2022, which is (\$155,701).~~
53. **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.

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

**NOTICE REQUIRED BY  
STATE OF 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 documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that the franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this Act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its terms except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type or under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) the failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
  - (ii) the fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

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

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

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

**The fact there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.**

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, Consumer Protection Division, 525 W. Ottawa Street, 1st Floor, Attention: Franchise, P.O. Box 30213, Lansing, MI 48909, telephone 517-373-7117.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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

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**ITEM 1**  
**THE FRANCHISOR AND ANY PARENT, PREDECESSORS, AND AFFILIATES**

To simplify the language in this Franchise Disclosure Document, “OFO,” “we,” “us,” and “our” means Ori’Zaba’s Franchise Operations, LLC, the franchisor. “You,” “your,” and “Franchisee” means the person, and its owners if the Franchisee is a business entity, who buys the franchise from OFO.

The Franchisor and its Parent

OFO is a Colorado limited liability company formed on June 28, 2017. We operate under the names Ori’Zaba’s Franchise Operations, LLC, Ori’Zaba’s, Ori’Zaba’s Scratch Mexican Grill and Ori’Zaba’s Mexican Grill and no other names. Our principal business address is 8084 S. Wallace Court, Suite A, Englewood, CO 80112. We offer franchises (“Ori’Zaba’s Franchises” or “Franchises”) for Ori’Zaba’s Restaurants and have done so since May 2018 and not conduct business in any other line of business. We do not offer franchises in any other line of business. We do not conduct, and have never conducted, a business of the type described in this Franchise Disclosure Document.

Our agent for service of process in Colorado is ~~Keri~~ Jack McClurg, 8084 S. Wallace Court, Suite A, Englewood, CO 80112. Our agents for service of process for other states are identified by state in Exhibit E. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws.

Our parent is McClurg Century Investments, a Colorado trust formed on January 30, 2012 (“MCI”) with its principal place of business at 8084 S. Wallace Court, Suite A, Englewood, CO 80112. MCI does not operate a business similar to the type described in this Franchise Disclosure Document. We do not have any predecessors.

Affiliates

Our affiliate, Zaba’s Management, LLC, a Nevada limited liability company (“Zaba’s Management”), owns the intellectual property related to Ori’Zaba’s Restaurant system and licenses it to us. Zaba’s Management and OFO are wholly owned by our parent, MCI. Zaba’s Management shares our principal business address and has never offered franchises in this or any other line of business. Zaba’s Management began operating Ori’Zaba’s Restaurants in 2012. Zaba’s Management entered into one license agreement in 2012 for a non-traditional restaurant in Las Vegas, Nevada. This licensee ceased operations in April 2020. As of the issuance date, Zaba’s Management owns and operates one restaurant similar to the type described in this Franchise Disclosure Document which opened in 2014.

The Franchise

Ori’Zaba’s restaurant concept was launched in 2001. Ori’Zaba’s Restaurant franchisees operate fast casual restaurants serving made-to-order Mexican cuisine from scratch, with in-house recipes, through dine-in, take-out and delivery services. Ori’Zaba’s Restaurants operate under our system (“System”) using the Ori’Zaba’s trademarks, service marks, trade names and logos (the “Marks”) from an approved location. Your location may be operated either from a traditional or non-traditional location. Any Restaurant operated from a non-traditional location will be considered a “Non-Traditional Restaurant,” which is a facility operated under the Ori’Zaba’s Restaurant trademarks located within another primary business or in conjunction with other businesses or at institutional settings, such as shopping mall food courts, amusement parks, casinos, airports, stadiums, and any site for which the lessor, owner or operator thereof shall have indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider (each, a “Non-Traditional Location”). Unless otherwise stated, any reference



in this Franchise Disclosure Document to “Restaurant” or “Ori’Zaba’s Restaurant” includes both traditional Restaurants and Non-Traditional Restaurants.

You must sign our standard franchise agreement attached to this Franchise Disclosure Document as Exhibit A (“Franchise Agreement”). You may operate one Ori’Zaba’s Restaurant for each Franchise Agreement you sign.

We also offer to select qualified persons (“Area Developers”) the opportunity to sign our area development agreement attached to this Franchise Disclosure Document as Exhibit B (“Area Development Agreement”) and acquire the right to develop multiple Franchises in a designated development area (“Development Territory”) in accordance with a specified development schedule (“Development Schedule”). If you enter into an Area Development Agreement, you must sign a Franchise Agreement for your first Franchise (“Initial Franchise Agreement”) at the same time that you sign the Area Development Agreement. If you enter into an Area Development Agreement, unless otherwise stated, any reference in this Franchise Disclosure Document to “you” or “franchisee” includes you both as an Area Developer under an Area Development Agreement and as a franchisee under a Franchise Agreement.

The Initial Franchise Agreement for the first Restaurant to be developed under the Area Development Agreement will be in the form attached as Exhibit A. For each additional Restaurant developed under the Area Development Agreement, you must sign the form of Franchise Agreement that we are then offering to new franchisees, which may differ from the current Franchise Agreement included with this Franchise Disclosure Document, for each franchise.

### Market and Competition

The primary market for the goods and services offered by the Ori’Zaba’s Restaurants is the general public. The goods and services offered by Ori’Zaba’s Restaurants are not seasonal. Generally, the restaurant market is well-developed and highly competitive, and includes retail units, mobile food trucks, and kiosks selling various types of food. You may have to compete with numerous other independent and chain-affiliated restaurants, some of which may be franchised. Many restaurant franchise systems have already established national and international brand recognition.

### Industry-Specific Laws

Many states and local jurisdictions have enacted laws, rules, regulations and ordinances that may apply to the operation of your Ori’Zaba’s Restaurant, including those that: (a) establish general standards, specifications and requirements for the construction, design and maintenance of your Restaurant; (b) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements; employee practices concerning the storage, handling, and preparation of food; restrictions on smoking and exposure to tobacco smoke or other carcinogens or reproductive toxicants and saccharin; availability of and requirements for public accommodations, including restrooms; (c) set standards pertaining to employee health and safety; (d) set standards and requirements for fire safety and general emergency preparedness; (e) govern the use of vending machines; (f) regulate the proper use, storage and disposal of waste, insecticides and other hazardous materials; (g) establish general requirements or restrictions on advertising containing false or misleading claims, or health and nutrient claims on menus or otherwise, such as “low calorie” or “fat free”; and (h) establish requirements concerning withholdings and employee reporting of taxes on tips. You must also obtain all necessary permits, licenses, and approvals to operate your Ori’Zaba’s Restaurant. If you elect to offer beer and wine at your Ori’Zaba’s Restaurant, you will need to obtain one or more licenses to sell alcoholic beverages at retail and you must comply with applicable laws related to the advertising and sale of alcoholic beverages. You may also be subject to dram

shop laws relating to liability arising from injuries, directly and indirectly, related to the sale of alcohol and its consumption.

Many local or state jurisdictions require food service permits for those preparing, handling and serving food to the public. You and your employees may be required to pass a test or other certification process to obtain these permits. There may also be local ordinances and regulations governing food storage, preparation and serving.

You are responsible for investigating, understanding, and complying with all applicable laws, regulations, and requirements applicable to you and your Ori'Zaba's Franchise. You should consult with a legal advisor about whether these and/or other requirements apply to your Ori'Zaba's Restaurant. Failure to comply with laws and regulations is a material breach of the Franchise Agreement.

## **ITEM 2 BUSINESS EXPERIENCE**

### Franchise Business Partner: May Masoli

Ms. Masoli has served as our Franchise Business Partner in Las Vegas, Nevada since December 2021. Prior to that, Ms. Masoli served as our Area Manager in Las Vegas, Nevada from October 2020 to December 2021. She served as District Manager for Celebration Restaurant Group, FLG Chicken, LLC in Orlando, Florida from March 2017 to September 2020.

### President: Jen Howell

Ms. Howell has served as our President in Englewood, Colorado since March 2022. Previously, she was our Senior Business Product Manager in Centennial, Colorado from December 2019 until March 2022. She served as Marketing/Product Consultant for Zaba's Management in Centennial, Colorado from May 2012 to November 2019.

### Franchise Account and Business Solutions ~~Specialist, Strategic Operations~~Manager: Amber Ranzoni

~~Amber~~Ms. Ranzoni has served as our Franchise Account and Business Solutions Manager in Las Vegas, Nevada since July 2021. Previously, she served as our Solutions Specialist, Strategic Operations with in Las Vegas, Nevada from November 2019 to July 2021. Ms. Ranzoni also previously held the following positions with Zaba's Management, all in Las Vegas, Nevada since: Vice President of Operations from November 2017 to November 2019. Ms. Ranzoni previously served as, Director of Operations with Zaba's Management from November 2016 to November 2017, Area Manager from August 2016 to November 2016, General Manager from January 2015 to August 2016, and Assistant Manager from September 2014 to January 2015, all in Las Vegas, Nevada.

### Franchise Sales Manager: Maria Maciel

Ms. Maciel has served as our Franchise Sales Manager in Springfield, Missouri since August 2023. Previously, she served as Director of Franchise Development for Synergy HomeCare Franchising, LLC in Springfield, Missouri from May 2022 to June 2023. She also previously served as Director of Franchise Development for Strategic Franchise Development in Springfield, Missouri from May 2016 to May 2022.

### ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

### ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

### ITEM 5 INITIAL FEES

#### Franchise Agreement

The “Initial Franchise Fee” for a single Ori’Zaba’s Restaurant is \$30,000. If you choose to purchase a second Franchise at the same time and we approve, the Initial Franchise Fee for the second Franchise is \$25,000. The Initial Franchise Fee is payment for our pre-opening assistance that we provide to allow you to open your Ori’Zaba’s Business and also offsets some of our franchisee recruitment expenses. Each Franchise Agreement will grant you the right to operate one Ori’Zaba’s Restaurant. The Initial Franchise Fee is deemed fully earned by us once paid. The Initial Franchise Fee is payable when you sign your Franchise Agreement, is non-refundable and, except for the discount for additional Franchises, is uniform. During our last fiscal year which ended December 31, ~~2022~~2023, we ~~collected~~did not collect any Initial Franchise Fees ~~of \$30,000~~.

Active duty and honorably discharged and retired veterans receive \$10,000 off the Initial Franchise Fee for their first Ori’Zaba’s Restaurant.

#### Area Development Agreement

Qualified franchisees may also purchase the rights to open additional Restaurants by signing our Area Development Agreement and paying a development fee (“Development Fee”). Area Developers must open a minimum of three Restaurants. We may limit the maximum number of Restaurants to be developed, in our discretion.

We calculate the Development Fee uniformly for all franchisees, but the total amount of the Development Fee will vary depending on the number of Restaurants to be developed under the Area Development Agreement. The Development Fee will be \$15,000 for each Restaurant after the first, to be developed under the Area Development Agreement. The Initial Franchise Fee for the first Restaurant is due in full upon execution of the Initial Franchise Agreement and is not included in the Development Fee. The Initial Franchise Fee for each Restaurant after your first is included in your Development Fee, and you will not be required to pay any additional Initial Franchise Fee when you enter into the franchise agreement for each additional location. All other fees will be as provided in the then-current franchise agreement.

The Development Fee is deemed fully earned by us once paid. The Development Fee is uniform, payable when you sign your Area Development Agreement and is non-refundable under any circumstances, even if you fail to open any Restaurants. During our last fiscal year which ended December 31, 2023, we did not collect any Development Fees.

If you are not able to meet your Development Schedule for any particular development period under the Area Development Agreement (each a “Development Period”), we may, in our sole discretion, agree to

extend your Development Period for an additional 90-day period upon payment of an extension fee (“Extension Fee”) of \$2,000. We may grant up to two extensions for any Development Period.

### Initial Training Fees

We provide initial training at no cost for up to two people, as long as they attend the same initial training program.

### New Store Opening Marketing Fee

~~You will be responsible for all travel, meals, and accommodation costs and expenses for your trainees. In the event you want to add additional trainees, you must pay a \$3,000 trainingus a new store opening marketing fee for training each additional person. (“NSOM Fee”) of \$30,000 per Restaurant, payable at lease (or purchase agreement) execution, for the creation of a marketing plan for the initial advertising of your Ori’Zaba’s Business. The additional training fees are due in full before the initial training program begins, are deemed fully earned by us once paid and are non-refundable.~~

~~If you require our representative to further assist with pre-opening training or support through the grand opening phase, you will incur an additional \$500 per day fee plus actual costs, which include lodging, travel, meals and other incidentals. We estimate that you may require up to 5 days of additional training and that reimbursement for our expenses will range from \$500 to \$2,000.~~

### Technology Set Up

~~Before the NSOM Fee should be used within six months of the opening of your Ori’Zaba’s Business, you will pay us a technology set-up fee for application set-up and build-out to the public; if it is not used within those six months, we may spend the remaining portion on marketing tactics for your Ori’Zaba’s Business (“Technology Set Up Fee”). Restaurant. The Technology Set Up Fee will be between \$1,500 to \$2,000. The Technology Set Up NSOM Fee is uniform based on then-current costs, fully earned once paid, and is non-refundable.nonrefundable.~~

### Grand Opening Procurement Assistance Fee

~~We will send our representatives to~~ If you request, we will assist you in procuring certain pre-opening products, equipment and services for your Ori’Zaba’s Restaurant for up to two weeks before the opening of your Ori’Zaba’s Business to verify systems are set up properly, assist with staff training reinforcement, technology checks, and soft opening support. Youfrom our designated or approved suppliers or other third parties. If we provide this assistance, you will pay us a flat-fee of \$3,500195 per hour, payable upon your request for travel, lodging, and food for our representatives. This fee is due before the opening visit from our representatives. This fee is uniform, non-refundable, and fully earned once paid.

### Additional Assistance Fee

~~If you request additional assistance with the set up of your business that is outside of the scope of initial training, we will charge our then-current additional the assistance fee (currently, \$195 per hour fee) (the “Additional Assistance Fee”). We estimate that you may require up to 8 hours of additional assistance. This fee is uniform, non-refundable, and fully earned once paid.\$0 to \$7,800 for these optional services.~~

### Financial Assurances



Some states have imposed a financial assurance. Please refer to the State Addendum in Exhibit H to the Franchise Disclosure Document.

## ITEM 6 OTHER FEES

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Royalty <sup>(2)</sup>	5% of Gross Sales for your first three months of operation; then the greater of \$4,000 per month or 5% of Gross Sales for every subsequent month	Due monthly, immediately upon invoice	The “Royalty” is based on “Gross Sales” during the previous month.
Brand Fund Contribution	2% of your <del>weekly</del> monthly Gross Sales	<del>Same as Royalty</del> Due monthly, immediately upon invoice	This contribution will be used for a system-wide “Brand Fund” for our use in promoting and building the Ori’Zaba’s brand.
Local Marketing Requirement	The difference between the approved local marketing amount you spent on local marketing each month and your required local marketing expenditure (currently 3% of your Gross Sales)	<del>Payable after receipt of invoice</del> Due monthly, immediately upon invoice if required spend is not met	If you fail to meet your required <u>monthly</u> local store marketing requirement (“ <u>Local Marketing Requirement</u> ”) on local marketing, you must pay the difference between the amount you spent <u>that month</u> and the required advertising expenditure which will be contributed to the Brand Fund. Any unapproved local marketing will not be credited towards this requirement, and any additional expenditures will not be credited to the <u>following month’s requirement</u> . In addition, you will have to pay the unauthorized advertising fee. We will not require you to pay any amount in excess of what was required for your local marketing spend in the month when the unauthorized advertising occurred.
<u>Promotions and Merchandise for Resale; Equipment; Décor Items</u>	<u>Costs to purchase, lease and install all materials necessary for promotional campaigns, including counter cards, posters, banners, signs, photographs, loyalty program rewards, give-away items, merchandise for resale and gift cards. We may charge you our costs plus a reasonable administrative fee.</u>	<u>As incurred; some items are quarterly</u>	<u>You will participate at your own cost in temporary or permanent promotional campaigns that we establish (e.g., limited time offers, gift cards, coupons, loyalty programs, customer relationship management, and other supplemental marketing programs). We may also provide to you at your cost certain merchandise for resale that identifies the System, such as promotional t-shirts, caps, aprons, tote bags, equipment, and décor items.</u>

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Learning Management System Fee	Then-current fee (currently \$140 <del>170</del> per month plus a 3% administrative fee) for up to 15 users (each additional user is approximately \$10 per month)	Due monthly, immediately upon invoice	The Learning Management Fee applies toward costs we incur in maintaining the required Learning Management System (“LMS”). The LMS is provided by a third party that we designate and is required for all franchisees. Both the cost of the service and the administrative fee are non-refundable. The first payment is due the month after you begin operations of your Restaurant.
Technology Fee <sup>(3)</sup>	Then-current fee (currently, \$200), <del>plus a one-time set-up fee (estimated to be \$1,500)</del>	Due monthly, immediately upon invoice	We assess a fee of \$200 per month as a technology fee. This fee is assessed for website hosting, central telephone services, future web-based System integration, and for other technology-related services and software. We reserve the right to upgrade, modify, and add new software. The technology fee may be increased by up to 10% each year and you will also be responsible for any increase in fees that result from any upgrades, modifications, or additional software, or from increases from third-party vendors. A stand-up fee for application <del>otherwise known as “app” buildout and service set up</del> may be incurred and is due upon implementation.
Local and Regional Advertising Cooperatives <sup>(4)</sup>	Established by cooperative members	Established by cooperative members	We currently do not have a cooperative but reserve the right to require one to be established in the future. We anticipate that each Ori’Zaba’s franchisee and each Ori’Zaba’s Business <del>that we own</del> will have one vote for each Ori’Zaba’s <u>Business</u> operated in the designated market. Item 11 contains more information about advertising cooperatives.
Unauthorized Advertising Fee	\$500 per occurrence	On demand	This fee is payable to the Brand Fund if you use unauthorized advertising in violation of the terms of the Franchise Agreement.
Insurance	Reimbursement of our costs, plus a 20% administration charge	On demand	If you fail to obtain insurance naming us as a co-insured, we may obtain insurance for you, and you must reimburse us for the cost of insurance obtained plus 20% of the premium for an administrative cost of obtaining the insurance.

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
<del>Fee for Additional Training or Assistance Fees</del> <u>OZTTT Trainees</u>	<del>Then-current fee (currently \$3,000 per additional person)</del> <u>OZTTT trainee for initial training) and \$500 per day for other additional training; \$195/hour for additional assistance during grand opening</u>	<del>Payable in advance</del> <u>2 weeks prior to the beginning of the training or assistance</u>	<del>We provide initial OZTTT training at no charge</del> <u>cost for up to two people, so trainees, as long as they attend the same initial OZTTT six-week training program. We may charge You will be responsible for all travel, meals, accommodations, wages, and expenses for your trainees. In the event you for training want to add additional persons; newly hired personnel, refresher training courses, advanced training courses, and OZTTT trainees, you must pay a \$3,000 fee for each additional or special assistance or training you need or request</u> <u>trainee.</u>
<del>Additional Compliance or Business/Remedial Training</del>	<del>Then-current</del> <u>trainer fee (currently \$500 per day), plus our actual costs</u>	<del>Payable in advance of the training</del>	<del>We, in our sole discretion, may require you to undergo additional training. Some circumstances that may necessitate this training include your failure to maintain compliance, poor financial performance, or training for multiple staff where we find it is more cost effective to send our representative to your restaurant.</del> <u>Ori'Zaba's Restaurant. If we determine you need additional training at your restaurant Ori'Zaba's Restaurant, we will charge you for our actual costs, which include lodging, travel, meals and other incidentals, plus \$500 per day.</u>
<del>Subsequent/Replacement Management OZTTT Training Fee</del>	<del>Then-current fee (currently \$3,000 per trainee)</del>	<del>Payable in advance of the training</del>	<del>If you employ a new Restaurant General Manager or other key employee (such as your primary contact or director of operations) after your Ori'Zaba's Restaurant opens, or purchase your Franchised Business as a result of a transfer from another Franchisee, you/they must attend the same initial OZTTT six-week program. You will be responsible for all travel, meals, accommodations, wages, and expenses for your trainees.</del>
Mystery Shopper Fee	Will vary under circumstances (estimated to be approximately \$500 per inspection)	As incurred	You must reimburse us for our costs and expenses associated with the inspections of third-party mystery shoppers who will pose as normal customers and perform specific tasks (such as order meals, ask questions, or seek customer service) and evaluate the services received at your Restaurant.

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Custom Marketing Fee	Then-current fee (currently \$195 per hour)	As incurred	Ori'Zaba's can support your franchise with custom design work and media buys, tailored to your specific location. If you choose to request such support, we will charge you our then-current fee for the time spent designing and implementing custom marketing programs. Any custom-created marketing material remains our sole property.
Custom Menu Fee	Then-current fee (currently \$195 per hour)	As incurred	<u>You will receive a one-time training consultation on how to update your menu prices as part of the initial OZTTT training. This training is to aid you in addition to the readily accessible, pre-recorded menu update training videos and instructional documents located in the Operations Manual. If you request refresher menu training, you will pay this fee. If you choose to make changes to your menus or pricing and require help after the initial free menu training and consultation, you must pay us a custom menu fee for the time we spend on such menu and downstream changes.</u>
Convention Fee	Then-current fee (currently estimated to be \$1,000 per person)	On demand	Payable to us to help defray the cost of your attendance at any annual convention that we choose to hold. This fee is due regardless of whether or not you attend our annual convention in any given year.
Supplier and Product Evaluation Fee	<del>Costs of inspection (estimated to be approximately</del> Then-current fee (currently \$200 per day,) plus our actual costs and expenses)	As incurred	Payable if we inspect a new product, service, or proposed supplier nominated by you. Additionally, you will reimburse us for our actual costs, which may include lodging, travel, meals and other incidentals.
Customer Issue Resolution	Varies; reasonable costs we incur for responding to a customer complaint, which will typically be \$195 per hour billed in whole hours, plus the cost of any gift card	As incurred	Payable if a customer of the Ori'Zaba's Restaurant contacts us with a complaint. Complaints are forwarded to the Franchisee of record. Each franchisee is given <del>48 hours</del> <u>four days</u> for resolution. If a customer is not contacted within those <del>48 hours</del> <u>four days</u> and we must intervene by providing a gift card, refund, or other value to the customer as part of our addressing the issue, you will be billed \$195 per hour plus the cost of any gift card value we send to the customer.
<u>Corrected Deficiency Costs</u>	<u>Reimbursement for expenses incurred by us plus 20% administration charge</u>	<u>Upon our correction of deficiency</u>	<u>If you fail to correct any deficiency noted by us, we or our affiliates or designees may correct the deficiency and obtain reimbursement from you.</u>

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Late Payment Fee	\$100 per occurrence, per day, plus lesser of the daily equivalent of 12% per year simple interest or the highest rate allowed by law	Due within five business days of receipt of invoice	Payable if any payment due to us or our affiliates is not made by the due date. Interest accrues from the original due date until payment is received in full.
Non-Sufficient Funds Fee	\$100 per occurrence, per day	As incurred	Payable if any check or electronic payment is not successful due to insufficient funds, stop payment, or any similar event.
Failure to Submit Required Report Fee	\$100 per occurrence, per day, <u>per Restaurant</u>	As incurred for failure to submit any requested report within five days of request	Payable if you fail to submit any required <u>health inspection reports or respond to the request for any report or financial statement (LSM, P&amp;L or tax returns, etc.)</u> when due. Fines collected are paid to <del>the Brand Fund, or us.</del> You will continue to incur this fee until you submit the required report.
Audit Fee <del>Fees</del> and Fines	\$195 per hour, <u>plus under-payment true-up, plus our actual costs and expenses if travel is required; a potential \$10,000 fine</u> <del>“Audit Fine”</del>	On demand	<del>We may require you to will</del> conduct <u>“Self-Audits”</u> <del>monthly audits</del> for any vendor(s) (e.g., ezCater) that is/are not integrated through the POS reporting system. <del>If you fail to conduct</del> <u>Currently, we do not charge the Self-Audit within the required timeframe, we will conduct the audit and at \$195 per hour. In addition, you may fee. Any sales identified and not reported will be required to pay the invoiced and billed as a true up and due immediately.</u>  <u>The Audit Fine</u> <del>fine</del> is payable <u>only</u> if an audit is needed due to your failure to <u>furnish reports or if</u> <del>an</del> audit reveals that you <u>understated weekly</u> <del>an</del> understatement or underpayment of at least 2% of Gross Sales by <u>more than 2%</u> <del>or you fail to submit required reports and pay late fees on</del> <u>for any understated amounts. month.</u>
Non-Traditional Site Audit Fee	<del>Then current fee (currently \$500 per travel day), plus our actual costs</del>	As incurred	<del>In addition to the Audit Fee, in the event our on site audit must occur at a non-traditional site, you must pay an additional fee to cover the costs that are above a normal site visit. We will charge you for our actual costs, which include lodging, travel, meals and other incidental expenses, plus \$500 per travel day.</del>
Indemnification	Will vary under circumstances	As incurred	You must indemnify and reimburse us for any expenses or losses that we or our representatives incur related in any way to your Ori’Zaba’s Restaurant or Franchise.

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Management Fee	\$500 per day, plus costs and expenses	As incurred	Payable if we or our affiliate manages the Ori'Zaba's Restaurant because you are in breach of the Franchise Agreement.
Professional Fees and Expenses	Will vary under circumstances	As incurred	You must reimburse us for any legal or accounting fees that we incur as a result of any breach or termination of your Franchise Agreement. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement. You will also be required to pay any professional fees that we incur for certain transfers as discussed in this Item 6.
Renewal Fee	\$10,000	At the time you sign the new franchise agreement	Payable if you qualify to renew your Franchise Agreement and choose to enter into a successor franchise agreement.
<u>Refresh/Remodel Site and Survey and Design Fee</u>	<u>Our then-current fee. (currently, \$3,000 to \$6,000); depends on scope of required changes</u>	<u>As incurred</u>	<u>You must refresh your Restaurant every five years and must remodel your Restaurant every ten years to meet our then-current Standards. We may require you to pay us, our affiliates, or our designee this fee to inspect your Restaurant and produce a site survey and/or design plan that will comply with these obligations.</u>
Relocation Fee	Our costs up to \$5,000	Upon relocation	You must reimburse us for our reasonable expenses if we permit you to relocate your Ori'Zaba's Restaurant. We reserve the right to waive this fee if you lose your site as a result of a disaster. <u>This fee is in addition to any required remodeling costs.</u>
Transfer Fee	50% of the then-current Initial Franchise Fee	\$1,000 non-refundable deposit at time of transfer application submittal and the remaining balance of fee at time of the approved transfer	Payable in connection with the transfer of your Ori'Zaba's Restaurant, a transfer of ownership of your legal entity, or the Franchise Agreement. If we are not offering Franchises at the time of your transfer, the transfer fee will be 50% of the initial franchise fee listed in the most recent Franchise Disclosure Document.
Liquidated Damages <sup>(5)</sup>	Will vary under the circumstances	Within 15 days after termination of the Franchise Agreement	Due only if we terminate the Franchise Agreement before the end of the term because of your material breach, or you terminate the Franchise Agreement without legal cause.

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
<u>De-Identification Fee</u>	<u>Our actual costs, plus interest and an administrative fee equal to 15% of our actual costs</u>	<u>As incurred</u>	<u>Payable if we must de-identify your Ori'Zaba's Restaurant upon termination, relocation, or expiration.</u>
<u>Computer/POS Fees</u>	<u>Then current fees, varying by vendor, currently \$1,134 total per month including Toasttab POS, RASI Accounting Services, Dynamic Media Music, Valutec, Dropbox, and Microsoft 360</u>	<u>As determined by each respective vendor</u>	<u>The Computer System as defined in Item 11 includes a computer, our designated point-of-sale system and software, tablet, accounting software, loyalty software and other systems as contained in the Franchise Operations Manual. These tools may require you to pay to subscribe to ongoing services after initial purchase in order to remain compliant as required to run your franchise. Some tools require a monthly payment, some annual payment and some, such as 3rd Party Delivery companies, are commission based and are billed as incurred. You may choose to add on optional services that may increase the monthly amount you pay. If you require additional assistance from us you may pay some fees directly to us.</u>
Broker Fees	Our cost of the brokerage commissions, finder's fees, or similar charges	As incurred	If you transfer your Ori'Zaba's Restaurant to an approved third party or purchaser, you must reimburse all of our actual costs for commissions, finder's fees and similar charges.
<u>Closure Notification Failure</u> <u>Additional Assistance</u>	<u>\$500 per occurrence, per day per Ori'Zaba's Restaurant</u> <u>\$175 per hour</u>	<u>Payable on demand if you request additional assistance with your pre opening obligations or grand opening</u> <u>As incurred</u>	<u>You must pay this this fee if you require assistance with the initial set up of your Restaurant or its grand opening. This applies to matters that are not within the scope of our training program, including setting up an accounting system, inventory management software, or payroll system. You will incur this fee if you fail to notify us via "General Ticket" for any emergency closure or in advance of any planned partial or full day closure.</u>
<u>Quality Assurance and Operations Violations Fee</u> <u>Closure Notification Failure</u>	<u>\$500 per violation for the first violation; \$500 multiplied by the violation number for subsequent similar issues</u>  <u>\$500 per occurrence, per day per Ori'Zaba's Restaurant</u>	As incurred	<u>Payable if any routine inspection of your Restaurant reveals violations of System Standards.</u> <u>This fee applies if you fail to cure any "Needs Action" items identified on any routine or supplemental inspection for health and safety issues (an "Ops Walk"). Ops Walks will be completed by us or our designee (i.e., a Franchise Business Partner or Performance Compliance Coach) with or without prior notice.</u>

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
			<p><u>A Needs Action rating applies if any of the following are identified during the Ops Walk: (i) any issue that can create a food borne illness risk, equipment malfunction, or any other type of safety issue; or (ii) any violation of a System standard, such as a recipe violation, uniform violation, operational standard violation, or branding violation. This fee will not apply due to your failure to use Required Logo Items as defined below.</u></p> <p><u>This fee is due only if you do not cure a Needs Action item identified in an Ops Walk within the following cure periods: (i) 24 hours after the Ops Walk finding a food safety related item; or (ii) 10 days after the completion of the Ops Walk finding a standards or equipment-related issue.</u></p> <p><u>We have the right to charge a multiple of the base fee of \$500 multiplied by the number of times the same food safety or equipment has occurrence for repeat offense. For example, if it is your second occurrence of a violation for the same issue, it will be billed at a multiple of 2 (i.e., \$1,000). <del>You will incur this fee if you fail to submit a “General Ticket” for any partial or full day closure.</del></u></p>

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
<p><del>Operations Violations Reinspection Fee</del></p>	<p><del>Then-current fee of \$300 per reinspection, plus our actual costs and expenses if travel is required</del></p> <p><del>\$500 per violation for the first violation; \$500 multiplied by the violation number for subsequent similar issues</del></p>	<p>As incurred</p>	<p><del>If any routine inspection of your Restaurant reveals violations of Ori'Zaba's System Standards, you must pay the \$300 fee for each reinspection until violations have been cured; may include reimbursement of travel and living expenses of our representative(s). This is separate from and in addition to the quality assurance and operations violations fee. This fee applies if you fail to cure any "Needs Action" items identified on any routine or supplemental inspection for health and safety issues (an "Ops Walk"). Ops Walks will be completed by us or our designee (i.e., a franchise business partner or performance compliance coach) within the required timeframe.</del></p> <p><del>A Needs Action rating applies if any of the following are identified during the Ops Walk: (i) any issue that can create a food borne illness risk, equipment malfunction, or any other type of safety issue; or (ii) any violation of a System standard, such as a recipe violation, uniform violation, operational standard violation, or branding violation. This fee will not apply due to your failure to use Required Logo Items as defined below.</del></p> <p><del>This fee is due only if you do not cure a Needs Action item identified in an Ops Walk within the following cure periods: (i) 24 hours after the Ops Walk finding a food safety related item; or (ii) 10 days after the completion of the Ops Walk finding a standards or equipment-related issue.</del></p> <p><del>We have the right to charge a multiple of the base fee of \$500 multiplied by the number of times the same food safety or equipment has occurrence for repeat offense. For example, if it is your second occurrence of a violation for the same issue, it will be billed at a multiple of 2 (i.e., \$1,000).</del></p>
<p>Required Vendor or Local Services Failure</p>	<p>\$500 per occurrence plus any fines, fees, or penalties we incur as a</p>	<p>As incurred</p>	<p>"National Vendors" or "Local Services" are required vendors or required services that you must use. You will pay this fee if you fail to use a National Vendor or Local Services.</p>

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Failure to Use Required Logo Items	\$150 fee <u>per occurrence per Restaurant</u>	As incurred	- <u>“Required Logo Items”</u> currently include: <u>but are not limited to:</u> Logo Delivery Bags; Logo Chip Bags; Logo Wax Liners; <u>Logo Napkins</u> ; and Logo Drink Cups. We may add or modify required Logo Items over the term of the Franchise Agreement. You will be required to pay this fee for each individual occurrence.

Notes to Item 6.:

- Fees. All fees paid to us or our affiliates are uniform and not refundable under any circumstances once paid, except that we have offered non-uniform fees to parties acquiring our Affiliate-owned Ori’Zaba’s businesses. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We currently require you to pay fees and other amounts due to us or our affiliates via our then-current payment servicer (currently, Bill.com). We require you to complete an electronic funds transfer authorization. We do not accept credit card payments. We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement. All fees are current as of the Issuance Date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement. If you enter into an Area Development Agreement to operate multiple Ori’Zaba’s Businesses, the fees indicated in the chart above are the fees charged and/or incurred for each Ori’Zaba’s Business (which may change depending on when you sign the Franchise Agreement). All fees are current as of the Issuance Date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement. Also, any fee expressed as a fixed dollar amount is subject to adjustment based on changes to the Consumer Price Index (“CPI”) in the United States. We may periodically review and increase these fees based on changes to the CPI (in addition to any other increase), but only if the increase to the CPI is more than 5% higher than the corresponding CPI in effect on: (a) the effective date of your Franchise Agreement (for the initial fee adjustments); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments). We will notify you of any CPI adjustment at least 60 days before the fee adjustment becomes effective. We will implement no more than one CPI-related fee adjustment during any calendar year.
- “Gross Sales” means the total of all revenues and income from the sale of all Ori’Zaba’s Restaurant food products, beverages and other related merchandise, products, and services to your customers whether or not sold or performed at or from the Ori’Zaba’s Restaurant, and whether received in cash, coupon, in services in kind, from barter and/or exchange, on credit (whether or not payment is received), whether through the Ori’Zaba’s or otherwise. If you offer any services, including third-party delivery, catering or fundraising events, festivals, all receipts from these services (including additional delivery charges) are included in Gross Sales. Gross Sales includes all proceeds from any business interruption insurance. You may deduct from Gross Sales for purposes of this computation (but only to the extent they have been included) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if the taxes are separately stated when the customer is charged and if the taxes are paid to the appropriate taxing authority. You may also deduct from Gross Sales the amount of any documented refunds, chargebacks, credits, charged tips, gift card sales (but not redemption of gift card purchases) and allowances you give in good faith to your customers. All barter and/or exchange transactions in which you furnish services and/or products in exchange for goods and/or services provided to you

by a vendor, supplier, or customer will, for the purpose determining Gross Sales, be valued at the full retail value of the goods and/or services so provided to you. Gross Sales are deemed received by you at the time the products or services or products from which they were derived are delivered or rendered, or at the time the relevant sale takes place, whichever occurs first, regardless of whether final payment (e.g., collection on an account receivable) actually has been received by you.

3. Technology Fee. We may provide you with certain technical services in exchange for a 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 do not currently provide these services or charge this fee, but we may do so in the future.~~ We reserve the right to enter into a master license agreement with any software or technology supplier and sublicense the software or technology to you, in which case we may charge you for all amounts that we must pay to the licensor based on your use of the software or technology. At any time, we may require you to initiate the service and to establish a method to pay the vendors or licensors directly for services and/or software. We also reserve the right to create proprietary software or technology that must be used by Ori’Zaba’s Restaurants, in which case we may require that you enter into a license agreement with us and pay us reasonable initial and ongoing licensing, support and maintenance fees. We can change the software and technology that must be used by our franchisees at any time, which may result in changes to the technology fee. If you require additional assistance you may pay some fees directly to us.
  
4. Local and Regional Advertising Cooperatives. If a local or regional advertising cooperative is established, contribution amounts will be established by the cooperative members, subject to our approval. We anticipate that each Ori’Zaba’s franchisee and each Ori’Zaba’s Business that we own will have one vote for each Ori’Zaba’s Business operated in the designated market. Each Ori’Zaba’s Business we own that exists within the cooperative’s area will contribute to the cooperative on the same basis as franchisees. No local or regional advertising cooperatives have been established as of the Issuance Date of this Franchise Disclosure Document.
  
5. Liquidated Damages. Liquidated damages are determined by multiplying the combined monthly average of the Royalty and Brand Fund Contributions (without regard to any fee waivers or other reductions) that are owed by you to us, beginning with date you open your Ori’Zaba’s Restaurant through the date of early termination, multiplied by the lesser of: (i) 36, or (ii) the number of full months remaining in the term of the Franchise Agreement, except that liquidated damages will not, under any circumstances, be less than \$30,000, even if your Ori’Zaba’s Business does not open.

**ITEM 7  
ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

Single Restaurant

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee <sup>(1)</sup>	\$30,000	\$30,000	Lump Sum	When you sign the Franchise Agreement	Us



Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Furniture & Fixtures <sup>(2)</sup>	\$10018,000	\$15540,000	As Supplier Requires	As Incurred	Approved Suppliers
Equipment and Smallwares Package <sup>(3)</sup>	\$90,000	\$160,000	As Supplier Requires	As Incurred	Approved Suppliers
Pre-Opening Lease Rent Payments <sup>(3,4)</sup>	\$5,0007,500	\$15,00022,500	As Incurred	As Incurred	Landlord
Entertainment Music System <sup>(5)</sup>	\$2,500700	\$41,000	As Supplier Requires	As Incurred	Approved Contractors
Security System-Digital Menu Boards, Promotion Boards, Graphics and Interior Signage <sup>(6)</sup>	\$1,50022,000	\$528,000	As Supplier Requires	As Incurred	Approved Suppliers
Computer / POS System & Kitchen Display System <sup>(7)</sup>	\$10,0008,100	\$2015,000	As Supplier Requires	As Incurred	Approved Suppliers Contractors
Leasehold Improvements <sup>(3),(4)</sup> Construction and Build Out Costs <sup>(8)</sup>	\$100180,000	\$300330,000	As Incurred	As Incurred	Approved Contractors
Signs <sup>(5)</sup> Exterior Signage <sup>(9)</sup>	\$1512,000	\$4014,000	As Supplier Requires	As Incurred	Approved Contractors
Business Miscellaneous Opening Costs/Office Equipment, Supplies, and Licenses <sup>(6,10)</sup>	\$1,500	\$5,000500	As Incurred	As Incurred	Appropriate State/Local Authorities or Third Party
Liquor License	\$0	\$40,000	As Incurred	As Incurred	Appropriate State/Local Authorities
Insurance <sup>(7,11)</sup>	\$5,000	\$10,000	As Incurred	As Incurred	Insurance Company
Professional Legal and Accounting Fees <sup>(8,12)</sup>	\$105,000	\$20,000	As Incurred	As Incurred	Your Attorneys, Advisors, CPA's CPAs And Other Professionals
Architecture Fees & Permits <sup>(9,13)</sup>	\$5020,000	\$50,000	As Incurred	As Incurred	Designated Architect and Engineer, Gov't Agencies
Office Equipment and Supplies	\$500	\$2,500	As Incurred	As Incurred	Approved Suppliers
Opening Inventory <sup>(14)</sup>	\$7,500	\$159,000	As Supplier Requires	As Incurred Before Opening	Approved Suppliers
Market Analysis and Management Services <sup>(4,15)</sup>	\$6,0007,500	\$6,0007,500	As Required	Before Opening	Approved Supplier

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Learning Management System Fee <sup>(11)</sup>	\$145	\$500	As Required	After Opening	Us
<del>Training</del> Travel and Living Expenses <sup>(12)</sup> while attending OZTTT Training <sup>(16)</sup>	\$8,000	\$15,000	As Required	As Incurred	<del>Providers of</del> Travel, Lodging, and Food Services Airlines, hotels, restaurants and car rental
Utility and Security Deposits <sup>(17)</sup>	\$105,000	\$3020,000	As Incurred	<del>As Incurred</del> Before Opening	Third Parties, including Utility Companies
<del>Grand</del> New Store Opening Advertising <sup>(14)</sup> Marketing Fee <sup>(18)</sup>	\$7,50030,000	\$1530,000	As Incurred	Upon Lease Execution <del>As Incurred</del>	Third PartiesUs
Initial Training Fee for Additional Attendees <sup>(15)</sup>	\$0	\$6,000	As Incurred	Before Opening	Us
Grand Opening Assistance <sup>(16)</sup>	\$3,500	\$3,500	As Incurred	Before Opening	Us
Additional Procurement Assistance Fee	\$0	\$1,5607,800	As Incurred	<del>As Incurred</del> Before Opening	Us
Additional Pre-Opening Training and Expenses	\$0	\$4,500	As Incurred	Before Opening	Us
Site Selection Services <sup>(17)</sup>	\$7,500	\$7,500	As Incurred	Before Opening	Our Designated Provider
Recruitment Training	\$1,550	\$1,550	As Incurred	Before Opening	Our Designated Provider
Technology Set Up Fee	\$1,500	\$2,000	As Incurred	Before Opening	Us
Additional Funds – 3 Months <sup>(18,19)</sup>	\$30,00041,900	\$50,00067,900	As Incurred	As Incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT <sup>(4,20)</sup>	\$413,195499,700	\$854,610883,200			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your first Ori’Zaba’s Franchise. We do not offer direct or indirect financing for these items. All expenditures paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments.

The estimated initial investment for a Non-Traditional Restaurant, while still within the estimated range set forth above, may vary from that of a traditional Ori’Zaba’s Restaurant, ~~and these~~ which occupies about 1,500 to 2,000 square feet of space and may be located at in-line units or in strip malls. These figures represent the approximate cost for purchasing, installing and equipping the Restaurant. Because they are typically located in a host facility, Non-Traditional Restaurants may require fewer leasehold improvements and equipment expenditures than a traditional Ori’Zaba’s Restaurant. Opening inventory expenditures may be lower as well, but the initial investment in a Non-Traditional Restaurant depends on the type, location and configuration of the Restaurant and of the host facility. If you elect to offer beer and wine at your



Ori'Zaba's Restaurant, you will need to obtain one or more licenses to sell alcoholic beverages at retail and you must comply with applicable laws related to the advertising and sale of alcoholic beverages.

1. Initial Franchise Fee. The Initial Franchise Fee is \$30,000 for a single territory. If you purchase a second franchise at the same time, your Initial Franchise Fee will be \$25,000 for the second franchise. Active duty and honorably discharged and retired veterans receive \$10,000 off the Initial Franchise Fee.
2. Furniture and Fixtures. ~~This estimate includes the.~~ You must purchase from approved suppliers furniture, fixtures, and equipment you will need to open an Ori'Zaba's Restaurant that meets our standards, such as décor, chairs, tables, casework, refrigerators, freezers, grills, a range, deep fryer, exhaust hood and other items. ~~chairs and stools.~~ We may approve some second generation location furniture, such as tables. Some of these expenses will depend on Ori'Zaba's Restaurant size, shipping distances, supplier chosen and your credit history.

~~Pre-Opening Lease Payments.~~3. Equipment and Smallwares Package. You must purchase or lease from an approved supplier certain equipment (like kitchen equipment) and machinery that complies with our standards. Your actual costs will vary depending on a number of factors including, without limitation, if it's an existing space, building codes and health requirements of the state where your Ori'Zaba's Restaurant is located. Smallwares include cooking utensils, cutlery, dishware, small equipment, other smallwares and other tools necessary to operate the Ori'Zaba's Restaurant. These expenses may depend on the size of your Ori'Zaba's Restaurant, shipping distances, supplier and your credit history.

4. Pre-Opening Rent Payment. These numbers will vary greatly depending on your negotiations with the landlord. We are seeing an average of a 180 day allowance of \$0 rent payments may vary depending upon your location and your market's retail lease rates. ~~Ori'Zaba's Restaurants will typically with rent commencing on day 181, and the ability to obtain construction bids and complete construction within that 180 day allowance, but this can vary greatly depending on your negotiations with landlord, general contractor and jurisdiction permitting and inspection timelines. These figures reflect our estimates for renting the Ori'Zaba's Restaurant premises and include a range from assuming one to three months of rent, taking into account average site selection time estimates until lease signing, at an average rent of \$7,500 per month. A typical Ori'Zaba's Restaurant occupies about 1,500 to 2,000 square feet in size. Ori'Zaba's Restaurants are typically of space and is located at within in-line units in strip malls. Non-Traditional Restaurants will typically range from An Ori'Zaba's Restaurant in a non-traditional venue occupies about 500 to 1,800 square feet in size and are typically located within another primary business or in conjunction with other businesses or at institutional settings of space. The Ori'Zaba's Restaurant requires ample parking, good visibility and availability of prominent signage. Your rent will depend on the site's size, condition, visibility, accessibility and location, local market conditions, demand for the premises among prospective lessees, and the arrangement you negotiate with the landlord. In certain major metropolitan markets such as Boston, Chicago, New York, Los Angeles, San Francisco, Seattle, and Washington, D.C., and in certain other high demand district, prevailing market rents could be significantly higher than the high estimate. Because of the wide variation in lease rates for retail space, you should consult with your real estate broker to get a more accurate estimate of costs in your market. If you purchase instead of leasing the premises for your Ori'Zaba's Restaurant, then the purchase price, down payment, interest rates and other financing terms will determine your monthly mortgage payments.~~

~~If you purchase instead of lease the premises for your Ori'Zaba's Restaurant, then the purchase price, down payment, interest rates, and other financing terms will determine your monthly mortgage payments.~~

4. ~~Leasehold Improvements.~~
5. Music System. This estimate includes the music system set up fee, unlimited monthly music service, mixer/amplifier, two indoor/outdoor speakers and initial speaker wire. We require this service to reinforce the brand tone and personality. Music and playlists are controlled at the corporate level and pushed to individual stores. This service represents the legal use of music, removal of explicit lyrics and allows us to use a curated playlist. If you require support obtaining any of these items on your behalf you may pay us directly.
6. Digital Menu Boards, Promotional Boards, Graphics, and Interior Signage. This estimate includes the purchase of six digital monitors and mounting brackets (not TVs), four digital menu board monitors and two digital promotional monitors. Our proprietary interior signage and graphics package are required and are part of the trade dress used to identify an Ori'Zaba's Restaurant.
7. Computer/POS System. This estimate includes the purchase of a computer, POS and POS software, accounting software, loyalty software and gift card system. This estimate does not include any ~~construction allowances~~ ~~that~~ equipment needed if you elect to open a non-traditional Ori'Zaba's Restaurant at a site with a drive-thru service window. If you require additional technical support in obtaining or setting up the computer or POS System you may pay us directly.
8. Construction and Build Out Costs. This estimate includes fees paid to a general contractor you engage to build out the Ori'Zaba's Restaurant to meet our standards. You may be offered by your landlord. This estimate also includes setup expenses you will incur in building out ~~able to negotiate~~ tenant improvements to offset the HVAC, electrical, carpentry, floor covering and painting. The cost of a general contractor will vary widely depending on the size and condition of the premises, whether there are any existing and comparable leasehold improvements in the premises, the extent and quality of improvements you desire over and above our minimum requirements, your ~~location,~~ including all ~~landlord's~~ cash contribution to the cost of the improvements and the local costs required to set up the equipment. ~~Building and construction~~ of material and labor. In certain major metropolitan markets such as Boston, Chicago, New York, Los Angeles, San Francisco, Seattle and Washington, D.C., costs will vary depending upon the condition and size of the premises ~~could~~ be significantly higher than the estimates provided here due to local market rates for your Restaurant and local ~~construction~~ materials and labor. This estimate does not include leasehold improvements for free-standing buildings or larger retail space than recommended as the costs ~~for~~ for this format may vary significantly.
5. ~~Sign-~~ 9. Exterior Signage. This estimate is for the purchase of a single exterior sign. ~~The type and size of the signage you install~~ You may opt to add more signage depending on location, at your cost. The cost of your exterior sign will be based upon the zoning and property use requirements and ~~restrictions~~ vary depending on the size, color, quantity and back-lite channel letters of the sign and other specifications as we or your landlord requires. There could be an occasion where certain signage or the amount of signage is not permitted because of zoning or use restrictions. All exterior signs must be approved prior to production.
10. Miscellaneous Opening Costs/Office Equipment, Supplies, and
6. ~~Licenses.~~ You may be required to obtain business licenses (including a beer and wine license) from the local government agencies to operate your Ori'Zaba's Restaurant.
- 7 Licenses. This includes office supplies and other miscellaneous opening expenses, such as a high end estimate of \$5,500 for an optional beer and wine license, permits, BOH computer monitor, MFC

Printer, iPad and tablets as required. These estimates do not include bank closing costs, miscellaneous bank fees, opening cash, recruiting costs or any sign on bonuses. If you request support from us in obtaining any of these items, you may pay us directly.

11. Insurance. You must obtain and maintain, at your own expense, the insurance coverage we require and that during the term of your Franchise Agreement, at your own expense, a comprehensive business insurance program including property, commercial general liability, business property, umbrella workers' compensation, employment practices liability and (if you serve alcohol) dram shop liability insurance. We require the policy must name us as a co-insured, and satisfy other insurance-related obligations. If you have had prior issues or claims from previous operations unrelated to the operation of an Ori'Zaba's Restaurant, your rates may be significantly higher than those estimated above.

12. 8. Professional Legal and Accounting Fees. We strongly recommend that you hire a lawyer, accountant or This estimate includes the cost of legal and accounting fees that you may incur in establishing your business. Such expenses may include fees payable to attorneys and accountants that you will need to use for the review of this Franchise Disclosure Document and the related agreements, as well as for business entity formation and lease negotiation. We strongly recommend that you hire a lawyer, accountant of other professional to advise you on this Franchise offering and to assist you in setting up your Ori'Zaba's Restaurant. Rates for professionals can vary significantly based on area and experience/expertise.

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13. Architecture Fees & Permits. You must prepare architectural, engineering and construction drawings and site plans using engage our approved architects and/or engineers. This estimate includes fees for the General Contractor bid management, permit support, and weekly progress management.

10. Market Analysis and Management Services. You are required to use our approved supplier of market analysis and management services prior to opening your Ori'Zaba's Restaurant. These services may include real estate and site selection assistance, market plans, competitor analysis, mapping, site review, lease review, and other ongoing support.

11. Learning Management System Fee. You must reimburse us for the costs we incur for the Learning Management System that we require you to use. See Item 5 for more details about this fee. The low estimate represents one payment of \$140, plus a 3% administrative fee, which has been rounded up to the nearest whole dollar. The high estimate assumes you will have more than 15 users. You will begin paying us the monthly Learning Management System Fee 30 days prior to opening for business.

12. Training: Travel and Living Expenses. We provide training at one of our certified "Training Stores" located in Las Vegas, Nevada or at another location designated by us. You must pay for airfare, meals, transportation costs, lodging and incidental expenses for all initial training program attendees. One initial training course is provided at no charge for up to two people (Designated Manager and another managerial employee), as long as they attend licensed architect. Your costs will vary depending upon the location of the Ori'Zaba's Restaurant, its condition, and the same initial training program. If need for additional initial training is required, or more people must be trained, you designs, plans and drawings, if applicable. Your costs will be required to pay additional fees as discussed in note 15 below.

13. Utility and Security Deposits. vary depending upon your Ori'Zaba's Restaurant's location and "white box" or second-generation format.



- ~~14. Opening Inventory. This estimate includes security deposits required by the landlord, cable all inventory (perishable, non-perishable and utility companies.~~
- ~~14. Grand Opening Advertising. This is for the initial advertising program for your Ori'Zaba's Restaurant. All proposed grand opening expenditures must be approved by us in advance (dry goods), paper and must be through a direct to consumer advertising channel designed to measurably drive new customers to chemical supplies you will need to train your team and open your Ori'Zaba's Restaurant. We provide more details in the franchise operations manual.~~
- ~~15. Initial Training for Additional Trainees. We provide initial training at no cost for up to two people, as long as they attend the same initial training program. We provide initial training at no cost for up to two people, as long as they attend the same initial training program. You will be responsible for all travel, meals, and accommodation costs and expenses for your trainees. In the event you want to add additional trainees, you must pay a \$3,000 training fee for training each additional person. The low estimate assumes you will not bring additional trainees to the initial training. The high estimate assumes you will bring two additional trainees.~~
- ~~16. Grand Opening Assistance. Prior to opening, we will send our representatives to your Ori'Zaba's Restaurant for up to two weeks to verify systems are set up properly, assist with staff training reinforcement, technology checks, and on-site team training process prior to soft opening support. You will pay a flat fee of \$3,500 for travel, lodging, and day and will be considered food for our representatives waste until officially open for business.~~
- ~~17. Site Selection Services. We require that you utilize our designated supplier for site selection support and a site acceptance package. You will pay our designated supplier a \$7,500 fee per location for these services. We match this and also pay \$7,500 to our designated supplier. Services may include real estate and site selection assistance, market plans, territory definition, competitor analysis, mapping, site review, lease review and other ongoing support.~~
- ~~16. Travel and Living Expenses for Initial OZTTT Training. The travel and living expenses for trainees will depend upon factors such as travel distance, quality of accommodations, transportation costs, wages and per diem allotment. In our experience, these costs vary widely based upon personal preferences and circumstances of the attendees; therefore, provided costs are estimates. This estimate is for standard expenses for two designated OZTTT trainees to attend our six-week training. If any of your trainees require additional training beyond our standard OZTTT program, you may incur additional costs that are not reflected in this estimate.~~
- ~~17. Utility and Utilities Security Deposits. This estimate includes the cost of deposit expenses to obtain utility services, which includes deposits to initiate telephone, gas, electricity, water and other services. These costs will vary due to municipality requirements, local provider requirements and your creditworthiness. These deposits are generally refundable depending on the provider's policies.~~
- ~~18. New Store Opening Marketing Fee. You are required to pay us the \$30,000 NSOM Fee per Restaurant at lease (or purchase agreement) execution. We or our designated affiliate will create a marketing plan for the initial advertising of your Ori'Zaba's Business and will use the NSOM Fee to pay for the initial local advertising. The NSOM Fee should be used within six months of the opening of your Ori'Zaba's Business to the public; if it isn't we may spend the remaining portion of the NSOM Fee on marketing tactics for your location on your behalf.~~

19. ~~Additional Funds. These amounts represent our estimate of the amount needed – 3 Months. This estimates the additional funds you may need to cover your expenses for the initial expenses you will incur before your Ori’Zaba’s Restaurant opens and in its first three-month months of operation (start-up phase of your Ori’Zaba’s Restaurant. They). These expenses may include payroll, without limitation, employee uniforms, administrative, janitorial, maintenance, utilities, and other items, salaries, wages, benefits, payroll taxes (including payroll to cover the pre-opening training period for your staff and any food waste during the training period), two months of Learning Management Fees, Initial OZTTT Training Fee for up to two Additional Attendees, the New Store Opening Assistance Fee, Technology Set-Up Fee, additional advertising expenses, miscellaneous supplies, rent, bank charges, state tax and other miscellaneous items. These figures do not include standard pre-opening expenses, Royalties, or advertising fees payable that you must pay under the Franchise Agreement, or debt service, and. The figures assume that none of your expenses are offset by any sales generated during the start-up phase. For purposes of this disclosure, we estimated the start-up phase to be three months from the date your Ori’Zaba’s Restaurant opens for business. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting your Ori’Zaba’s Restaurant. Our estimates are based on our experience in the sale of franchises since 2017 and our affiliate’s operation of businesses, similar to the franchise you will operate, since 2012.~~

19. ~~20. Total Estimated Initial Investment. This is an estimate of your initial start-up expenses for one traditional Ori’Zaba’s Franchise. This estimate does not include~~ These figures are based on our experience in the ~~cost~~ sale of real estate, ~~should~~ franchises since 2018 and our affiliate’s operation of businesses, similar to the franchise you will operate, since 2012. Your actual investment and expenditures and initial cash outlay may vary from the amounts shown if you choose to purchase the premises for your Ori’Zaba’s Restaurant. ~~You should review these figures carefully with, if you choose to build a business advisor before making any decision to purchase the Franchise. larger or smaller Ori’Zaba’s Restaurant than our standard design, or if your Ori’Zaba’s Restaurant is in an expensive market.~~

Area Developer

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Development Fee <sup>(1)</sup>	\$30,000	\$60,000	Lump sum	At the time you sign your Area Development Agreement	Us
Initial Investment for the First Ori’Zaba’s Restaurant <sup>(2)</sup>	\$413,195 499,700	\$854,610 883,200	Per Table Above	Per Table Above	Per Table Above
Initial Investment for Each Ori’Zaba’s Restaurant After First <sup>(3)</sup>	\$383,195 469,700	\$824,610 853,200	Per Table Above	Per Table Above	Per Table Above



Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
TOTAL ESTIMATED INITIAL INVESTMENT FOR 3 ORI'ZABA'S RESTAURANTS <sup>(4)</sup>	\$1,209,585,469,100	\$2,533,830,619,000			
TOTAL ESTIMATED INITIAL INVESTMENT FOR 4 ORI'ZABA'S RESTAURANTS <sup>(4)</sup>	\$1,607,780,953,800	\$3,373,440,487,800			
TOTAL ESTIMATED INITIAL INVESTMENT FOR 5 ORI'ZABA'S RESTAURANTS <sup>(4)</sup>	\$2,005,975,438,500	\$4,213,050,356,000			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Ori'Zaba's Restaurants under an Area Development Agreement. We do not offer direct or indirect financing for these items. All expenses payable to the parties are non-refundable, except as you may otherwise arrange.

1. Development Fee. See Item 5 for more information on the Development Fee. The Area Development Agreement requires you to develop a minimum of three Ori'Zaba's Restaurants. The Development Fee is \$15,000 for each Ori'Zaba's Restaurant after the first. The Initial Franchise Fee of \$30,000 for the first Restaurant is due in full upon execution of the Initial Franchise Agreement and is not included in the Development Fee. You will not pay any additional Initial Franchise Fees when you open each additional Ori'Zaba's Restaurant. The Development Fee is payable when you sign your Area Development Agreement, fully earned immediately upon receipt and is non-refundable, regardless of whether you open any Ori'Zaba's Restaurants. The high end of this estimate assumes you will enter into an Area Development Agreement for three Ori'Zaba's Restaurants, and the low end of this estimate assumes you will enter into an Area Development Agreement for four Ori'Zaba's Restaurants. We may, in our discretion, allow you to enter into an Area Development Agreement for additional Ori'Zaba's Restaurants.
2. Initial Investment for First Ori'Zaba's Restaurant. These are the estimates to start your first Ori'Zaba's Restaurant as described in the single franchise Ori'Zaba's Restaurant chart above.
3. Initial Investment for Each Ori'Zaba's Restaurant After First. These are the estimates to start each Ori'Zaba's Restaurant after the first. The estimates are the same as for the first Ori'Zaba's Restaurant, except that the Initial Franchise Fee is not required. Costs associated with starting additional Ori'Zaba's Restaurants are subject to factors that we cannot estimate or control, such as



inflation, increased labor costs or increased materials costs and will depend on when the additional Ori'Zaba's Restaurants are opened.

4. ~~Figures May Vary.~~ This is only an estimate of your initial investment and is based on our estimate of domestic costs and market conditions prevailing as of the Issuance Date of this Franchise Disclosure Document. We base this estimate on you agreeing to develop at least three and up to five Ori'Zaba's Restaurants. Our estimates are based on our experience in the sale of franchises since ~~2017~~2018 and our affiliate's operation of businesses, similar to the franchise you will operate, since 2012. Review these figures carefully with a business advisor and/or legal counsel before deciding to enter into an Area Development Agreement. The availability and terms of financing depend on several factors, including the availability of financing, your creditworthiness, collateral you may have, and lending policies of financial institutions. You should review these figures with a business advisor, financial consultant or other professional before deciding to enter into an Area Development Agreement.

## ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your Ori'Zaba's Restaurant according to our System and specifications. This includes purchasing or leasing ~~all~~ goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, and real estate related to establishing and operating the Ori'Zaba's Franchise under our specifications, which may include purchasing these items from: (i) our designees; (ii) approved suppliers; and/or (iii) us or our affiliates. You must not deviate from these methods, standards and specifications without our prior written consent, or otherwise operate in any manner that reflects adversely on our Marks or the System.

Our confidential System operations manual ("Franchise Operations Manual") states our standards, specifications, and guidelines for all products and services we require you to obtain in establishing and operating your Ori'Zaba's Franchise and approved vendors for these products and services. We will notify you of new or modified standards, specifications, and guidelines through periodic amendments or supplements to the Franchise Operations Manual or through other written communication (including electronic communication such as email or through a system-wide intranet).

You must purchase, install, maintain in sufficient supply and use, only fixtures, furnishings, equipment, signs and supplies that conform to the standards and specifications described in the Franchise Operations Manual or otherwise in writing.

We utilize proprietary food products and recipes and may continue to develop and own proprietary recipes. In order to protect our trade secrets and to monitor the manufacture, packaging, processing and sale of proprietary food products, we or our affiliates may: (i) manufacture, supply and sell proprietary food products to Ori'Zaba's Franchisees; and/or (ii) disclose the formula for methods and preparation of the proprietary food products to a limited number of suppliers, including one or more of our affiliates, who we authorize to manufacture these proprietary food products to our precise specifications and sell these products to Ori'Zaba's Franchisees. You must purchase the proprietary products we or our affiliates develop from time to time for proprietary recipes or formulas and purchase them only from us or a third party who we have licensed to prepare and sell the products. All non-proprietary ingredients, beverage products, cooking materials, containers, cartons, bags, menus, napkins, other paper and plastic products, utensils, uniforms, and other supplies and materials used in your Ori'Zaba's Restaurant must strictly conform to our reasonable specifications and quality standards. Certain products such as plates, cups, boxes and containers bearing the trademarks must be purchased by you from certain suppliers approved by us who are authorized to manufacture these products bearing our trademarks.

We provide franchisees access to a library of standard artwork and templates for marketing purposes. This includes items such as digital menu designs, ~~table toppers~~, window art, in-store messaging, and similar materials. Should you choose to display custom artwork or create custom marketing materials, those items must be ~~created by us. We~~ approved by us prior to posting or printing. If you choose to have us create the art for you, we will charge you \$195 per hour for the time spent designing and uploading the designs to your custom marketing materials. The task and cost of producing or printing the material is your responsibility and is not included in the design fee. We maintain complete control over the content you display on your marketing materials. We are not currently an approved supplier of any other goods or services provided to franchisees. We, and our affiliates, reserve the right to become approved suppliers of any proprietary food products and non-proprietary products. ~~None~~ Some of our officers own a direct interest in any approved suppliers.

You must at all times maintain an inventory of approved food products, beverages, ingredients and other products in sufficient quantities and variety to realize the full potential of your Ori'Zaba's Restaurant. You must use the menus and menu boards that we designate and serve meals and products in the manner we designate.

You must use the computer hardware and software, including the point-of-sale system that we periodically designate to operate your Ori'Zaba's Franchise. You must obtain the computer hardware, software licenses, maintenance and support services, and other related services and equipment that meet our specifications from the suppliers we specify. You must use the provider of the Learning Management System that we designate.

You must obtain the insurance coverage required under the Franchise Agreement. We currently require you to maintain the following insurance coverages: (1) commercial general liability insurance with limits of at least \$1 million per occurrence and at least \$2 million aggregate; at least \$1 million in liquor liability, if applicable; at least \$1 million for product liability; (2) all risks and casualty coverage insurance on all furniture, fixtures, equipment, inventory, supplies and other property used in the operation of the Restaurant (including flood and/or earthquake coverage where there are known risks) for full replacement value; (3) workers compensation insurance consistent with applicable law; (4) data theft and cybersecurity; (5) business automobile liability insurance with limits of at least \$1 million per occurrence; (6) umbrella insurance policy covering excess claims up to a limit of \$2 million; (7) employee practices liability insurance with limit of \$500,000; and (8) other insurance that may be required by state. We reserve the right to require that you obtain some or all of insurance coverage from our approved vendors. The insurance company must be authorized to do business in the state where your Ori'Zaba's Restaurant is located, and must be approved by us. It must also be rated "A" or better by A.M. Best & Company, Inc. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage at any time. All insurance policies must name us and any affiliates we designate as additional named insured parties.

You must prepare architectural, engineering, and construction drawings and site plans using architects and/or engineers approved or designated by us. We currently require you to use our designated architect and our designated supplier of site selection services. You are also required to use our approved supplier of market analysis and management services.

We will provide you with a list of our designated and approved suppliers in our Franchise Operations Manual. If you want to use or sell a product or service that we have not yet evaluated, or if you want to purchase or lease a product or service from a supplier or provider that we have not yet approved (for services and products that require supplier approval), you must notify us and submit to us the information, specifications and samples we request. We will use commercially reasonable efforts to notify

you within 30 days after receiving all requested information and materials whether you are authorized to purchase or lease the product or service from that supplier or provider. You will be required to pay us for our costs incurred in any inspection or testing of any samples or any proposed new product, service or supplier nominated by you. We apply the following general criteria in approving a proposed supplier: (1) ability to purchase the product in bulk; (2) quality of services; (3) production and delivery capability; (4) proximity to Ori’Zaba’s Franchises to ensure timely deliveries of the product or services; (5) the dependability of the supplier; and (6) other factors. The supplier may also be required to sign a supplier agreement with us. We may periodically re-inspect approved suppliers’ facilities and products and we reserve the right to revoke our approval of any supplier, product or service that does not continue to meet our specifications. We will send written notice of any revocation of an approved supplier, product or service. We do not provide material benefits to you based solely on your use of designated or approved sources.

We estimate that approximately 80% of purchases required to open your Ori’Zaba’s Restaurant and 95% of purchases required to operate your Ori’Zaba’s Restaurant will be from us or from other approved suppliers or under our specifications. During our last fiscal year ended, December 31, ~~2023~~2022, neither we nor our affiliates derived revenue from the sale of products or services to franchisees. We and our affiliates may receive rebates or other forms of consideration from some suppliers based on your purchase of services and products and we have no obligation to pass them on to our franchisees or use them in any particular manner. Currently, we have agreements with suppliers of certain food and paper products that would allow us to receive rebates if certain conditions are met. The amount of these rebates varies based on sales volume and can equal up to 1% of the cost and paper products purchased by our franchisees and affiliates, which may be realized as a rebate or discount on pricing for us and our franchisees. Generally, these funds are used to offset our costs associated with supply chain management, though we are not obligated to use them in this manner. In the fiscal year ended December 31, ~~2023~~2022, we received \$3,191,548.37 in rebates from designated or approved suppliers as a result of franchisees’ product purchases from those designated suppliers. This is equal to 1.529% of our total revenue of \$210,976,274,740.

We have negotiated purchase arrangements with suppliers and distributors for the benefit of our franchisees and we may receive rebates or volume discounts from our purchase of equipment and supplies that we resell to you. ~~We currently have a~~Some rebates, credits or other payments are calculated as a percentage of purchase amounts, while some are flat dollar amounts based on number of units. We currently have purchasing cooperatives.

## ITEM 9 FRANCHISEE’S OBLIGATIONS

**These tables list your principal obligations under the Franchise Agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.**

### Franchise Agreement

Obligation	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 4, 7 and Attachment A	Items 7 and 11
b. Pre-opening purchases/leases	Sections 4, 5 and 7	Items 7, 8 and 11
c. Site development and other pre-opening requirements	Sections 4, 5 and 7	Items 7 and 11
d. Initial and ongoing training	Sections 6 and 7	Items 6,7 and 11
e. Opening	Sections 4, 5 and 7	Items 6,7, 9 and 11

Obligation	Section in Franchise Agreement	Disclosure Document Item
f. Fees	Sections 3, 5, 6, 7, 8, 12 and 15	Items 5, 6 and 7
g. Compliance with standards and policies/Franchise Operations Manual	Sections 4 and 5	Items 8, 11, 12, 14 and <u>Exhibit G</u>
h. Trademarks and proprietary information	Sections 1, 2, 10 and 11	Items 13 and 14
i. Restrictions on products/services offered	Sections 4 and 7	Items 8 and 16
j. Warranty and customer service requirements	Sections 5 and 9	Items 1 and 11
k. Territory development and sales quotas	Sections 2 and 4	Items 1, 11 and 12
l. On-going product/service purchases	Sections 4, 5 and 7	Items 8 and 16
m. Maintenance, appearance, and remodeling requirements	Sections 4, 5 and 7	Items 7, 8 and 11
n. Insurance	Section 14	Items 6, 7 and 8
o. Advertising	Sections 5 and 7	Items 11, 13 and 14
p. Indemnification	Section 14 and Attachment C	Not applicable
q. Owner's participation/management and staffing	Sections 5, 6, 11 and 13	Items 11, 15 and 17
r. Records and reports	Section 8	Item 11
s. Inspections and audits	Section 12	Items 6 and 11
t. Transfer	Section 15	Item 17
u. Renewal	Section 3	Item 17
v. Post-termination obligations	Section 17	Item 17
w. Non-competition covenants	Section 5 and 17	Item 17 and <u>Exhibit I-2</u>
x. Dispute resolution	Section 18	Item 17

#### Area Development Agreement

Obligation	Section in Area Development Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 5 and 6	Items 7 and 11
b. Pre-opening purchases/leases	Not applicable	Items 7, 8 and 11
c. Site development and other pre-opening requirements	Sections 4 and 6	Items 7 and 11
d. Initial and ongoing training	Not applicable	Items 6,7 and 11
e. Opening	Not applicable	Items 6,7,9 and 11
f. Fees	Section 3, 4 and Attachment A	Items 5, 6 and 7
g. Compliance with standards and policies/Franchise Operations Manual	Not applicable	Items 8, 11, 12, 14 and <u>Exhibit G</u>
h. Trademarks and proprietary information	Section 1 and 11	Items 13 and 14
i. Restrictions on products/services offered	Not applicable	Items 8 and 16
j. Warranty and customer service requirements	Not applicable	Items 1 and 11

Obligation	Section in Area Development Agreement	Disclosure Document Item
k. Territory development and sales quotas	Attachment B	Items 1, 11 and 12
l. On-going product/service purchases	Not applicable	Items 8 and 16
m. Maintenance, appearance, and remodeling requirements	Not applicable	Items 7, 8 and 11
n. Insurance	Not applicable	Items 6, 7 and 8
o. Advertising	Not applicable	Items 11, 13 and 14
p. Indemnification	Section 11.2	Not applicable
q. Owner's participation/management and staffing	Section 1.4 and 16.4	Items 11, 15 and 17
r. Records and reports	Not applicable	Item 11
s. Inspections and audits	Not applicable	Items 6 and 11
t. Transfer	Section 8	Item 17
u. Renewal	Not applicable	Item 17
v. Post-termination obligations	Not applicable	Item 17
w. Non-competition covenants	Not applicable	Item 17 and <u>Exhibit I-2</u>
x. Dispute resolution	Section 15	Item 17

## ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation. We are listed on the Franchise Registry of the Small Business Administration.

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

**Except as listed below, OFO is not obligated to provide you with any assistance.**

### Pre-opening Obligations

Before you open your Ori'Zaba's Restaurant, we (or our designee) will provide the following assistance and services to you:

1. Provide an initial OZTTT training program (See Franchise Agreement- Section 7.08).
2. Loan you access to our online Franchise Operations Manual. The Franchise Operations Manual contains approximately ~~50 pages~~ 230 digital files, which is current as of the Issuance Date. The content categories for the Franchise Operations Manual are attached to this Franchise Disclosure Document as Exhibit G (See Franchise Agreement- Section 7.0).
3. Provide you with a designated vendor that will provide site selection advice in identifying a suitable location for the Restaurant. You must use our approved vendor to advise and counsel you on site selection for your Ori'Zaba's Restaurant (See Franchise Agreement – Sections 4.4 and 7). We must approve the site before you sign the Lease.

In evaluating a proposed site, we consider such factors as general location and neighborhood, traffic patterns, parking, size, layout and other physical characteristics. Before leasing or purchasing the site for your Restaurant, you must submit to us, in the form we specify, a description of the site, with other information and materials we may reasonably require. We will have 30 calendar days after we receive the information and materials to evaluate the proposed site. If we disapprove of the proposed site, you must select another site, subject to our consent. You must purchase or lease the site for your Restaurant within 180 days after signing the Franchise Agreement. If you and we cannot reach an agreement on an acceptable site, we may terminate the Franchise Agreement. We generally do not own the premises for the Restaurant and lease it to you (See Franchise Agreement – Sections 4.01, 7.01 and 7.0.2).

4. Once you have an approved site for your Restaurant, we will designate a territory. If you sign an Area Development Agreement, we will designate the Development Territory before you sign the Area Development Agreement (See Attachment A of Franchise Agreement and Attachment A of Area Development Agreement).

5. Review your lease agreement for the Restaurant to ensure that its terms contain our required provisions and otherwise meet our minimum standards (See Franchise Agreement-Section 4.02).

6. Provide you a copy of our basic specifications for the design and layout of your Restaurant. You are responsible for the costs of preparing architectural, engineering and construction drawings and site plans using only our designated provider architect and/or engineers. The site plans, floor plans and construction drawings must be submitted to us for our review and approval before you begin construction of your Restaurant. We must approve your contractor as well. You are responsible for the costs of construction and remodeling. We do not deliver or assist with the installation of any fixtures, furnishings, equipment, signs or other supplies. We do not assist you in conforming the premises to local ordinance and building codes nor do we assist you in obtaining any required permits. We do not assist you in remodeling or decorating your Restaurant (Franchise Agreement– Section 7).

7. Provide you with materials and consultation in connection with the ~~grand~~new store opening marketing for your Ori'Zaba's Restaurant (See Franchise Agreement – Section 7.10).

7.8. Provide new store opening assistance by sending one or more of our representatives to your Ori'Zaba's Restaurant for a total of 10 days (See Franchise Agreement – Section 7.10).

We do not provide the above services to renewal franchisees and may not provide all of the above services to franchisees that purchase existing Ori'Zaba's Restaurants.

#### Schedule for Opening

The typical length of time between signing the Franchise Agreement ~~or the payment of any fees~~ and the opening of the Ori'Zaba's Restaurant can vary from ~~six~~nine months to 18 months. You must open your Ori'Zaba's Restaurant within 18 months after signing the Franchise Agreement. Some factors, which may affect this timing, are your ability to acquire a location through lease or purchase negotiations, your ability to secure any necessary financing, your ability to comply with local zoning and other ordinances, your ability to obtain any necessary permits and certifications, the timing of the delivery of equipment, tools and inventory, and the time to convert, renovate or build out your Restaurant.

If you are an Area Developer you must sign your first Franchise Agreement for the first Ori'Zaba's Restaurant at the same time you sign the Area Development Agreement. The typical length of time between

the signing of the Franchise Agreement and the opening of your first Ori'Zaba's Restaurant under an Area Development Agreement is the same as for a single Ori'Zaba's Restaurant. Each additional Ori'Zaba's Restaurant you develop must be opened according to the terms of the Development Schedule. The site selection and approval process for each Ori'Zaba's Restaurant you open under your Area Development Agreement is the same as that for a single Ori'Zaba's Restaurant and will be governed by the Franchise Agreement signed for that location.

### Continuing Obligations

During the operation of your Ori'Zaba's Restaurant, we (or our designee) will provide the following assistance and services to you:

1. Inform you of mandatory specifications, standards and procedures for the operation of your Franchise (See Franchise Agreement- Sections 5, 7.01, 7.05, 9.01, 9.02 and 15.03).
2. Upon reasonable request, provide advice regarding your Ori'Zaba's Restaurant's operation based on reports or inspections. Advice will be given during our regular business hours and via written materials, electronic media, telephone or other methods in our discretion (See Franchise Agreement-Section 7.12).
3. Provide you with advice and guidance on advertising and marketing (See Franchise Agreement-Sections 7.10 and 7.14).
4. Provide ~~additional remedial~~ training to ~~you~~ your trainers for newly-hired personnel on the Ori'Zaba's brand and System guidelines, refresher training courses and additional training or assistance that, in our discretion, you need or request. You may be required to pay additional fees for this training or assistance (See Franchise Agreement-Section 6).
5. Allow you to continue to use confidential materials, including the Franchise Operations Manual and the Marks (See Franchise Agreement-Sections 7.04, 9.01, 9.02, 10.03 11.01 and 11.02).

### Optional Assistance

During the term of the Franchise Agreement, we (or our designee) may, but are not required to, provide the following assistance and services to you:

1. Modify, update or change the System, including the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new products, new menu items, new equipment or new techniques.
2. Make periodic visits to the Restaurant for the purpose of assisting in all aspects of the operation and management of the Franchise, prepare written reports concerning these visits outlining any suggested changes or improvements in the operation of the Franchise, and detailing any problems in the operations that become evident as a result of any visit. If provided at your request, you must reimburse our expenses and pay our then-current training charges.
3. Maintain and administer a Brand Fund. We may dissolve the Brand Fund upon written notice (See Franchise Agreement-Section 7.15)
4. Hold periodic national or regional conferences to discuss business and operational issues affecting Ori'Zaba's Franchisees.

5. Provide additional assistance or additional pre-opening training at your request, provided that you pay our then-current fee (See Franchise Agreement-Section 6).

6. Provide custom marketing services. If you choose to request such support, we will charge you our then-current fee for the time spent designing and implementing custom marketing programs. (See Franchise Agreement-Section 7).

7. Reserve the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions as allowed by law.

## Advertising

### GrandNew Store Opening AdvertisingMarketing

~~Before opening and during the first 90 days of operation, you must spend a minimum of \$7,500 on grand opening advertising (we recommend you spend up to \$15,000), which may include local advertising, public relations, promotion, and other marketing activities in connection with your grand opening. All proposed grand opening expenditures must be approved by us before it can be conducted and must be through a direct to consumer advertising channel designed to measurably drive new customers to your location. We provide more details on the measurement criteria in the Franchise Operations Manual. You must submit to us proof of these expenditures within 120 days after your Ori'Zaba's Restaurant first opens for business. If you require custom marketing or other additional assistance in executing your grand opening marketing efforts, we may assist you at the cost of \$195 per hour. The grand~~ You will pay us a new store opening marketing fee ("NSOM Fee") of \$30,000 per Restaurant, payable at lease (or purchase agreement) execution. We or our designated affiliate will create a marketing plan for the initial advertising of your Ori'Zaba's Business and will work with you to obtain your input on the marketing plan. We or our designated affiliate will use the NSOM Fee to pay third-parties for the initial local advertising, but may, in our sole discretion, reimburse you for some local store marketing expenses you incur if you received our prior approval. The NSOM Fee should be used within six months of the opening of your Ori'Zaba's Business to the public. However, if a portion of the NSOM Fee is not used within those six months, we may, in our discretion, spend the remaining portion of the new store opening marketing fee after six months on marketing tactics for your Restaurant. The new store opening advertising requirement is in addition to your Local Marketing Requirement.

### *Brand Fund*

We have established a Brand Fund for marketing, developing and promoting the System, the Marks, and Ori'Zaba's Restaurants. You must pay 2% of your Gross Sales for the Brand Fund ("Brand Fund Contribution"). Your contribution to the Brand Fund will be in addition to all other advertising requirements set out in this Item 11. Each franchisee will be required to contribute to the Brand Fund but certain franchisees may contribute on a different basis depending on when they signed their Franchise Agreement. Ori'Zaba's Restaurants owned by us contribute to the Brand Fund on the same basis as franchisees.

The Brand Fund will be administered by us, or our affiliate or designees, at our discretion, and we may use a professional advertising agency or media buyer to assist us. The Brand Fund will be in a separate bank account, commercial account or savings account.

We have complete discretion on how the Brand Fund will be utilized. We may use the Brand Fund for local, regional or national marketing, advertising, sales promotion and promotional materials, public and consumer relations, website development and search engine optimization, the development of technology for the System and any other purpose to promote the Marks. We may use any media for

disseminating Brand Fund advertisements, including direct mail, print ads, the Internet, radio, billboards, and television. We may use national and/or regional advertising agencies as the source for our advertising materials, or we may prepare them in-house. We may reimburse ourselves, our authorized representatives or our affiliates from the Brand Fund for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes and all other direct or indirect expenses associated with the programs funded by the Brand Fund. We do not guarantee that advertising expenditures from the Brand Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. 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.

We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Brand Fund or to maintain, direct or administer the Brand Fund. Any unused funds that were collected in any calendar year will be applied to the following year’s funds, and we reserve the right to contribute or loan additional funds to the Brand Fund on any terms we deem reasonable.

The Brand Fund is not audited. Upon your written request, we will provide to you an annual accounting for the Brand Fund that shows how the Brand Fund proceeds have been spent for the previous year. During our most recent fiscal year ended December 31, ~~2023~~2022, the Brand Fund was spent as follows: ~~65~~37% on production, and ~~35~~63% on media placement.

### *Local Marketing*

In addition to the Brand Fund Contributions, you must spend an average of 3% of your Gross Sales on local advertising each month to meet your Local Marketing Requirement. If you fail to spend the Local Marketing Requirement or fail to spend it on approved marketing, you will be required to pay the difference to the Brand Fund, or to us. You agree, at your sole cost and expense, to issue and offer such rebates, giveaways and other promotions in accordance with advertising programs established by us, and further agree to honor the rebates, giveaways and other promotions issued by other Ori’Zaba’s Franchisees under any such program, so long as such compliance does not contravene any applicable law, rule or regulation. You will not create or issue any gift cards/certificates and will only sell gift cards/certificates that have been issued or sponsored by us and that are accepted at all Restaurants, and you will not issue coupons or discounts of any type except as approved by us. You will be liable for any gift cards sold at your Ori’Zaba’s Restaurant. If you engage in direct-to-consumer-advertising barter, you may only attribute the cost of food bartered toward the Local Marketing Requirement, and not the full retail value of such products. A list of qualifying Local Marketing expenses can be found in the Franchise Operations Manual.

You may be required to participate in any local or regional advertising cooperative for Ori’Zaba’s Franchises that are established. The area of each local and regional advertising cooperative will be defined by us, based on our assessment of the area. Franchisees in each cooperative will contribute an amount to the cooperative for each Ori’Zaba’s Franchise that the franchisee owns that exists within the cooperative’s area. Each Ori’Zaba’s Business we own that exists within the cooperative’s area, will contribute to the cooperative on the same basis as franchisees. Members of the cooperative will be responsible for administering the cooperative, including determining the amount of contributions from each member. We may require that each cooperative operate with governing documents and prepare annual unaudited financial statements. We reserve the right to form, change, dissolve or merge any advertising cooperative formed in the future. If we elect to form such cooperatives, or if such cooperatives already exist near your territory, you will be required to participate in compliance with the provisions of the Franchise Operations Manual, which we may periodically modify at our discretion.

You must order sales and marketing material from us or our designated suppliers. It is a material breach of the Franchise Agreement to use other marketing material without obtaining our prior written approval. Use of logos, Marks and other name identification materials must follow our approved standards. You may not use our logos, Marks and other name identification materials on items to be sold or services to be provided without our prior written approval. If you use unauthorized advertising materials, you must pay a fee of \$500 per occurrence to the Brand Fund.

If you wish to advertise online, you must follow our online policy that is contained in our Franchise Operations Manual. Our online policy may change as technology and the Internet changes. Under our current online policy, we retain the sole right to market on the Internet, including all use of websites, domain names, advertising, social media and co-branding arrangements.

### *Advisory Council*

We currently do not have, but may form, an advisory council (“Council”) to advise us on advertising policies. Members of the Council would consist of both franchisees and corporate representatives. Members of the Council would be selected by way of a voting method specified in the Council’s bylaws. The Council would serve in an advisory capacity only. We will have the power to form, change or dissolve the Council, in our sole discretion.

### Computer System

You are required to purchase certain hardware, software and services to operate your Ori’Zaba’s Restaurant (collectively the “Computer System”). The Computer System includes a computer, our designated point-of-sale system and software, tablet, accounting software, loyalty software and other systems as contained in the Franchise Operations Manual. You may be required to subscribe to ongoing services after initial purchase. Some tools require a monthly payment, some annual payment and some, such as third-party delivery companies, are commission-based and are billed as incurred. You may choose to add on optional services that may increase the monthly amount you pay. We estimate the cost of purchasing the Computer System and software licenses will be between \$10,000 and \$20,000. You also must pay third-party vendors ongoing fees for the required software and services. Currently, we estimate total monthly fees will be approximately \$1,200 total per month (including Toasttab POS, RASI Accounting Services, Dynamic Media Music, Valutec, Dropbox, and Microsoft 360). The Computer System will manage the daily workflow of the Ori’Zaba’s Restaurant, coordinate the customer ordering experience, daily accounting/reconciliation, interface with merchant service provider/credit cards, inventory management, staff timekeeping system, payroll, and product mix management. You must record all Gross Sales on the Computer System including sales from third-party delivery, catering, fundraising events, festivals and any other revenue sources. You must store all data and information in the Computer System that we designate, and report data and information in the manner we specify. You will also be required to utilize the Franchisor approved accounting systems and software components, and you will be required to provide to us read-only access to these systems. The Computer System and accounting systems will generate reports on the Gross Sales of your Ori’Zaba’s Franchise. You must also maintain a high-speed Internet connection at the Restaurant. In addition to offering and accepting Ori’Zaba’s Restaurant gift cards and loyalty cards, you must accept all credit cards and debit cards that we determine. We will be liable for the expense of gift cards purchased through our website. You must use our designated payment vendors. We are not required to provide you with any ongoing maintenance, repairs, upgrades, updates or support for the Computer System or accounting systems. You must arrange for installation, maintenance and support of the Computer System and accounting systems at your cost. There are no limitations in the Franchise Agreement regarding the costs or frequency of such required support, maintenance repairs or upgrades relating to the Computer System or accounting systems. The cost of maintaining, updating or upgrading the Computer System or its components, including accounting systems, will depend on your

repair history, costs of computer maintenance services in your area and technological advances. We estimate the annual cost will range between \$100 and \$450, but this could vary (as discussed above). We may revise our specifications for the Computer System and accounting systems periodically. You must upgrade or replace your Computer System and accounting systems at such time as specifications are revised. ~~There is no limitation on the frequency and cost of this obligation.~~

We require you to use the Learning Management System, which is provided by a third party that we designate. You will access the LMS with the Android or Apple iPad tablet that you are required to purchase. The LMS supports secure communication and consistency in training, operations, and access to Ori'Zaba's document library.

We will provide five days of remote and on-site services to stand up the technology prior to opening. Once you have installed and activated internet service and the POS system and computer system, mounted and wired the digital monitors, wired your printers and logged into your tablets, we will provide assistance in configuring and integrating these systems with our daily operations. We will help you manage any adjustments required after your initial setup, integration of platforms and tools working with your vendors, software installation upgrades or reconfigurations to meet our specific business needs, and customization such as printer routing to ensure seamless standard operation. You will pay us a "Technology Set-Up Fee" of \$4,900, due immediately upon invoicing after opening. If you fail to set up your computer system as advised, additional charges may apply.

We (or our designee) have the right to add integrated vendor partners and services to the Computer System and independently access the electronic information and data relating to your Franchise and to collect and use your electronic information and data in any manner, including to promote the System and the sale of Franchises. This may include posting financial information of each franchisee on an intranet website. There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system. We may access the electronic information and data from your Computer System remotely, in your Restaurant or from other locations. You are solely responsible for adding and removing your employees from all systems.

## Training

### *Initial Training*~~OZTTT~~ Program

We require the ~~Restaurant's Designated~~ Restaurant General Manager ~~and/or~~ other key employee, such as your Operating Principal (defined in Item 15) or director of operations, as well as a second managerial-level trainee, generally either an assistant restaurant manager or shift manager ("Designated Trainee") to complete initial training to our satisfaction before you open your Ori'Zaba's Restaurant. We provide initial OZTTT training program at no cost for ~~up to two people~~ trainees, as long as they attend the same initial OZTTT training program. Initial ~~training~~OZTTT classes are held whenever necessary to train new franchisees. You will not receive any compensation or reimbursement for services or expenses for participation in the initial OZTTT training program. All Franchise owners and active employees are required to complete the appropriate modules within our Learning Management System within 45 days of hire. You are responsible for all your and your attendees' expenses to attend any training program, including lodging, transportation, food and similar expenses. We plan to provide the training listed in the table below. In the event you want to add additional trainees, you must pay a \$3,000 training fee for training each additional ~~person-trainee~~, payable upon invoice after opening your Ori'Zaba's Restaurant.

If you require our representative to further assist with pre-opening training or support through the grand new store opening phase, you will incur an additional \$500 per day fee plus actual costs, which include lodging, travel, meals and other incidentals. ~~If you request additional assistance with the set up of your~~



~~business that is outside of the scope of initial training, we will charge our then current additional assistance fee (currently, \$195 per hour fee).~~

Prior to your new store opening, and after you have secured the Certificate of Occupancy and health inspections, we will send one or more representatives to your Ori’Zaba’s Restaurant for a total of 10 days for “New Store Opening Assistance”. The representative(s) will help ensure your understanding and accuracy of the training as you train your new team members. You will be responsible for training your employees and independent contractors, including any training on the day-to-day operations of the Ori’Zaba’s Restaurant. Our support during this time is to assist with OZTTT trainee reinforcement. You will pay us a flat fee of \$7,000 for New Store Opening Assistance, payable immediately upon invoice after opening your Ori’Zaba’s Restaurant. You are responsible for all costs for you and your participants.

### OZTTT TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
<u>Week One</u> <ul style="list-style-type: none"> <li>• Orientation, Background of Franchisor, Vision of Ori’Zaba’s, Training Unit Introduction, Operations Manual Review</li>   <li style="padding-left: 40px;">Management Training, Shift Management, Financial Management, Administrative, including RSI and POS training, Tech Training</li>   <li style="padding-left: 40px;">Prep Station Training – Job Description, Food Safety, Sanitation, Recipes, Process and Procedures</li>   <li>• Prep Station Certification</li> </ul>	8	37	Las Vegas, Nevada Restaurant or at another location designated by us
<u>Week Two</u> <ul style="list-style-type: none"> <li>• Management Training including Inventory Control Systems, Shift Management, Customer Service, Financial Management and Administrative</li>   <li style="padding-left: 40px;">Grill Station Training – Job Description, Food Safety, Sanitation, Equipment Specifications, Recipes, Process and Procedures</li>   <li>• Grill Station Certification</li> </ul>	8	37	Las Vegas, Nevada Restaurant or at another location designated by us

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
<p><u>Week Three</u></p> <ul style="list-style-type: none"> <li>Management Training including Inventory Control Systems, Shift Management, Customer Service, Sales and LMS (LSM) Activities, Opening and Closing Checklists, Financial Management and Administrative</li> </ul> <p style="padding-left: 40px;">Tortilla Station Training – Job Description, Food Safety, Sanitation, Equipment Specifications, Recipes, Process and Procedures</p> <ul style="list-style-type: none"> <li>Tortilla Station Certification</li> </ul>	8	37	Las Vegas, Nevada Restaurant or at another location designated by us
<p><u>Week Four</u></p> <ul style="list-style-type: none"> <li>Management Training including Inventory Control Systems, Shift Management, Customer Service, Sales and LSM Activities, Opening and Closing Checklists, Financial Management and Administrative</li> </ul> <p style="padding-left: 40px;">Salsa Station Training - Job Description, Food Safety, Sanitation, Equipment Specifications, Recipes, Process and Procedures</p> <ul style="list-style-type: none"> <li>Salsa Station Certification</li> </ul>	8	37	Las Vegas, Nevada Restaurant or at another location designated by us
<p><u>Week Five</u></p> <ul style="list-style-type: none"> <li>Management Training including Inventory Control Systems, Shift Management, Customer Service, Sales and LSM Activities, Opening and Closing Checklists, Financial Management and Administrative, Tech Training</li> </ul> <p style="padding-left: 40px;">Cashier Station Training – Job Description, Food Safety, Sanitation, Equipment Specifications, Recipes, Process and Procedures</p> <ul style="list-style-type: none"> <li>Cashier Station Certification</li> </ul>	8	37	Las Vegas, Nevada Restaurant or at another location designated by us

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
<u>Week Six</u> <ul style="list-style-type: none"> <li>Restaurant Management Responsibilities – Including but not limited to, Inventory Control Systems, Shift Management, Customer Service, Sales and LSM Activities, Opening and Closing Checklists, Financial Management and Administrative   Manager – Job Description, Food Safety, Sanitation, Equipment Specifications, Recipes, Process and Procedures   Manager Training Course Completion, Franchise Training Course Survey and Certification</li> <li>Hiring for Agency, Recruiting Best Practices</li> </ul>	14	37	Las Vegas, Nevada Restaurant or at another location designated by us
TOTAL	54	222	

Notes:

- We reserve the right to vary the length and content of the initial OZTTT training program based upon the experience and skill level of the individual attending the initial OZTTT training program. We will use the Franchise Operations Manual as the primary instruction materials during the initial OZTTT training program.
- May Masoli, our Franchise Business Partner, currently oversees our training program to which she brings more than 30 years of management experience in the field, and has been with the franchisor since October 2020.
- Other instructors will include a Franchise Performance Coach who has been with the company or an affiliate for a minimum of two years’ experience and who has in-depth knowledge of the brand standards and restaurant operations.
- ~~Training~~OZTTT training will be conducted in certified training restaurants which demonstrate clear communication within the restaurant, positive Ori’Zaba’s culture and abide by the System at all times, as demonstrated by consistently passing unit evaluations. ~~Training~~OZTTT training is conducted using established operational tools such as recipe books, waste sheets, cut charts, portion guides, scales, and similar materials.

*Ongoing Training*

From time to time, we may require that you (or your operating principal, if you are an entity), designated managers and other employees attend system-wide refresher or additional training courses. Some of these courses may be optional while others may be required. If you appoint a new Designated Manager, that person must attend and successfully complete our OZTTT training program at our designated training location. You must pay a \$3,000 OZTTT training fee per ~~person~~trainee, additionally, you are responsible for all your incurred expenses for the OZTTT training program, including lodging,

transportation, food and similar expenses. If we conduct an inspection of your Ori'Zaba's Restaurant and determine you are not operating in compliance with the Franchise Agreement, we may require that you attend remedial training that addresses your operational deficiencies. You may also request that we provide additional training (either at corporate headquarters or at your Restaurant) and pay the then current fees for any such training. If you request such remedial additional assistance outside of the scope of initial training, we will charge our then-current additional assistance fee of \$500 per day, plus our actual costs.

In addition to participating in ongoing training, you may be required to attend an annual meeting of all franchisees at a location we designate, and pay a convention fee if we hold an annual meeting of all franchisees (See Item 6). You are responsible for all travel and expenses for you and your attendees.

We will not provide general business or operations training to your employees or independent contractors; however, we may provide limited training on the Ori'Zaba's System and brand standards to your key employees. You will be responsible for training your employees and independent contractors, including any making sure they complete the appropriate modules within our Learning Management System and training on the day-to-day operations of the Ori'Zaba's Restaurant. You will be responsible for hiring, training, directing, scheduling, and supervising your employees and independent contractors in the day-to-day operations of the Ori'Zaba's Restaurant. We do not provide you with any assistance in hiring employees or training them.

## ITEM 12 TERRITORY

### Franchise Agreement

#### *Restaurant*

You may operate the Ori'Zaba's Restaurant only at the approved location. The approved location for your Restaurant will be listed in the Franchise Agreement. If you have not identified an approved location for the Restaurant when you sign the Franchise Agreement, as is typically the case, you and we will agree on the approved location in writing and amend the Franchise Agreement after you select and we approve the approved location. You are not guaranteed any specific approved location and you may not be able to obtain your top choice as your approved location. You may not conduct your business from any other location. You may not relocate the Restaurant without our prior written approval. We may approve a request to relocate the Restaurant in accordance with the provisions of the Franchise Agreement that provide for the relocation of the Restaurant, and our then-current site selection policies and procedures. In evaluating a proposed site, we consider such factors as general location and neighborhood, traffic patterns, parking, size, layout and other physical characteristics.

#### *Protected Area*

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You will receive a protected territory ("Protected Area"), which means that during the term of the Franchise Agreement, we will not establish or franchise others to establish another Ori'Zaba's Restaurant within your designated Protected Area as long as you are in compliance with your Franchise Agreement. Your Protected Area will be subject to the reservation of rights described below.

The Protected Area is determined based on the geographic area and populations properties within that area and other relevant demographic characteristics and will typically be a two-mile radius around your Restaurant. The Protected Area may be significantly smaller if your Restaurant is located in a metropolitan



area (areas in which the population during any 24-hour period exceeds 50,000 persons per square mile). In addition, we may not grant you a Protected Area if your Restaurant is located at a Non-Traditional Location. Any existing or future Non-Traditional Locations located within your Protected Area are excluded from your Protected Area and will not be considered part of it. If you renew your Franchise, your Protected Area may be modified depending on the then-current demographics of the Protected Area, and on our then-current standards for territories.

You are not prohibited from directly marketing to or soliciting customers whose principal residence is outside of your Protected Area. You must follow our off-site policies and procedures in our Franchise Operations Manual, which may require you to provide catering and delivery services and/or utilize third-party delivery services. These policies may change over the term of the Franchise Agreement. You may be required to use the third-party delivery service(s) with which we have a national contract, and you may not contract with any other delivery platform without our approval. You will be responsible for costs and fees charged by any third-party delivery service platforms. You are not guaranteed any specific territory or area for catering or delivery. We may require you to discontinue catering or delivery services. Our delivery and catering policies and procedures may allow you to provide catering and delivery services in the territories of other Ori'Zaba's Restaurants without compensating the operator of those restaurants. These policies may also allow other Ori'Zaba's Restaurants to provide catering and delivery services in your Territory without compensating you. We may impose restrictions in the future that prevent you from providing catering and delivery services outside of your Territory.

You may not engage in any promotional or similar activities, whether directly or indirectly, through or on the Internet or any other similar proprietary or common carrier electronic delivery system. Except for sales methods designated by us, you may not sell Ori'Zaba's Restaurant products or services through any alternative channel of distribution, including the Internet, catalog sales, telemarketing, or other direct marketing.

We, and our affiliates, have the right to operate, and to license others to operate, Ori'Zaba's Restaurants at any location outside the Protected Area, even if doing so will or might affect your operation of your Restaurant. We retain all rights not expressly granted to you. These include the right to:

1. to own, franchise, acquire, operate and license to other to operate Ori'Zaba's Restaurants at any location outside of the Protected Area, regardless of the proximity to your Restaurant;
2. to own, franchise, establish and license to others to establish or operate a Non-Traditional Restaurant (described above) or mobile food truck operating under the Marks at any location, including within your Protected Area, regardless of the proximity to your Restaurant;
3. to use the Marks and the System to sell any products or services, similar to those which you will sell, through any alternate channels of distribution within or outside of the Protected Area. This includes, but is not limited to, other channels of distribution such as television, catalog sales, wholesale to unrelated retail outlets or over the Internet. We exclusively reserve the Internet as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce;
4. to offer and sell food products, including frozen products and proprietary food products, under the Marks or any other marks, through any Non-Traditional Location within or outside of the Protected Area;

5. to use and license the use of other proprietary and non-proprietary marks or methods, which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution or in the operation of a business offering Mexican-style food and related products and services, at any location, including within the Protected Area, which may be similar to or different from the Ori'Zaba's Restaurant operated by you;
6. to engage in any transaction, including to purchase or be purchased by, or merge or combine with, to convert to the System or be converted into a new system with any business whether franchised or corporately owned, including a business that competes directly with your Ori'Zaba's Restaurant, wherever located;
7. to use and license the use of technology to non-franchisee located inside and outside the Protected Area; and
8. to implement multi-area marketing programs, which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.

Although we reserve the rights described, neither we nor any affiliate, operates, franchises or has plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those offered by you or our other Franchises. We are not required to pay you if we exercise any of the rights specified above within your Protected Area. The continuation of the Protected Area is not dependent upon your achievement of a certain sales volume, market penetration or other contingency. We do not pay compensation for soliciting or accepting orders inside your Protected Area.

If you wish to purchase an additional Ori'Zaba's Franchise, you must apply to us, and we may, at our discretion, offer an additional Ori'Zaba's Franchise to you. We consider a variety of factors when determining whether to grant additional Ori'Zaba's Franchises. Among the factors we consider, in addition to the then-current requirements for new Ori'Zaba's Franchisees, are whether or not the franchisee is in compliance with the requirements under their current Franchise Agreement.

You do not receive the right to acquire additional Ori'Zaba's Franchises within the Protected Area. You are not given a right of first refusal on the sale of existing Ori'Zaba's Franchises.

#### Area Development Agreement

Under the Area Development Agreement, you are assigned a Development Territory in which you must develop a designated number of Ori'Zaba's Franchises. The size of the Development Territory will depend on the number of Restaurants to be developed, the demographics of the territory, the population and other factors. In certain densely populated metropolitan areas, a Development Territory may be small if it has a high population density, while Development Territories in less densely populated urban areas may have significantly larger areas. The Development Territory will be a protected territory for the development of Ori'Zaba's Franchises during the term of the Area Development Agreement so long as you are in compliance with the agreement. Any existing or future Non-Traditional Locations located within your Development Territory are excluded from your Development Territory and will not be considered part of it.

The rights granted under the Area Development Agreement relate only to the development of the Ori'Zaba's Franchises identified in the Area Development Agreement. Except as provided in the Area Development Agreement, and subject to your full compliance with the Area Development Agreement and

the reservation of rights below and any other agreement among you or any of your affiliates and us or any of our affiliates, neither we nor our affiliates will establish or authorize any other person or entity, other than you, to establish an Ori'Zaba's Franchise in your Development Territory during the term of the Area Development Agreement. However, we, our affiliates, and any other authorized person or entity (including any other Ori'Zaba's Franchise) may, at any time, conduct any other type of activities within your Development Territory that we are permitted to conduct under the Franchise Agreement. The Development Territory will terminate upon the completion of the Development Schedule or the termination of the Area Development Agreement, whichever occurs first, and the only territorial protections that you will receive upon termination will be those under each individual Franchise Agreement. The site selection and approval process for each Ori'Zaba's Business under an Area Development Agreement is the same as that for a single Ori'Zaba's Business and will be governed by the Franchise Agreement signed for that location. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

We, and our affiliates, have the right to operate, and to license others to operate, Ori'Zaba's Restaurants at any location outside the Development Territory, even if doing so will or might affect your operation of your Restaurant. We retain all rights not expressly granted to you. These include the right, for ourselves and our affiliates, on any terms we deem advisable, and without granting you any rights:

1. To own, franchise or operate Ori'Zaba's Restaurants at any location outside of the Development Territory, regardless of the proximity to your Restaurant;

2. to own, franchise or operate a Non-Traditional Restaurant (described above) or mobile food truck operating under the Marks at any location, including within your Development Territory, regardless of the proximity to your Restaurant;

3. to use the Marks and the System to sell any products or services, similar to those which you will sell, through any alternate channels of distribution within or outside of the Development Territory. This includes, but is not limited to, other channels of distribution such as television, catalog sales, wholesale to unrelated retail outlets or over the Internet. We exclusively reserve the Internet as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce;

4. to offer and sell food products, including frozen products and proprietary food products, under the Marks or any other marks, through any Non-Traditional Location within or outside of the Development Territory;

5. to use and license the use of other proprietary and non-proprietary marks or methods, which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution or in the operation of a business offering Mexican food and related products and services, at any location, including within the Development Territory, which may be similar to or different from the Ori'Zaba's Restaurant operated by you;

6. to purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with your Ori'Zaba's Restaurant, wherever located;

7. to acquire and convert to the System operated by us, any businesses offering services and products similar to offered by Ori'Zaba's Restaurants, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned and whether located inside or outside of the Development Territory, provided that in such situations the newly acquired businesses may not operate under the Marks in the Development Territory; and

8. to implement multi-area marketing programs, which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.

We are not required to pay you if we exercise any of the rights specified above within your Development Territory. We do not pay compensation for soliciting, accepting orders and/or conducting business inside your Development Territory.

Upon your first failure to adhere to the Development Schedule, unless you have paid the Extension Fee(s), you will lose the exclusivity granted for the Development Territory. Any second or additional failures to adhere to the Development Schedule will constitute a material event of default under the Area Development Agreement, for which we may, among other things: (i) terminate the Area Development Agreement; (ii) reduce the area of the Development Territory; (iii) permit you to extend the Development Schedule; or (iv) pursue any other remedy we may have at law or in equity, including but not limited to, a suit for non-performance.

The size of the Development Territory may be a single or multi-city area, single county area or some other area, and will be described in Attachment A of your Area Development Agreement. We will determine the Development Territory before you sign the Area Development Agreement based on various market and economic factors. You do not receive the right to acquire additional Franchises unless you purchase the right in your Area Development Agreement.

### ITEM 13 TRADEMARKS

The Marks and the System are owned by Zaba’s Management, and are licensed to us. Ori’Zaba’s has granted us a license (“Trademark License”) to use the Marks to franchise the System around the world. The Franchise Agreement and your payment of Royalties grant you the non-exclusive right and license to use the System, which includes the use of the Proprietary Marks. The Trademark License is for ten years and began on August 30, 2016. It will automatically renew for subsequent ten-year periods provided we are not in default or do not materially breach the Trademark License by engaging in any activity that damages the Marks or the goodwill of the System. If the Trademark License is terminated, Zaba’s Management has agreed to license the Marks directly to our franchisees until each Franchise Agreement expires or is otherwise terminated. Zaba’s Management has registrations with the United States Patent and Trademark Office (“USPTO”) for the following Marks:

Mark	Registration Number	Registration Date	Register
<del>Ori’Zaba’s Mexican Grill</del> <u>ORI’ZABA’S MEXICAN GRILL</u>	5,083,282	November 15, 2016	Principal
<u>ORI’ZABA’S SCRATCH MEXICAN GRILL</u>	<u>7,165,930</u>	<u>September 12, 2023</u>	<u>Principal</u>



We claim common law rights in the following trademark:

Mark	Registration Number	Registration Date	Register
	Common Law	N/A	N/A

We do not have a federal registration for our common law trademark listed above. Therefore, this trademark does not have as many legal benefits and rights as a federally registered trademark. If our right to use these trademarks is challenged, you may have to change to an alternative trademark(s), which may increase your expenses. There are no effective adverse material determinations of the USPTO, the Trademark Trial and Appeal Board or the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation involving the Marks. All required affidavits and renewals have been filed.

Except for the Trademark License, no agreement significantly limits our right to use or license the Marks in any manner material to the Ori'Zaba's Restaurant. We do not know of any superior prior rights or infringing uses that could materially affect your use of the trademarks. You must follow our rules when using the Marks. You cannot use our name or Mark as part of a corporate name or with modifying words, designs or symbols unless you receive our prior written consent. You must indicate to the public in any contract, advertisement and with a conspicuous sign in your Restaurant that you are an independently owned and operated licensed franchisee of Ori'Zaba's Franchise Operations, LLC. You may not use the Marks in the sale of unauthorized services or products or in any manner we do not authorize. You may not use the Marks in any advertising for the transfer, sale or other disposition of the Ori'Zaba's Restaurant, or any interest in the franchise. All rights and goodwill from the use of the Marks accrue to us. If it becomes advisable, at any time, for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue or other indirect expenses due to any modified or discontinued Mark, or for your expenses of promoting a modified or substituted trademark or service mark.

We will defend you against any claim brought against you by a third party that your use of the Marks, in accordance with the Franchise Agreement, infringes upon that party's intellectual property rights. We may require your assistance, but we will exclusively control any proceeding or litigation relating to our Marks. We have no obligation to pursue any infringing users of our Marks or protect you against unfair competition arising out of your use of the Mark. We are not required to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the Mark, or if the proceeding is resolved unfavorably to you. If we learn of an infringing user, we will take the action appropriate, but we are not required to take any action if we do not feel it is warranted. You must notify us within three days if you learn that any party is using (or claims the right to use) the Marks or a trademark that is confusingly similar to the Marks. We have the sole discretion to take such action as we deem appropriate to exclusively control any litigation or administrative proceeding involving a trademark licensed by us to you.



You must not directly or indirectly contest our right to the Marks. We may acquire, develop and use additional marks not listed here, and may make those marks available for your use and for use by other franchisees.

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

No patents or patents pending are material to us at this time.

The information in the Franchise Operations Manual is proprietary and is protected by copyright and other laws. The designs contained in the Marks, the layout of our advertising materials, the ingredients and formula of our products and recipes, and any other writings and recordings in print or electronic form are also protected by copyright and other laws. Although we have not applied for copyright registration for the Franchise Operations Manual, our advertising materials, the content and format of our products or any other writings and recordings, we claim common law and federal copyrights in these items. We grant you the right to use this proprietary and copyrighted information ("Copyrighted Works") for your operation of your Ori'Zaba's Franchise, but such copyrights remain our sole property.

There are no effective determinations of the United States Copyright Office or any court regarding any Copyrighted Works of ours, nor are there any proceedings pending, nor are there any effective agreements between us and third parties pertaining to the Copyrighted Works that will or may significantly limit using our Copyrighted Works.

Our Franchise Operations Manual, electronic information and communications, sales and promotional materials, the development and use of our System, standards, specifications, policies, procedures, information, concepts and systems on, knowledge of, and experience in the development, operation and franchising of Ori'Zaba's Franchises, our training materials and techniques, information concerning product and service sales, operating results, financial performance and other financial data of Ori'Zaba's Franchises and other related materials are proprietary and confidential ("Confidential Information") and are our property to be used by you only as described in the Franchise Agreement and the Franchise Operations Manual. Where appropriate, certain information has also been identified as trade secrets ("Trade Secrets"). You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Trade Secrets and Confidential Information.

We will disclose parts of the Confidential Information and Trade Secrets to you as we deem necessary or advisable for you to develop your Ori'Zaba's Franchise during training and in guidance and assistance furnished to you under the Franchise Agreement, and you may learn or obtain from us additional Confidential Information and Trade Secrets during the term of the Franchise Agreement. The Confidential Information and Trade Secrets are valuable assets of ours and are disclosed to you on the condition that you, and your owners if you are a business entity, and employees agree to maintain the information in confidence by entering into a confidentiality agreement we can enforce. Nothing in the Franchise Agreement will be construed to prohibit you from using the Confidential Information or Trade Secrets in the operation of other Ori'Zaba's Franchises during the term of the Franchise Agreement.

You must notify us within three days after you learn about another's use of language, a visual image or a recording of any kind, that you perceive to be identical or substantially similar to one of our Copyrighted Works or use of our Confidential Information or Trade Secrets, or if someone challenges your use of our Copyrighted Works, Confidential Information or Trade Secrets. We will take whatever action we deem appropriate, in our sole and absolute discretion, to protect our rights in and to the Copyrighted

Works, Confidential Information or Trade Secrets, which may include payment of reasonable costs associated with the action. However, the Franchise Agreement does not require us to take affirmative action in response to any apparent infringement of, or challenge to, your use of any Copyrighted Works, Confidential Information or Trade Secrets or claim by any person of any rights in any Copyrighted Works, Confidential Information or Trade Secrets. You must not directly or indirectly contest our rights to our Copyrighted Works, Confidential Information or Trade Secrets. You may not communicate with anyone except us, our counsel or our designees regarding any infringement, challenge or claim. We will take action as we deem appropriate regarding any infringement, challenge or claim, and the sole right to control, exclusively, any litigation or other proceeding arising out of any infringement, challenge or claim under any Copyrighted Works, Confidential Information or Trade Secrets. You must sign any and all instruments and documents, give the assistance and do acts and things that may, in the opinion of our counsel, be necessary to protect and maintain our interests in any litigation or proceeding, or to protect and maintain our interests in the Copyrighted Works, Confidential Information or Trade Secrets.

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

We require that you designate a manager (“Designated Manager”) who ~~has been approved by us~~ meets the minimum requirements and experience to run any restaurant as the (“Restaurant General Manager”). You can view those minimum requirements as described in the sample Ori’Zabas’s general manager job description. Our approval of ~~the~~ Designated Manager ~~does not mean that we are~~ is simply a confirmation said applicant meets the minimum job requirements. Ori’Zabas’s Franchise operations is ~~not~~ directly involved in the hiring process or that our approval is ~~otherwise an endorsement~~ a guarantee of the Designated Manager’s experience and qualifications. ~~performance.~~ You are responsible for the hiring and firing of all personnel. If you are not an individual, you must designate an “Operating Principal” acceptable to us who will be principally responsible for communicating with us about the Ori’Zaba’s Restaurant. The Operating Principal must own at least 10% equity in you and must have the authority and responsibility for the day-to-day operations of your Ori’Zaba’s Restaurant. ~~You (or your~~ We provide the OZTTT training program for two people: the Restaurant General Manager, Operating Principal, if you are an entity), and the Designated Manager ~~or other personnel, such as a Director of Operations, Assistant Manager or Shift Manager, who must successfully complete our OZTTT training program (See Item 11).~~ If you replace ~~an Operating Principal or the~~ Designated Manager, the new ~~Operating Principal or~~ Designated Manager must satisfactorily complete our OZTTT training program at your own expense.

Any Designated Manager and, if you are an entity, an officer that does not own equity in the franchisee entity, must sign the “System Protection Agreement,” which is attached to this Franchise Disclosure Document in Exhibit I. All of your employees, independent contractors, agents or representatives that may have access to our confidential information must sign a “Confidentiality Agreement” (unless they already signed a System Protection Agreement), which is attached to this Franchise Disclosure Document in Exhibit I. If you are an entity, each direct and indirect owner (i.e., each person holding a direct or indirect ownership interest in you) must sign an ~~owners agreement~~ Owners Agreement, which is attached to the Franchise Agreement as Attachment C. We also require that the spouses of the Franchise owners sign the ~~owner’s agreement~~ Owners Agreement.

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

You must sell or offer for sale only those services and products authorized by us, and which meet our standards and specifications. Authorized products may differ among our franchisees, and may vary

depending on the operating season and geographic location of your Restaurant or other factors. You must follow our policies, procedures, methods and techniques. You must sell or offer for sale all types of services and products specified by us. We may change or add to our required services and products, at our discretion, with prior notice to you. There are no limitations on our rights to make changes to the required services and products offered by you. If we change or add to our required services and products, the changes or additions will remain in permanent effect, unless we specify otherwise. The amount you must pay for the changes or additions will depend upon the nature and type of changes or additions. You must discontinue selling and offering for sale any services or products that we disapprove. We reserve the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions.

You may not establish an account or participate in any social networking sites, crowdfunding campaigns or blogs or mention or discuss the franchise, us or any of our affiliates, without our prior written consent and as subject to our online policy. Our online policy may completely prohibit you from any use of the Marks in social networking sites or other online use. You may not sell products through other channels of distribution such as wholesale, Internet or mail order sales.

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

**THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Franchise Disclosure Document.**

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 3	Ten years
b. Renewal or extension of the term	Section 3	If you are in good standing and you meet other requirements, you may add two successor terms of ten-year renewal options.
c. Requirements for franchisee to renew or extend	Section 3	We use the term “renewal” or “successor” to refer to extending our franchise relationship at the end of your initial term and any other renewal or extension of the initial term. Your successor franchise rights permit you to remain as a Franchise after the initial term of your Franchise Agreement expires. You must give us notice, upgrade your Restaurant, be in substantial compliance, satisfy qualification and training requirements, sign a release, and sign our then-current Franchise Agreement for the successor term, and this new franchise agreement may have materially different terms and conditions (including, e.g., higher royalty and advertising contributions) from the Franchise Agreement that covered your original term.

Provision	Section in Franchise Agreement	Summary
d. Termination by franchisee	Section 16	You may terminate the Franchise Agreement if you are in compliance with it, and we are in material breach, and we fail to cure that breach within 30 days of receiving written notice, subject to applicable state law.
e. Termination by franchisor without “cause”	Not applicable	Not applicable.
f. Termination by franchisor with “cause”	Section 16	We can terminate upon certain violations of the Franchise Agreement by you including the termination of any other agreement with us or our affiliates.
g. Curable defaults	Section 16	You have ten days to cure defaults listed in Section 16.02. Curable defaults include defaults of your payment obligations to us, our affiliates, and our suppliers.
h. Non-curable defaults	Section 16	Non-curable defaults: the defaults listed in Section 16.01 of the Franchise Agreement.
i. Franchisee’s obligations on termination/non-renewal	Sections 3, 4 and 17	Obligations include complete de-identification, payment of amounts due and return of confidential Franchise Operations Manual, all Confidential Information, Trade Secrets and records.
j. Assignment of contract by franchisor	Section 15	No restriction on our right to assign.
k. “Transfer” by franchisee – defined	Section 15	Includes any voluntary, involuntary, direct or indirect assignment, sale, gift, exchange, and grant of a security interest or change of ownership in the Franchise Agreement, the Franchise or interest in the Franchise, but does not include transfers made for the convenience of ownership or for estate planning purposes.
l. Franchisor approval of transfer by franchisee	Section 15	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	Section 15	New owner must have sufficient business experience and financial resources to operate the Franchise; you must pay all amounts due; new owner and <u>key</u> employees must complete the Initial <u>OZTTT</u> Training Program; your landlord must consent to the transfer of the lease; you must pay the transfer fee; you must sign a general release in favor of us; new owner must agree to bring the Restaurant up to current standards; new owner signs a new franchise agreement in the then-current form; you must sign a non-compete agreement not to engage in a competitive business for two years beyond the Term within five miles of that Franchise or another Ori’Zaba’s Franchise.
n. Franchisor’s right of first refusal to acquire franchisee’s business	Section 15	We have 30 days to match any offer for your business.

Provision	Section in Franchise Agreement	Summary
o. Franchisor's option to purchase franchisee's business	Section 17	We may, but are not required to, purchase your Franchise, inventory or equipment at fair market value if your Franchise is terminated for any reason.
p. Death or disability of franchisee	Section 15	The agreement must be transferred or assigned to a qualified party within 180 days of death or disability or the Franchise Agreement may be terminated. Your estate or legal representative must apply to us for the right to transfer to the next of kin within 120 calendar days of your death or disability.
q. Non-competition covenants during the term of the Franchise	Section 5	Subject to applicable state law, you and your spouse may not participate in a diverting business, have no owning interest in, loan money to, or perform services for a competitive business anywhere. You and your spouse may not interfere with our or our other franchisees' Ori'Zaba's Franchises.
r. Non-competition covenants after the Franchise is terminated or expires	Section 17	Owners may not have an interest in, own, manage, operate, finance, control or participate in any competitive business within: <u>(i) a five miles-mile radius of the Franchise or any your Ori'Zaba's Franchise Restaurant (and including the premises of your approved location); and (ii) a five-mile radius from all other Ori'Zaba's Restaurants that are operating or under construction</u> for two years, subject to applicable state law.
s. Modification of agreement	Sections 7, 9 and 19	No modifications of the Franchise Agreement during the term unless agreed to in writing, but the Franchise Operations Manual is subject to change at any time in our discretion. Modifications are permitted on renewal.
t. Integration/merger clause	Section 21.07	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of this Franchise Disclosure Document and Franchise Agreement may not be enforceable. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	Section 18	All disputes shall be resolved as described in the Initial Franchise Agreement, subject to applicable state law.
v. Choice of forum	Section 18	All disputes must be mediated, arbitrated, and if applicable, litigated in the principal city closest to our principal place of business (currently Denver, Colorado), subject to applicable state law.

Provision	Section in Franchise Agreement	Summary
w. Choice of law	Sections 18 and 19	Colorado law, except for the Colorado Consumer Protection Act unless its jurisdictional elements are independently met without reference to this section, applies, subject to applicable state law.

### THE AREA DEVELOPER RELATIONSHIP

**This table lists certain important provisions of the Area Development Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.**

Provision	Section in Area Development Agreement	Summary
a. Length of agreement term	Section 2	Until the expiration or termination of the Area Development Agreement.
b. Renewal or extension of the term	Not applicable	Not applicable.
c. Requirements for area developer to renew or extend	Not applicable	Not applicable.
d. Termination by area developer	Not applicable	You may terminate under any grounds permitted by law.
e. Termination by franchisor without cause	Not applicable	Not applicable.
f. Termination by franchisor with cause	Sections 4.2(d), 7.1 and 7.3	We can terminate, if you or any of your affiliates materially default under the Area Development Agreement, any individual Franchise Agreement, or any other agreement with us, or if you fail to comply with the Development Schedule on two or more occasions. Termination of the Area Development Agreement may result in the termination of any individual Franchise Agreement(s).
g. "Cause" defined – curable defaults	Not applicable	Not applicable.
h. "Cause" defined – non-curable defaults	Sections 7.1, 7.2 and 7.3	If you default on the Area Development Agreement or any individual Franchise Agreement, or any other agreement with us, death or incapacity or if you fail to comply with the Development Schedule on two or more occasions.
i. Area developer's obligations on termination/non-renewal	Section 7.4	Obligations include the payment of all amounts due. You remain bound by all Franchise Agreements.
j. Assignment of the contract by franchisor	Section 8.1	No restrictions on our right to assign the Area Development Agreement.

Provision		Section in Area Development Agreement	Summary
k.	“Transfer” by area developer – definition	Not applicable	Not applicable.
l.	Franchisor approval of transfer by area developer	Section 8.2	You may not assign the Area Development Agreement or any rights to the Development Territory.
m.	Conditions for franchisor approval of transfer	Not applicable	Not applicable.
n.	Franchisor’s right of first refusal to acquire area developer’s business	Not applicable	Not applicable
o.	Franchisor’s option to purchase area developer’s business	Not applicable	Not applicable
p.	Death or disability of area developer	Section 7.2	Upon the death or disability of Area Developer, his or her heirs, personal representatives or conservators have 180 days after such death or disability to seek and obtain our consent to the assignment of his or her rights and interests in this Agreement.
q.	Non-competition covenants during the term of the franchise	Not applicable	Not applicable.
r.	Non-competition covenants after the franchise is terminated or expires	Not applicable	Not applicable.
s.	Modification of the agreement	Section 10	No modifications of the Area Development Agreement unless agreed to in writing.
t.	Integration/merger clause	Section 10	Only the terms of the Area Development Agreement are binding (subject to state law). Any representations or promises outside of this Disclosure Document and the Area Development Agreement may not be enforceable. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u.	Dispute resolution by arbitration or mediation	Section 13	Except for certain claims, all disputes must be mediated and arbitrated in Denver, Colorado, subject to applicable state law.
v.	Choice of forum	Section 13	All disputes must be mediated, arbitrated, and if applicable, litigated in the principal city closest to our principal place of business (currently Denver, Colorado), subject to applicable state law.

Provision		Section in Area Development Agreement	Summary
w.	Choice of law	Section 13	Colorado law, except for the Colorado Consumer Protection Act unless its jurisdictional elements are independently met without reference to this section, applies, subject to applicable state law.

**ITEM 18  
PUBLIC FIGURES**

We do not use any public figure to promote our Franchise.

**ITEM 19  
FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits a franchisor to disclose information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, and/or company-owned outlets, if there is a reasonable basis for the information, and 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 performance at a particular location or under particular circumstances.

As of December 31, ~~2023~~2022, we had one Ori’Zaba’s Restaurant owned by our affiliate (“Affiliate Outlet”) and ~~four~~three franchised Ori’Zaba’s Restaurants (“Franchised Outlets”). The Affiliate Outlet is operated by our affiliate, Zaba’s Management, LLC, in the Las Vegas, Nevada metro area. The financial information provided in the following chart represents the actual performance of the Affiliate Outlet and three Franchised Outlets (“Reporting Group”) for the ~~2023~~2022 calendar year (“Reporting Period”). We exclude the data of one Franchised Outlet that ~~opened~~closed during the Reporting Period and did not operate for all twelve months. ~~We also exclude the data of one Franchised Outlet that closed during the Reporting Period.~~ The numbers have not been audited but we have no reason to doubt their accuracy. The Franchised Outlets in the Reporting Group reported their financial information to us. The financial information of the Affiliate Outlet is from our affiliate’s internal accounting records.

The size and physical layout of the Affiliate Outlet ~~and~~ the Franchised Outlets are based on designs that may be materially different than your design depending on the specific attributes of the premise of your Restaurant. Table 1-a presents financial information for the Franchised Outlets in the Reporting Group and Table 1-b presents financial information for the Affiliate Outlet. Table 2 presents financial information for both the Franchised Outlets and the Affiliate Outlet in the Reporting Group. Franchised Ori’Zaba’s ~~Restaurant~~Restaurants share many of the same characteristics of the Affiliate Outlet, including degree of competition, method of operation, and products and services provided. The Affiliate Outlet contributes to the Brand Fund on the same basis as franchisees and is subject to the same minimum Local Marketing Requirement as franchisees, but the Affiliate Outlet does not pay a Royalty.



**Table 1-a**  
**Gross Sales and Gross Profit**  
**Franchised Outlets in the Reporting Group During the Reporting Period**

	<u>Spring Valley Average</u>	<u>Centennial Median</u>	<u>Green Valley Number/ Percentage that Met or Exceeded Average</u>	<u>Minimum Value in Range</u>	<u>Maximum Value in Range</u>
Gross Sales	\$1,145,001 <u>482,209.90</u>	\$1,923,410 <u>288,970.67</u>	1 / 33%	\$1,226,393 <u>157,310.51</u>	\$2,000,348.66
Gross Profit	\$363,325 <u>621,120.03</u>	\$737,043 <u>490,802.65</u>	\$375,428 <u>1/33%</u>	\$426,353.19	\$946,204.34
Gross Profit Margin	31.74 <u>0.74%</u>	38.3 <u>08%</u>	1 / 33%	36.84%	47.3 <u>0.6%</u>

**Table 1-b**  
**Gross Sales and Gross Profit**  
**For the Affiliate Outlet in the Reporting Group During the Reporting Period**

	<u>Las Vegas</u>
Gross Sales	\$1,227,751 <u>534,579.15</u>
Gross Profit	\$453,229 <u>723,642.87</u>
Gross Profit Margin	36.94 <u>7.16%</u>

**Table 2**  
**Gross Sales and Gross Profit**  
**For the Reporting Group During the Reporting Period**

	<u>Average</u>	<u>Median</u>	<u>Number/ Percentage that Met or Exceeded Average</u>	<u>Minimum Value in Range</u>	<u>Maximum Value in Range</u>
Gross Sales	\$1,380,639 <u>495,302.25</u>	\$1,227,072 <u>411,775</u>	1 (252) <u>(50%)</u>	\$1,145,001 <u>157,310.51</u>	\$1,923,410 <u>2,000,348.66</u>
Gross Profit	\$482,256 <u>646,750.76</u>	\$414,329 <u>607,223</u>	1 (252) <u>(50%)</u>	\$363,325 <u>426,353.19</u>	\$737,043 <u>946,204.34</u>
Gross Profit Margin	34.39 <u>43.25%</u>	34.32 <u>42.62%</u>	2 (50%)	30.61 <u>36.84%</u>	38.32 <u>47.30%</u>

Table 1 and 2 Notes:

1. Operating History. The Affiliate Outlet in the Reporting Group opened in 2014. The Franchised Outlets originally operated as affiliate Ori’Zaba’s Restaurants but have been operated by a franchisee since December 2021.
2. Gross Sales: For purposes of this Item 19, “Gross Sales” means the total of all revenues and income from the sale of all Ori’Zaba’s Restaurant food products, beverages and other related merchandise, products, and services to customers whether or not sold or performed at or from the Ori’Zaba’s Restaurant, and whether received in cash, coupon, in services in kind, from barter and/or exchange, on credit (whether or not payment is received) or otherwise.
3. “Gross Profit” means Gross Sales minus cost of goods sold and total payroll. Cost of goods sold includes cost of food, beverages and other related costs. Total payroll includes employee and manager payroll, but excludes employment taxes and benefits. Royalty, Brand Fund Contributions and Local Marketing Requirement expenditures are not included in costs of goods sold and total labor, and have not been subtracted from Gross Sales.
4. “Gross Profit Margin” is calculated by dividing Gross Profit by Gross Sales and is expressed as a percentage.
5. The above financial performance representations figures do not reflect all of the costs of sales, operating expenses, or other costs or expenses that must be deducted from the Gross Sales figures to obtain your net income and profit. ~~You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business.~~ All numbers have been rounded to the nearest dollar.

The financial performance representations above only reflect the results of the Affiliate Outlet and Franchised Outlets that operate as traditional Restaurants, and not Non-Traditional Restaurants.

**Some outlets have earned this amount. Your individual results may differ. There is no assurance that you’ll earn as much.**

Written substantiation for the financial performance representation will be made available to prospective franchisees upon reasonable request. You should conduct an independent investigation of the costs and expenses you will incur in operating your Ori’Zaba’s Business.

Other than the preceding financial performance representation, Ori’Zaba’s Franchise Operations, LLC does 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 Jennifer Howell at 8084 S. Wallace Court, Suite A, Englewood, CO 80112, jenh@zabas.com; or ~~702-751-7943~~ 720-817-9326, the Federal Trade Commission, and the appropriate state regulatory agencies.



**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

Table No. 1

System-wide Outlet Summary  
For Years ~~2020-2021-2023~~2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets <sup>(1)</sup>	<del>2021</del> 2020	0	<u>0</u> <del>3</del>	<u>0</u> <del>+3</del>
	<del>2021</del> 2022	<u>0</u> <del>3</del>	34	<u>+3</u> <del>1</del>
	<del>2022</del> 2023	34	<u>4</u> <del>3</del>	<u>+1</u> <del>-</del>
Company-Owned	<del>2021</del> 2020	4	<u>4</u> <del>1</del>	<u>0</u> <del>-3</del>
	<del>2021</del> 2022	<u>4</u> <del>1</del>	1	<u>-3</u> <del>0</del>
	<del>2022</del> 2023	1	1	0
Total Outlets	<del>2021</del> 2020	4	4	0
	<del>2021</del> 2022	4	<u>4</u> <del>5</del>	<u>0</u> <del>+1</del>
	<del>2022</del> 2023	<u>4</u> <del>5</del>	<u>5</u> <del>4</del>	<u>+1</u> <del>-</del>

Table No. 2

Transfers from Franchisees to New Owners (other than the Franchisor)  
For Years ~~2020-2022~~2021-2023

State	Year	Number of Transfers
Totals	<del>2021</del> 2020	0
	<del>2022</del> 2021	0
	<del>2022</del> 2023	0

Table No. 3

Status of Franchised Outlets  
For Years 2020-2021-2023

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Nevada	<del>2021</del> 2020	0	<del>0</del> 3	0	0	0	0	<del>0</del> 3
	<del>2022</del> 2021	<del>0</del> 3	<del>3</del> 0	0	0	0	0	3
	20222023	3	0	0	0	0	0	3
Texas	<del>2020</del> 2021	0	0	0	0	0	0	0
	<del>2022</del> 2021	0	<del>0</del> 2	<del>0</del> 1	0	0	0	<del>0</del> 1
	20222023	<del>0</del> 1	<del>2</del> 0	<del>1</del> 0	0	0	<del>0</del> 1	<del>1</del> 0
Total	<del>2020</del> 2021	0	<del>0</del> 3	0	0	0	0	<del>0</del> 3
	<del>2021</del> 2022	<del>0</del> 3	<del>3</del> 2	<del>0</del> 1	0	0	0	34
	20222023	34	20	10	0	0	01	43

Table No. 4

Status of Company-Owned Outlets  
For Years 2020-20222021-2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Nevada	<del>2020</del> 2021	4	0	0	0	<del>0</del> 3	<del>4</del> 1
	<del>2022</del> 2021	<del>4</del> 1	0	0	0	<del>3</del> 0	1
	20222023	1	0	0	0	0	1
Total Outlets	<del>2020</del> 2021	4	0	0	0	<del>0</del> 3	<del>4</del> 1
	<del>2022</del> 2021	<del>4</del> 1	0	0	0	<del>3</del> 0	1
	20222023	1	0	0	0	0	1

Table No. 5

Projected Openings as of  
December 31, 20222023

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
Michigan	3	0	0
Nevada	2	0	0
Texas	3	0	0
Total	8	0	0

The names, addresses and telephone numbers of our current franchisees are attached to this Franchise Disclosure Document as Exhibit D. The name and last known address and telephone number of every current franchisee and every franchisee who has had an Ori’Zaba’s Franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our franchise agreement during the one-year period ending December 31, 20222023, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document, is listed in Exhibit D. In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experiences with Ori’Zaba’s Franchise System. You may wish to speak with current and former franchisees, but know that not all such franchisees can communicate with you. During the last three fiscal years, some franchisees have signed confidentiality provisions that would restrict their ability to speak openly about their experience with the Ori’Zaba’s Franchise System. If you buy an Ori’Zaba’s Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

As of the Issuance Date of this Franchise Disclosure Document, there are no franchise organizations sponsored or endorsed by us and no independent franchisee organizations have asked to be included in this Franchise Disclosure Document. We do not have any trademark specific franchisee organizations.

**ITEM 21  
FINANCIAL STATEMENTS**

Exhibit C contains the financial statements required to be included with this Franchise Disclosure Document: our audited financial statements as of December 31, 20222023, December 31, 20222024 and December 31, 20202021. Our fiscal year end is December 31.

**ITEM 22  
CONTRACTS**

- |           |   |
|-----------|---|
| Exhibit A | Franchise Agreement                             |
| Exhibit B | Area Development Agreement                      |
| Exhibit F | Franchise Disclosure Questionnaire              |
| Exhibit H | State Addenda and Agreement Riders              |
| Exhibit I | Contracts for use with the Ori’Zaba’s Franchise |

## ITEM 23 RECEIPTS

The last pages of this Franchise Disclosure Document, Exhibit K, are a detachable document, in duplicate. Please detach, sign, date and return one copy of the Receipt to us, acknowledging you received this Franchise Disclosure Document. Please keep the second copy for your records.

**EXHIBIT A**  
**FRANCHISE AGREEMENT**

**EXHIBIT A**



**ORI'ZABA'S FRANCHISE OPERATIONS, LLC  
FRANCHISE AGREEMENT**

**Franchise #:** \_\_\_\_\_

**Franchisee:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Protected Area:** \_\_\_\_\_

\_\_\_\_\_

**Ori'Zaba's  
Franchise Agreement**

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ATTACHMENTS:

- Attachment A Franchise Data Sheet
- Attachment B Premises and Protected Area
- Attachment C Form of Ownership
- Attachment D Owners Agreement

**ORI'ZABA'S**  
**FRANCHISE AGREEMENT**

This Franchise Agreement ("Agreement") is made by and between Ori'Zaba's Franchise Operations, LLC, a Colorado limited liability company, d/b/a Ori'Zaba's Mexican Grill, headquartered at 8084 S. Wallace Court, Suite A, Englewood, CO 80112 ("we" or "us"), and the franchisee identified in Attachment A to this Agreement ("you") as of the date specified as the "Effective Date" in Attachment A to this Agreement. If more than one person or entity is listed as the franchisee, each such person or entity shall be jointly and severally liable for all rights, duties, restrictions and obligations under this Agreement. In consideration of the following mutual promises, the parties agree as follows:

**1. RECITALS**

**1.01 System and Marks.** We have the right to use and to license to our franchisees a proprietary and distinctive system (the "System") relating to the establishment and operation of Ori'Zaba's businesses ("Ori'Zaba's Restaurant(s)" or "Restaurant(s)") which **serve scratch-made Mexican cuisine from in-house recipes under a made to order format**. We also have the right to use and to license to our franchisees certain service marks, trademarks, trade names, trade dress, logos, slogans and commercial symbols used to identify the Restaurant or particular items and services offered (collectively, the "Marks").

**1.02 Desire to Franchise.** You desire, upon the terms and conditions set forth in this Agreement, to obtain a license to use the System and Marks in the establishment and operation of an Ori'Zaba's Restaurant to engage in the operation of a fast, casual Mexican restaurant serving scratch-made Mexican cuisine from in-house recipes under a made to order format ("Ori'Zaba's Franchises" or "Franchises"). We are willing, upon the terms and conditions set forth herein, to license you to establish and operate the Franchise using the Marks and the System in a Restaurant at a Premises as defined below. Unless the context indicates otherwise, capitalized terms have the meaning ascribed to them in this Agreement.

**2. GRANT AND LIMITATIONS**

**2.01 Grant of Franchise.** Subject to all of the terms and conditions in this Agreement, we grant to you, and you accept, the license, the Franchise, to use the System and the Marks in connection with the establishment and operation of one Restaurant situated at the specific location ("Premises") set forth in Attachment B to this Agreement.

**2.02 Limitations on Grant.**

(a) System Standards. The Franchise granted by this Agreement is limited to the operation of a Restaurant in strict accordance with the provisions of this Agreement and the standards we specify in writing, as periodically amended, modified, supplemented or deleted, which we impose on our franchisees in connection with participation in the System, including all mandatory and suggested specifications, policies, rules, techniques and procedures we promulgate about System operation usage (collectively, the "System Standards"). You have no rights under this Agreement to use, and you will not use, the System, Marks, Restaurant or Premises in connection with any other business, activities, or unapproved items or services.

(b) Trade Name. The Franchise granted by this Agreement is limited to establishment and operation of the Franchise only under the trade name "Ori'Zaba's Mexican Grill" or other trade name

that we expressly authorize or require in writing. You will not adopt alternative, additional or secondary trade names unless you have our prior express written consent.

(c) Location Approval by Us and Local Municipality. The Franchise granted by this Agreement is limited to a single Restaurant at the Premises. The Restaurant must be located at the Premises. If a site has not been selected and approved at the time this Agreement is signed, Attachment B will describe the Premises in general terms. In that case, after we have approved a location for your Restaurant, we will unilaterally modify Attachment B and the specific address of that location will automatically become the Premises as if originally set forth in Attachment B instead of the general description. You have no rights under this Agreement to use, and you will not use, the System or Marks at any other location, without our prior express written consent. You will not relocate the Restaurant without our prior express written consent. If we permit you to relocate your Premises, you must reimburse us for our reasonable expenses. You acknowledge that you are not guaranteed any certain Restaurant sites or other location for the operation of the Restaurant. You acknowledge that our approval of a location for the Restaurant is not a representation or warranty that the Restaurant will be successful.

(d) No Sub-Franchising. You have no rights under this Agreement to grant, and you will not grant, any sub-franchise or sub-license of all or part of the System or Marks.

**2.03 Non-Exclusive License.** During the Term of this Agreement, as long as you are in compliance with the Franchise Agreement, neither we nor any of our affiliates will establish or operate, or franchise any entity to establish or operate, a Restaurant using the Marks and System at any location within the market area described in Attachment B (“Protected Area”), except we may establish or operate, or franchise any entity to establish or operate a Non-Traditional Restaurant at any location within or outside the Protected Area. Otherwise, the Franchise is non-exclusive. A “Non-Traditional Restaurant” is a facility operated under the Ori’Zaba’s Restaurant trademarks located within another primary business or in conjunction with other businesses or at institutional settings, such as shopping mall food courts, amusement parks, casinos, airports, stadiums, and any site for which the lessor, owner or operator thereof shall have indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider (each, a “Non-Traditional Location”). You may not sell products or services, or advertise products or services, within another franchisee’s Protected Area. You are not prohibited from directly marketing to or soliciting customers whose principal residence is outside of your Protected Area. We reserve the right to impose requirements or restrictions on the provision of catering and delivery services and/or utilizing third-party delivery services. Our delivery and catering policies and procedures may allow you to provide catering and delivery services in the territories of other Ori’Zaba’s Restaurants without compensating the operator of those restaurants. These policies may also allow other Ori’Zaba’s Restaurants to provide catering and delivery services in your Protected Area without compensating you. Other than the limited rights expressly granted to you under this Agreement, we (on behalf of ourselves and our affiliates) reserve all rights to use the Marks and System, including the following rights, in any manner and on any terms and conditions we deem advisable, and without granting you any rights, accommodation or compensation:

(a) to own, franchise, acquire, operate and license to others to operate Ori’Zaba’s Restaurants at any location outside of the Protected Area, regardless of the proximity to your Restaurant (even if there may be some impact to your business within the Protected Area);

(b) to own, franchise, establish and license to others to establish or operate a Non-Traditional Restaurant (described above) or mobile food truck operating under the Marks at any location, including within your Protected Area, regardless of the proximity to your Restaurant (even if there may be some impact to your business within the Protected Area);

(c) to use the Marks and the System to sell any products or services, similar to those which you will sell, through any alternate channels of distribution within or outside of the Protected Area (even if these businesses are in competition with you). This includes, but is not limited to, other channels of distribution such as television, catalog sales, wholesale to unrelated retail outlets or over the Internet. We exclusively reserve the Internet as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce except in accordance with our Franchise Operations Manual;

(d) to offer and sell food products, including frozen products and proprietary food products, under the Marks or any other marks, through any Non-Traditional Location within or outside of the Protected Area;

(e) to use and license the use of other proprietary and non-proprietary marks or methods, which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution or in the operation of a business offering Mexican-style food and related products and services, at any location, including within the Protected Area, which may be similar to or different from the Restaurant operated by you;

(f) to engage in any transaction, including to purchase or be purchased by, to merge or combine with, to convert to the System or be converted into a new system with any business whether franchised or corporately owned, including a business that competes directly with your Restaurant, whether located inside or outside of your Protected Area, provided that in such situations the newly acquired businesses located inside of your Protected Area will not operate under the Marks;

(g) to use and license the use of technology to non-franchisee located inside and outside the Protected Area; and

(h) to implement multi-area marketing programs which may allow us or others to solicit or sell, to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.

We are not required to pay you if we exercise any of the rights specified above within your Protected Area. We do not pay compensation for soliciting or accepting orders inside your Protected Area.

**2.04 Owners Agreement.** To induce us to enter into this Agreement, all persons with a direct or indirect ownership interest in the Franchise (“Owners”), and their spouses, must sign and deliver to us the Owners Agreement in the form attached to this Agreement as Attachment D. Any future Owners and their spouses must sign and deliver revised versions of Attachment D as a condition of, and in order to reflect any permitted changes in ownership in connection with any permitted transfer of ownership under this Agreement.

**2.05 Entity Requirements.** If you are an entity, you are required to comply with the following requirements at all times (the “Entity Requirements”):

(a) No ownership interests in the capital of your entity shall be issued nor shall you directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, sell, assign, transfer, convey, donate, pledge, mortgage or otherwise encumber any such shares or membership interests or offer or attempt to do so or permit the same to be done without our prior written consent;

(b) Your entity shall maintain stop transfer instructions against transferring ownership interests on its records subject to the restrictions of this Section;

(c) You agree not to use the name “Ori’Zaba’s” or any similar wording in the name of your entity;

~~(e)~~(d) The articles of incorporation, articles of organization, operating agreement, partnership agreement, shareholder agreement, and by-laws of the entity shall provide that its objectives or business is confined exclusively to the operation of the Restaurant as provided for in this Agreement, and copies thereof shall be furnished to us upon request; and

~~(d)~~(e) The entity shall advise us and keep us current as to the names and addresses of the directors, officers, members, partners and shareholder of and persons financially involved in the entity.

### 3. TERM AND EXTENSION

**3.01 Term.** The term of this Agreement begins on the Effective Date and will continue for a period of 10 years (the “Term”), unless terminated sooner by either party. If you are signing this Agreement as a successor franchise agreement, the references to “Term” shall mean the applicable renewal term of the successor franchise agreement.

**3.02 Successor Franchise Rights.** If you meet all of the conditions specified in Section 3.03, we will offer you up to two successor franchise agreements, each with a term of ten years to become effective following the expiration of this Agreement.

**3.03 Conditions to Successor Franchise.** To qualify for an offer of a successor franchise agreement, you must timely satisfy all of the following conditions:

(a) At least six months (but no more than nine months) before the end of the Term of this Agreement, you must give us written notice of your request for an extension of franchise rights.

(b) At least two months (but no more than six months) before the end of the Term of this Agreement, you must upgrade your Restaurant to make it consistent with the then-current System Standards for new Restaurant.

(c) At the time that you give notice of your request for an extension and at the end of the initial term, you must not be in default under this Agreement or any other agreement with us or any of our affiliates, and you must have substantially complied with all the provisions of this Agreement and of any other agreements with us or any affiliate during their respective terms. In addition, you must be without more than two compliance letters written to you in the ensuing five years prior to renewal.

(d) At least one month before the end of the Term of this Agreement, you must sign the then-current version of our standard franchise agreement and related documents (including, but not limited to, an Owners Agreement or similar guaranty) for similar units, to become effective upon the expiration of this Agreement, and you must pay us a renewal fee of \$10,000. However, you will not be required to pay the then-current Initial Franchise Fee. You acknowledge that the terms and conditions of that agreement may be materially different from this Agreement, and they might not be as favorable to you. You will have two additional options to extend the Franchise under the same terms and conditions set forth herein; and the Protected Area will be the same as under this Agreement.

(e) At the end of the Term, you (and/or your Designated Manager, if we require) must satisfy our then-current qualification and training requirements.

(f) At least one month before the end of the Term, you (and your owners, if we require) must sign and deliver to us a general release, in a form we will provide, of all known and unknown claims you or your owners may have against us and any of our affiliates (and our and their respective officers, directors, partners, owners, agents, and employees).

**3.04 Interim Term.** If you do not sign a successor franchise agreement after the expiration of the Term and you continue to accept the benefits of this Agreement, then at our option, this Agreement may be treated either as: (i) expired as of the date of the expiration with you then operating without a franchise agreement to do so and in violation of our rights; or (ii) continued on a month-to-month basis (the “Interim Term”) until either party provides the other party with 30 days’ prior written notice of the party’s intention to terminate the Interim Term. In the latter case, all of your obligations will remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations and restrictions imposed on you upon the expiration or termination of this Agreement will be deemed to take effect upon the termination of the Interim Term.

You have no rights under this Agreement to use, and you will not use, the System or Marks after expiration or termination of this Agreement. Some of your duties and obligations under this Agreement will survive after expiration or termination of this Agreement as provided herein.

#### **4. YOUR DEVELOPMENT OBLIGATIONS**

**4.01 Site Selection.** You will be solely responsible for locating and obtaining a suitable site for your Restaurant, which we have the right to approve. You must utilize our designated supplier of site selection services. Before entering into a lease agreement or other binding agreement to acquire the proposed site, you must: submit to us a written description of the proposed site for our approval; provide us with other information regarding the proposed site according to the System Standards or as we reasonably request; and verify to us in writing that the proposed site meets our site selection criteria. Within 30 days of our receipt of all such information, we will then approve or disapprove the proposed site. If we disapprove of the proposed site, you must select an alternate site and repeat the site approval process until we have approved a proposed site for your Restaurant.

You acknowledge and agree that our approval of a site does not constitute a representation or warranty of any kind, express or implied, as to the suitability of the site for a Restaurant or for any other purpose. You assume all responsibility for the selection of the site and its suitability for your Restaurant. You acknowledge and agree that we are not responsible for any errors or omissions in connection with the site selection process, nor are we responsible for any losses, costs, expenses, or damages that you may incur as a result of the site selection. Furthermore, you acknowledge and agree that we have no liability or responsibility for any act or omission of any third party, including but not limited to landlords, brokers, agents, or other parties involved in the site selection process. You shall indemnify and hold us harmless from any and all claims, demands, losses, costs, expenses, or damages arising out of or in connection with the selection of the site for your Restaurant. Different jurisdictions have specific requirements that must be met before you can open a Restaurant at a given location. It is your responsibility, prior to signing a lease, to make sure the location and the ability to operate a Restaurant as a franchisee at that location is approved by the governing jurisdiction. Our approval of the site indicates only that we believe that a site falls within the acceptable site selection criteria as of that time. You understand and agree that our approval of the site for your Restaurant is solely for the purpose of ensuring that the site meets our standards and criteria for the operation of the Restaurant, and that we make no representations or warranties as to the suitability, viability, or profitability of the site. You acknowledge that you have conducted your own due diligence with respect to the site selection and are solely responsible for the consequences of your decision to select and lease the site for your Restaurant.

You must identify the site for your Restaurant within 60 days after signing this Agreement and purchase or lease the site within 180 days after signing this Agreement. We reserve the right to require you to use a market analysis and management service that we require. You must pay the then-current fee for these services. If you and we cannot reach an agreement on an acceptable site, we may terminate the Franchise Agreement without providing you a refund of any fees you paid to us.

**4.02 Lease Provisions.** After we have approved a proposed site, you must then lease or purchase the approved site. If you will lease the site, your lease must include certain provisions for our protection. You must provide us with a copy of your proposed lease agreement for our review and approval before you sign it. You must not sign the proposed lease agreement until after you have our express written approval. Your landlord may require you and, if you are an entity, your owners, and spouses to sign a personal guaranty. Any lease relating to the Premises must contain the following provisions contained either in the form Lease Addendum attached to the Franchise Disclosure Document or otherwise in contractual language acceptable to us as follows:

(a) The use of the leased Premises will be restricted solely to the operation of a Restaurant.

(b) The landlord, upon termination or expiration of the lease, consents to the tenant's removal (at the tenant's expense) of the exterior and interior signs and trade fixtures, so long as the tenant makes repairs caused by the removal of these items.

(c) The landlord will provide to us (at the same time they are sent to the tenant) a copy of all lease amendments and assignments, and a copy of all letters and notices sent to the tenant relating to the lease or the leased Premises.

(d) We will have the right to enter the leased Premises to make any modifications or alterations, at our own cost, necessary (in our opinion) to protect the System and the Marks and to cure, within the time periods provided by the lease, any default under the lease, all without being guilty of trespass or other tort.

(e) The tenant may assign the lease to us (or our designee) with the landlord's consent (which consent will not be unreasonably withheld) and without payment of any assignment fee or similar charge or increase in any rent. The tenant will remain solely responsible for all obligations, debts and payments under the lease accruing before the effective date of any assignment to us (or our designee).

(f) The landlord will not amend or otherwise modify the lease in any manner that would affect any of the foregoing requirements without our prior written consent (which will not be unreasonably withheld).

(g) The total possible term of the lease (including the initial term and all renewal terms that are at the tenant's option) must be for at least five years.

(h) Upon expiration or termination of this Agreement, we (or our designee) will have the right to an assignment of the lease with the landlord's consent (which consent will not be unreasonably withheld) and without payment of any assignment fee or similar charge or increase in any rent. The tenant will remain solely responsible for all obligations, debts and payments under the lease accruing before the effective date of any assignment to us (or our designee).

**4.03 Construction, Remodeling and Build-out.** Promptly after obtaining possession of the approved site for the Restaurant, you will: (a) have prepared and submit to us for approval plans for the

construction, build-out or remodeling of the site consistent with the System Standards and applicable law, if you are unable to use our standard plans; provided, that any altered plans must be submitted to us and receive our approval before such plans can be used. You acknowledge that our review of your amended plans is not meant to assess any compliance with applicable laws, regulations and/or building codes, all of which is your responsibility; (b) obtain all required permits, licenses, and zoning variances; (c) complete the construction, build-out, and/or remodeling of the Premises consistent with the approved plans, the System Standards, and applicable law; (d) purchase or lease and install all required equipment, furnishings, fixtures, signs and décor as required by this Agreement and the System Standards; (e) obtain all customary contractors sworn statement and waivers of liens; and (f) otherwise prepare the Restaurant for opening for business as required by this Agreement and the System Standards. We will not deliver or assist you with the installation of any fixtures, furnishings, equipment, signs or other supplies, or in the remodeling or decorating of your Restaurant. We also will not assist you in conforming the premises to local ordinance and building codes nor will we assist you in obtaining any required permits.

**4.04 Furnishings, Fixtures, Equipment and Signs.** You must purchase, lease or otherwise use and install (at your own cost and expense) in the establishment and operation of the Restaurant all of the furnishings, fixtures, equipment, supplies and signs that we have approved as meeting our specifications and standards for quality, design, appearance, function and performance, and only these items. You must purchase or lease approved brands, types or models of furnishings, fixtures, equipment, and signs only from suppliers designated or approved by us and according to System Standards. You agree to place or display at the Restaurant only the signs, logos and display materials that we have approved. After your Restaurant has been built out, equipped and decorated according to System Standards, you will not make any material alteration to the Premises, furnishings, fixtures, equipment or signs without our prior express written approval.

**4.05 Inventory and Supplies.** You must purchase and stock in the Restaurant all of the required inventory and supply items, in an adequate mix and quantity of each, all according to the System Standards. Such inventory and items shall be purchased from the suppliers we designate or approve, which may include or be limited to us or our affiliates.

**4.06 Commencement of Restaurant.** Unless we agree in writing to a later opening date, you must open the Restaurant and begin business within 18 months after the Effective Date of this Agreement. Before opening the Restaurant, you must comply with all of your applicable development and operating obligations under this Agreement, including: (a) obtain all required permits and licenses; (b) properly complete all construction, remodeling and build-out of the Restaurant; (c) properly complete installation of all furnishings, fixtures, equipment and signs; (d) properly display and stock all required inventory and supplies; (e) successfully complete the initial training program; (f) provide to us proper evidence of required insurance coverage; and (g) provide to us any other information or documents relating to the Restaurant's readiness for opening or your compliance with applicable System Standards. You agree that if you sell alcoholic beverages in the Restaurant then will comply with: (i) all liquor licensing laws; (ii) all federal, state, city, local and municipal licensing, insurance and other laws, regulations and requirements applicable to the sale of alcoholic beverages at the Restaurant; and (iii) the liquor liability insurance requirements set forth in this Agreement as may be amended by us. You acknowledge and agree that you alone are responsible for all costs and expenses, including legal fees, associated with obtaining the licenses required under this Section. You must obtain our written approval before opening the Restaurant, and you must schedule the opening on a mutually-convenient date. If you do not open your Restaurant within 18 months after the execution of this Agreement, this Agreement may be terminated.

**4.07 Relocation.** If your Restaurant's lease expires or terminates without your fault or if the site is condemned, destroyed or otherwise rendered unusable, you must seek our approval to relocate the Restaurant to a new location that meets our then-current site selection criteria, subject to the territorial rights

of other Restaurants operated by franchisees or our affiliates. You agree to fully de-identify the former location of the Restaurant in accordance with our requirements at your sole cost and expense. You must reimburse us for our reasonable expenses from any third-party providers, must open for business within 120 days of the date your Restaurant closes and you must comply with all of the requirements of this Section 4 with regard to any relocation. Any reimbursement paid to us is in addition to your construction, buildout and remodeling costs for the new Restaurant location.

## 5. YOUR OPERATING OBLIGATIONS

**5.01 Compliance with System Standards.** You will maintain high standards of quality, appearance and operation for the Restaurant. For the purpose of enhancing the public image and reputation of the businesses operating under the System and for the purpose of increasing the demand for items and services associated with the Marks, you will comply in good faith with all System Standards, including those contained in the confidential online franchise operations manual (“Franchise Operations Manual”). You will operate and maintain the Restaurant solely in the manner and pursuant to the standards prescribed herein, in the Franchise Operations Manual and in other materials we provide to you. Any required standards exist to protect our interests in the System and the Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you. The required standards generally will be set forth in the Franchise Operations Manual or other written materials. The Franchise Operations Manual also will include guidelines or recommendations in addition to required standards. In some instances, the required standards will include recommendations or guidelines to meet the required standards. You may follow the recommendations or guidelines or some other suitable alternative, provided you meet and comply with the required standards. In other instances, no suitable alternative may exist. In order to protect our interests in the System and Marks, we reserve the right to determine if you are meeting a required standard and whether an alternative is suitable to any recommendations or guidelines.

**5.02 Compliance with Sound Restaurant Practices.** You will at all times operate the Restaurant diligently and in a manner which is consistent with sound business practices. You will at all times maintain working capital and a net worth which is sufficient, in our opinion, to enable you to fulfill properly all of your responsibilities under this Agreement. You will pay all of your debts and obligations incurred in the operation of the Restaurant as these debts and obligations become due. You will, in all dealings with us and our affiliates, your suppliers and customers, and public officials, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You will refrain from any business practice which may harm our business, System or Marks, or other franchisees’ businesses. You will cause your affiliates, employees, owners, representatives and agents to strictly comply with the provisions of this Agreement.

**5.03 Lease Compliance.** You will comply with all of the terms of your lease, sublease, and other agreements authorizing use of the Premises, and will refrain from any activity which may jeopardize your right to remain in possession of, or to renew the lease or sublease for, the Premises. You will not amend or otherwise modify your lease without our express written consent.

**5.04 Compliance with Laws.** You will obtain and maintain in force, as and when needed, all governmental permits, licenses and approvals required by applicable law to establish and operate the Restaurant at the Premises. You will pay when due (or properly and timely contest) all federal, state and local payroll, withholding, unemployment, permit, license, property, ad valorem, use, sales, gross receipts, income, property and other taxes, assessments, fees, charges, penalties and interest, which may be charged or levied against us as a result of your business operations, and will file when due all required governmental returns, notices and other filings. You will conduct your business operations under this Agreement in full compliance with all applicable laws, ordinances, regulations, rules, administrative orders, decrees and policies of any local, state, or federal government, governmental agency or department. You will notify us

promptly if you obtain any information that any aspect of the System does not comply with any applicable law, rule or regulation.

You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any of the Anti-Terrorism Laws. “Anti-Terrorism Laws” mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners’ assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

If applicable law implies a covenant of good faith and fair dealing in this Agreement, you and we agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply the covenant, you agree that: (i) this Agreement (and the relationship of the parties that is inherent in this Agreement) grants us the 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 affect favorably or adversely your interests; (ii) 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 generally (including ourselves and our affiliates if applicable), and specifically without considering your individual interests or the individual interests of any other particular franchisee; (iii) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.

**5.05 Restaurant Image.** You will at all times maintain your Restaurant according to the System Standards, including those standards prescribed in the Franchise Operations Manual, such as standards and specifications relating to the safety, maintenance, cleanliness, sanitation, function and appearance of the Restaurant and your equipment and signs, as well as the requirement that the employees of the Restaurant will be required to wear uniforms and to maintain a standard of appearance while employed at the Restaurant. You will maintain and operate the Restaurant in a good, clean, wholesome manner.

**5.06 Goodwill.** You will use reasonable efforts to protect, maintain and promote the trade name “Ori’Zaba’s Mexican Grill<sup>®</sup>,” “Ori’Zaba’s Scratch Mexican Grill,” (or other trade name we approve) and our distinguishing characteristics, the other Marks and the System. You will not permit or allow your officers, directors, owners, managers, employees, representatives or agents to engage in conduct which is unlawful or damaging to the goodwill or public image of the Marks or System. You will participate in all quality assurance, customer service and customer satisfaction programs we require in good faith. You will follow System Standards for identification of your operations and for you to avoid confusion on the part of customers, creditors, lenders, investors and the public as to the ownership and operation of the Franchise.

**5.07 Quality and Customer Service Standards.** All items and services you provide under this Franchise will be of high quality, and will conform to the quality and customer service standards we may establish from time to time.

**5.08 Maintenance of Restaurant.** You will install and maintain at the Restaurant, at your expense, all furnishings, fixtures, equipment, and signs as required by the System Standards. You will not install or permit to be installed on or about the Premises any furnishings, fixtures, equipment, signs, décor, vending machines, video games, or the like that we have not previously approved. You will maintain the

Premises, and all furnishings, fixtures, equipment and signs in a clean, attractive condition, and in good working order and repair. If we notify you of any deficiency as to the general state of repair or appearance of the Premises, furnishings, fixtures, equipment, signs or décor, you must undertake the action we reasonably specify to correct the deficiency within the time period we specify.

**5.09 Refurbishing the Restaurant.** Within six months after our request, you will: (a) remodel, redecorate, and refurbish the Restaurant at your expense, to conform to the décor, color schemes, and presentation of trademarks and service marks consistent with our then-current image; and (b) upgrade, modify and/or replace furnishings, fixtures and equipment to conform to our then-current System Standards. You will not be required to make significant capital expenditures in excess of \$50,000, in this regard, during the first seven years of the Term of this Agreement, but you may be required to purchase equipment necessary to offer and sell new items or services.

**5.10 Approved Items and Services.** You will offer all approved items and services pursuant to the System Standards at the Restaurant, and no other items or services. You will prepare and offer for sale all required menu items using the recipes, ingredients, serving sizes, decorations, nomenclature and presentation exactly in accordance with the System Standards. If you desire to offer any unapproved items or services, you must first obtain our prior express written consent. You will be required to submit to us any information, specifications and samples of the unapproved items or services. We will use commercially reasonable efforts to notify you in writing within 30 days after receiving all requested information and materials whether or not you are authorized to use or sell the authorized product or service or to purchase or lease the product or service from that supplier or provider. You will refrain from deviating from System Standards by the offer, sale or use of any non-conforming items or services, without our prior express written consent. You will not sell any items offered by the Franchise outside of the Restaurant including, as an example, by food truck or catering services, without our express written consent.

**5.11 Purchasing.** You will purchase or procure certain designated items (including furnishings, fixtures, equipment, signs, inventory and supplies) and services from our required suppliers in compliance with any minimum standards or specifications we may periodically establish, and from only the suppliers that we approve which may include or be limited to us or our affiliates. When required vendors cannot support our standards in your area, you may seek approval to purchase or procure any other approved items or services for the Franchise from any competent source, so long as the items and services meet or exceed the System Standards. You will maintain at the Restaurant, at your expense, the mix and quantity of inventory and supplies as required by the System Standards. You acknowledge and agree that only purchasing and using items from our approved suppliers and designated vendors is critical to the uniformity and success of the System. Your failure to do so or your purchase of any items or services from vendors that we have not approved or from vendors that we require in violation of our System Standards will result in you being required to pay us a fine of \$500 per occurrence in addition to any rights and remedies that we have under this Agreement.

Additionally, Franchisee shall purchase and use, in the operation of the Ori'Zaba's Restaurant, all branded items, plates, cups, bags, liners, menus, signage and other materials as designated and approved by us. You agree to only use and display such items in accordance with our specifications and standards. Franchisee acknowledges that the purchase and consistent use of such branded items is essential to maintaining the quality and consistency of the Ori'Zaba's Restaurant and protecting the goodwill associated with the Marks and trade dress. Accordingly, if you fail to purchase or use such branded items as required by us you shall be in breach of this Agreement. In addition to any other remedies provided for in this Agreement, Franchisee you will be required to pay us a fine in the amount of \$150 for each instance. ~~If you breach this requirement multiple times during the term of this Agreement, your fine will be multiplied by the number of times the issue has occurred (by way of example, the fee you must pay us for the third occurrence would be \$450 (\$150 multiplied by 3)).~~ Such fines shall be paid within 7 days of our notice for

your failure to comply. You acknowledge and agree that the payment of such fines shall not relieve you of your obligation to purchase and use such branded items.

**5.12 Computer and Communications System.** You will, at your expense, purchase and maintain any point-of-sale system, cash register, computer hardware and software, communication equipment, communication services, Internet services (including the requirement to maintain a high speed internet connection), dedicated telephone and power lines, modems, printers, and other related accessories or peripheral equipment that we may specify for use in the Franchise. If requested by you, we may provide you with assistance in purchasing and setting up your computer and/or point-of-sale system, in which case you will reimburse us for the actual costs of the items we purchase and costs of our representatives who assist in the set up. You will provide any assistance we require to connect your point-of-sale system or computer system with our computer system. We will have the right at any time to gain read-only access to retrieve data and other information from your point-of-sale system or computer system as we, in our sole discretion, deem necessary or desirable. You shall ensure that we have access at all times to your point-of-sale system, at your cost. You will strictly comply with System Standards for all items associated with your point-of-sale system, computer system and communication equipment and services. You will keep the point-of-sale system, computer system and communication equipment in good maintenance and repair, and you will promptly install, at your expense, any additions, changes, modifications or substitutions to your point-of-sale system, computer hardware, software, communication equipment, telephone and power lines, and other related accessories or peripheral equipment, as we may specify periodically. You must pay third-party vendors ongoing fees for the required software and services. We reserve the right to enter into a master license agreement with any software or technology supplier and sublicense the software or technology to you, in which case we may charge you for all amounts that we must pay to the licensor based on your use of the software or technology. We also reserve the right to create proprietary software or technology that must be used by Restaurants, in which case we may require that you enter into a license agreement with us and pay us reasonable initial and ongoing licensing, support and maintenance fees. You will utilize the point-of-sale system, computer system and communication equipment, software, and services in connection with the Franchise pursuant to the System Standards. You acknowledge and agree that changes to technology are dynamic and not predictable within the Term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we will have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and you agree to comply with those reasonable new standards that we establish as if we periodically revised this Section for that purpose. We charge you a Technology Fee (defined in Section 8.05) for certain technologies used in the operation of the Franchise. We are not required to provide you with any ongoing maintenance, repairs, upgrades, or support for your computer system.

### **5.13 Marketing/Advertising.**

(a) **Marketing Programs.** You will participate in all advertising, public relations, promotion, market research, and other marketing activities (“Marketing Programs”) we may implement for the System.

(b) **Grand Opening Advertising.** You must spend a minimum of \$7,500 on local advertising, public relations, promotion, and other marketing activities in connection with your grand opening. Such amount shall be spent before your Restaurant opens and during its first 90 days of operation. Your grand opening advertising campaign and all expenditures must be approved by us using the methods and channels that we specify before it can be conducted. You must submit to us proof of these expenditures within 120 days after your Restaurant first opens for business. Your grand opening advertising is in addition to your Local Store Marketing Requirement as defined in Section 5.13(c) below.

(c) Local Store Marketing. In addition to the Brand Fund Contribution (defined in Section 7.15), you must spend an average of three percent (3%) of Gross Sales on local advertising each month (the “Local Store Marketing Requirement”). If you fail to spend the Local Store Marketing Requirement, you will be required to contribute the difference to the Brand Fund. Any marketing expenditures exceeding your Local Store Marketing Requirement will not be credited to the following month’s requirement. You must only use the marketing materials that have been created and approved by us in accordance with the System Standards and applicable law. If you use advertising that has not been approved by us, you will be required to pay us \$500 per incident, which will be either paid to us or deposited into the Brand Fund. Any amounts you spend on advertising that has not been approved by us will not count towards your Local Store Marketing Requirement. Upon our request, you will immediately stop using any marketing materials or programs that we, in our sole opinion, deem to be outdated, false, misleading, illegal, in violation of this Agreement, inconsistent with the System Standards, harmful to the System or Marks, or potentially harmful to the goodwill, reputation or customer relations of us or our franchisees or affiliates. At our request, all marketing and promotional materials used by you shall include specific language, such as “Franchises Available” and our website address and telephone number. If you engage in direct-to-consumer-advertising barter, you may only attribute the cost of food bartered toward the Local Store Marketing Requirement, and not the full retail value of such goods.

(d) Press Releases. You will not issue any press release without our prior express written approval.

(e) Contributions and Donations. You will not make any contributions or donations of items, services or money to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic or other type of organization (or to any individual on behalf on any organization) in the name of the Franchise or otherwise associate with any Mark, without our prior express written consent.

(f) Custom Marketing and Approval. We may negotiate marketing programs with suppliers and obtain advertising allowances for doing so. If you choose to display custom artwork or custom marketing materials, these items must be created by us and remain our sole property. We will charge you our then-current fee for time spent designing and creating the designs for your custom marketing materials. You are responsible for the cost of producing or printing the marketing materials we design for you. You may only use advertising and other marketing materials that are created and approved by us. If you violate any provision of this Section, in addition to all other remedies available to us, you will pay an unauthorized advertising fee of \$500 per occurrence to the Brand Fund to offset the damage caused by your breach.

(g) Local and Regional Advertising Cooperatives. You agree that we may, in our sole discretion, designate any geographic area as a designated marketing area and require the formation of a dominant influence marketing fund, and determine whether a local or regional advertising cooperative is applicable to your Franchise. If a local or regional advertising cooperative is established, contribution amounts will be established by the cooperative members, subject to our approval. We may also require that any local or regional advertising cooperative be changed, dissolved or merged. You agree to participate in the local or regional advertising cooperative with other Ori’Zaba’s Restaurants, in accordance with the Franchise Operations Manual, if we establish a local or regional advertising cooperative that includes all or a majority of your Protected Area. In such an event, you will execute any membership agreement that we may require, which will be consistent for each local or regional advertising cooperative member.

(h) Menus and Pricing. We will provide you with a one-time complimentary training consultation on how to update your Restaurant’s menu prices at the same time you receive your initial training. If you choose to make changes to your menu or pricing, and you need additional assistance on top

of the initial menu training and consultation, you agree to pay us our then-current hourly rate for the time spent any such changes.

**5.14 Telephone.** You will obtain a telephone number for exclusive use in connection with the Franchise, and this telephone number will be deemed to be our property.

**5.15 Internet Listing.** You will not, directly or indirectly, create or maintain an Internet web page, website address or Internet directory listing relating in any way to your Restaurant, or which uses any Marks. You are prohibited from conducting any aspect of the Franchise through the Internet (except email communications). You are strictly prohibited from promoting your Restaurant and using the Marks in any manner on social media, crowdfunding campaigns, blogs or other network communications or other online sites, without our prior written consent. We have the right to review all content on any such online site.

**5.16 Hours of Operation.** You will keep the Restaurant open and in normal operation for the minimum hours and/or days as required by the System Standards, to the extent consistent with local law and your lease. If you need to close your Restaurant during any normal operating hours, you will notify us of such closure as soon as reasonably practicable in the method set forth in our Franchise Operations Manual. If you fail to notify us of such closure you will pay us a \$500 fee per day the Restaurant is closed without proper notice in accordance with Section 8.17.

**5.17 Notification of Legal Proceedings and Crisis Management Event.** You will notify us in writing within five business days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, of which you become aware and which may adversely affect the operation or financial condition of the Restaurant.

Upon the occurrence of a Crisis Management Event, you shall without delay inform us by telephone and email. “Crisis Management Event” means any event that occurs at or about the Franchise that has or may cause harm or injury to customers or employees. Examples include, but are not limited to, food contamination, food spoilage/poisoning, food tampering, contagious diseases, natural disasters, terrorist acts, shootings, or any other circumstance which may damage the System, Marks, or image or reputation of the Restaurant, Franchise System or us. You will cooperate fully with us with respect to our response to the Crisis Management Event. You shall cooperate fully with us with respect to our response to the Crisis Management Event. In the event of the occurrence of a Crisis Management Event, we may also establish emergency procedures which may require you to temporarily close the Restaurant to the public, in which event we shall not be liable to you for any loss or costs, including consequential damages or lost profits occasioned thereby.

**5.18 Customer List.** You will protect the privacy of your customers by keeping their personal information confidential. You will not disclose customer information to anyone other than your employees and us without our prior written consent.

**5.19 Non-Competition.** You (and, if you are an entity, your owners, officers and directors) and your managers will not engage in, assist, acquire, advise, consult with, be employed by, own, or become associated in any way with any business whose methods of operation, trade dress or business concept is the same as or similar to that of the System or the Marks, or which offers Mexican-style food, other than the Franchise, without our prior express written consent.

**5.20 Uniforms.** You will require your managers and other employees to wear uniforms as required by our System Standards.

**5.21 Confidentiality and Non-Competition Agreements.** Any Designated Manager and, if you are an entity, an officer that does not own equity in the franchisee entity, must sign the “System Protection Agreement,” the form of which is attached within Exhibit I to our Franchise Disclosure Document. All of your employees, independent contractors, agents or representatives that may have access to our confidential information must sign a confidentiality agreement (unless they already signed a System Protection Agreement); the current form of our approved confidentiality agreement is attached within Exhibit I to our Franchise Disclosure Document.

**5.22 Customer Satisfaction.** You will use your best efforts to ensure customer satisfaction; use good faith in all dealings with customers, potential customers, referral sources, suppliers and creditors; respond to customer complaints in a courteous, prompt and professional manner; use your best efforts to promptly and fairly resolve customer disputes in a mutually agreeable manner; and take such actions as we deem necessary or appropriate to resolve customer disputes. If you have not contacted a customer with a complaint within 48 hours of receiving the complaint, we may remedy any issues with your customers in our sole discretion including reimbursement of any fees paid to you. You are responsible to reimburse us for all costs we incur, including our time which we currently bill at \$195 per hour, in addressing any issue with a customer of your Franchise.

**5.23 Staffing.** You must hire and supervise efficient, competent, and courteous persons as your employees for the operation of your Franchise. You must require all your employees to work in clean uniforms approved by us, but furnished at your cost or the employees’ cost as you may determine or as required by applicable law. You understand and acknowledge it is your responsibility to hire and supervise a satisfactory number of employees in order to efficiently operate the Premises and meet your obligations under this Agreement. You alone are responsible for all employment decisions and functions of your Franchise, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, safety, work conditions, assignments, taxes, schedules, personnel policies, benefits, recordkeeping, supervision, discipline of employees and compliance with all workplace laws, regardless of whether you have received advice from us on these subjects or not. We will have no liability for any action or settlement related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, safety, work conditions, assignments, taxes, schedules, personnel policies, benefits, recordkeeping, supervision, discipline of employees and compliance with all workplace laws, and you agree to indemnify us for any such liabilities we incur. You agree to inform each of your employees that you alone are their employer, and that we are not. You agree to explain to your employees and contractors the respective roles of a franchisor and franchisee and our relationship with you, and you will request that your employees and contractors sign any acknowledgement or disclosure explaining the differences between us and you, their employer or contractor. At no time will you or your employees be deemed to be employees of us or our affiliates and we are not a joint employer of those persons. We will have no obligation to direct your employees or to operate the business. Upon our request, you and each employee will sign an employment relationship acknowledgement form within seven days stating that you alone are the employer and operate your Franchise. You will use your legal name on all documents for use with employees and contractors, including but not limited to, employment applications, time cards, pay checks and employment and independent contractor agreements and will not use the Marks on these documents. You will also post a conspicuous notice to employees to explain that you are a franchisee and that your employees are employed by you and not by us.

**5.24 Privacy.** You agree to comply with all applicable laws pertaining to the privacy of customer, employee, and transactional information (“Privacy Laws”). You also agree to comply with our standards and policies pertaining to Privacy Laws. If there is a conflict between our standards and policies pertaining to Privacy Laws and actual applicable law, you will: (a) comply with the requirements of applicable law; (b) immediately give us written notice of said conflict; and (c) promptly and fully cooperate

with us and our counsel in determining the most effective way, if any, to meet our standards and policies pertaining to Privacy Laws within the bounds of applicable law. You agree not to publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent as to said policy.

**5.25 Methods of Payment and Data Security.** You agree to maintain, at all times, credit-card relationships with the credit and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, and electronic-fund-transfer systems (together, “Credit Card Vendors”) that we may periodically designate as mandatory. The term “Credit Card Vendors” includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, “Apple Pay” and “Google Wallet”). You agree not to use any Credit Card Vendor for which we have not given you our prior written approval or as to which we have revoked our earlier approval. We have the right to modify our requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke our approval of any service provider.

You agree to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC or any successor organization or standards that we may reasonably specify. Among other things, you agree to implement the enhancements, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards.

**5.26 Advisory Councils.** You agree that we reserve the right, but not the obligation, to form one or more advisory councils or similar organizations, and if we so require, you shall participate in and become a member of such advisory councils or similar organizations. Any such advisory council(s) would be governed by bylaws and we will have the power to form, change or dissolve any such advisory council(s) in our sole discretion.

**5.27 Payment of Debts.** You agree to pay promptly when due: (i) all payments, obligations, assessments and taxes due and payable to our affiliates and us, your suppliers, lessors, federal, state or local governments, or creditors in connection with your Ori’Zaba’s Restaurant; (ii) all liens and encumbrances of every kind and character created or placed upon or against any of the property used in connection with the Ori’Zaba’s Restaurant; and (iii) all accounts and other indebtedness of every kind incurred by you in the conduct of the Ori’Zaba’s Restaurant. If you default in making any payment when due, we are authorized, but not required, to pay them on your behalf. You agree promptly to reimburse us on demand for any such payment.

## 6. PREMISES MANAGEMENT

**6.01 Management.** At all times during the Term of this Agreement, you will designate a manager who meets our educational, managerial and business experience standards and is approved by us to devote full time, energy, attention and best efforts to the management and operation of the Restaurant (“Designated Manager”). If you are an individual, you may serve as the Designated Manager. If you are an entity, an owner, officer or other qualified employee approved by us may serve as the Designated Manager. You will designate to us in writing the identity of your initial Designated Manager as soon as possible after the Effective Date of this Agreement. You will designate to us in writing the identity of each successor Designated Manager immediately after the prior Designated Manager ceases to serve as Designated Manager. In addition, if you are an entity, you must designate an “Operating Principal” acceptable to us who will be principally responsible for communicating with us about your Restaurant; the Operating Principal must have the authority and responsibility for the day-to-day operations of your Ori’Zaba’s Restaurant and must have at least ten percent (10%) equity in the franchisee entity. You acknowledge and agree that you along are responsible for hiring the Designated Manager who is qualified

and competent to perform the duties of the position, and for ensuring that the Designated Manager complies with all ~~Franchisor's~~ Franchisor's policies and procedures and that our approval of your Designated Manager does not mean that we are directly involved in the hiring process or that our approval is otherwise an endorsement of the Designated Manager's experience and qualifications. You acknowledge that our approval of your Designated Manager is solely for the purpose of ensuring that the Designated Manager meets our minimum standards and criteria for the operation of the Restaurant.

**6.02 Training and Additional Assistance.** Your Designated Manager and one additional managerial employee, such as an assistant restaurant manager or shift manager ("Designated Trainee"), must, before the opening of the Restaurant, attend and complete to our satisfaction the initial "Train-the-Trainer" training program. If you have additional ~~trainees attendeetrainee attendees~~, you will pay our then-current initial training fee (currently, \$3,000 per additional trainee) before the initial training program begins. This initial training fee for additional trainees is fully earned once paid and is non-refundable. All other expenses incurred in connection with attendance of training, including the cost of travel, transportation, meals, lodging and any wages will be your responsibility. If you replace a Designated Manager, the new Designated Manager must satisfactorily complete our initial training program. You will pay to us the then-current tuition (~~or then-current~~currently, \$3,000 per ~~diem fee~~trainee) and expenses we incur for the initial training we may require for any successor Designated Manager or any additional trainees, including the reasonable travel, transportation, meals and lodging expenses we incur if we elect to provide this training at your Restaurant. If your Designated Manager or Designated Trainee fail to successfully complete the initial training program to our satisfaction, we may require that person to attend additional training programs (at your cost) or we may require you to appoint a new Designated Manager or Designated Trainee and to send that new Designated Manager or Designated Trainee to the initial training program (at your cost). If, after this corrective action, your Designated Manager or Designated Trainee fails to successfully complete the initial training program to our satisfaction, we may terminate this Agreement. If you require our representative to further assist with pre-opening training or support through the grand opening phase, you will incur an additional \$500 per day fee per trainer plus actual costs, which include lodging, travel, meals and other incidentals. If you request additional assistance with the set-up of your business that is outside of the scope of initial training, we will charge our then-current additional assistance fee (currently, \$195 per hour fee).

**6.03 Other Training.** You (or your Operating Principal, if you are an entity) and your Designated Manager must attend any additional or refresher training programs that we designate as mandatory for franchisees and managers, respectively, unless your absence is excused by us. You will be responsible for all travel, transportation, lodging, meals and incidental expenses and compensation of the people you send for additional or refresher training programs, and you will pay us the cost of providing training materials (if any), and any tuition we may impose under Section 7.09 of this Agreement. All training materials are confidential, and will remain our property. If you require additional training or special assistance at your Restaurant, we will charge you for our actual costs, which include travel, transportation, lodging, meals and incidental expenses, plus a daily assistance fee. If you require additional assistance during grand opening you will pay us \$195500 per ~~hour~~day plus our costs for providing such assistance.

**6.04 Employee Training.** You will maintain competent and conscientious personnel to operate the Restaurant in accordance with this Agreement and the Franchise Operations Manual. You will train or cause the training of all of your personnel as and when required by prudent business practices, System Standards, or this Agreement. All employees or independent contractors hired by or working for you will be your employees or independent contractors alone and will not, for any purpose, be deemed our employees or subject to our control. You alone are solely responsible for all hiring and employment decisions and functions relating to the Restaurant, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of employees, regardless of whether you have

received advice from us on these subjects or not. You agree that any direction you receive from us regarding employment policies should be considered as examples, that you alone are responsible for establishing and implementing your own policies, and that you understand that you should do so in consultation with local legal counsel well-versed in employment law.

## 7. ASSISTANCE BY US

**7.01 Restaurant Location.** We will provide you with our standard site selection criteria, our designated site selection vendor, and provide standard Restaurant layout plans and specifications. We will designate an architect or otherwise require you to use an architect we approve to provide architect drawings for your Restaurant at your sole expense. We will also provide you with the assistance and consultation we deem advisable regarding site selection and/or the layout of the Restaurant at the Premises and you agree to use our designated vendor for such services. You acknowledge that we will have no obligation to select or acquire a site on your behalf. We disclaim all liability for the consequences of approving a particular site. Our site selection assistance does not constitute any warranty or guaranty that the Franchise will be profitable or otherwise successful at the Premises.

**7.02 Lease Review.** We will review the proposed lease for the Restaurant site after you submit the proposed lease to us. If the proposed lease complies with the requirements in Section 4.02 of this Agreement and is otherwise acceptable to us, we will approve it. We will promptly advise you of our decision regarding the proposed lease. The final decision whether to acquire a particular approved site or whether to sign a particular approved lease rests solely with you. Our review of the lease is only to confirm that it complies with the requirements of this Agreement, and does not constitute any warranty or guaranty related to the lease.

**7.03 Restaurant Construction, ~~Remodeling~~ and Build-Out.** We will provide you with the consultation we deem advisable regarding ~~constructing, remodeling~~ construction or build-out of the Restaurant.

**7.04 Loan of Franchise Operations Manual.** At least 30 days prior to opening your Restaurant, we will provide you with access to our current online Franchise Operations Manual for the Term of this Agreement, and we will later provide you with all periodic modifications thereto and any other manual we may develop specifying the System Standards. We reserve the right to provide the Franchise Operations Manual in electronic files, intranet or password-protected website. You acknowledge that your compliance with the Franchise Operations Manual is vitally important to us and other System franchisees and is necessary to protect our reputation and the goodwill of the Marks and to maintain the uniform quality of operation throughout the System. However, while the Franchise Operations Manual is designed to protect our reputation and the goodwill of the Marks, it is not designed to control the day-to-day operation of the Franchise.

**7.05 Furnishings, Fixture, Equipment and Signs.** We will provide you with standard lists and/or specifications for approved furnishings, fixtures, equipment and signs. We will provide you with standard lists of any authorized suppliers of any of these items. We will provide you with the assistance and consultation we deem advisable regarding required furnishings, fixtures, equipment and signs.

**7.06 Inventory and Supplies.** We will provide you with standard lists and/or specifications for approved inventory and supplies. We will provide you with standard lists of any authorized suppliers of any of these items. We will provide you with the assistance and consultation we deem advisable regarding required inventory and supplies. You must purchase your opening inventory and supplies from us, or our designated suppliers, prior to opening your Restaurant, and continue to maintain a sufficient supply of these items at all times your Restaurant is in operation.

**7.07 Purchasing Assistance.** Although you are responsible for purchasing or leasing items and services for use in connection with the Franchise, we and/or our affiliates may offer optional assistance to you with purchasing or leasing items or services. We may require minimum standards or specifications for items and services, specify approved items and services, and restrict the suppliers authorized to sell or provide certain items and services in order to control quality, provide for consistent service or obtain volume discounts. We will provide you with System Standards for items and services, our list of approved items and services, and our list of approved suppliers. You acknowledge that we and/or our affiliates may be the sole approved suppliers for certain approved items and services, and that we and our affiliates may derive revenues as a result of your purchase of approved items and services.

**7.08 Initial Training.** We will provide one initial training course, which includes the initial “Train-the-Trainer” training program, to you (or your Operating Principal, if you are an entity) and your initial Designated Manager on mutually-convenient dates. You must complete the initial training not less than 60 days and not more than 30 days prior to the opening of your Restaurant. All initial training we provide will be offered, in our sole discretion, at a Restaurant operated by a franchisee or an affiliate, at our training facility, or at some other location in the United States we select, and will be subject to the provisions of Section 6.02. If you would like additional people to attend the initial training program and we have additional capacity, you will be charged an additional fee per person and per day-, which you will pay immediately upon invoicing after your Restaurant opens. You will also need to pay for the cost of travel, room and board, and other personal expenses for each person attending.

**7.09 Other Training.** We may in the future offer or require additional or refresher training for you (or your Operating Principal, if you are an entity) or your Designated Manager, including for purposes of additional compliance or business training if we determine that you need additional training. Additional and refresher training may be held at one or more locations in the United States we select, and may be held in conjunction with a franchisee conference. We may charge you for the cost of providing you the training materials (if any), and tuition for any additional or refresher training program if training occurs outside of our corporate headquarters plus expenses. All additional and refresher training we provide will be subject to the provisions of Section 6.03. If you require additional training or special assistance at your Restaurant, we will charge you for our actual costs, which include travel, transportation, lodging, meals and incidental expenses, plus a daily assistance fee.

**7.10 Pre-Opening and Opening Assistance.** We or a third party will provide you with pre-opening assistance and consultation as we deem advisable. We or a third party will provide templates for certain promotional and advertising materials and consultation in connection with the grand opening marketing for the Restaurant, which promotion and marketing will be ~~conducted at your expense, included as part of your NSOM Fee (defined in Section 7.11).~~ Prior to the grand opening of your Restaurant, we will send one or more representative to your Restaurant for a total of 10 days to provide you with opening support. In advance of doing so, you You agree to pay us a fee of ~~\$3,500~~ 7,000 immediately upon invoicing after opening your Restaurant to cover the travel, lodging, and food for our representatives. This fee is not refundable under any circumstances.

**7.11.11 New Store Opening Marketing Fee.** You will pay us a new store opening marketing fee (“NSOM Fee”) upon execution of the lease (or purchase agreement, if applicable) for your Restaurant. We, or our designee, will use the NSOM Fee to create and provide you with a marketing plan for the initial advertising for your Restaurant. We will use reasonable efforts to ensure the NSOM Fee is used within six months of your Restaurant opening on initial advertising, but in the event the NSOM Fee is not used within the first six months of your Restaurant being open, we may spend any remaining portion of the NSOM on marketing tactics for your Restaurant. The NSOM Fee is uniform, fully earned by us once paid, and is nonrefundable.

**7.12 Suggested Retail Prices.** We will provide you with product information and suggested retail prices for approved items or services; however, you are not bound by our recommended prices. In determining prices, you must consider the general image of the Restaurant and the System. We reserve the right to establish minimum or maximum resale prices as part of multi-area marketing or promotional programs, if permitted by applicable law.

**7.127.13 Promotional Campaigns.** You will participate, at your own cost, in temporary or permanent promotional campaigns that we establish, which may include limited time offers, gift cards, coupons, loyalty programs, customer relationship management, and other supplemental marketing programs. We may also provide to you at your cost certain merchandise for resale that identifies the System, such as promotional apparel, merchandise, equipment, and décor items. Any promotional campaigns will be subject to the policies and procedures we set forth in writing, or otherwise in the Franchise Operations Manual.

**7.14 Continuing Consultations.** We will assist you to understand your obligations under the System Standards and this Agreement, provide you with other continuing consultation, and may provide you with new proprietary methods and procedures relating to approved items or services, or to operation of the Restaurant, all on the terms as we deem appropriate. To the extent possible, this consultation will be provided during any inspections and audits, through the System Standards, at training sessions (if any), and during franchisee conferences (if any). If you request additional operating assistance or services, we may require that you pay our then-current hourly fee and the expenses we incur in providing additional assistance to you.

**7.137.15 Restaurant Refresh and Remodel.** You must refresh your Restaurant every five years and must remodel your Restaurant every ten years to meet our then-current Standards. We may require you to pay us, our affiliates, or our designee a site survey and design fee to inspect your Restaurant and produce a site survey and/or design plan that will comply with these obligations. The site survey and design fee varies and will depend on the scope of the changes required at your Restaurant.

**7.16 Conferences.** We may sponsor periodic conferences for our franchisees, at which seminars, workshops and other training may be conducted. We may require you or your Designated Manager to attend each conference and we may charge you for these programs regardless of whether you are able to attend. Mandatory training for franchisees or their managers may be held at a conference. The conference fee will be the same for all of our franchisees, but may be based on the number of Restaurants each franchisee has or the number of attendees each franchisee sends to the conference. You will receive reasonable notice of each conference. You will be responsible for all travel, transportation, lodging, meals, and incidental expenses and compensation of the people you send to any conference. You shall pay us the then-current convention fee for each year that an annual convention is held (“Convention Fee”) regardless of whether or not you attend the annual convention. If you fail to attend an annual conference for any reason, we shall be entitled to use the Convention Fee paid by you for any purpose in our sole discretion. Once paid, the Convention Fee is non-refundable for any reason. We may preclude you from attending an annual convention/national conference if you are in default of this Agreement at the time of the annual convention/national conference or if you have had two notices of default within 12 months prior to any annual convention/national conference. We may also preclude you from participating in system calls, meetings or webinars while you are in default of this Agreement.

**7.1417 Marketing Programs.** We will implement one or more Marketing Programs, and we (or our designee or affiliate) will administer the Marketing Programs. We will determine in our sole discretion: the nature and type of program; the nature and type of media placement; the allocation (if any) among national, regional and local markets; the nature and type of advertising copy and other marketing materials;

and all other aspects of the Marketing Programs. We do not promise that you will benefit directly or proportionately from any Marketing Programs. On occasion, we may make available to you, local advertising materials and programs, at your cost. We will use the Brand Fund Contributions we collect from franchisees to pay for the Marketing Programs and to reimburse our reasonable direct and indirect costs, overhead and other expenses (and those of our designee or affiliates) of providing services and materials relating to the Marketing Programs. We and our affiliates are not obligated to contribute money to the Marketing Programs or otherwise supplement the Brand Fund Contributions; however, Restaurant owned and operated by us or our affiliates may voluntarily contribute to the Marketing Programs on the same basis as our franchisees. We have the right to terminate any Marketing Program, at our discretion. However, any termination of all Marketing Programs will not be effective until all Brand Fund Contributions we have collected for the Marketing Program have been expended. If we terminate any Marketing Program, we may reinstate such Marketing Program at any time and such reinstated Marketing Program shall be administered as described herein.

**7.4518 Brand Fund.** We have established an advertising and marketing fund for Ori’Zaba’s Franchises (“Brand Fund”). You must pay us a contribution to the Brand Fund in an amount equal to two percent (2%) of your ~~weekly~~monthly Gross Sales (“Brand Fund Contribution”). Your Brand Fund Contribution will be due ~~at the same time and in the same manner as the Royalty Fee~~upon receiving an invoice from us. Ori’Zaba’s Restaurants owned by us or our affiliates are not obligated to contribute to the Brand Fund but may do so on a voluntary basis. We have complete discretion on how the Brand Fund will be utilized. The Brand Fund may allocate resources to advertise locally, regionally, and/or nationally, in printed materials, on radio, on television, and/or on the Internet, in our sole discretion. We may reimburse ourselves, or authorized representatives or our affiliates from the Brand Fund for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes and all other direct or indirect expenses associated with the programs funded by the Brand Fund. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We will not use the Brand Fund 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. We may at any time defer or reduce your Brand Fund Contributions and, upon 30 days’ prior written notice to you, reduce or suspend Brand Fund Contributions and operations for one or more periods of any length and terminate and/or reinstate the Brand Fund. If we terminate the Brand Fund, we will distribute all unused contributions to contributing franchisees, and to us or our affiliates, in proportion to respective contributions during the preceding 24 month period.

**7.4619 Internet Site.** We or an affiliate will sponsor and maintain the official Ori’Zaba’s website on the Internet. So long as you are not in default under this Agreement, we will cause your Restaurant to be listed on this official website and/or provide you with a web page specific to your Restaurant on this website.

**7.4720 Additional Items, Services and Suppliers.** If you desire to offer additional items or services that we have not approved, or desire to purchase approved items and services from any supplier who we have not approved, we will consider any written request by you for approval of additional items, services or suppliers (although we are not obligated to approve any). You will be required to pay us our then-current fee to evaluate any new supplier you wish to use or product or service you wish to offer. In addition to the fee, you agree to reimburse us for our actual costs incurred in any inspection or testing of any samples or any proposed new product, service or supplier nominated by you. We will notify you of our approval or disapproval of any new item, service or supplier requested by you within a reasonable time (we will use commercially reasonable efforts to notify you within 30 days) after we have received all of the relevant information we requested. We may withhold approval of any item, service or supplier, as we determine in our discretion. We can revoke approval of an approved supplier at any time in our sole discretion, and we will notify you of any revocation of supplier approval.

**7.1821 Intranet System.** We or our affiliate may establish an intranet system to assist you with your Franchise. If an intranet system like this is established, we or our affiliate will administer and maintain it, and we will provide you (or your Operating Principal, if you are an entity) and/or your Designated Manager with access to this system. Subject to the System Standards, we will continue to allow you (or your Operating Principal, if you are an entity) and/or your Designated Manager to access our intranet system during the Term of this Agreement, so long as you are not in default under this Agreement. We may require you to use the intranet system for communications, reports, and other functions, and you will comply with our requirements.

**7.1922 Notice.** If you believe that we or our affiliates have failed to adequately provide any assistance or services to you as provided in this Agreement, you will notify us in writing within 30 days following ours or our affiliates' provision of such assistance or services. Without the timely provision of such notice to us, you will be deemed to conclusively acknowledge that all such assistance or services required to be provided by us or our affiliates were sufficient and satisfactory in your judgment.

## **8. PAYMENTS AND REPORTS**

**8.01 Initial Franchise Fee.** You agree to pay us an initial franchise fee ("Initial Franchise Fee") in the amount specified in Attachment A, payable in one lump sum at the time you sign this Agreement. The Initial Franchise Fee is fully earned by us and non-refundable under any circumstances. If this Agreement is being signed under an area development agreement between you and us, or if this Agreement is the renewal of a prior franchise agreement with us for an existing Ori'Zaba's Franchise, then no Initial Franchise Fee is due.

**8.02 Royalty Fee.** You will pay us a continuing "Royalty Fee" equal to five percent (5%) of all Gross Sales for your first three months of operation, and then the greater of: (i) \$4,000 per month or (ii) 5% of Gross Sale for every subsequent month for the remainder of the Term. "Gross Sales" means the total of all revenues and income from the sale of all Ori'Zaba's Restaurant food products, beverages and other related merchandise, products, and services to your customers whether or not sold or performed at or from the Premises, and whether received in cash, coupon, in services in kind, from barter and/or exchange, on credit (whether or not payment is received) or otherwise. If you offer any services, including but not limited to third-party delivery, catering or fundraising events, festivals and all other revenue sources, all receipts from these services (including additional delivery charges) are included in Gross Sales and you agree to record all such items in your point-of-sale system and computer system and to report them to us. Gross Sales includes all proceeds from any business interruption insurance. You may deduct from Gross Sales for purposes of this computation (but only to the extent they have been included) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if the taxes are separately stated when the customer is charged and if the taxes are paid to the appropriate taxing authority. You may also deduct from Gross Sales the amount of any documented refunds, chargebacks, credits, charged tips, gift card sales (but not redemption of gift card purchases) and allowances you give in good faith to your customers. You agree to comply with our policies and procedures relate to gift cards and to offer and honor gift cards as we require and in accordance with the System Standards. Under these policies, currently if gift cards are purchased at an affiliate-owned Restaurant or online, the gift card liability is billed at our expense or our affiliates' expense, as applicable; if a gift card is purchased from your Restaurant, the gift card liability is billed at your expense. All barter and/or exchange transactions in which you furnish services and/or products in exchange for goods and/or services provided to you by a vendor, supplier, or customer will, for the purpose of determining Gross Sales, be valued at the full retail value of the goods and/or services so provided to you. Gross Sales are deemed received by you at the time the products or services or products from which they were derived are delivered or rendered, or at the time the relevant sale takes

place, whichever occurs first, regardless of whether final payment (e.g., collection on an account receivable) actually has been received by you.

**8.03 Brand Fund Contribution.** During the Term of this Agreement you must pay us a continuing Brand Fund Contribution equal to two percent (2%) of your Gross Sales in accordance with Section 7.15 of this Agreement.

**8.04 Learning Management System.** During the Term of this Agreement, you must pay us our then-current monthly fee for our learning management system (the "LMS Fee") (currently \$140 per month minimum for up to 15 users per location), plus a three percent (3%) administrative fee and an additional amount due for each user in excess of 15 users. We may change the amount and due date of the LMS Fee at any time. The LMS Fee is due monthly beginning the month after you open the Restaurant. Thereafter, the LMS Fee is currently due on the first Friday of each month for the same month's service. The LMS Fee is non-refundable under any circumstances.

**8.05 Technology Fee.** We assess a fee for website hosting, for central telephone services, future web-based System integration, and for other technology related services and software ("Technology Fee") (currently, \$200 per month), plus a one-time set-up fee, which you will pay immediately upon invoicing after you open your Restaurant. The Technology Fee may be increased by us up to ten percent (10%) per year and is not refundable under any circumstances.

**8.06 Place and Method of Payment.** You will pay us, without billing or demand, all Royalty Fees and Brand Fund Contributions required by this Agreement and they are payable immediately upon invoicing, or in such other time frame as we designate. You are required to pay fees and other amounts due to us or our affiliates via the method we specify (currently, Bill.com). We may in the future require that you make payments in other methods including but not limited to electronic funds transfer ("EFT") or other means approved by us. You must sign and deliver to us any other documents that we or your bank or our vendor may require to authorize us to debit your account for these amounts. You must ensure that your account has sufficient funds available for withdrawal by electronic transfer before each due date. If there are insufficient funds in your account to cover all amounts that you owe, you will be subject to applicable fees and interest pursuant to Section 8.07.

**8.07 Late Fee and NSF Fee.** If we do not timely receive any fee or any other amount due to us under this Agreement on or before the applicable due date, you will pay us a late fee equal to \$100 per occurrence, plus the lesser of the daily equivalent of twelve percent (12%) per year simple interest or the highest amount allowed under law, on any overdue amount for each day any amount is past due, accruing until the past due amount is paid in full. This provision does not permit or excuse late payments. If any check, electronic payment or other payment due under this Agreement is not honored for any reason, you will pay us an additional fee of \$100 per occurrence, per day to help offset bank charges and administrative expenses.

**8.08 Taxes.** If any federal, state, or local tax (other than an income tax) is imposed upon any fees you paid us under this Agreement, then you agree to compensate us in the manner we prescribe so that the net amount or net rate we receive is no less than as established by this Agreement.

**8.09 Allocation of Payments.** Unless we otherwise agree in writing, all payments you make to us under this Agreement will be applied in the order we may decide in our sole discretion. We will not be bound by any instructions for allocation you specify.

**8.10 Right of Offset.** We will have the right, at any time before or after termination of this Agreement, without notice to you, to offset any amounts or liabilities that you may owe to us against any

amounts or liabilities that we may owe you under this Agreement or any other agreement, loan, transaction or relationship between the parties.

**8.11 Books and Records.** You will maintain complete and accurate accounting books and records relating to the Franchise in accordance with generally-accepted accounting principles and standards, subject to this Agreement and other reasonable accounting standards we may specify periodically.

**8.12 Reports.** You will prepare written periodic reports, in the forms required by the System Standards, containing the information we require about your operations during each reporting period. You will submit all required weekly reports by Tuesday each week for the preceding business week (Monday through Sunday). We may reasonably request in writing to modify the deadline days and times for submission of all reports. You will submit all required semi-monthly reports to us within 15 days after the semi-monthly period to which they relate. You will submit all required monthly reports to us within 15 days after the month to which they relate, and all other reports within the time period required by the System Standards. If you do not submit the monthly reports to us when due, you will be required to pay a late fee of \$100 per occurrence, per day until you submit the required report. These fees will be deposited into the Brand Fund. You will prepare and submit other reports and information about your operations as we may reasonably request in writing or as required by the System Standards. We may require, at our option, that certain reports you are required to submit be certified as accurate and complete by you, your owners or your chief financial officer, and that certain reports be submitted using the formats and communication media that we specify. If requested by us, your profit and loss statements and balance sheets must be certified by a certified public accountant at your expense and you will cause your certified public accountant, if any, to consult with us concerning such statements and balance sheets at your cost.

**8.13 Financial Statements.** You will deliver to us, no later than 60 days from the end of each of your fiscal quarters, a profit and loss statement covering the Franchise for the relevant quarter and a balance sheet of the Franchise as of the end of that quarter, all of which you must certify as complete and accurate. You must prepare all financial statements in any format we may require. In addition, you must, within 30 days after we request, deliver to us a financial statement, certified as accurate and complete, in a form which is satisfactory to us and which fairly represents your total assets and liabilities.

**8.14 Tax Returns.** Promptly upon our request, you will furnish us with a copy of each of your reports and returns of sales, use and gross receipt taxes and complete copies of any state or federal income tax returns covering the operation of the Franchise.

**8.15 Ownership Information.** Promptly upon our request, you will furnish to us a list of all holders of direct or indirect ownership interests in your business entity, together with description and percentage of ownership amount, addresses and telephone numbers, certified in writing as being accurate and complete. If any of your general partners, officers, directors or limited liability company managers cease to serve in that capacity, or if any individual is elected or appointed as a new general partner, officer, director or limited liability company manager, you will notify us within 10 days after the change. Any of your new owners must sign an owner's agreement with us.

**8.16 Record Retention.** You will retain copies of all reports, and originals or copies of all other information, books, records, and other materials relating to operation of the Franchise for a period of five years following their respective dates, or any longer period required by applicable law.

**8.17 Failure to Submit Notification of Restaurant Closure.** You must follow our procedures when you close your Restaurant. You agree to pay us a fee of \$500 per occurrence, per day that either: (i) your Restaurant is closed for any portion of its scheduled hours; (ii) you fail to follow our store closing

procedures; or (iii) if your Restaurant otherwise fails to remain open during the hours we require unless you receive our written authorization to close the Restaurant.

**8.18 CPI Adjustments to Fixed Fees.** All fees expressed as a fixed dollar amount in this Agreement are subject to adjustment based on changes to the Consumer Price Index in the United States (“CPI”). We may periodically review and increase these fees based on changes to the CPI, but only if the increase to CPI is more than 5% higher than the corresponding CPI in effect on: (a) the effective date of this Agreement (for the initial CPI fee adjustments); or (b) the date we implemented the last CPI fee adjustment (for subsequent fee adjustments). We will notify you of any CPI fee adjustment at least 60 days before the CPI fee adjustment becomes effective. We will implement no more than one CPI fee adjustment during any calendar year.

## 9. SYSTEM STANDARDS AND MANUAL

**9.01 System Standards.** The System includes, without limitation: (a) our trade secrets and other intellectual property, including Confidential Information (as defined in Section 11.01), the Franchise Operations Manual and know-how; (b) marketing, advertising, publicity, public relations and other promotional materials and programs; (c) System Standards; (d) training programs and materials; and (e) service quality and customer satisfaction standards and programs. You acknowledge and agree that every detail of the System is important to us and all of our franchisees in order to develop and maintain high and uniform operating standards, to increase the demand for the items and services marketed by all franchisees, and to protect our reputation and goodwill. You will maintain the high System Standards with respect to your Restaurant premises, facilities, furnishings, fixtures, equipment, signs, services, items, and operations. You will strictly comply with all of the mandatory System Standards in the Franchise Operations Manual or that we otherwise provide to you in writing. During the Term of this Agreement or any interim period, we may periodically modify System Standards, and those modifications may require you to invest additional capital in the Franchise and/or incur higher income expenses.

**9.02 Modification of the Manual.** We may, in our sole discretion, change, delete from or add to the System, including any of the System Standards, by providing you with written notice thereof, or by modification of the Franchise Operations Manual; however, no modification will alter your fundamental rights or status under this Agreement. You will implement all mandatory modifications promptly after written notice from us. If there is a dispute as to the contents or meaning of any part of the Franchise Operations Manual, the version we maintain at our principal office will be controlling. The Franchise Operations Manual is confidential and will remain our property.

**9.03 Ownership of the System.** We own all rights, title and interest in and to the System. You will not acquire any proprietary interest in the System. Your right to use the System is a non-exclusive license, derived solely under this Agreement. Unauthorized use of the System by you will constitute a material breach of this Agreement.

**9.04 System Improvements.** During the Term of this Agreement or any interim period, any improvements or additions to the System, patents, copyrighted materials, recipes, website or any other documents or information pertaining to or relating to the System or the Restaurant, or any new trade names, trade and service marks, logos, or commercial symbols related to the Restaurant or any advertising and promotional ideas or inventions related to the Restaurant (collectively, the “Improvements”) that you conceive or develop shall become our property. You agree to assign and do hereby assign to us, all right, title and interest in and to the Improvements, including the right to grant sublicenses to any such Improvement. You shall fully disclose the Improvements to us, without disclosure of the Improvements to others, and shall obtain our written approval prior to using such Improvements. Any such Improvement may be used by us and all other Ori’Zaba’s franchisees without any obligation to you for royalties or other

fees. We may, at our discretion, apply for and own copyrights, patents, trade names, trademarks and service marks relating to any such Improvement and you shall cooperate with us in securing such rights. We may also consider such Improvements as our property and trade secrets. In return, we shall authorize you to utilize any Improvement that may be developed by other franchisees and is authorized generally for use by other franchisees. All Improvements created by you or any other person or entity retained or employed by you are our property, and we shall be entitled to use and license others to use such Improvements unencumbered by moral rights. If any of the Improvements are copyrightable materials, they shall be works made for hire within the meaning of the United States Copyright Act and, to the extent the copyrighted materials are not works made for hire or rights in the copyrighted materials do not automatically accrue to us, you irrevocably assign and agree to assign to us, its successors and assigns, the entire right, title, and interest in perpetuity throughout the world in and to any and all rights, including all copyrights and related rights, in such copyrighted materials, which you and the author of such copyrighted materials warrant and represent as being created by and wholly original with the author. Where applicable, you agree to obtain any other assignments of rights in the Improvements from another person or entity necessary to ensure our right in the Improvements as required in this Section.

**9.05 Variations.** You acknowledge that it may not be possible or practical for us to require complete and detailed uniformity under the various types of conditions different franchisees may face, and under changing customer needs and market conditions. Accordingly, we reserve the right to vary standards for any franchisee based upon the particular situation involved, local conditions, existing business practices, or any other factor that we consider important to the successful operation of the particular franchisee's business. You will have no rights or claims against us for any variation from standard specifications and practices granted to any other franchisee, and you are not entitled to the same or similar variation.

## 10. MARKS

**10.01 Ownership of the Marks.** You acknowledge that we or our affiliates own all rights, title and interest in and to the Marks. You will not acquire any proprietary interest in the Marks, and you will not challenge ownership of the Marks or our right to use the Marks. Except as expressly provided in this Agreement, you will not acquire any rights to the Marks. Your right to use the Marks is merely a non-exclusive license, derived solely under this Agreement.

**10.02 Registration.** We or our affiliates have taken and will take all steps reasonably necessary, in our and their sole opinion, to preserve and protect ownership of, and the validity of, the Marks. You will not apply for governmental registration of the Marks, or contest the registration status of the Marks. You will display the Marks, and give notice of trademark registration and claims in the following manner: "ORI'ZABA'S MEXICAN GRILL," "ORI'ZABA'S SCRATCH MEXICAN GRILL," (or as otherwise required in the Franchise Operations Manual). You will cooperate fully and in good faith with us and our affiliates for the purpose of maintaining registrations and prosecuting applications for the Marks, and otherwise securing and preserving their rights in and to the Marks.

**10.03 Use of the Marks.** You will not use the Marks unless you have our prior express written consent. Before each intended use of any material of any nature which bears any of the Marks, you will submit to us samples of the materials. We will review samples of all marketing materials and other materials bearing our Marks you submit to us for approval, and we will notify you of our decision. You will use the Marks only as expressly authorized by this Agreement, the Franchise Operations Manual or as we otherwise provide in writing. Unauthorized use of the Marks by you will constitute a breach of this Agreement, and an infringement of our rights in and to the Marks. You will take all steps necessary or appropriate to preserve the goodwill and prestige of the Marks. You will use the Marks only in connection with the Franchise. You will not use any Mark in your corporate name or legal name, but you may use a Mark in an assumed business or trade name if you first obtain our prior express written consent. You will

not use any Mark with any prefix, suffix or other modifying trademarks, logos, words, terms, designs or symbols or in any modified form. You will not use any Mark in connection with any unauthorized item or service, or in any manner not expressly authorized under this Agreement.

**10.04 Benefits of Usage.** All usage of the Marks and any goodwill associated with the Marks will exclusively benefit us and our affiliates. All present and future service marks, trademarks, copyrights, service mark registration and trademark registration used or to be used as part of the System, and the associated goodwill, will be the property of us or our affiliates, and will inure solely to our and their benefit. Upon the expiration or termination of this Agreement for any reason, no monetary amount will be assigned as attributable to any goodwill associated with your use of the Marks.

**10.05 Infringement and Litigation.** You will promptly notify us in writing of (a) any adverse or infringing uses of the Marks (or names or symbols confusingly similar), Confidential Information (as defined in Section 11.01) or other System intellectual property, and (b) any threatened or pending litigation related to the Marks or System against (or naming as a party) you or us, of which you become aware. We or our affiliates will handle disputes with third parties concerning use of all or any part of the Marks or System in any manner we or they deem appropriate, in our or their sole discretion. You will cooperate fully and in good faith with our or their efforts to resolve these disputes. We or our affiliates may bring suit in your name or join you as a party to the relevant proceedings. We or our affiliates may resolve any dispute by obtaining a license of the property for you at no expense to you, or by requiring that you discontinue using the infringing property or modify use to avoid infringing the rights of others. We need not initiate suit against imitators or infringers who do not, in our sole opinion, have a material adverse impact on the Franchise, and we need not initiate any other suit or proceeding to enforce or protect the Marks or System in a matter that we do not believe, in our sole opinion, to be material. We will defend you against any third-party claim, suit, or demand arising out of your use of the Marks. If we determine in our sole discretion that you have used the Marks in accordance with this Agreement, we will bear the cost of your defense, including the cost of any judgment or settlement. If we determine in our sole discretion that you have not used the Marks in accordance with this Agreement, you must bear the cost of your defense, including the cost of any judgment or settlement. If there is any litigation relating to your use of the Marks, you will sign all documents and do all acts as may be necessary in our opinion to carry out the defense or prosecution, including becoming a nominal party to any legal action. Except to the extent that any litigation results from your use of the Marks in a manner inconsistent with the terms of this Agreement, we will reimburse you for your out-of-pocket litigation costs in cooperating with us in the litigation.

**10.06 Substitution of Marks.** We reserve the right to substitute different proprietary marks for use in identifying the System, the businesses operating under the System, and/or the items or services offered, if the Marks no longer can be used, or if we, in our discretion, determine that substitution of different proprietary marks will be beneficial to the System. In these circumstances, the use of the substituted proprietary marks will be governed by the terms of this Agreement, and we will not compensate you for the costs of any substitution. You will promptly implement any substitution, at your own expense.

**10.07 Photo/Video Release.** You acknowledge and authorize us to use your likeness in a photograph in any and all of our publications, including printed and digital publications and on websites. You agree and understand that any photograph using your likeness will become our property and will not be returned. You agree and irrevocably authorize us to edit, alter, copy, exhibit, publish or distribute any photograph of you for any lawful purpose. You agree and waive any rights to royalties or any other compensation related to our use of any photograph of you. You agree to hold harmless and forever discharge us from all claims, demands, and causes of action which you may have in connection with this authorization.

## 11. CONFIDENTIAL INFORMATION

**11.01 Confidential Information.** We possess certain non-public trade secrets, proprietary information, technical data, or know-how which relate to our business, System, services or items, or to a Franchise, including the Franchise Operations Manual, System Standards, quality-control systems, training materials, and information regarding salary, research, recipes, proprietary items and services, developments, inventions, processes, techniques, designs, marketing, finances, and operations (collectively, “Confidential Information”) that we will provide to you. You will also obtain other Confidential Information during the Term of this Agreement. You acknowledge that your entire knowledge of the operation of a casual Mexican-style restaurant, including the method of establishing this type of unit, preparing the food with in-house recipes, and marketing this type of unit, and the related specifications, standards, and procedures involved in the operation of a Restaurant are derived solely from Confidential Information we disclosed (or will disclose) to you. “Confidential Information” shall not include information which: (a) at or prior to the time of receipt was in the public domain; (b) at or prior to the time of receipt by you or the signing of this Agreement, whichever occurred first, was known to you and in actual commercial use by you or generally within the industry, in the manner and combination disclosed; or (c) is subsequently received by you from an independent third party not in breach of any duty of non-disclosure, secrecy, nonuse or similar duty, but only to the extent and in the form, manner and combination so disclosed.

**11.02 Protection of Confidential Information and Data.** You will use the Confidential Information only in the operation of the Franchise, and you will not disclose Confidential Information to others, except as expressly authorized by this Agreement. You will take all appropriate actions to preserve the confidentiality of all Confidential Information, including keeping the Franchise Operations Manual in a locked location. Access to Confidential Information must be limited to only your employees who need the Confidential Information to perform their jobs and who are subject to your general policy on maintaining confidentiality as a condition of employment or who have first signed our “Confidentiality Agreement,” the form of which is attached within Exhibit I to our Franchise Disclosure Document. You will not copy or permit copying of Confidential Information. Your obligations under this Section begin when you sign this Agreement and continue for trade secrets as long as they remain secret, and, for other Confidential Information, for as long as we continue to use the information in confidence (even if edited or revised) plus three years. We will respond promptly and in good faith to any inquiry by you about continued protection of any Confidential Information.

All data that you collect, create, provide or otherwise develop (including, but not limited to customer information) is (and will be) owned exclusively by us, and we will have the right to use such data in any manner that we deem appropriate without compensation to you. Copies and/or originals of such data must be provided to us upon our request. We hereby license use of such data back to you, at no additional cost, solely for the Term of this Agreement and solely for your use in connection with the business franchised under this Agreement. You agree to provide us with the information that we reasonably require with respect to data and cybersecurity requirements. You agree to indemnify us for any loss of data including, but not limited to customer information, resulting from a breach of such data caused, in whole or in part, by you.

**11.03 Disclosure of Confidential Information.** Notwithstanding anything to the contrary in this Section 11, you may disclose Confidential Information if you are required by law to disclose it, provided that you give us at least 10 days’ notice, if feasible, of your intent to disclose. You may also disclose Confidential Information to your attorneys, accountants, financial and investment advisors, bankers or lending institutions, and other advisors and consultants of a similar nature, provided that any disclosure is only to the extent necessary for your advisors to perform their services for you, and provided that these persons have the obligation to, or otherwise agree, to keep the Confidential Information confidential. At our request, you will require that your officers and other employees sign covenants to maintain the

confidentiality of any Confidential Information, and these covenants will be in a form acceptable to us and will identify us as a third-party beneficiary with the independent right to enforce them.

## 12. INSPECTIONS AND AUDITS

**12.01 Inspections and Audits.** You hereby grant to us and our employees, representatives and agents the right to enter the Restaurant during regular business hours. You will permit our employees, representatives and agents access to your offices, Restaurant premises, storage areas, and other places of business, to perform inspections of your operations (including Restaurant premises, furnishings, fixtures, equipment, signs, inventory and supplies), files, documents, records, items and Mark usage, and to audit your financial and operating books and records (including tax returns) relating to the Franchise, with or without prior notice of the inspection or audit. Any inspections and audits will occur during normal business hours, although we may observe your operations and accounting activity at any time. You, and your owners, officers, managers, employees, agents and representatives will cooperate with our inspectors and auditors in the performance of their duties. You will permit our inspectors and auditors to, among other things: take photographs, movies, videotapes or sound recordings; interview your Managers, employees, agents, and representatives; interview your customers; make copies of your books, records and other documents relating to the Franchise; and take samples of food, beverages, ingredients, documents, inventory, supplies, items and other materials from your Restaurant premises, storage areas, and other facilities used in connection with the Franchise.

**12.02 Unapproved Items and Services.** You acknowledge that the offer or sale of any unapproved items or services at the Restaurant constitutes a material breach of this Agreement and is good cause for termination of this Agreement. You authorize us to cure any default under this Section 12.02 on your behalf by removing and disposing of any unapproved items and unapproved equipment and other materials from the Restaurant. Any dispute between you and us as to whether any item, service or equipment is approved will be governed by the official lists we maintain at our principal place of business. You hereby grant us all of your right, title and interests in and to any unapproved items and equipment at the Restaurant, and waive any claims you may have against us arising from the removal and disposal of any unapproved items and unapproved equipment and other materials. You acknowledge that we have the right to physically remove any unapproved items and equipment from the Restaurant, and to dispose of them in any way we desire, without any compensation to you.

**12.03 Other Corrective Action.** If we notify you of any deficiencies in the operation of the Restaurant pursuant to this Agreement which are detected during an inspection or which otherwise become known to us, you agree to take all corrective measures that we may require to correct all deficiencies within the time period we specify. If you fail to correct any deficiency within the specified time period, we or our affiliates or designees may correct the deficiency and obtain reimbursement from you for our/their actual costs in correcting the deficiency, plus a 20% administration charge. You also agree to pay us our the then-current fee for certain operational violations as set forth in the Franchise Operations Manual. Additionally, if a routine or supplemental inspection by us or our designee (an “Ops Walk”) results in: (i) an issue with a food or equipment item that puts a customer, employee, vendor, or corporate representative at risk due to food borne illness or equipment malfunction or a safety issue that requires prompt action; or (ii) any System Standard violation including but not limited to those related to recipes, uniforms, operational standards and branding (collectively, “Need Action Items”), you must cure these Need Action Items within the required timeframe or a fee of \$500 will be apply for each Need Action Item which shall be 24 hours for food safety and illness risk matters and 10 days for all other items. For each subsequent instance where the subject of the Need Action Item involves the same risk, malfunction or issue as a prior issue, your fee will be multiplied by the number of times the issue has occurred (by way of example, the fee you must pay us for the third Need Action Item occurrence would be \$1,500 (\$500 multiplied by 3)). You will also pay us our then-current fee (currently \$300 per reinspection) plus our actual costs and expenses of conducting a

reinspection, if an Ops Walk reveals any Need Action Items. Nothing herein prevents us from exercising our rights or limits our rights or remedies under this Agreement including, but not limited to our default and termination rights.

**12.04 Payments.** You will pay us any underpayment of, and we will pay to you or credit your account for any overpayment of, royalty fees discovered by an audit.

**12.05 Audit and Inspection Costs.** We have the right, at any time, to have an independent audit made of your books and financial records, subject to any restrictions imposed by applicable law. You agree to fully cooperate with us and any third parties that we hire to conduct the audit. We have the right to require you to perform a self-audit for any vendor that is not integrated through our POS reporting system upon notice from us. If you refuse to conduct the self-audit by the deadline provided by us, we may conduct the audit ourselves, in which case you will pay us for our time in conducting the audit at our then-current rate (currently, \$195 per hour). Additionally, you will pay us for our time in conducting the audit, and a fine of \$10,000 in the event that: (1) an audit reveals that you understated weekly Gross Sales by more than two percent (2%); or (2) we conduct an audit because you fail to submit required reports. In either case, you shall also pay any understated amount owed to us with applicable late fees and interest in accordance with Section 8.07 of this Agreement. In the event an audit must occur at a Non-Traditional Location, you must pay an additional fee (currently \$500 per day) to cover the increased costs in connection with such a site visit plus all lodging, travel, meals and other incidental expenses incurred by us. We may publish or disclose the results of our inspections and audits. Our rights under this Section 12.05 survive for two years after expiration or termination of this Agreement. In addition, our rights as to any transferring party shall survive for two years following any Transfer (as defined below).

**12.06 Mystery Shopper.** To ensure uniformity and compliance with the System Standards, we may send a mystery shopper or similar third party to your Restaurant. We may, but are not obligated to, share the results of the mystery shopper with you. You must reimburse us for our costs and expenses associated with the inspections of third-party mystery shoppers.

### **13. RELATIONSHIP OF THE PARTIES**

**13.01 Independence.** You are an independent contractor. You are not our legal representative, agent or employee and you have no power to obligate us for any purpose whatsoever. We and you have a business relationship based entirely on and circumscribed by this Agreement. No partnership, joint venture, agency, fiduciary or employment relationship is intended or created by reason of this Agreement. You will exercise full and complete control over, and have full responsibility for, all of your contracts, daily operations, labor relations, employment practices and policies, including the recruitment, selection, hiring, disciplining, firing, training, compensation, work rules, and schedules of your employees. All employees or independent contractors hired by or working for you will be your employees or independent contractors alone and will not, for any purpose, be deemed our employees or subject to our control, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. You and we will file our own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation payments with respect to our respective employees and operations, and we will save and indemnify one another of and from any liability of any nature whatsoever by virtue thereof. At all times, including in connection with all uses of any of the Marks, in connection with the operation of the Franchise, and in connection with all dealings with customers, suppliers, public officials, the general public, and others, you will conspicuously indicate your status as an independent contractor, including in all contracts, advertising, publicity, promotional and other marketing materials, and on any signage and uniforms, and in the manner specified in the Franchise Operations Manual or as we otherwise may require. You will not make any express or implied agreements, guarantees or representations, or incur any debt in our name or

on our behalf. You will not represent that the relationship between you and us is anything other than a franchise relationship. We will not be obligated by or have any liability under any agreements or representations made by you, and we will not be obligated for any damages to any person or property directly or indirectly arising out of your operation of the Franchise or the Restaurant. You further agree that fulfillment of any and all of our obligations written in this Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

**13.02 Joint Status.** If you comprise of two or more persons or entities (notwithstanding any agreement, arrangement or understanding between or among these persons or entities), the rights, privileges and benefits of this Agreement may only be exercised and enjoyed jointly. The liabilities and responsibilities under this Agreement will be the joint and several obligations of all these persons or entities.

**13.03 Delegation.** You agree that we shall have the right to delegate to third-party designees, whether these designees are our agents or independent contractors with whom we have contracted (1) the performance of any portion or all of our obligations under this Agreement, and (2) any right that we have under this Agreement. If we do so, such third-party designees will be obligated to perform the delegated functions for you in compliance with this Agreement.

## 14. INSURANCE AND INDEMNIFICATION

**14.01 Insurance Coverage.** Before your Restaurant first opens for business, you will obtain insurance in the types and amounts specified herein. Your insurance policies (except for employment liability insurance policies) must designate us, our directors, officers, employees, agents and other designees as additional named insureds, and your policies must provide that the insurer will not cancel or materially alter the policies without giving us at least 30 days' prior written notice. You will maintain all required insurance in force during the Term of this Agreement, and you will obtain and maintain any additional or substituted insurance coverage, limits and amounts as we may periodically require. All insurance coverage will be underwritten by a company acceptable to us, with an A.M. Best & Company, Inc. rating of no less than "A." If you fail to purchase required insurance conforming to our standards and naming us, our directors, officers, employees, agents and other designees as co-insureds, we may obtain insurance for you, and you will pay us the cost of insurance plus a twenty percent (20%) administrative surcharge. Your compliance with these insurance provisions does not relieve you of any liability under any indemnity provisions of this Agreement.

We currently require you to maintain the following insurance coverages: (1) commercial general liability insurance with limits of at least \$1 million per occurrence and at least \$2 million aggregate; at least \$1 million in liquor liability, if applicable; at least \$1 million for product liability, (2) all risks and casualty coverage insurance on all furniture, fixtures, equipment, inventory, supplies and other property used in the operation of the Restaurant (including flood and/or earthquake coverage where there are known risks) for full replacement value; (3) workers compensation insurance consistent with applicable law; (4) data theft and cybersecurity; (5) business automobile liability insurance with limits of at least \$1 million per occurrence; (6) umbrella insurance policy covering excess claims up to a limit of \$2 million; (7) employee practices liability insurance with limit of \$500,000; and (8) other insurance that may be required by state. We reserve the right to require that you obtain some or all of insurance coverage from our approved vendors. Our insurance requirements are subject to change during the Term of this Agreement, and you agree to comply with each such change.

**14.02 Proof of Insurance.** Before your Restaurant first opens for business, you will provide us with a copy of each certificate of all required insurance policies. You will promptly provide us with copies

of each certificate for all renewal or replacement insurance policies. Within 10 days after we request, you will provide us with a complete copy of any of your insurance policies we request.

**14.03 Your Indemnification of Us.** Independent of your obligation to procure and maintain insurance, you will indemnify, defend and hold us and our affiliates, the respective officers, directors, partners, shareholders, employees, agents and contractors of these entities, and the successors, assigns, personal representatives, heirs and legatees of all of these persons or entities (collectively, the “Indemnitees”) harmless, to the fullest extent permitted by law, from and against all expenses, losses, payments or obligations to make payments either (a) to or for third-party claimants by any and all Indemnitees, including refunds, or (b) incurred by any and all Indemnitees to investigate, take action, respond to or defend a matter, including investigation and trial charges, costs and expenses, fees, fees paid to professionals, attorney fees, experts’ fees, court costs, settlement amounts, judgments and costs of collection (collectively, “Losses and Expenses”), incurred by any Indemnitee for any investigation, claim, action, suit, demand, administrative or alternative dispute resolution proceeding, actually or allegedly, directly or indirectly, relating to, arising out of, or resulting from or in connection with: any transaction, occurrence or service involving the Franchise, the Restaurant or this Agreement; your employment or other contractual relationship with your employees, workers, managers, or independent contractors, including but not limited to any allegation, claim, finding, or ruling that we are an employer or joint employer of your employees; your marketing, selling, or providing of items and services; and any breach or violation of any agreement (including this Agreement), or any law, regulation or ruling by, or any act, error or omission (active or passive) of, you, any party associated or affiliated with you or any of the owners, officers, directors, Designated Managers, employees, and agents of you or your affiliates, including when the active or passive negligence of any Indemnitee is alleged or proven; and any fees, costs or liabilities incurred by us on your behalf, including fees and costs incurred by us to recover amounts due to you on your behalf.

**14.04 Your Indemnification Duties.** You will respond promptly to any matter described in Section 14.03, and defend the Indemnitee. You will reimburse the Indemnitee for all costs of defending the matter, including attorney fees, incurred by the Indemnitee if you or your insurer does not assume defense of the Indemnitee promptly when requested. We have the right to approve any resolution or course of action in a matter that could directly or indirectly have any adverse effect on us, the Marks or the System, or could serve as a precedent for other matters.

## 15. TRANSFERS

**15.01 Transfer by Us.** You acknowledge that our obligations under this Agreement are not personal. We shall have the absolute right, in our sole discretion at any time, to unconditionally transfer or assign this Agreement or any of its rights or obligations under this Agreement to any person, corporation or other party.

Without limiting the generality of the foregoing, you expressly affirm and agree that we may sell our assets, our rights to the Marks or to the System outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Marks (or any variation thereof) and/or the loss of association with or identification of “Ori’Zaba’s Franchise Operations, LLC” as franchisor. Nothing contained in this Agreement shall require us to remain in the business or to offer the same products and services, whether or not bearing the Marks, in the event that we exercise our right to assign our rights in this Agreement.

**15.02 Transfer by You.** You acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted these rights in reliance on your business experience, skill, financial resources and personal character (and that of your owners, officers, directors, Designated Managers and guarantors, if any). Accordingly, neither you, nor any immediate or remote successor to any part of your interest in this Agreement, nor any individual, partnership, corporation, or other legal entity which directly or indirectly owns any interest in you will sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in this Agreement, or in you, or in all or substantially all of the assets of the Franchise (collectively, a “Transfer”), unless we consent and all of the requirements of Section 15.03 and Section 15.04 are satisfied. Any transaction requiring our consent under this Section 15.02 for which our express written consent is not first obtained will be null and void, and shall be a material default of this Agreement. In that event: we may terminate this Agreement under Section 16.01; you will remain responsible for performing the post-termination obligations in Section 17; and the purported transferee may not operate the Franchise under the Marks or the System. Notwithstanding the foregoing, any Transfer made for the convenience of ownership or for estate planning purposes (“Related Party Transfer”): (i) shall not be subject to the obligations of Section 15.03 (a), (d), (e), (f), (g), (k), (l) and Section 15.04, (ii) but shall be required to comply with the obligations described in Section 15.05.

**15.03 Transfer Conditions.** We may, to the extent permitted by applicable law, condition and withhold our consent to a Transfer, when required under Section 15.02, until the transferee and you meet certain conditions. If a Transfer is to occur: (a) the proposed transferee must apply for an Ori’Zaba’s franchise and must meet all of our then-current standards and requirements for becoming an Ori’Zaba’s franchisee, in our sole discretion; (b) you or the proposed transferee must provide to us in writing the circumstances of the proposed Transfer; (c) the proposed transferee must provide to us the same supporting documents as a new franchise applicant; (d) you or the proposed transferee must pay us a transfer fee of fifty percent (50%) of the then-current Initial Franchise Fee (or, if we are not offering franchises at the time of your transfer, fifty percent (50%) of the initial franchise fee listed in the most recent franchise disclosure document), this includes a non-refundable \$1,000 deposit that is due upon the request for approval of a Transfer; (e) the proposed transferee must sign the form of franchise agreement and related documents we then offer to prospective franchisees, which agreement will provide for an initial term which will equal the then-remaining of the Term of this Agreement (and which may contain royalty and other terms which may be significantly different from the ones under this Agreement), and the transferee’s owners will sign the form of Owners Agreement or guaranty we then require of franchisees’ owners; (f) the proposed transferee and its manager must complete to our satisfaction the initial training then required for new franchisees and their managers; (g) you or the proposed transferee must refurbish the Restaurant to conform to our then-current standards and specifications; (h) we must receive general releases from you and each of your owners, and payment of all amounts then owed to us and our affiliates by you and your owners and affiliates, and the transferee and its owners and affiliates, under this Agreement or otherwise; (i) you must not be in default under this Agreement or any other agreement with us or any of our affiliates; (j) you must give us at least 30 days’ prior written notice of any proposed Transfer; (k) your landlord must consent to transfer the lease to the proposed transferee; (l) you must reimburse us upon receipt of our invoice for any broker or other placement fees we incur as a result of the transfer; (m) you and your owners must sign an agreement to abide by the non-competition covenants set forth in Section 17.09 of this Agreement; and (n) you or the transferee must provide us with any additional information that we may reasonably request. We may withhold consent to the proposed transfer until all of these conditions are completely satisfied.

**15.04 Right of First Refusal.** Any individual or entity holding any direct or indirect interest in this Agreement or in a substantial portion of the assets of the Restaurant or in you (if you are an entity) and who desires to accept any bona fide offer from a third party to purchase the relevant interest or assets must notify us in writing of each offer, and must provide the information and documentation relating to the offer as we may require. We have the right and option, exercisable within 30 days after receipt of this written notification, to send written notice to the seller that we or our designee intend to purchase the seller’s interest

on the same terms and conditions offered by the third party. If we or our designee elect to purchase the seller's interest, closing of the purchase will occur within 60 days from the date of notice to the seller of the election to purchase by us or our designee. If we decline to purchase the seller's interest, the seller will have 90 days from the date it gives written notice to us of its purchase offer to sell its interest on the same terms and conditions and to the same transferee as described to us in the written notice. Any material change thereafter in the terms of the offer from a third party will constitute a new offer which will be subject to our right of first refusal under this Agreement. Our failure to exercise the option afforded by this Section 15.04 will not constitute a waiver of any other provision of this Agreement, including all of the other requirements of Section 15.03 with respect to the proposed Transfer. If the consideration, terms or conditions offered by a third party are of the type that we or our designee may not reasonably be able to furnish the same consideration, terms or conditions, then we or our designee may purchase the relevant interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration terms or conditions offered by the third party, then each party will select an independent appraiser. The two appraisers will then have up to 15 business days to agree on a reasonable equivalent in cash. If they cannot agree during that period, then the reasonable equivalent in cash will be the average of the two appraisals. Our right of first refusal is fully assignable by us. If we fail or refuse to exercise our option and the Restaurant is not subsequently sold to the proposed purchaser for any reason, we shall continue to have, upon the same conditions, a first option to purchase the Restaurant upon the terms and conditions of any subsequent offer.

**15.05 Related Party Transfer.** Notwithstanding anything to the contrary in this Agreement, we shall, upon your compliance with our requirements (including obtaining all necessary approvals to the assignment of the lease, if any, of the Restaurant), consent to a Related Party Transfer, except such assignment shall not release you from any liability under this Agreement:

(a) Contemporaneously with such Related Party Transfer, such entity shall cause each owner of the entity to execute a written agreement with us, personally guaranteeing full payment and performance of your obligations to us and individually being bound, jointly and severally, by this Agreement or any new current form of Agreement in the form of an Owners Agreement or other document that we require;

(b) You shall reimburse us for any legal fees we incurred in relation to the transfer;

(c) The transferee shall comply with the Entity Requirements.

**15.06 Death, Disability or Default.** Upon the death, Permanent Disability or default of you (if you are an individual) or your Operating Principal (if you are an entity), we will have the right, but not the obligation, to take over your lease, to purchase some or all of the assets of the Franchise under Section 17.11, and/or to appoint an Interim Manager (defined in Section 19.09 of this Agreement) and exercise our Step-In Rights (defined in Section 19.09 of this Agreement) in accordance with Section 19.09 of this Agreement. If we exercise the Step-In Rights, you or your Operating Principal, or the executor, administrator, personal representative, trustee or heirs of such person (as applicable) must fully cooperate with us in an orderly transfer and pay all fees to us under Section 19.09 of this Agreement for as long as we continue to manage the Franchise. If we do not elect to exercise these rights, you, your majority owner, or the executor, administrator, personal representative, trustee or heirs of such person must transfer the relevant interest to another owner or third party approved by us as soon as practically possible, and in no event more than 180 days of such after the relevant death or Permanent Disability. A "Permanent Disability" means any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Agreement for at least 90 consecutive days, and from which condition recovery within 90 days from the date of determination of disability is unlikely. If the parties disagree as to whether a person is Permanently Disabled, the existence of a Permanent Disability

shall be determined by a licensed practicing physician selected by Ori'Zaba's, upon examination of the person. If the person refuses to submit to an examination, such person shall automatically be deemed Permanently Disabled as of the date of such refusal for the purpose of this Section 15.06. The costs of any examination required by this Section 15.06 shall be paid by Ori'Zaba's. This transfer, including any transfer by devise or inheritance, will be subject to the same conditions as other Transfers under this Agreement. However, in the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable or unwilling to meet the conditions in Section 15.03, the executor, administrator, trustee or personal representative of the deceased person will have a reasonable time (but no longer than 180 days) to dispose of the interest in the Franchise, which will be subject to all the terms and conditions for Transfers contained in this Agreement. If the interest is not disposed of within 180 days following the relevant death or Permanent Disability, we may terminate this Agreement under Section 16.01. Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination of this Agreement.

**15.07 No Waiver.** Our consent to a Transfer hereunder will not constitute a waiver of any claims we may have against you or the transferring party or our right to demand exact compliance with any provision of this Agreement.

## **16. DEFAULT AND TERMINATION**

**16.01 Termination by Us without Right to Cure.** You will be deemed to be in material incurable default under this Agreement, and we may terminate this Agreement for good cause effective immediately upon delivery of notice of termination to you, for any of the following grounds: (a) you (or any of your owners) are judged bankrupt, become insolvent, make an assignment for the benefit of creditors, are unable to pay your debts as they become due, a petition under any bankruptcy law is filed against you, or a receiver or other custodian is appointed for a substantial part of the assets of the Restaurant; (b) you or any of your owners are convicted of a felony or other crime which substantially impairs the goodwill associated with the Marks; (c) you or your owners made any material misrepresentation or omission in the application for the Franchise; (d) you make an unauthorized Transfer; (e) the interest of a deceased or incapacitated person is not timely Transferred in accordance with the terms of this Agreement; (f) you intentionally understate the Restaurant's revenues in any report or financial statement; (g) you commit any two or more defaults under this Agreement within any 12-month period, regardless of whether any default is cured; (h) you fail to operate or keep the Franchise open for more than five consecutive business days without our express written approval; (i) you default under any loan, lending agreement, mortgage, deed of trust or lease with any party covering the Premises, and the other party treats the relevant act or omission as a default, and you fail to timely cure the default; (j) you fail to begin operation of the Restaurant within 18 months from the Effective Date of this Agreement or you, your Designated Manager or Operating Principal fails to complete our training program to our satisfaction, after giving you the opportunity to designate a successor Designated Manager or Operating Principal; (k) you sell, offer for sale, or give away at the Restaurant any items or services which have not been previously approved by us in writing, or which have been subsequently disapproved, and you fail to cease these sales or gifts within 24 hours after receipt of notice by us; (l) you suffer termination of any other agreement with us or any of our affiliates; (m) you fail to comply with all applicable laws and ordinances relating to the Franchise, including Anti-Terrorism Laws, or if your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation; (n) you duplicate all or any portion of our System or make or cause a disclosure of the System; (o) you fail to follow any laws or regulations for products or prepare products which are not in accordance with the methods set forth by us; (q) you fail or refuse to sell products designated by us; or (r) you behave contrary to our morality policy contained in the Franchise Operations Manual.

**16.02 Termination by Us with 10-Day Cure Period.** If you fail or refuse to timely pay any amounts owed to us, any of our affiliates or our approved suppliers and vendors, or if you fail to obtain or maintain insurance as required by this Agreement, we may, at our option, terminate this Agreement by giving you 10 days' written notice of default. If you do not cure the default within this 10-day period, we may terminate this Agreement for good cause effective upon delivery of notice of termination to you.

**16.03 Other Termination by Us.** In addition to the termination rights in Sections 16.01 and 16.02, if you fail to comply with any other provision of this Agreement, we, at our option, may terminate this Agreement by giving you 30 days' written notice of default. If you do not cure the default within this 30-day period, we may terminate this Agreement for good cause effective upon delivery of notice of termination to you.

**16.04 Additional Remedies.** We may deny you the benefits of the System for any default under this Agreement and discontinue System benefits to you for the duration of the default, including, but not limited to, suspension of your access to any intranet we may develop and/or suspension of any listing or web page for your Restaurant on our website. We may institute proceedings to collect amounts due under this Agreement without first issuing a default or termination notice. Our consent or approval as may be required under this Agreement or the System Standards may be withheld while you are in default under this Agreement or may be conditioned on the cure of all of your defaults. Our termination of this Agreement pursuant to this Section 16 will be in addition to all other remedies, in law or in equity, available to us. Additionally, you must reimburse us for any legal or accounting fees that we incur as a result of any breach or termination of the Agreement or that we incur in enforcing the Agreement.

**16.05 Termination by You.** If you and your owners are in full compliance with this Agreement, and we materially fail to comply with this Agreement and we do not correct the failure within 60 days after you deliver notice of the material failure to us or, if we cannot correct the failure within 60 days, give you, within 30 days after your notice, reasonable evidence of our effort to correct the failure within a reasonable time, you may terminate this Agreement effective an additional 30 days after you deliver to us written notice of termination. Your termination of this Agreement other than according to this Section 16.05 will be deemed a termination without cause and a breach of this Agreement.

**16.06 Governing State Law.** If a longer notice or cure period or a different good cause standard is prescribed by applicable law, this law will apply to any termination of this Agreement.

## **17. POST-TERMINATION RIGHTS AND OBLIGATIONS**

**17.01 Cease Use of System and Marks.** Upon the expiration or termination of this Agreement by any means or for any reason, you will immediately cease to be a franchisee of ours and you will cease to operate the Restaurant under the System or Marks. You will also immediately cease to use, in any manner whatsoever, any methods, procedures, or techniques associated with the System and cease to use the Marks. Unless otherwise approved in writing by us, you will return to us all copies of materials bearing the Marks. You will not, directly or indirectly, represent to the public that the former Franchise is or was operated or in any way connected with the System or hold yourself out as a present or former franchisee of ours.

**17.02 Payment of Amounts Owed.** Upon the expiration or termination of this Agreement by any means or for any reason, you will immediately pay all sums you owe us and our affiliates. Upon termination for any default by you, the sums you owe will include actual and consequential damages, costs, and expenses we incurred as a result of your default.

**17.03 Return Manual and Other Materials.** Upon the expiration or termination of this Agreement by any means or for any reason, you will immediately return to us the Franchise Operations Manual, any training materials, other proprietary information, all trade secrets and confidential materials owned or licensed by us, and all copies thereof. If you fail to return the Franchise Operations Manual to us within five days after any expiration or termination of this Agreement, you must pay the Franchise Operations Manual replacement fee specified in Section 7.04.

**17.04 Change of Identification.** Upon the expiration or termination of this Agreement by any means or for any reason, you will, upon our request, immediately remove or obliterate the Marks from all marketing materials, supplies, signage and other items bearing any Marks. You will follow the other steps we may require in the Franchise Operations Manual or otherwise in writing for changing the identification of the Premises and/or operations. You will promptly paint over or remove the distinctive System trade dress, color schemes, signage and other physical features. You will not use any reproduction, counterfeit copy, or colorable imitation of the Marks either in connection with any business or the promotion thereof, which is likely to cause confusion, mistake, or deception or which is likely to dilute our exclusive rights in and to the Marks, and you will not utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with us so as to constitute unfair competition. You will make modifications or alterations to the Premises immediately upon expiration or termination of this Agreement as may be necessary to prevent any association between us or the System and any business later operated by you or others, and will make specific additional changes thereto as we may reasonably request for that purpose. If you fail or refuse to comply with the requirements of this Section 17.04, (including in the event of a relocation of your Restaurant in Section 4.07), we will have the right to enter upon the Premises, without liability for trespass or any other tort, to make or cause to be made any changes as may be required at your expense, which expense you agree to pay us upon demand, plus a 15% administrative fee. We will exercise reasonable care in making these changes, but we will have no obligation or liability to restore the Premises to its condition before making these changes. We will have the right to remove or obliterate the Mark-bearing portion of your supplies and equipment, and you will promptly pay or reimburse us for our costs of doing so.

**17.05 Identifiers.** You acknowledge that all telephone numbers, facsimile numbers, social media websites, Internet addresses and email addresses (collectively “Identifiers”) used in the operation of your Restaurant constitute our assets, and upon termination or expiration of this Agreement, you will take such action within five days to cancel or assign to us or our designee as determined by us, all of our right, title and interest in and to such Identifiers and will notify the telephone company and all listing agencies of the termination or expiration of your right to use any Identifiers, and any regular, classified or other telephone directory listing associated with the Identifiers and to authorize a transfer of the same to, or at our direction. You agree to take all action required to cancel all assumed name or equivalent registrations related to your use of the Marks. You acknowledge that we have the sole rights to, and interest in, all Identifiers used by you to promote the Restaurant and/or associated with the Marks. You hereby irrevocably appoint us, with full power of substitution, as your true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. You further appoint us to direct the telephone company, postal service, registrar, Internet service provider, listing agency, website operator, or any other third party to transfer such Identifiers to us or our designee. The telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third party may accept such direction by us pursuant to this Agreement as conclusive evidence of our rights to the Identifiers and our authority to direct their transfer.

**17.06 Cancel Assumed Name.** You will take whatever action is necessary to cancel any assumed name or equivalent registration which contains the Marks, including any trade name or “doing

business as” name, and you will furnish us with evidence satisfactory to us of compliance with this obligation within ten days after termination or expiration of this Agreement.

**17.07 Customer Lists.** Upon the expiration or termination of this Agreement by any means or for any reason, you must immediately provide to us all customer lists and contact information in your possession or control.

**17.08 Assignment of Lease.** If we request, you will assign to us your lease for the Premises.

**17.09 Non-Competition.** You (and if you are an entity, your owners, officers and directors) will not, directly or indirectly, for a period of two years after the expiration or termination of this Agreement or any Transfer engage in or invest in, own, manage, operate, finance, control, or participate in the ownership, management, operation, financing, or control of, be employed by, associated with, or in any manner connected with, lend your name or any similar name to, or render services or advice to any business whose methods of operation, trade dress or business concept is the same as or similar to that of the System or the Marks, or which offers Mexican-style food, within a five-mile radius of: (i) your Restaurant’s location; or (ii) any other Restaurants that are owned or operated by us or any of our affiliates or franchisees (including Restaurants which are then under construction or development).

The parties agree that the covenants in this Section 17.09 will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 17.09 is held unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant imposing the maximum duty permitted by law that is subsumed within the terms of the covenant, as if the resulting covenant were separately stated in and made a part of this Section 17.09. You further agree that the existence of any claim you may have against us, whether or not arising from this Agreement, will not constitute a defense to the enforcement by us of the covenants in this Section 17.09. You understand and acknowledge that we will have the right, in our sole discretion, to unilaterally reduce the scope of any covenant set forth in this Section 17.09 or any portion hereof, without your consent, effective immediately upon receipt by you of written notice thereof; and you agree that you will comply immediately with any covenant as so modified.

**17.10 Other Post-Termination Obligations.** Upon the expiration or termination of this Agreement by any means or for any reason, you will immediately and strictly comply with all other provisions of this Agreement pertaining to post-termination obligations. You must follow any procedures established by us to ensure the expiration or termination of this Agreement (or any successor term thereof) creates the least disruption possible to the System, including those procedures set forth in the Franchise Operations Manual.

**17.11 Right to Purchase.** Upon the expiration or termination of this Agreement by any means or for any reason, we will have the right, but not the obligation, to purchase some or all of the assets of the Franchise, including any furnishings, fixtures, equipment, signs, items, inventory, supplies and marketing materials, as well as all items bearing any Mark, at the lesser of your cost or fair market value. Before exercising any rights under this Section 17.11, we will have the right to enter the Restaurant during reasonable hours to inspect the assets. If we elect to exercise our purchase rights, we will give you written notice of intent to do so within 30 days after termination or expiration of this Agreement. In the event of such a purchase, there shall be no payment by us for any intangible assets of the Franchise. If the parties cannot agree on fair market value within 15 days after we provide notice of intent to purchase, then each party will select an independent appraiser. The two appraisers will then have up to 15 business days to agree on a fair market value for the relevant assets. If they cannot agree during that period, then the final fair market value will be determined by averaging the amounts determined by the two appraisers. If we elect to exercise our purchase rights, closing will take place within 45 days after we provide notice of intent

to purchase, to the extent reasonably possible. We will have the right to offset all amounts you owe to us or our affiliates against any payment due to you under this Section 17.11. This provision will also apply in the event of death, incapacity, or default under Section 15.05.

**17.12 Survival of Certain Provisions.** Certain rights and obligations in Sections 8, 11, 12, 14, 17, 18, and 19 survive termination or expiration of this Agreement (regardless of whether termination is wrongful) or a Transfer by you. You will continue to comply with your obligations under these sections following termination or expiration of this Agreement or a Transfer until the obligations, by their nature or by the relevant express provisions, expire.

**17.13 Liquidated Damages.** Upon termination of this Agreement by us for any reason other than the expiration of the contract term, or your termination of this Agreement without legal cause, you agree to pay to us within 15 days after the Effective Date of this Agreement's termination, in addition to the amounts owed hereunder, liquidated damages equal to the combined average monthly Royalty Fees and Brand Fund Contributions payable by you (without regard to any fee waivers or other reductions) from the date you open your Restaurant through the date of early termination multiplied by the lesser of (a) 36, or (b) the number of months remaining in the Term of the Agreement had it not been terminated, except that liquidated damages will not under any circumstances be less than \$30,000, even if your Restaurant does not open.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Agreement's termination and the loss of cash flow from Royalty Fees and Brand Fund Contributions due to, among other things, the complications of determining what costs, if any, we might have saved and how much the Royalty Fees and Brand Fund Contributions would have grown over what would have been this Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

The liquidated damages provision only covers our damages from the loss of cash flow from the Royalty Fees and Brand Fund fees. It does not cover any other damages, including damages to our reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fee and Brand Fund sections. You and each of your owners agree that the liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fee and Advertisement sections.

## 18. DISPUTE RESOLUTION

**18.01 Mediation.** Without limiting our rights and remedies under Sections 16 and 17 and except as set forth in Section 18.03 below, all claims or disputes between you and us or our affiliates arising out of, or in any way relating to, this Agreement, or any of the parties' respective rights and obligations arising out of this Agreement, shall be submitted first to non-binding mediation prior to a hearing in binding arbitration. Such mediation shall take place in the city closest to our principal place of business (currently Denver, Colorado) under the auspices of the Judicial Arbitration and Mediation Service ("JAMS"), or other mediation service acceptable to us in our sole discretion, in accordance with JAMS' Commercial Mediation Rules then in effect. You may not commence any action against us or our affiliates with respect to any such claim unless mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by us. The parties shall each bear their own costs of mediation and shall share equally the filing fee imposed by JAMS and the mediator's fees. We reserve the right to specifically enforce our right to mediation. Prior to mediation, and before commencing any legal action against us or our affiliates with respect to any such claim or dispute, you must submit a notice to us, which specifies in detail, the precise nature and grounds of such claim or dispute. All aspects of the mediation process will be treated as

confidential, will not be disclosed to others, and will not be offered or admissible in any other proceeding or legal action whatsoever.

**18.02 Binding Arbitration.** If the parties cannot fully resolve and settle a dispute through mediation as set forth in Section 18.01, all unresolved issues involved in the dispute shall be, at the request of either party, submitted to final and binding arbitration to be conducted in the city closest to our principal place of business (currently Denver, Colorado) by JAMS (if JAMS or any successor thereto is no longer in existence at the time arbitration is commenced or is no longer available for arbitration in such city, you and we will agree on another arbitration organization to conduct the arbitration proceeding), in accordance with JAMS' Commercial Arbitration Rules and otherwise as set forth below on an individual basis (not a class action). In any arbitration proceeding, each party will submit or file any claim that would constitute a compulsory counterclaim as defined by the Federal Rules of Civil Procedure within the same proceeding as the claim it relates to. Any claim that is not submitted or filed as required is forever barred. Except for claims excluded from mediation and arbitration herein, the arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability or formation of this Agreement including, but not limited to any claim that all or any part of this Agreement is void or voidable.

(a) Notice of Arbitration. Either party may initiate the arbitration proceeding by making a written demand to the other party, and both parties will then be obligated to engage in arbitration. The demand for arbitration must be served on the other party within the period provided by the applicable statute of limitations, and must contain a statement setting forth the nature of the dispute, the amount involved, if any, and the remedies sought. A demand for arbitration will not operate to stay, postpone or rescind the effectiveness of any termination of this Agreement. Arbitration will not proceed until any protest of arbitrability is resolved by the arbitrator or by an appropriate court, if necessary.

(b) Selection of Arbitrator. Arbitration will be conducted before a single, neutral arbitrator who is familiar with legal disputes of the type at issue and who has franchise business or contract experience. The parties will mutually agree on the selection of the arbitrator; however, if the parties have not agreed on the selection of an arbitrator within 30 days after the arbitration demand, either party may request JAMS or successor organization, to appoint a qualified arbitrator.

(c) Discovery. All discovery must be completed within 60 days following appointment of an arbitrator, unless otherwise agreed by the parties. Depositions will be limited to a maximum of five per party and will be held within 30 days after making a request. Additional depositions may be scheduled only with the permission of the arbitrator and for good cause shown. Each deposition will be limited to a maximum of six hours duration. Should a dispute arise over the extent of or propriety of any discovery request, the arbitrator will make a final determination after hearing each party's position.

(d) Statement of Case. At least five days before the scheduled hearing, each party must deliver to the arbitrator and to the other party a written summary of its position on the issues in dispute.

(e) Arbitrator's Decision. The arbitrator will issue a written decision within ten days after conclusion of the hearing, explaining the basis for the decision. Judgment upon the decision rendered by the arbitrator may be entered in any court having jurisdiction. This decision will be binding upon both parties. The arbitrator will have authority to assess actual damages sustained by reason of any breach or wrongful termination of this Agreement, including monetary

damages and interest on unpaid amounts from date due, specific performance, injunctive and declaratory relief, and legal fees and costs, but will not have any authority to amend or modify the terms of this Agreement or to assess exemplary or punitive damages. Except for claims excluded from mediation and arbitration herein, the arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability or formation of this Agreement including, but not limited to any claim that all or any part of this Agreement is void or voidable.

(f) Time Schedule. Any award will be made within nine months of the filing of the notice of intention to arbitrate and the arbitrator will agree to comply with this schedule before accepting appointment. The parties will use due diligence to meet the foregoing time schedule, and the arbitrator will have the right to impose appropriate sanctions against any party who fails to comply with the agreed-upon time schedule. The arbitrator will use his best efforts to comply with the foregoing time schedule, but may unilaterally modify it if, in his opinion, modification is necessary for a proper and just resolution of the dispute. The parties may jointly modify the agreed-upon time schedule, subject to the arbitrator's approval.

(g) Arbitration Expenses. The fees of, and authorized costs incurred by, the arbitrator will be shared equally by the parties, and each party will bear all of its own costs of arbitration; provided, however, that the arbitration decision will provide that the substantially prevailing party will recover from the other party its actual costs and expenses (including arbitrator's fees and expenses, and attorney fees and expenses) incurred in connection with the dispute.

(h) Confidentiality. Except as required by applicable law, including the required disclosure in our franchise disclosure document, the entire arbitration proceedings and related documents are confidential. Except as necessary to enforce the decision of the arbitrator hereunder, all conduct, statements, promises, offers, views and opinions, whether oral or written, made in the course of the arbitration by any of the parties, their agents, employees or representatives and by the arbitrator, are confidential. These matters will not be discoverable or admissible for any purposes, including impeachment, in any litigation or other proceeding involving the parties, and will not be disclosed to anyone who is not an agent, employee, expert witness, or representative for any of the parties; however, evidence otherwise discoverable or admissible is not excluded from discovery or admission as a result of its use in the arbitration.

(i) Acknowledgement. The parties acknowledge that nothing herein shall delay or otherwise limit our rights and remedies under Sections 16 and 17 of this Agreement. A notice or request for arbitration or mediation will not operate to stay, postpone, or rescind the effectiveness of any demand for performance or notice of termination under this Agreement.

**18.03 Disputes Not Subject to Mediation or Arbitration.** Notwithstanding the foregoing, the following will not be subject to mediation or arbitration under Sections 18.01 or 18.02 and you or we may immediately file a lawsuit in accordance with this Section 18.03 with respect to any of the following:

(i) any action that involves an alleged breach of any restrictive covenant under Sections 5.19, 5.21, 11 or 17.09;

(ii) any action petitioning specific performance to enforce your use of our intellectual property rights, the Marks or the System, or to prevent unauthorized duplication or use of our intellectual property rights, the Marks or the System;

(iii) any action for equitable relief, including without limitation, seeking preliminary or permanent injunctive relief, specific performance, or other relief in the nature of equity, including an action to enjoin an alleged violation or harm (or imminent risk of violation or harm) to any of our rights in the Marks, the System, or in any of our specialized training, trade secrets, or other Confidential Information, brought at any time including prior to or during the pendency of any mediation or arbitration proceedings under Sections 18.01 or 18.02;

(iv) any action seeking compliance with post-termination obligations set forth in Section 17; or

(v) any action in ejectment or for possession of any interest in real or personal property.

**18.04 Venue.** All claims and disputes must be mediated, arbitrated, and if applicable, litigated in the principal city closest to our principal place of business (currently Denver, Colorado); provided that we have the option to bring suit against any you in any state or federal court within the jurisdiction where your Restaurant is or was located or where any of your owners lives for those claims brought in accordance with Section 18.03. The parties consent to the exercise of personal jurisdiction over them by these courts, and to the propriety of venue in these courts for the purpose of this Agreement, and the parties waive any objections that they would otherwise have in this regard. Each of the parties specifically waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety, or other security that might be required of any other party with respect thereto.

**18.05 Fees and Costs.** If we or you must enforce this Agreement in an arbitration or judicial proceeding, the substantially prevailing party will be entitled to reimbursement of its costs and expenses, including reasonable fees for accountants, attorneys, expert witnesses, costs of investigations and proof of facts, court costs, travel and living expenses, and other dispute-related expenses. In addition, if you breach any Term of this Agreement or any other agreement with us or an affiliate of ours, you agree to reimburse us for all reasonable attorneys' fees and other expenses we incur relating to such breach, regardless of whether the breach is cured prior to the commencement of any dispute resolution proceedings. If there is a mixed decision involving an award of money or money equivalent and equitable relief, the arbitrator will award the above fees to the party that it deems has substantially prevailed over the other party using reasonable business and arbitrator's judgment. We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding for such arbitration proceeding to take place, and by doing so will not be deemed to have waived or relinquished our right to seek recovery of those costs in accordance with this Section 18.05. If either party commences any legal action or proceeding in any court in contravention of the terms of this Section, that party shall pay all costs and expenses that the other party incurs in the action or proceeding, including, without limitation, costs and attorneys' fees as described in this Section 18.05.

**18.06 JURY TRIAL & CLASS ACTION WAIVER.** WE AND YOU IRREVOCABLY WAIVE: (i) TRIAL BY JURY; AND (ii) THE RIGHT TO ARBITRATE OR LITIGATE ON A CLASS ACTION BASIS IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THE PARTIES.

**18.0718.07 Limitation of Actions and Waiver of Punitive Damages.** We and you (and the owners) agree that any legal action of any kind by a party arising out of or relating to this Agreement or a default of this Agreement must be commenced within one (1) year from the occurrence of the facts giving rise to any such claim or action or such claim or action will be barred provided, however, that the forgoing limitation shall not apply where required by applicable law, to the parties indemnification obligations under this Agreement. You and we, for yourselves, ourselves and on behalf of the owners respectively, hereby

waive to the fullest extent permitted by applicable law, any right to, or claim for, punitive or exemplary damages against the other, and agree that except to the extent provided to the contrary in this Agreement, in the event of a dispute you and we shall each be limited to recovering only the actual damages proven to be sustained any legal action of any kind.

**18.08 Survival.** We and you (and the owners) agree that the provisions of this Section 18 shall apply during the Term of this Agreement and following the termination, expiration, or non-renewal of this Agreement. We and you agree to fully perform all obligations under this Agreement during the entire mediation, arbitration or litigation process.

## 19. GENERAL PROVISIONS

**19.01 Partial Invalidity.** If all or any part of a provision of this Agreement violates applicable law, the affected provision or part will not be given effect. If all or any part of a provision of this Agreement is declared invalid or unenforceable, for any reason, or is not given effect by reason of the prior sentence, the remainder of the Agreement will not be affected, and the parties will modify the invalid or unenforceable provision to the extent required to be valid and enforceable. However, if in our judgment this result substantially impairs the value of this Agreement to us, then we may at any time terminate this Agreement by written notice to you, without penalty or compensation owed by either party.

**19.02 Waivers, Modifications and Approvals.** Whenever this Agreement requires our prior approval or consent, you will make a timely written request to us therefor, and we may withhold, condition or withdraw our consent in our sole discretion. No failure of ours to exercise any power reserved to us by this Agreement and no custom or practice of the parties at variance with the terms hereof will constitute a waiver of our right to demand exact compliance with any of the terms herein. A waiver or approval by us of any particular default by you or any other franchisee or acceptance by us of any payments due hereunder will not be considered a waiver or approval by us of any preceding or subsequent breach by you of any term, covenant, or condition of this Agreement. We will not be deemed to have waived any of our rights under this Agreement, nor will you be deemed to have been excused from performance of any of your obligations pursuant to this Agreement, unless the waiver or excuse is written and signed by an authorized representative of us and you. To be effective, any modifications, waivers, approvals and consents of, or under, this Agreement by us must be designated as such, in writing, and signed by our authorized representative. Notwithstanding anything to the contrary herein, you acknowledge and agree that Sections 2.02(c) of this Agreement permit us to unilaterally modify this Agreement.

**19.03 Notices.** Any notice, reports, and other information and documents permitted or required to be delivered under Agreement will be in writing, and will be delivered to us at 8084 S. Wallace Court, Suite A, Englewood, CO 80112, or to you at the address of the Premises or the address listed in Attachment A. Either party may modify its address periodically by written notice to the other party. Notices will be effective if in writing and delivered to the appropriate party by: delivery service, with proof of delivery; or by ~~first class, prepaid certified or registered mail, return receipt requested~~ email to the email address provided by the recipient. Notices will be deemed given on the date delivered or on the date of the first attempted delivery, if delivery is refused or unclaimed.

**19.04 Governing Law.** This Agreement takes effect upon its acceptance by us in the State of Colorado, and will be governed by and interpreted in accordance with Colorado law applicable to contracts made and to be wholly performed therein without regard to its conflicts of law rules; provided, however, that this provision is not intended to subject this Agreement to the Colorado Consumer Protection Act or any franchise or similar law, rule or regulation of the State of Colorado to which it would not otherwise be subject unless the jurisdictional elements of such law, rule or regulation are independently met.

**19.05 Counterparts.** This Agreement may be signed in any number of counterparts, each of which when signed and delivered will be deemed an original, but all counterparts together will constitute one and the same instrument.

**19.06 Construction.** No provision of this Agreement will be interpreted in favor of or against either party merely because of that party's role in the preparation of this Agreement, or because of the nature or type of this Agreement. The headings and captions contained herein are for the purpose of convenience and reference only, and are not to be construed as part of this Agreement. All terms and words used herein will be construed to include the number and gender as the context of this Agreement may require. The parties agree that each Section of this Agreement will be construed independently of any other section or provision of this Agreement. All references in this Agreement to Sections or Attachments refer to the relevant sections and attachments, respectively, of this Agreement. This Agreement, together with the exhibits and any addenda attached, is the entire agreement, and supersedes all prior representations, agreements and understandings (oral or written) of the parties; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Franchise Disclosure Document that was furnished to you by us. Except for the Indemnitees, or as otherwise expressly provided in this Agreement, there are no third-party beneficiaries hereunder. No agreement between us and any third party is for your benefit. Except as expressly provided in this Agreement, this Agreement is binding on and will inure to the benefit of the parties hereto and their respective legal representatives, successors and permitted assigns. No provision in this Agreement expressly identifying any term or breach of this e Agreement as material shall be construed to imply that any other term or breach which is not so identified is not material. Time is of the essence.

**19.07 Force Majeure.** No party shall be liable for any delay in the fulfillment of or failure to fulfill its obligations in whole or in part (other than the payment of money as may be owed by a party) under this Agreement where the delay or failure is solely due to Force Majeure. In the event of Force Majeure, the parties' obligations shall be extended or relieved only to the extent the parties are respectively necessarily prevented or delayed in such performance during the period of such Force Majeure. As used in this Agreement, the term "Force Majeure" shall mean any act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), terrorist event, riot, epidemic, fire or other catastrophe, act of any government and any other similar cause which is beyond the party's control and cannot be overcome by use of normal commercial measures. Force Majeure should be construed narrowly and does not include general economic, market or societal conditions, or any changes thereto, even those that are the direct or indirect result of the Force Majeure event. So, for example, in the event of a temporary government-imposed closure of your Restaurant due to a Force Majeure event, you may only be relieved of your obligations as necessary to comply with the government mandate or order, but not due to the economic or market conditions that result from that action. The party whose performance is affected by an event of Force Majeure shall give prompt notice of such Force Majeure event to the other party, which in no case shall be more than 48 hours after the event, setting forth the nature thereof and an estimate as to its duration, and the affected party shall furnish the other party with periodic reports regarding the progress of the Force Majeure event. Each party must use its best efforts to mitigate the effect of the event of Force Majeure upon its performance of the Agreement and to fulfill its obligations under the Agreement. Upon completion of the event of Force Majeure, the party affected must as soon as reasonably practicable recommence the performance of its obligations under this Agreement. However, in the event the Force Majeure continues for a period of six months or more, then the unaffected party may, at its option, terminate this Agreement by 30 days' written notice to the party asserting such Force Majeure. An event of Force Majeure does not relieve a party from liability for an obligation which arose before the occurrence of the Force Majeure event, nor does that event affect any obligation to pay money owed under the Agreement or to indemnify us, whether such obligation arose before or after the Force Majeure event. An event of Force Majeure shall not affect your obligations to comply with any restrictive covenants in this Agreement during or after the Force Majeure event.

**19.08 State Addendum.** The laws of certain states may supersede some of the provisions of this Agreement, and certain states require us to supplement or modify the provisions of this Agreement. If applicable, these supplements and modifications are contained in the addendum to the Franchise Disclosure Document. When you sign this Agreement, you will also properly sign the addenda, if applicable. The multi-state addendum will be construed and applied as narrowly as possible, consistent with applicable state law, in order to avoid potential conflicts between state laws.

**19.09 Operation in the Event of Absence or Disability; Step-In Rights.** In order to prevent any interruption of the Franchise operations which would cause harm to the Franchise, thereby depreciating the value thereof, we have the right, but not the obligation, to step-in and designate an individual of our choosing (an “Interim Manager”) for so long as we deem necessary and practical to temporarily manage your Franchise: (i) if you fail to comply with any provision of this Agreement and do not cure the failure within the time period specified by the Agreement or us; (ii) if we determine in our sole judgment that the operation of your Franchise is in jeopardy; (iii) if we determine in our sole discretion that operational problems require that we operate the Franchise; (iv) if you abandon or fail to actively operate the Franchise; (v) upon your or the Designated Manager’s absence, termination, illness, death, incapacity or disability; or (vi) if we deem you or your Designated Manager incapable of operating the Franchise (“Step-in Rights”). If we exercise the Step-In Rights:

(a) you agree to pay us, in addition to all other amounts due under this Agreement, an amount equal to \$500 per day that the Interim Manager manages the Franchise, plus the Interim Manager’s direct out-of-pocket costs and expenses;

(b) all monies from the operation of the Franchise during such period of operation by us shall be kept in a separate account, and the expenses of the Franchise, including the fee paid to the Interim Manager, shall be charged to said account;

(c) You acknowledge that the Interim Manager will have a duty to utilize only reasonable efforts and will not be liable to you or your owners for any debts, losses, or obligations the Franchise incurs, or to any of your creditors for any supplies, products, or other assets or services the Franchise purchases, while Interim Manager manages it;

(d) the Interim Manager will have no liability to you except to the extent directly caused by its gross negligence or willful misconduct. We will have no liability to you for the activities of an Interim Manager unless we are grossly negligent in appointing the Interim Manager and agree to indemnify and hold harmless us, the Interim Manager, and any representative of ours who may act hereunder, from any and all acts which we may perform or omissions, as regards the interests of you or third parties; and

(e) You agree to pay all of our reasonable attorney fees and costs incurred as a consequence of our exercise of the Step-In Rights.

Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination.

## 20. SECURITY INTEREST

**20.01 Collateral.** You grant to us a security interest (“Security Interest”) in all of the furniture, fixtures, equipment, signage, and realty (including your interests under all real property and personal property leases) of the Franchise, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Franchise. All items in which a security interest is granted are referred to as the “Collateral.”

**20.02 Indebtedness Secured.** The Security Interest is to secure payment of the following (the “Indebtedness”):

- (a) All amounts due under this Agreement or otherwise by you;
- (b) All sums which we may, at our option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness;
- (c) All expenses, including reasonable attorney fees, which we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the Security Interest and this Agreement; and
- (d) All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of you to us or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not you execute any extension agreement or renewal instruments.

Our security interest, as described herein, shall be subordinated to any financing related to your operation of the Franchise, including, but not limited to, a real property mortgage and equipment leases.

**20.03 Additional Documents.** You will from time to time as required by us join with us in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to us.

**20.04 Possession of Collateral.** Upon default and termination of your rights under this Agreement, we shall have the immediate right to possession and use of the Collateral.

**20.05 Our Remedies in Event of Default.** You agree that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options, duties, and remedies of a secured party under, and you shall have the rights and duties of a debtor under, the Uniform Commercial Code of Colorado (or other applicable law), including, without limitation, our right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by us in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above.

**20.06 Special Filing as Financing Statement.** This Agreement shall be deemed a Security Agreement and a Financing Statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

## 21. ACKNOWLEDGMENTS

**21.01 Accurate Information.** You represent that all information set forth in any and all applications, financial statements and submissions to us is true, complete and accurate in all respects. You

acknowledge that we are relying upon the truthfulness, completeness and accuracy of this information in our decision to enter into this Agreement with you.

Your initials: \_\_\_\_\_

**21.02 Reasonable Covenants.** The covenants not to compete in this agreement are fair and reasonable, and will not impose any undue hardship on you or your owners, since you and your owners have other considerable skills, experience and education which afford you and your owners the opportunity to derive income from other endeavors.

Your initials: \_\_\_\_\_

**21.03 No Other Agreements.** You acknowledge that this Agreement, the documents referred to herein, the attachments hereto, and other agreements signed concurrently with this Agreement, if any, constitute the entire, full and complete Agreement between us and you concerning the subject matter hereof. This Agreement terminates and supersedes any prior agreement between the parties concerning the same subject matter, and any oral or written representations which are inconsistent with the terms of this Agreement or our Franchise Disclosure Document.

Your initials: \_\_\_\_\_

**21.04 No Restaurant Opportunity Representations.** You acknowledge that neither we nor any of our officers, directors, shareholders, employees or agents have made any representation that: (a) we may purchase any or all products made, produced, fabricated or modified by you; (b) we guarantee that you will derive income from the Franchise which will exceed the Initial Franchise Fee; (c) we guarantee that we will refund all or part of the Initial Franchise Fee if you are not satisfied with the Franchise; or (d) we will provide a sales program or marketing program which will enable you to derive income from the Franchise which exceeds the Initial Franchise Fee.

Your initials: \_\_\_\_\_

*(Remainder of page intentionally left blank)*

IN WITNESS WHEREOF, the parties hereto have duly signed this Agreement as of the Effective Date.

**FRANCHISEE:**

\_\_\_\_\_  
Entity name (if any)

By Sign: \_\_\_\_\_  
\_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

By Sign: \_\_\_\_\_  
\_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Franchisee's Address for Notices:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date Signed: \_\_\_\_\_

**FRANCHISOR:**

**ORI'ZABA'S FRANCHISE OPERATIONS, LLC**

By Sign: \_\_\_\_\_  
\_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Effective Date: \_\_\_\_\_



**ATTACHMENT A TO FRANCHISE AGREEMENT**

**FRANCHISE DATA SHEET**

1. **Effective Date.** The Effective Date of the Franchise Agreement is: \_\_\_\_\_, 20\_\_.
  
2. **Franchisee.** The Franchisee identified in the introductory paragraph of the Franchise Agreement is: \_\_\_\_\_
  
3. **Initial Franchise Fee.** The Initial Franchise Fee set forth in Section 8.01 is (check one):  
  
\_\_\_\_ \$30,000 for a single Franchise  
  
\_\_\_\_ \$25,000 if this Franchise Agreement is for the second of two Franchises approved by us, provided both Franchises are purchased at the same time (first Franchise is subject to separate franchise agreement and Initial Franchise Fee of \$30,000)  
  
\_\_\_\_ \$20,000 if you are an honorably discharged or retired veteran and this is your first Franchise  
  
\_\_\_\_ Not applicable; this Agreement is being signed under an area development agreement or pursuant to an approved transfer or successor franchise agreement between Franchisee and Franchisor and no Initial Franchise Fee is due
  
4. **Notice Address.** Franchisee’s address for notices as set forth in Section 19.03 of the Franchise Agreement shall be as follows:

Attn: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**FRANCHISOR:**

**ORI’ZABA’S FRANCHISE  
OPERATIONS, LLC**

**FRANCHISEE:**

\_\_\_\_\_

BySign: \_\_\_\_\_  
\_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

BySign: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTACHMENT B TO THE FRANCHISE AGREEMENT**

**PREMISES AND PROTECTED AREA**

1. If a particular site for the Restaurant has been selected and approved at the time of the signing of this Agreement, it shall be entered on Attachment B-1 as the Premises and the Premises shall have the Protected Area listed in Attachment B-1. If a particular site has not been selected and approved at the time of the signing this Agreement, Section 3 of this Attachment will describe the location in general terms below in the “General Description.” The General Description does not confer any territory rights to you and is only used for a reference. We may sell other franchised locations in the area in the General Description.
  
  2. After we have approved a location for your Restaurant, we shall complete the Premises and the Protected Area in Attachment B-1. As the Protected Area is dependent on the location of the Restaurant, we will present you with the Protected Area upon the identification of the site for the Restaurant. If you do not wish to accept the Protected Area, you may choose another site location and we will present you with another Protected Area based on the site selected.
  
  3. General Description of Area for Premises:  
(if the Premises is not specified above as of the signing of the Agreement)
- 

**FRANCHISOR:**

**ORI'ZABA'S FRANCHISE  
OPERATIONS, LLC**

**FRANCHISEE:**

\_\_\_\_\_  
Entity name (if any)

BySign: \_\_\_\_\_  
\_\_\_\_\_

BySign: \_\_\_\_\_  
\_\_\_\_\_

Printed Name: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTACHMENT B-1 TO THE FRANCHISE AGREEMENT**

You have received approval for site location for the Restaurant that satisfies the demographics and location requirements minimally necessary for the Restaurant and that meets our minimum current standards and specifications for the build-out, interior design, layout, floor plan, signs, designs, color and décor of a Restaurant. You acknowledge that our acceptance of the site location for the Premises is in no way a representation by us that your site will be successful. You and we have mutually agreed-upon a Protected Area based on the site for the Restaurant which is indicated below. You acknowledge that the Protected Area is in conformance with the territory guidelines stated in Item 12 of the Franchise Disclosure Document.

**Premises for Restaurant:**

The Premises for your Restaurant as provided in Section 2.02(c) of the Agreement is:

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**Traditional or Non-Traditional Restaurant:** The Premises for your Restaurant is a (please check one):

Traditional Restaurant

Non-Traditional Restaurant

**Area Development Agreement (check one):**

This Franchise Agreement is not entered into pursuant to an Area Development Agreement.

This Franchise Agreement constitutes the \_\_\_\_\_ Restaurant under the Area Development Agreement between you and us dated \_\_\_\_\_.

**Protected Area:**

The Protected Area as provided in Section 2.03 of the Agreement is:

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*(Signature Page Follows)*

**FRANCHISOR:**

**ORI'ZABA'S FRANCHISE  
OPERATIONS, LLC**

**FRANCHISEE:**

\_\_\_\_\_  
Entity name (if any)

By Sign: \_\_\_\_\_  
\_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

By Sign: \_\_\_\_\_  
\_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**ATTACHMENT C TO THE FRANCHISE AGREEMENT**

**FORM OF OWNERSHIP**

Franchisee: \_\_\_\_\_

**Form of Ownership  
(Check One)**

**Individual**    **Partnership**    **Corporation**    **Limited Liability Company**

If a **Partnership**, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a **Corporation**, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a **Limited Liability Company**, give the state and date of formation, the name and address of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

State and date formed or incorporated: \_\_\_\_\_

Management (managers, officers, board of directors, etc.):

Name	Address	Title

Members, Stockholders, Partners\*:

Name	Address	Percentage Owned

**\*If any members, stockholders, or partners are entities, please list the owners of such entities up through the individuals.**

Franchisee acknowledges this Form of Ownership applies to the Franchise authorized under the Franchise Agreement.

Use additional sheets if necessary. Any and all changes to the above information must be reported to us in writing.

**FRANCHISEE:**

\_\_\_\_\_  
Entity name (if any)

By Sign: \_\_\_\_\_  
\_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## ATTACHMENT D TO THE FRANCHISE AGREEMENT

### OWNERS AGREEMENT

As a condition to the granting by Ori'Zaba's Franchise Operations, LLC ("we" or "us"), of a Franchise Agreement with \_\_\_\_\_ ("Franchisee"), each of the undersigned individuals ("Owners"), who constitute all of the owners of a beneficial interest in Franchisee, as well as their respective spouses, covenant and agree to be bound by this Owners Agreement ("Owners Agreement").

#### **1. Acknowledgments.**

1.1 Franchise Agreement. Franchisee entered into a franchise agreement with us effective as of \_\_\_\_\_, 20\_\_ ("Franchise Agreement"). Capitalized words not defined in this Owners Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 Role of Owners. Owners are the beneficial owners or spouses of the beneficial owners of all of the direct and indirect equity interest, membership interest, or other equity controlling interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives and assigns. Franchisee's obligations under the Franchise Agreement, including the confidentiality, and non-compete obligations, would be of little value to us if Franchisee's direct and indirect owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Owners Agreement.

#### **2. Non-Disclosure and Protection of Confidential Information.**

2.1 Confidentiality. Under the Franchise Agreement, we will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a franchised business. The provisions of the Franchise Agreement governing Franchisee's non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, which we designate as confidential, will also be deemed Confidential Information for purposes of this Owners Agreement.

2.2 Immediate Family Members. Owners acknowledge that they could circumvent the purpose of Section 2.1 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). Owners also acknowledge that it would be difficult for us to prove whether Owners disclosed the Confidential Information to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 2.1 if any member of his or her immediate family uses or discloses the Confidential Information or engages in any activities that would constitute a violation of the covenants listed in Section 3, below, if performed by Owners. However, Owners may rebut this presumption by furnishing evidence conclusively showing that Owners did not disclose the Confidential Information to the family member.

### 3. Covenant Not to Compete.

3.1 Non-Competition and Non-Solicitation During and After the Term of the Franchise Agreement. Owners acknowledge that as a participant in our system, they will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which we have developed. The provisions of the Franchise Agreement governing Franchisee's restrictions on competition both during the term of the Franchise Agreement and following the expiration or termination of the Franchise Agreement are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement.

3.2 Construction of Covenants. The parties agree that each such covenant related to non-competition will be construed as independent of any other covenant or provision of this Owners Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 3.

3.3 Our Right to Reduce Scope of Covenants. Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Owners Agreement, without Owners' consent (before or after any dispute arises), effective when we give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

### 4. Continuing Guarantee.

4.1 Payment. Owners will pay us (or cause us to be paid) all monies payable by Franchisee under the Franchise Agreement whether now or in the future on the dates and in the manner required for payment in the relevant agreement.

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Franchisee of all of Franchisee's obligations under the Franchise Agreement whether now or in the future on the date and times and in the manner required in the relevant agreement.

4.3 Indemnification. Owners will indemnify, defend and hold harmless us, all of our affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for, whether now or in the future, by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

4.4 No Exhaustion of Remedies. Owners acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Owners Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

4.5 Waiver of Notice. Without affecting Owners' obligations under this Section 4, we can extend, modify, or release any of Franchisee's indebtedness or obligation, or settle, adjust, or compromise

any claims against Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

4.6 Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death; and the obligations of any other Owners will continue in full force and effect.

4.7 Waiver of Acceptance, Default and Defenses. Owners waive: (i) acceptance and notice of acceptance by us of the forgoing undertakings; (b) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; and (c) any and all other notices and legal or equitable defenses, right of setoff, claim or counterclaim whatsoever to which they may be entitled at any time hereunder.

4.8 Continuing Nature. Owners agree that each of the obligations in this Section 4 shall be continuing and shall not be discharged by: (i) the insolvency of Franchisee or the payment in full of all of the obligations at any time; (ii) the power or authority or lack thereof of Franchisee to incur the obligations; (iii) the validity or invalidity of any of the obligations; (iv) the existence or non-existence of Franchisee as a legal entity; (v) any statute of limitations affecting the liability of Owners or the ability of us to enforce this Franchise Owner Agreement or the obligations; or (vi) any right of offset, counterclaim or defense of any Owner, including, without limitation, those which have been waived by Owners pursuant to this Franchise Owners Agreement.

## 5. Transfers.

Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources and personal character. Accordingly, Owners agree: a) not to sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding transfers and assignment, and that any attempt to do so will be a ~~material~~ breach of this Owners Agreement and the Franchise Agreement. We may, from time to time, without notice to Owners, assign or transfer any or all of Owners' rights, duties and obligations or any interest therein in this Owners Agreement and, notwithstanding any assignment(s) or transfer(s), the rights, duties and obligations shall be and remain for the purpose of this Owners Agreement. Each and every immediate and successive assignee or transferee of any of the rights, duties or obligations of any interest therein shall, to the extent of such party's interest in the rights duties and/or obligations, be entitled to the benefits of this Owners Agreement to the same extent as if such assignee or transferee were us.

## 6. Notices.

6.1 Method of Notice. Any notices given under this Owners Agreement shall be in writing and delivered in accordance with the provisions of the Franchise Agreement.

6.2 Notice Address. Our current address for all communications under this Owners Agreement is:

8084 S. Wallace Court, Suite A, Englewood, CO 80112

The current address of each Owner for all communications under this Owners Agreement is designated on the signature page of this Owners Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

## 7. Enforcement of This Owners Agreement.

7.1 Dispute Resolution. Any claim or dispute arising out of or relating to this Owners Agreement shall be subject to the dispute resolution provisions of the Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Owners Agreement.

7.2 Choice of Law; Jurisdiction and Venue. This Owners Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Owners Agreement, and any other claim or controversy between the parties, will be governed by the choice of law and jurisdiction and venue provisions of the Franchise Agreement.

7.3 Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Owners' obligations under this Owners Agreement. Owners acknowledge and agree that there is no adequate remedy at law for Owners' failure to fully comply with the requirements of this Owners Agreement. Owners further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. If injunctive relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

## 8. Miscellaneous.

8.1 No Other Agreements. This Owners Agreement constitutes the entire, full and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings or agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Owners Agreement, other than those in this Owners Agreement. No other obligations, restrictions or duties that contradict or are inconsistent with the express terms of this Owners Agreement may be implied into this Owners Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.3 (or as otherwise expressly provided in this Owners Agreement), no amendment, change or variance from this Owners Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

8.2 Severability. Each provision of this Owners Agreement, and any portions thereof, will be considered severable. If any provision of this Owners Agreement or the application of any provision to any person, property or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Owners Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e. to provide maximum protection for us and to effectuate the Owners' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

8.3 No Third-Party Beneficiaries. Nothing in this Owners Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns) any rights or remedies under or by reason of this Owners Agreement.

8.4 Construction. Any term defined in the Franchise Agreement which is not defined in this Owners Agreement will be ascribed the meaning given to it in the Franchise Agreement. The language of

this Owners Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Owners Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation

8.5 Binding Effect. This Owners Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Owners Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

8.6 Continuing Nature of this Owners Agreement. This Owners Agreement shall be continuing and shall not be discharged, impaired or affected by: (1) the insolvency of Franchisee or the payment in full of all of the obligations under the Franchise Agreement at any time; (2) the validity or invalidity of any of the terms of the Owners Agreement; (3) the existence or non-existence of Franchisee as a legal entity; (4) any statute of limitations affecting the liability of Owners or the ability of us or our successors or assigns to enforce this Owners Agreement; (5) the transfer or assignment of all or a portion of the ownership in Franchisee and/or the assets of Franchisee; (6) the execution of an owners agreement or any other form of guaranty by any additional direct, indirect or beneficial owner of Franchisee in favor of us or our successors or assigns; (7) any right of offset, counterclaim or defense of any Owner; or (8) the expiration, termination or assignment of the Franchise Agreement or any other agreement between you and us.

8.7 Successors. References to “Franchisor” or “the undersigned,” or “you” include the respective parties' heirs, successors, assigns or transferees.

8.8 Nonwaiver. Our failure to insist upon strict compliance with any provision of this Owners Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting any breach or default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owners Agreement shall be cumulative.

8.9 No Personal Liability. You agree that fulfillment of any and all of our obligations written in the Franchise Agreement or this Owners Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

8.10 Owners Agreement Controls. In the event of any discrepancy between this Owners Agreement and the Franchise Agreement, this Owners Agreement shall control.

*(Signatures on following page)*

IN WITNESS WHEREOF, the parties have entered into this Owners Agreement as of the Effective Date of the Franchise Agreement.

**OWNER(S):**

Sign: \_\_\_\_\_  
\_\_\_\_\_

Printed Name: [Insert Name of Owner]

Address: [Insert Address of Owner]

Sign: \_\_\_\_\_  
\_\_\_\_\_

Printed Name: [Insert Name of Owner]

Address: [Insert Address of Owner]

Sign: \_\_\_\_\_  
\_\_\_\_\_

Printed Name: [Insert Name of Owner]

Address:

Sign: \_\_\_\_\_  
\_\_\_\_\_

Printed Name: [Insert NameAddress of Owner]

Address:

**SPOUSE(S):**

Sign: \_\_\_\_\_  
\_\_\_\_\_

Printed Name: [Insert Name of Spouse]

Address: [Insert Address of Spouse]

Sign: \_\_\_\_\_  
\_\_\_\_\_

Printed Name: [Insert Name of Spouse]

Address: [Insert Address of Spouse]

Sign: \_\_\_\_\_  
\_\_\_\_\_

Printed Name: [Insert Name of Spouse]

Address:

Sign: \_\_\_\_\_  
\_\_\_\_\_

Printed Name: [Insert NameAddress of Spouse]

Address:

Ori'Zaba's Franchise Operations, LLC hereby accepts the agreements of the Owner(s) hereunder.

**ORI'ZABA'S FRANCHISE  
OPERATIONS, LLC**

By Sign: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT B**  
**AREA DEVELOPMENT AGREEMENT**

**EXHIBIT B**



**ORIZABA'S FRANCHISE OPERATIONS, LLC  
AREA DEVELOPMENT AGREEMENT**

**Area Developer:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Development Territory:** \_\_\_\_\_

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**ATTACHMENTS:**

- Attachment A: Description of Development Territory and Development Fee
- Attachment B: Development Schedule
- Attachment C: Statement of Ownership

**ORI'ZABA'S FRANCHISE OPERATIONS, LLC  
AREA DEVELOPMENT AGREEMENT**

**THIS AREA DEVELOPMENT AGREEMENT** ("Agreement") is made and entered into by and between ORI'ZABA'S FRANCHISE OPERATIONS, LLC, a Colorado limited liability company ("Ori'Zaba's"), with a business address at 8084 S. Wallace Court, Suite A, Englewood, Colorado 80112 and the area developer identified on the signature page of this Agreement ("Area Developer") as of the date specified on the "Effective Date" on the signature page. If more than one person or entity is listed as the Area Developer, each such person or entity shall be jointly and severally liable for all rights, duties, restrictions and obligations under this Agreement.

**WITNESSETH:**

**WHEREAS**, Ori'Zaba's offers franchise rights relating to the establishment, development, and operation of businesses ("Ori'Zaba's Franchise(s)") that offer a fast, casual Mexican restaurant serving scratch made in house recipes of made to order Mexican Cuisine ("Ori'Zaba's Restaurant(s)" or "Restaurant(s)");

**WHEREAS**, in addition to this Area Development Agreement, Ori'Zaba's and Area Developer have entered into a Franchise Agreement (the "Initial Franchise Agreement") for the right to establish and operate a single Ori'Zaba's franchised business (the "Initial Business"); and

**WHEREAS**, Area Developer desires to purchase an option to establish and operate Ori'Zaba's Franchises within the territory described in Attachment A ("Development Territory"), under the development schedule described in Attachment B ("Development Schedule") and pursuant to the terms and conditions of this Agreement.

**NOW, THEREFORE**, the parties, in consideration of the promises, undertakings and commitments of each party to the other party set forth herein, hereby mutually agree as follows:

1. GRANT

1.1 Ori'Zaba's hereby grants to Area Developer the right to establish and operate the number of Ori'Zaba's Franchises indicated in Section 1 of Attachment B within the Development Territory described in Attachment A, the minimum number of which will be three. Each Ori'Zaba's Franchise shall be operated according to the terms of our then-current form of individual franchise agreement ("Franchise Agreement") except that any fees to be charged under any Franchise Agreement Area Developer signs as part of its obligations under the Development Schedule will be as provided in the form of Franchise Agreement contained in the Franchise Disclosure Document provided to Area Developer prior to execution of this Agreement.

1.2 If the Area Developer is developing Ori'Zaba's Franchises, and complies with the terms of this Agreement, the Development Schedule, the individual Franchise Agreement for each Ori'Zaba's Franchise, and any other agreements entered into with Ori'Zaba's or its affiliates, then Ori'Zaba's will not franchise or license others, nor will it itself directly or indirectly develop, own, lease, construct or operate in any manner, any Ori'Zaba's Franchises in the Development Territory during the term of this Agreement. However, Ori'Zaba's, its affiliates, and any other authorized person or entity (including any other Ori'Zaba's Franchise) may, at any time, conduct any other type of activities within the Development Territory that Ori'Zaba's is permitted to conduct under the Franchise Agreement. Any existing or future Non-Traditional Locations (as defined below) located within the Development Territory are excluded from the Development Territory and will not be considered part of it. In addition, Ori'Zaba's

reserves the right to impose requirements or restrictions on the provision of catering and delivery services and/or utilizing third-party delivery services, which may allow other Ori'Zaba's Restaurants to provide catering and delivery services in your Development Territory without compensating you. Area Developer will not receive an exclusive territory. Area Developer may face competition from other franchisees, from outlets that Ori'Zaba's owns, or from other channels of distribution or competitive brands that Ori'Zaba's controls.

Ori'Zaba's, and its affiliates, have the right to operate, and to license others to operate, Ori'Zaba's Restaurants at any location outside the Development Territory, even if doing so will or might affect Area Developer's operation of Area Developer's Restaurant(s). Ori'Zaba's retains the right, for itself and its affiliates, on any terms Ori'Zaba's deems advisable, and without granting Area Developer any rights:

(a) to own, franchise, acquire, operate and license to others to establish or operate Ori'Zaba's Restaurants at any location outside of the Development Territory, regardless of the proximity to Area Developer's Restaurant(s);

(b) to own, franchise, establish and license to others to establish or operate a Non-Traditional Restaurant (as defined below) or mobile food truck operating under Ori'Zaba's and its affiliates' trademarks (the "Marks") at any location, including within the Development Territory, regardless of the proximity to Area Developer's Restaurant(s);

(c) to use the Marks and the Ori'Zaba's system (the "System") to sell any products or services, similar to those which Area Developer will sell, through any alternate channels of distribution within or outside of the Development Territory (even if these businesses are in competition with Area Developer). This includes, but is not limited to, other channels of distribution such as television, catalog sales, wholesale to unrelated retail outlets or over the Internet. Ori'Zaba's exclusively reserves the Internet as a channel of distribution for itself, and Area Developer may not independently market on the Internet or conduct e-commerce;

(d) to offer and sell food products, including frozen products and proprietary food products, under the Marks or any other marks, through any Non-Traditional Location within or outside of the Development Territory;

(e) to use and license the use of other proprietary and non-proprietary marks or methods, which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution or in the operation of a business offering Mexican food and related products and services, at any location, including within the Development Territory, which may be similar to or different from the Ori'Zaba's restaurant operated by Area Developer;

(f) to engage in any transaction, including to purchase or be purchased by, to merge or combine with, to convert to the System or be converted into a new system with any business whether franchised or corporately owned, including a business that competes directly with Area Developer's Restaurant(s), whether located inside or outside of the Development Territory, provided that in such situations the newly acquired businesses will not operate under the Marks inside the Development Territory; and

(g) to implement multi-area marketing programs, which may allow us or others to solicit or sell to customers anywhere. Ori'Zaba's also reserves the right to issue mandatory policies to coordinate such multi-area marketing programs; and

(h) to engage in any other business activities not expressly prohibited by this Agreement, both within and outside the Development Territory.

A “Non-Traditional Restaurant” is a Restaurant operated under the Marks located within another primary business or in conjunction with other businesses or at institutional settings, such as shopping mall food courts, amusement parks, casinos, airports, stadiums, and any site for which the lessor, owner or operator thereof shall have indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider (each, a “Non-Traditional Location”).

Ori’Zaba’s is not required to pay Area Developer if it exercise any of the rights specified above within the Development Territory. Ori’Zaba’s does not pay compensation for soliciting or accepting orders inside the Development Territory including orders accepted or solicited by other Ori’Zaba’s franchisees. Area Developer agrees that it may face competition from Ori’Zaba’s, from other franchisees and from other channels of distribution or competitive brands that Ori’Zaba’s controls within the Development Territory.

1.3 This Agreement is not a franchise agreement and Area Developer shall have no right to use in any manner the Ori’Zaba’s trademarks or area developer system by virtue hereof. Each Ori’Zaba’s Franchise will be governed by the individual Franchise Agreement signed by Ori’Zaba’s and Area Developer, or its affiliate, for each Ori’Zaba’s Franchise.

1.4 The Area Developer must own at least a fifty-one percent (51%) equity interest in the franchisee for each Ori’Zaba’s Franchise developed hereunder. In addition, Area Developer shall ensure that a person having at least a ten percent (10%) direct or indirect equity interest in such franchisee shall at all times devote his or her full time and attention to managing, supervising, and developing each Ori’Zaba’s Franchise and that the person is at all times identified to Ori’Zaba’s. Area Developer shall identify all direct and indirect equity owners of Area Developer by completing the Statement of Ownership attached to this Agreement as Attachment C. Area Developer shall provide Ori’Zaba’s with an updated form of Attachment C within ten (10) business days of any change in the equity ownership of Area Developer. The failure of Area Developer to provide Ori’Zaba’s with an updated Attachment C within the time frame specified in this Section 1.4 shall constitute a ~~material~~ default of this Agreement.

## 2. TERM

Unless sooner terminated pursuant to the provisions of Section 7, the term of this Agreement shall expire upon the earlier of (a) the Termination Date listed on Section 2 of Attachment B, or (b) completion of the obligations of the Development Schedule. Upon expiration or termination of this Agreement: (i) the only territorial protections that Area Developer will retain are those under each individual Franchise Agreement; (ii) Area Developer shall have no further right to construct, equip, own, open or operate additional Ori’Zaba’s Franchises which are not, at the time of such termination or expiration, the subject of a then-existing franchise agreement between Area Developer (or an affiliate of Area Developer) and Ori’Zaba’s which is then in full force and effect; and (iii) Ori’Zaba’s or its affiliates may thereafter itself construct, equip, open, own or operate, and license others to (or grant development rights to) construct, equip, open, own or operate Ori’Zaba’s Franchises at any location(s) (within or outside of the Development Territory), without any restriction, subject only to the territorial rights granted, if any, for any then-existing Ori’Zaba’s Franchise pursuant to a validly existing franchise agreement executed for such Ori’Zaba’s Franchise.

3. DEVELOPMENT FEE

Area Developer must pay Ori'Zaba's the "Development Fee" set forth in Attachment A. The Development Fee shall be calculated as \$15,000 multiplied by the total number of Restaurants, excluding the Initial Business, to be developed under the Area Development Agreement. The Development Fee is deemed fully earned by us once paid, and shall be non-refundable under any circumstances, regardless of whether Area Developer opens any of the Ori'Zaba's Franchises it is obligated to open in the Development Territory. The initial franchise fee for the Initial Business to be opened under this Agreement is not included in the Development Fee and must be paid in addition to and concurrently with the Development Fee, as provided in the Initial Franchise Agreement. Except for the Initial Business, Area Developer will not pay any initial franchise fees for the Restaurants to be developed under this Agreement; provided that all other initial fees due upon execution of a franchise agreement shall apply.

4. DEVELOPMENT SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

4.1 Area Developer shall exercise the development rights granted under this Agreement only by entering into a separate Franchise Agreement with Ori'Zaba's for each Ori'Zaba's Franchise for which a development right is granted. The Franchise Agreement to be executed for the Initial Business to be developed by Area Developer under this Agreement shall be executed and delivered, concurrently with the execution and delivery of this Agreement. All subsequent Ori'Zaba's Franchises developed under this Agreement shall be established and operated pursuant to the form of Franchise Agreement, and ancillary documents, then being used by Ori'Zaba's for an Ori'Zaba's Franchise. Area Developer acknowledges that the then-current form of Franchise Agreement may differ from the Initial Franchise Agreement, including higher royalty rate and other fees. Area Developer may not exercise any development rights under this Agreement while it is in default of any other agreement with Ori'Zaba's, including any franchise agreement.

4.2 Development Schedule.

(a) Acknowledging that time is of the essence, Area Developer agrees to exercise its development rights according to Section 4.1 and according to the Development Schedule set forth on Attachment B, which schedule designates the number of Franchise Agreements that must be executed prior to the expiration of each of the designated development periods ("Development Periods") for the operation of Ori'Zaba's Franchises in the Development Territory.

(b) During any Development Period, Area Developer may, with Ori'Zaba's' prior written consent, develop more than the number of Ori'Zaba's Franchises that Area Developer is required to develop during that Development Period by executing multiple Franchise Agreements during a single Development Period. Any Franchise Agreements executed during a Development Period in excess of the minimum number to be executed prior to expiration of that Development Period shall be applied to satisfy Area Developer's development obligation during the next succeeding Development Period. Area Developer shall not execute more than the cumulative total number of Franchise Agreements that Area Developer is obligated to execute under this Agreement, as set forth above in the Development Schedule.

(c) Area Developer shall open each Ori'Zaba's Franchise in accordance with the terms of the Franchise Agreement and shall execute the Franchise Agreements in accordance with the Development Schedule set forth on Attachment B, unless, subject to Ori'Zaba's' approval, Area Developer obtains an extension of the Development Period from Ori'Zaba's to sign a particular Franchise Agreement. Each extension shall be for an additional 90-day period

commencing upon the expiration of the applicable Development Period, including any previous extensions thereof (“Extension Date”). No more than two (2) extensions of any Development Period will be permitted. No extension of any Development Period shall affect the duration of any other Development Period or any of Area Developer’s other development obligations. If an extension is requested in the final Development Period, the term of this Agreement shall be extended to the Extension Date, and thereafter Area Developer shall have no further rights under this Agreement except as provided in Section 2. Each extension is conditioned upon Area Developer’s payment to Ori’Zaba’s of an extension fee (“Extension Fee”) of \$2,000 per extension.

(d) Area Developer’s ~~first~~ failure to adhere to the Development Schedule (as modified by any Extension Date) shall result in a loss of the territorial rights granted in Section 1.2 of this Agreement. ~~Failure by Area Developer to adhere to the Development Schedule on two (2) or more occasions, and shall constitute a material~~ an event of default under this Agreement, for which Ori’Zaba’s may exercise its rights under Section 7.1 of this Agreement.

(e) If Ori’Zaba’s is not legally able to deliver a Franchise Disclosure Document to Area Developer by reason of any lapse or expiration of its franchise registration, or because Ori’Zaba’s is in the process of amending any such registration, or for any reason beyond Ori’Zaba’s’ reasonable control, Ori’Zaba’s may delay acceptance of the site for Area Developer’s proposed Ori’Zaba’s Franchise, or delivery of a Franchise Agreement, until such time as Ori’Zaba’s is legally able to deliver a Franchise Disclosure Document.

## 5. LOCATION OF ORI’ZABA’S FRANCHISES

The location of each Ori’Zaba’s Franchise shall be selected by the Area Developer in accordance with the terms set forth in each Franchise Agreement signed by Area Developer, within the Development Territory.

## 6. FRANCHISE AGREEMENT

Area Developer shall not commence construction on, or open any Ori’Zaba’s Franchise until, among other things; the individual Franchise Agreement for that Ori’Zaba’s Franchise has been signed by both the Area Developer and Ori’Zaba’s.

## 7. DEFAULT AND TERMINATION

7.1 Area Developer will be in default of this Agreement if it (or its affiliate(s)): (a) fails to comply with the Development Schedule ~~on two (2) or more occasions~~; (b) fails to perform any of its obligations under this Agreement or any individual Franchise Agreement; or (c) fails to comply with the provisions on transfer contained herein. Upon default, Ori’Zaba’s shall have the right, at its option, and in its sole discretion, to do any or all of the following:

- (a) terminate this Agreement;
- (b) terminate the territorial exclusivity granted to Area Developer;
- (c) reduce the size of the Area Developer’s Development Territory;
- (d) permit Area Developer to extend the Development Schedule; or

(e) pursue any other remedy Ori'Zaba's may have at law or in equity, including but not limited to, a suit for non-performance.

7.2 Upon the death or Permanent Disability (as defined below) of Area Developer or any equity owner of Area Developer (if Area Developer is an entity) or of Area Developer's Operating Principal (as defined below), Ori'Zaba's shall allow a period of up to 180 days after such death or Permanent Disability for his or her heirs, personal representatives, or conservators (the "Heirs") to seek and obtain Ori'Zaba's' consent to the assignment of his or her rights and interests in this Agreement (or the assignment of his or her equity and voting power) to the Heirs, another owner or third party approved by Ori'Zaba's. If, within said 180-day period, said Heir(s) fail to receive Ori'Zaba's' consent as aforesaid or to effect such consented-to assignment, then this Agreement shall immediately terminate at Ori'Zaba's' election. Such consent shall be withheld or granted in Ori'Zaba's' sole discretion. For purposes of this Section 7.2, a "Permanent Disability" shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Agreement for at least 90 consecutive days, and from which condition recovery within 90 days from the date of determination of disability is unlikely. If the parties disagree as to whether a person is disabled, the existence of a Disability shall be determined by a licensed practicing physician selected by Ori'Zaba's, upon examination of the person. If the person refuses to submit to an examination, such person shall automatically be deemed Permanently Disabled as of the date of such refusal for the purpose of this Section 7.2. The costs of any examination required by this Section 7.2 shall be paid by Ori'Zaba's. Upon the death or claim of Permanent Disability of Area Developer or any Operating Principal, Area Developer or a representative of Area Developer must promptly notify Ori'Zaba's of such death or claim of Permanent Disability within 15 days of its occurrence. The "Operating Principal" means the individual that Area Developer designates, and Ori'Zaba's approves who is primarily responsible for communicating with Ori'Zaba's about any of Area Developer's Franchises and all matters related to this Agreement.

7.3 In addition, if any individual Franchise Agreement issued to Area Developer or an approved affiliate of Area Developer, whether or not issued pursuant to this Agreement, is terminated for any reason, Ori'Zaba's shall have the right to terminate this Agreement on immediate written notice to Area Developer. Upon termination or expiration of the term of this Agreement, this Agreement shall be of no further effect, and Ori'Zaba's shall have the right to open, or license others to open, Ori'Zaba's Franchises within the Development Territory. For purposes of this Section 7.3, any Franchise Agreement issued by Ori'Zaba's to Area Developer or its approved affiliates, or any corporation, partnership or joint venture, or their affiliates, in which Area Developer or any stockholder, partner or joint venturer of Area Developer, has any direct or indirect ownership or participation interest, shall be deemed a Franchise Agreement issued to Area Developer.

7.4 In the event of a default by Area Developer, all Ori'Zaba's' costs and expenses arising from such default, including reasonable accountant fees, attorney fees and reasonable hourly charges of administrative employees shall be paid to Ori'Zaba's by Area Developer within five days after cure or upon demand by Ori'Zaba's if such default is not cured.

## 8. ASSIGNMENT

8.1 Ori'Zaba's shall have the absolute right to transfer or assign all or any part of its rights or obligations hereunder to any person or legal entity which assumes its obligation under this Agreement and Ori'Zaba's shall thereby be released from any and all further liability to Area Developer.

8.2 Area Developer may not assign this Agreement or any rights to the Development Territory. The provisions of this Section 8.2 shall not restrict Area Developer from transferring an open

and operating Ori'Zaba's Franchise in compliance with the assignment provisions contained in such Ori'Zaba's Franchise's Franchise Agreement.

#### 9. FORCE MAJEURE

In the event that Area Developer is unable to comply with the Development Schedule for opening a Restaurant due to strike, riot, civil disorder, war, failure to supply, fire, natural catastrophe or other similar events beyond its control, and upon written notice to Ori'Zaba's, the Development Schedule and this Agreement shall be extended for a corresponding period, not to exceed 90 days. This provision should be construed narrowly and does not include general economic, market or societal conditions, or any changes thereto, even those that are the direct or indirect result of the Force Majeure event.

#### 10. ENTIRE AGREEMENT

This Agreement constitutes the entire understanding of the parties with respect to the development of the Development Territory, and shall not be modified except by a written agreement signed by the parties hereto. However, nothing in this Agreement or any related agreement is intended to disclaim the Ori'Zaba's' representations made in the Franchise Disclosure Document. Where this Agreement and any Franchise Agreement between the parties' conflicts with respect to the payment terms of initial franchise fees or equity interests held by the Area Developer or operating partners, the terms of this Agreement shall govern. Under no circumstances do the parties intend that this Agreement be interpreted in a way as to grant Area Developer any rights to grant sub-franchises in the Development Territory.

Any email correspondence or other form of informal electronic communication shall not be deemed to modify this Agreement unless such communication is signed by both parties and specifically states that 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, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between Ori'Zaba's and Area Developer about the subject matter of this Agreement.

This Section is intended to define the nature and extent of the parties' mutual contractual intent, and serves to show that there is no intention to enter into contract relations other than the terms contained in this Agreement. The parties acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both parties which, if not addressed as provided in this Agreement, would affect the economic terms of this bargain.

#### 11. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

11.1 It is acknowledged and agreed that Area Developer and Ori'Zaba's are independent contractors and nothing contained herein shall be construed as constituting Area Developer as the agent, partner or legal representative of Ori'Zaba's for any purpose whatsoever. Area Developer shall enter into contracts for the development of the Development Territory contemplated by this Agreement at its sole risk and expense and shall be solely responsible for the direction, control, supervision and management of its agents and employees. Area Developer acknowledges that it does not have authority to incur any obligations, responsibilities or liabilities on behalf of Ori'Zaba's, or to bind Ori'Zaba's by any representations or warranties, and agrees not to hold itself out as having this authority.

11.2 Area Developer agrees to protect, defend, indemnify and hold Ori'Zaba's harmless from and against all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities,



directly or indirectly incurred as a result of, arising from, out of, or in connection with Area Developer's carrying out its obligations hereunder. Area Developer agrees to reimburse Ori'Zaba's within thirty (30) days of submitting invoice to Area Developer for all costs of defending the matter, including all attorney fees incurred by Ori'Zaba's whether or not Area Developer's insurer assumes defense of Ori'Zaba's promptly when requested. Ori'Zaba's has the right to approve any resolution or course of action, including but not limited to the selection of an attorney for the defense of a matter that could directly or indirectly have any adverse effect on Ori'Zaba's or its trademarks or area developer system, or could serve as a precedent for other matters.

## 12. SUCCESSORS AND ASSIGNS

## 12. GENERAL PROVISIONS

12.1 This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their heirs, successors, permitted assigns and personal representatives. If more than one person or entity is listed as the area developer, each such person or entity shall be jointly and severally liable for all rights, duties, restrictions and obligations under this Agreement.

12.2 Ori'Zaba's has the right in its sole and absolute discretion to delegate to third party designees, whether these designees are their agents or independent contractors with whom they have contracted the performance of any portion or all of their obligations under this Agreement, and any right that it has under this Agreement. If they do so, such third-party designees will be obligated to perform the delegated functions for Area Developer in compliance with this Agreement.

12.3 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.

12.4 All provisions that expressly or by their nature survive the termination, expiration or transfer of this Agreement will continue in full force and effect, even after the termination, expiration or transfer of this Agreement, until they are fully satisfied or expire by their own terms.

12.5 This Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original.

12.6 Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement; provided, however, that the parties indemnified by the indemnifications provisions of Section 11.2 are intended third party beneficiaries under this Agreement with respect to Area Developer's indemnification obligations.

12.7 Ori'Zaba's and Area Developer may, by written instrument, unilaterally waive or reduce any obligation of or restriction upon the other. Any waiver granted by Ori'Zaba's shall apply only to the specifically waived provisions and shall not affect any other rights Ori'Zaba's may have. Ori'Zaba's and Area Developer shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including the right to demand exact compliance with every term, condition and covenant in this Agreement, or to declare any breach of this Agreement to be a default, and to terminate the Agreement before the expiration of its Term) by virtue of: (i) any custom or practice of the parties that varies with the terms of this Agreement; (ii) any failure, refusal or neglect of Ori'Zaba's or Area Developer to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations under this Agreement, including any mandatory specification, standard or operating procedure; (iii) any waiver, forbearance, delay, failure or omission by Ori'Zaba's to exercise any right, power or option, whether of the same, similar or different nature, relating to other Ori'Zaba's area

developers; or (iv) the acceptance by Ori'Zaba's of any payments due from Area Developer after breach of this Agreement.

12.8 Each section, subsection, term and provision of this Agreement, and any portion thereof, shall be considered severable. If any applicable and binding law imposes mandatory, non-waivable terms or conditions that conflict with a provision of this Agreement, the terms or conditions required by such law shall govern to the extent of the inconsistency and supersede the conflicting provision of this Agreement. If a court concludes that any promise or covenant in this Agreement is unreasonable and unenforceable: (i) the court may modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable; or (ii) Ori'Zaba's may unilaterally modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable and consistent with the original intent of the parties (i.e., to provide maximum protection for Ori'Zaba's and to effectuate Area Developer's obligations under the Agreement to the fullest extent permitted by law), and Area Developer agrees to be bound by the modified provisions. No provision herein expressly identifying any term or breach of this Agreement as material shall be construed to imply that any other term or breach which is not so identified is not material. Nothing in this Agreement is intended to disclaim any of the representations Ori'Zaba's made in the franchise disclosure document.

12.9 Area Developer understands and agrees that nothing in this Agreement creates a fiduciary relationship between Area Developer and Ori'Zaba's or is intended to make either party a general or special agent, legal representative, subsidiary, joint venture, partner, employee or servant of the other for any purpose. During the Term, Area Developer must conspicuously identify itself at its base of operations, and in all dealings with third parties, as an area developer of Ori'Zaba's. Neither Ori'Zaba's nor Area Developer are permitted to make any express or implied agreement, warranty or representation, or incur any debt, in the name of or on behalf of the other, or represent that our relationship is other than franchisor and area developer. In addition, neither Ori'Zaba's nor Area Developer will be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized by this Agreement. Area Developer further agrees that fulfillment of any and all of Ori'Zaba's obligations written in the Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be Ori'Zaba's sole responsibility and none of Ori'Zaba's owners, officers, agents, representatives, nor any individuals associated with Ori'Zaba's shall be personally liable to Area Developer for any reason.

### 13. APPLICABLE LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado, which laws shall govern in the event of any conflict of laws, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et. seq.). The parties expressly consent to personal jurisdiction in the State of Colorado and agree that, except as set forth in Section 15, the state and federal court(s) located within the jurisdiction in which Ori'Zaba's has its principal place of business (currently, Denver, Colorado) will have exclusive jurisdiction and be the mandatory venue for the purposes of carrying out this provision.

If applicable law implies a covenant of good faith and fair dealing in this Agreement, Area Developer and Ori'Zaba's agrees that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply the covenant, Area Developer agrees that: (i) this Agreement (and the relationship of the parties that is inherent in this Agreement) grants us the 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 affect favorably or adversely Area Developer's interests; (ii) Ori'Zaba's 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 and area developers generally (including ourselves and our affiliates if applicable), and specifically without considering Area Developer's individual interests or the individual interests of any other particular area developer or franchisee; (iii) Ori'Zaba's will have no liability to Area Developer for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.

#### 14. NOTICE

Whenever this Agreement requires notice, it shall be in writing and shall be sent by ~~registered or certified mail, return receipt requested~~ priority mail, delivery confirmation (a) to Ori'Zaba's at the address on the first page of this Agreement, unless written notice is given of a change of address, and (b) to Area Developer at the address set forth on the signature page, unless written notice is give of a change of address.

All notices to Area Developer shall be conclusively deemed to have been received by Area Developer upon the delivery or attempted delivery of this notice to Area Developer's address listed herein, or the changed address.

#### 15. DISPUTE RESOLUTION

Ori'Zaba's and Area Developer agree that any dispute between the parties arising out of the terms of this Agreement shall be governed in accordance with the terms and conditions set forth in the Initial Franchise Agreement, including those provisions requiring mediation and/or arbitration (subject to limited exceptions for certain claims), which terms and conditions are by this reference incorporated herein. Ori'Zaba's and Area Developer each agree that their respective obligations to comply with the dispute resolution terms set forth in the Initial Franchise Agreement shall survive any termination, expiration or renewal of the Initial Franchise Agreement and shall survive any termination or expiration of this Agreement.

#### 16. ACKNOWLEDGEMENTS

16.1 Area Developer acknowledges and recognizes that different terms and conditions, including different fee structures, may pertain to different area development agreements and franchise agreements offered in the past, contemporaneously herewith, or in the future, and that Ori'Zaba's does not represent that all area development agreements or franchise agreements are or will be identical.

16.2 Area Developer acknowledges that it is not, nor is it intended to be, a third-party beneficiary of this Agreement or any other agreement to which Ori'Zaba's is a party.

16.3 Area Developer acknowledges that this offering is not a security as that term is defined under applicable Federal and State securities laws.

16.4 Area Developer acknowledges and accepts that the obligation to train, manage, pay, recruit and supervise employees of the Ori'Zaba's Franchises rests solely with Area Developer.

**(Signature page follows)**



**IN WITNESS WHEREOF**, the parties hereto have duly signed and delivered this Agreement on the day and year first written above.

**FRANCHISOR:**

ORI'ZABA'S FRANCHISING, LLC,  
a Colorado limited liability company

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Effective Date: \_\_\_\_\_

**AREA DEVELOPER:**

\_\_\_\_\_  
Entity name (if any)  
a(n) \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Area Developer's Address for Notices:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date Signed: \_\_\_\_\_

**ATTACHMENT A**

**DESCRIPTION OF THE DEVELOPMENT TERRITORY**

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**DEVELOPMENT FEE**

Number of Ori'Zaba's Franchises  
(not including the Initial Business)

\_\_\_\_\_

x \$15,000 per Franchise =

\$ \_\_\_\_\_

**FRANCHISOR:**

ORI'ZABA'S FRANCHISING, LLC,  
a Colorado limited liability company

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Effective Date: \_\_\_\_\_

**AREA DEVELOPER:**

\_\_\_\_\_  
Entity name (if any)  
a(n) \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_





**ATTACHMENT B**

**DEVELOPMENT SCHEDULE**

1. Number of Ori’Zaba’s Franchises to be developed under this Agreement (including the Initial Business): \_\_\_\_\_
2. The termination date of this Agreement shall be the earlier of the date the Development Schedule is complete or \_\_\_\_\_, 20\_\_.
3. Development Schedule:

Ori’Zaba’s Franchise	Development Period	Franchise Agreement Execution Deadline
1	_____ to _____	Date of execution of Area Development Agreement
2	_____ to _____	
3	_____ to _____	
4	_____ to _____	
5	_____ to _____	

**(Signature page follows)**

**FRANCHISOR:**

ORI'ZABA'S FRANCHISING, LLC,  
a Colorado limited liability company

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Effective Date: \_\_\_\_\_

**AREA DEVELOPER:**

\_\_\_\_\_  
Entity name (if any)

a(n) \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTACHMENT C**  
**STATEMENT OF OWNERSHIP**

**Area Developer:** \_\_\_\_\_

**Form of Ownership**  
**(Check One)**

**Individual**    **Partnership**    **Corporation**    **Limited Liability Company**

If a **Partnership**, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a **Corporation**, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a **Limited Liability Company**, give the state and date of formation, the name and address of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

State and Date of Formation/Incorporation: \_\_\_\_\_

Management (managers, officers, board of directors, etc.):

Name	Title

**Members, Stockholders, Partners\*:**

Name	Address	Percentage Owned

\*If any members, stockholders or partners are entities, please list the owners of such entities up through the individuals.

*(Signature Page Follows)*

**AREA DEVELOPER:**

Entity name (if any)  
a(n) \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_



**EXHIBIT C**  
**FINANCIAL STATEMENTS**

**ORI'ZABA'S FRANCHISE  
OPERATIONS, LLC**

FINANCIAL STATEMENTS

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WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2022, 2021, AND 2020



**ORI'ZABA'S FRANCHISE OPERATIONS, LLC**  
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*Independent Auditor's Report*

To the Member  
Ori'Zaba's Franchise Operations, LLC  
Englewood, Colorado

**Opinion**

We have audited the accompanying financial statements of Ori'Zaba's Franchise Operations, LLC, which comprise the balance sheets as of December 31, 2022, 2021, and 2020, and the related statements of operations, member's equity, and cash flows for the years then ended, 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 Ori'Zaba's Franchise Operations, LLC as of December 31, 2022, 2021, and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

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

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free 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 the Company'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 as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

*Restrictions on Use*

The use of this report is restricted to inclusion within the Company's Franchise Disclosure Document (FDD) and is not intended to be, and should not be, used or relied upon by anyone for any other use.

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Kezar J Dinkley

St. George, Utah  
April 25 2023

**ORIZABA'S FRANCHISE OPERATIONS, LLC**  
**BALANCE SHEETS**  
As of December 31, 2022, 2021, and 2020

	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 105,208	\$ 45,759	\$ 65,965
Accounts receivable	14,114	1,148	1,492
Prepaid expenses	11,761	-	3,581
Deferred commissions	60,000	20,000	20,000
Total current assets	191,083	66,907	91,038
Property and equipment, net of accumulated depreciation	5,436	-	-
Total assets	\$ 196,519	\$ 66,907	\$ 91,038
<b>Liabilities and Member's Equity</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 202,220	\$ 78,399	\$ 60,745
Deferred revenue	150,000	90,000	60,000
Total liabilities	352,220	168,399	120,745
<hr style="border: 1px solid black;"/>			
Member's interests	2,926,347	2,206,347	1,661,347
Member's deficit	(3,082,048)	(2,307,839)	(1,691,054)
Total equity	(155,701)	(101,492)	(29,707)
Total liabilities and member's equity	\$ 196,519	\$ 66,907	\$ 91,038

The accompanying notes are an integral part of these financial statements

**ORIZABA'S FRANCHISE OPERATIONS, LLC**  
**STATEMENTS OF OPERATIONS**  
For the years ended December 31, 2022, 2021, and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Operating revenues</b>			
National advertising contributions	\$ 130,636	\$ 93,308	\$ 78,034
Franchise fee revenue	60,000	-	-
Royalty fees	19,681	-	-
Other fees	659	-	-
<b>Total operating revenues</b>	<u>210,976</u>	<u>93,308</u>	<u>78,034</u>
<b>Operating expenses</b>			
Professional fees	594,505	320,351	312,037
National advertising expenses	166,533	150,896	162,101
Marketing expenses	146,745	182,764	180,478
General and administrative	57,402	56,082	82,888
Commissions	20,000	-	-
<b>Total operating expenses</b>	<u>985,185</u>	<u>710,093</u>	<u>737,504</u>
<b>Net loss</b>	<u>\$ (774,209)</u>	<u>\$ (616,785)</u>	<u>\$ (659,470)</u>

The accompanying notes are an integral part of these financial statements

**ORI'ZABA'S FRANCHISE OPERATIONS, LLC**  
**STATEMENTS OF MEMBER'S EQUITY**  
For the years ended December 31, 2022, 2021, and 2020

	<b>Member's Interests</b>	<b>Member's Deficit</b>	<b>Total</b>
Balance at December 31, 2019	\$ 1,066,347	\$ (1,031,584)	\$ 34,763
Member's contributions	595,000	-	595,000
Net operating loss	-	(659,470)	(659,470)
Balance at December 31, 2020	1,661,347	(1,691,054)	(29,707)
Member's contributions	545,000	-	545,000
Net operating loss	-	(616,785)	(616,785)
Balance at December 31, 2021	2,206,347	(2,307,839)	(101,492)
Member's contributions	720,000	-	720,000
Net operating loss	-	(774,209)	(774,209)
Balance at December 31, 2022	<u>\$ 2,926,347</u>	<u>\$ (3,082,048)</u>	<u>\$ (155,701)</u>

The accompanying notes are an integral part of these financial statements

**ORI'ZABA'S FRANCHISE OPERATIONS, LLC**  
**STATEMENTS OF CASH FLOWS**  
For the years ended December 31, 2022, 2021, and 2020

	<b>2022</b>	<b>2021</b>	<b>2020</b>
Cash flows used in operating activities:			
Net loss	\$ (774,209)	\$ (616,785)	\$ (659,470)
Adjustments to reconcile net income to net cash provided (used) by operating activities:			
Change in operating assets and liabilities:			
Accounts receivable	(12,966)	344	2,957
Prepaid expenses	(11,761)	3,581	(194)
Deferred commissions	(40,000)	-	(20,000)
Accounts payable	123,821	17,654	20,551
Deferred revenue	60,000	30,000	60,000
Net cash used in operating activities	(655,115)	(565,206)	(596,156)
Cash flows from investing activities:			
Purchases of property and equipment, net	(5,436)	-	-
Net cash used in investing activities	(5,436)	-	-
<hr style="border: 1px solid black;"/>			
Cash flows from financing activities:			
Contributions from member	720,000	545,000	595,000
Net cash provided by financing activities	720,000	545,000	595,000
Net change in cash and cash equivalents	59,449	(20,206)	(1,156)
Cash and cash equivalents at beginning of period	45,759	65,965	67,121
Cash and cash equivalents at end of period	\$ 105,208	\$ 45,759	\$ 65,965
Supplemental disclosures of cash flow			
Cash paid for interest	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

**ORI'ZABA'S FRANCHISE OPERATIONS, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2022, 2021, and 2020

(1) Nature of Business and Summary of Significant Accounting Policies

*(a) Nature of Business*

Ori'Zaba's Franchise Operations, LLC (the "Company") was formed on June 28, 2017 as a Colorado Limited Liability Company. The Company is a franchise restaurant concept offering fresh Mexican dining and is headquartered in Englewood, Colorado.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year.

*(b) Accounting Standards Codification*

The Financial Accounting Standards Board ("FASB") has issued the FASB Accounting Standards Codification ("ASC") that became the single official source of authoritative U.S. generally accepted accounting principles ("GAAP"), other than guidance issued by the Securities and Exchange Commission (SEC), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

*(c) Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

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*(d) Reclassification*

Certain items in the prior year have been reclassified to conform to the current year's presentation.

*(e) Cash and Cash Equivalents*

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. Also included within cash equivalents are deposits in-transit from banks for payments related to third-party credit card and debit card transactions. As of December 31, 2022, 2021, and 2020, the Company had cash and cash equivalents of \$105,208, \$45,759, and \$65,965, respectively.

*(f) Accounts Receivable*

Accounts receivable represents amounts due from franchisees for brand contribution fees. The provision for uncollectible amounts is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover losses. The allowance is management's best estimate of uncollectible amounts and is determined based on historical performance that is tracked by the Company on an ongoing basis. The losses ultimately incurred could differ materially in the near term from the amounts estimated in determining the allowance. For the years ended December 31, 2022, 2021, and 2020, management determined no allowance for doubtful accounts receivable was necessary. As of December 31, 2022, 2021, and 2020, the Company had accounts receivable of \$14,114, \$1,148, and \$1,492, respectively.

*(g) Revenue Recognition*

The Company's primary revenues consist of fees from franchised locations. Revenues from franchisees consist of initial franchise fees, royalties based on a percentage of gross revenues, technology fees, and marketing fees.

**ORI'ZABA'S FRANCHISE OPERATIONS, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2022, 2021, and 2020

On January 1, 2019, the Company adopted ASC 606, *Revenue from Contracts with Customers* using the modified retrospective method. This method allows the standard to be applied retrospectively through a cumulative catch-up adjustment recognized upon adoption. As such, comparative information in the Company's financial statements has not been restated and continues to be reported under the accounting standards in effect for those periods. Management determined that the effect of adopting ASC 606 did not have a material effect on the Company's financial statements.

ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue.

For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the transaction price, which includes an initial fee and ongoing royalties, marketing fees, and technology fees, and the Company's performance obligations.

Upon evaluation of the five-step process, the Company has determined that this standard does not impact the recognition of royalties, marketing fees, and technology fees from locations operated by a franchisee, which are based on a percentage of gross revenue and recognized at the time the underlying sales occur. ASC 606 does have an effect on the process management uses to evaluate the recognition of the initial franchise fees.

In allocating the transaction price and recognizing the revenue associated with initial franchise fees, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. The practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation. These pre-opening services include the following:

- 
- Assistance in the selection of a site
  - Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
  - Training of the franchisee's personnel or the franchisee
  - Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
  - Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business
  - Inspection, testing, and other quality control programs

The Company has determined that the fair value of pre-opening services exceeds the initial fees received; as such, the initial fees are allocated to the pre-opening services, which are recognized as revenue upon commencement of operations.

*(h) Income Taxes*

The entity is structured as a limited liability company (LLC) under the laws of the State of Colorado. A limited liability company is classified as a partnership for federal and state income tax purposes and, accordingly, the income or loss of the Company will be included in the income tax returns of the members. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under Accounting Standards Codification ("ASC") Topic 740, Accounting for Uncertainty in Income Taxes. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the members rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

**ORI'ZABA'S FRANCHISE OPERATIONS, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2022, 2021, and 2020

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2022, the 2021, 2020, and 2019 tax years were subject to examination.

*(i) National Advertising Fund*

The Company collects contributions to the National Advertising Fund and expenses advertising costs as incurred. Advertising contributions for the years ended December 31, 2022, 2021, and 2020 were \$130,636, \$93,308, and \$78,034, respectively. Advertising expenses for the years ended December 31, 2022, 2021, and 2020 were \$166,533, \$150,896, and \$162,101, respectively.

*(j) Long Lived Assets*

Long lived assets, such as property and equipment, are recorded at cost and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the difference between the carrying amount of the asset and the fair value of the asset. No impairment has been recognized to date.

*(k) Financial Instruments*

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, long term notes receivable, accounts payable and accrued expenses, the carrying amounts approximate fair value due to their short maturities. The amounts shown for notes payable also approximate fair value because current interest rates and terms offered to the Company for similar debt are substantially the same.

*(l) Concentration of Risk*

The Company maintains its cash in bank deposit accounts which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(2) Property and Equipment

	2022	2021	2020
Property and equipment	\$ 6,040	\$ -	\$ -
Less: accumulated depreciation	(604)	-	-
Property and equipment, net	\$ 5,436	\$ -	\$ -

For the years ended December 31, 2022, 2021, and 2020, depreciation expense totaled \$604, \$0, and \$0, respectively.

(3) Franchise agreements

The Company's franchise agreements generally provide for a payment of initial fees as well as continuing royalties, technology fees, and marketing fees to the Company based on a percentage of sales. Under the franchise agreement, franchisees are granted the right to operate a location using the Ori'Zaba's system for a period of ten years. Under the Company's revenue recognition policy, franchise fees and any corresponding commissions are recognized when the franchisee begins operations. For any franchisees that have not yet begun operations as of year-end, the Company defers both the revenues and commissions. All locations that are expected to begin operations within the following year are categorized as current, while all others are classified as non-current.

**ORI'ZABA'S FRANCHISE OPERATIONS, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2022, 2021, and 2020

The Company has estimated the following deferred contract costs and revenues as of December 31, 2022, 2021, and 2020:

	2022	2021	2020
Deferred commissions, current	\$ 60,000	\$ 20,000	\$ 20,000
Deferred revenue, current	\$ 150,000	\$ 90,000	\$ 60,000

(4) Equity

The Company has a single member who made contributions of \$720,000, \$545,000, and \$595,000, in the years ended December 31, 2022, 2021, and 2020, respectively.

(5) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is "probable" and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is "reasonably possible," disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are "remote" are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

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In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. Management believes the pandemic has had a material effect on the Company's operations, reducing revenue from both new and existing franchisees. The full extent of the impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on customers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Company's financial condition or results of operations is uncertain.

(6) Subsequent Events

Management has reviewed and evaluated subsequent events through April 25, 2023, which is the date the financial statements were issued.





**ORI'ZABA'S FRANCHISE  
OPERATIONS, LLC**

FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT  
DECEMBER 31, 2023, 2022, AND 2021



**ORI'ZABA'S FRANCHISE OPERATIONS, LLC**  
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*Independent Auditor's Report*

To the Member  
Ori'Zaba's Franchise Operations, LLC  
Englewood, Colorado

**Opinion**

We have audited the accompanying financial statements of Ori'Zaba's Franchise Operations, LLC, which comprise the balance sheets as of December 31, 2023, 2022, and 2021, and the related statements of operations, member's equity, and cash flows for the years then ended, 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 Ori'Zaba's Franchise Operations, LLC as of December 31, 2023, 2022, and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

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

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free 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 the Company'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 as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

***Restrictions on Use***

The use of this report is restricted to inclusion within the Company's Franchise Disclosure Document (FDD) and is not intended to be, and should not be, used or relied upon by anyone for any other use.

Kezar S Dunlavy

St. George, Utah  
March 20, 2024

**ORI'ZABA'S FRANCHISE OPERATIONS, LLC**  
**BALANCE SHEETS**  
As of December 31, 2023, 2022, and 2021

<b>Assets</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Current assets</b>			
Cash and cash equivalents	\$ 116,697	\$ 105,208	\$ 45,759
Accounts receivable	28,742	14,114	1,148
Prepaid expenses	8,785	11,761	-
Deferred commissions	60,000	60,000	20,000
Total current assets	<u>214,224</u>	<u>191,083</u>	<u>66,907</u>
Property and equipment, net of accumulated depreciation	4,228	5,436	-
Total assets	<u>\$ 218,452</u>	<u>\$ 196,519</u>	<u>\$ 66,907</u>
<b>Liabilities and Member's Equity</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 16,501	\$ 202,220	\$ 78,399
Accrued expenses	27,510	-	-
Accrued settlement	50,000	-	-
Deferred revenue	150,000	150,000	90,000
Total liabilities	<u>244,011</u>	<u>352,220</u>	<u>168,399</u>
Member's interests	3,721,347	2,926,347	2,206,347
Member's deficit	<u>(3,746,906)</u>	<u>(3,082,048)</u>	<u>(2,307,839)</u>
Total equity	<u>(25,559)</u>	<u>(155,701)</u>	<u>(101,492)</u>
Total liabilities and member's equity	<u>\$ 218,452</u>	<u>\$ 196,519</u>	<u>\$ 66,907</u>

The accompanying notes are an integral part of these financial statements

**ORI'ZABA'S FRANCHISE OPERATIONS, LLC**  
**STATEMENTS OF OPERATIONS**  
For the years ended December 31, 2023, 2022, and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating revenues			
National advertising contributions	\$ 134,394	\$ 130,636	\$ 93,308
Franchise fee revenue	-	60,000	-
Royalty fees	136,051	19,681	-
Other fees	4,295	659	-
Total operating revenues	<u>274,740</u>	<u>210,976</u>	<u>93,308</u>
Operating expenses			
Professional fees	285,033	594,505	320,351
National advertising expenses	200,321	166,533	150,896
Salaries and wages expense	236,728	-	-
Marketing expenses	49,507	146,745	182,764
General and administrative	68,009	57,402	56,082
Commissions	-	20,000	-
Total operating expenses	<u>839,598</u>	<u>985,185</u>	<u>710,093</u>
Loss from operations	(564,858)	(774,209)	(616,785)
Other expense	<u>(100,000)</u>	<u>-</u>	<u>-</u>
Net loss	<u>\$ (664,858)</u>	<u>\$ (774,209)</u>	<u>\$ (616,785)</u>

The accompanying notes are an integral part of these financial statements

**ORI'ZABA'S FRANCHISE OPERATIONS, LLC**  
**STATEMENTS OF MEMBER'S EQUITY**  
For the years ended December 31, 2023, 2022, and 2021

	<u>Member's Interests</u>	<u>Member's Deficit</u>	<u>Total</u>
Balance at December 31, 2020	\$ 1,661,347	\$ (1,691,054)	\$ (29,707)
Member's contributions	545,000	-	545,000
Net operating loss	-	(616,785)	(616,785)
Balance at December 31, 2021	<u>2,206,347</u>	<u>(2,307,839)</u>	<u>(101,492)</u>
Member's contributions	720,000	-	720,000
Net operating loss	-	(774,209)	(774,209)
Balance at December 31, 2022	<u>2,926,347</u>	<u>(3,082,048)</u>	<u>(155,701)</u>
Member's contributions	795,000	-	795,000
Net operating loss	-	(664,858)	(664,858)
Balance at December 31, 2023	<u>\$ 3,721,347</u>	<u>\$ (3,746,906)</u>	<u>\$ (25,559)</u>

The accompanying notes are an integral part of these financial statements

**ORI'ZABA'S FRANCHISE OPERATIONS, LLC**  
**STATEMENTS OF CASH FLOWS**  
For the years ended December 31, 2023, 2022, and 2021

	<b>2023</b>	<b>2022</b>	<b>2021</b>
Cash flows used in operating activities:			
Net loss	\$ (664,858)	\$ (774,209)	\$ (616,785)
Adjustments to reconcile net income to net cash provided (used) by operating activities:			
Change in operating assets and liabilities:			
Accounts receivable	(14,628)	(12,966)	344
Prepaid expenses	2,976	(11,761)	3,581
Deferred commissions	-	(40,000)	-
Accounts payable	(185,719)	123,821	17,654
Accrued expenses	27,510	-	-
Accrued settlement	50,000	-	-
Deferred revenue	-	60,000	30,000
Net cash used by operating activities	(784,719)	(655,115)	(565,206)
Cash flows from investing activities:			
Purchases of property and equipment, net	1,208	(5,436)	-
Net cash provided (used) by investing activities	1,208	(5,436)	-
Cash flows from financing activities:			
Contributions from member	795,000	720,000	545,000
Net cash provided by financing activities	795,000	720,000	545,000
Net change in cash and cash equivalents	11,489	59,449	(20,206)
Cash and cash equivalents at beginning of period	105,208	45,759	65,965
Cash and cash equivalents at end of period	\$ 116,697	\$ 105,208	\$ 45,759
Supplemental disclosures of cash flow			
Cash paid for interest	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

**ORI'ZABA'S FRANCHISE OPERATIONS, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2023, 2022, and 2021**

(1) Nature of Business and Summary of Significant Accounting Policies

*(a) Nature of Business*

Ori'Zaba's Franchise Operations, LLC (the "Company") was formed on June 28, 2017 as a Colorado Limited Liability Company. The Company is a franchise restaurant concept offering fresh Mexican dining and is headquartered in Englewood, Colorado.

On January 1, 2023, the Company completed a business combination under common control with Astute Brands, LLC ("Astute"). The transaction involved the transfer of Astute's operations to the Company. As a result of this combination, Astute ceased to exist as a separate legal entity and was absorbed into the Company. No consideration was exchanged in this transaction.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year.

*(b) Accounting Standards Codification*

The Financial Accounting Standards Board ("FASB") has issued the FASB Accounting Standards Codification ("ASC") that became the single official source of authoritative U.S. generally accepted accounting principles ("GAAP"), other than guidance issued by the Securities and Exchange Commission (SEC), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

*(c) Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

*(d) Cash and Cash Equivalents*

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. Also included within cash equivalents are deposits in-transit from banks for payments related to third-party credit card and debit card transactions. As of December 31, 2023, 2022, and 2021, the Company had cash and cash equivalents of \$116,697, \$105,208, and \$45,759, respectively.

*(e) Accounts Receivable*

Accounts receivable represents amounts due from franchisees for royalties, brand contribution fees, technology fees, and marketing fees. The provision for uncollectible amounts is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover losses. The allowance is management's best estimate of uncollectible amounts and is determined based on historical performance that is tracked by the Company on an ongoing basis. The losses ultimately incurred could differ materially in the near term from the amounts estimated in determining the allowance. For the years ended December 31, 2023, 2022, and 2021, management determined no allowance for doubtful accounts receivable was necessary. As of December 31, 2023, 2022, and 2021, the Company had accounts receivable of \$28,742, \$14,114, and \$1,148, respectively.

**ORI'ZABA'S FRANCHISE OPERATIONS, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2023, 2022, and 2021

*(f) Revenue Recognition*

The Company's primary revenues consist of fees from franchised locations. Revenues from franchisees consist of initial franchise fees, royalties based on a percentage of gross revenues, technology fees, and marketing fees.

On January 1, 2019, the Company adopted ASC 606, *Revenue from Contracts with Customers* using the modified retrospective method. This method allows the standard to be applied retrospectively through a cumulative catch-up adjustment recognized upon adoption. As such, comparative information in the Company's financial statements has not been restated and continues to be reported under the accounting standards in effect for those periods. Management determined that the effect of adopting ASC 606 did not have a material effect on the Company's financial statements.

ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue.

For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the transaction price, which includes an initial fee and ongoing royalties, marketing fees, and technology fees, and the Company's performance obligations.

Upon evaluation of the five-step process, the Company has determined that this standard does not impact the recognition of royalties, marketing fees, and technology fees from locations operated by a franchisee, which are based on a percentage of gross revenue and recognized at the time the underlying sales occur. ASC 606 does have an effect on the process management uses to evaluate the recognition of the initial franchise fees.

In allocating the transaction price and recognizing the revenue associated with initial franchise fees, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. The practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation. These pre-opening services include the following:

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

The Company has determined that the fair value of pre-opening services exceeds the initial fees received; as such, the entire initial fees are allocated to the pre-opening services and are recognized as revenue when those pre-opening services have been provided, which is generally upon commencement of operations.

*(g) Income Taxes*

The entity is structured as a limited liability company (LLC) under the laws of the State of Colorado. A limited liability company is classified as a partnership for federal and state income tax purposes and, accordingly, the income or loss of the Company will be included in the income tax returns of the members. Therefore, there is no provision for federal and state income taxes.

**ORI ZABA'S FRANCHISE OPERATIONS, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2023, 2022, and 2021**

The Company follows the guidance under Accounting Standards Codification ("ASC") Topic 740, Accounting for Uncertainty in Income Taxes. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the members rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2023, the 2022, 2021, and 2020 tax years were subject to examination.

*(h) National Advertising Fund*

The Company collects contributions to the National Advertising Fund and expenses advertising costs as incurred. Advertising contributions for the years ended December 31, 2023, 2022, and 2021 were \$134,394, \$130,636, and \$93,308, respectively. Advertising expenses for the years ended December 31, 2023, 2022, and 2021 were \$200,321, \$166,533, and \$150,896, respectively.

*(i) Long Lived Assets*

Long lived assets, such as property and equipment, are recorded at cost and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the difference between the carrying amount of the asset and the fair value of the asset. No impairment has been recognized to date.

*(j) Recently Issued Accounting Pronouncements*

In February 2016, the FASB issued ASU 2016-02, Leases, which creates ASC 842, Leases, and supersedes ASC 840, Leases. ASC 842 requires lessees to recognize a right-of-use asset and lease liability for all leases with terms of more than 12 months. Recognition, measurement, and presentation of expenses will depend on classification as a finance or operating lease. The new guidance will be effective for private companies with annual reporting periods beginning after December 15, 2021 and is to be applied retrospectively. The Company had no leases as of December 31, 2023, 2022, and 2021.

*(k) Financial Instruments*

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, long term notes receivable, accounts payable and accrued expenses, the carrying amounts approximate fair value due to their short maturities. The amounts shown for notes payable also approximate fair value because current interest rates and terms offered to the Company for similar debt are substantially the same.

*(l) Concentration of Risk*

The Company maintains its cash in bank deposit accounts which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

## ORI'ZABA'S FRANCHISE OPERATIONS, LLC

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023, 2022, and 2021

(2) Property and Equipment

	2023	2022	2021
Property and equipment	\$ 6,040	\$ 6,040	\$ -
Less: accumulated depreciation	(1,812)	(604)	-
Property and equipment, net	\$ 4,228	\$ 5,436	\$ -

For the years ended December 31, 2023, 2022, and 2021, depreciation expense totaled \$1,208, \$604, and \$0, respectively.

(3) Franchise agreements

The Company's franchise agreements generally provide for a payment of initial fees as well as continuing royalties, technology fees, and marketing fees to the Company based on a percentage of sales. Under the franchise agreement, franchisees are granted the right to operate a location using the Ori'Zaba's system for a period of ten years. Under the Company's revenue recognition policy, franchise fees and any corresponding commissions are recognized when the franchisee begins operations. For any franchisees that have not yet begun operations as of year-end, the Company defers both the revenues and commissions. All locations that are expected to begin operations within the following year are categorized as current, while all others are classified as non-current.

The Company has estimated the following deferred contract costs and revenues as of December 31, 2023, 2022, and 2021:

	2023	2022	2021
Deferred commissions, current	\$ 60,000	\$ 60,000	\$ 20,000
Deferred revenue, current	\$ 150,000	\$ 150,000	\$ 90,000

(4) Equity

The Company has a single member who made contributions of \$795,000, \$720,000, and \$545,000, in the years ended December 31, 2023, 2022, and 2021, respectively.

(5) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is "probable" and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is "reasonably possible," disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are "remote" are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

(6) Future Business Risk

As shown in the accompanying financial statements, the Company generated net losses of \$664,858, \$774,209, and \$616,785 during the years ended December 31, 2023, 2022, and 2021, respectively. The members of the Company plan to provide additional advances to fund operating activities in the event working capital is not sufficient to cover operating expenses. Management believes that cash generated from future operations and continued financial support from the members of the Company in the form of advances will enable the Company to achieve its goals.

**ORI'ZABA'S FRANCHISE OPERATIONS, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2023, 2022, and 2021

Management's plans to achieve profitable operations are dependent upon its ability to continue to sell additional franchises. Should the Company not achieve its expected levels of revenues, or accurately estimate, control and manage its expenses, management may be required to alter the Company's operating plans. The attainment of profitable operations is dependent upon future events, including achieving a level of franchise fees adequate to fund operating expenses. No assurance can be given that the Company will be able to operate profitably on a consistent basis in the future.

(7) Subsequent Events

Management has reviewed and evaluated subsequent events through March 20, 2024, which is the date the financial statements were issued.

**EXHIBIT D**

**LIST OF CURRENT AND FORMER FRANCHISEES AND AREA DEVELOPERS**



## LIST OF CURRENT AND FORMER FRANCHISEES AND AREA DEVELOPERS

### Current Franchisees as of December 31, 20222023:

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	Email
Alam*(1) Khan*(1)	John Usama	OZ NO 1 LLC, OZ NO 2 LLC, OZ NO 3 LLC	9101 W Sahara Ave, Ste 105-C9	Las Vegas	NV	89117	702.769.4808  702.841.0974	john@alamandkhan.com  usama@alamandkhan.com
Ukawilu	Serge	Serge Enterprises LLC	6666 Harwin Drive Suite 345	Houston	TX	70346	713-408-7722	serge@zabas.com

\*Area Developers

(1)These franchisees operate three outlets in Nevada.

### Franchisees with Unopened Outlets as of December 31, 20222023:

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	Email
Alam Khan (2 Outlets)	John Usama	TBD	9101 W Sahara Ave, Ste 105-C9	Las Vegas	NV	89117	702.769-4808  720.841-0974	john@alamandkhan.com  usama@alamandkhan.com
Beckman (3 Outlets)	Steve		9620 Mandalay Way	Helotes	TX	78023	813-748-0281	steveb@zabas.com
Wozniac (3 Outlets)	Gary		7676 21 Mile Road	Shelby Township	MI	48317	313-737-3710	garyw@zabas.com

### Former Franchisees:

The name and last known address of every franchisee who had an Ori’Zaba’s Franchise transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period January 1, 20222023 to December 31, 20222023, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone
AbbasiUka wilu	VikasSerge	ParidinSerge Enterprises LLC	808 Lightning Bug Lane 6666 Harwin Drive Suite 345	ConroeHous ton	TX	7730170346	936-333-0931713-408-7722



**EXHIBIT E**

**LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

**STATE ADMINISTRATORS AND  
AGENTS FOR SERVICE OF PROCESS**

**CALIFORNIA**

State Administrator and Agent for Service of Process:

Commissioner  
Department of Financial Protection and Innovation  
320 W. 4<sup>th</sup> Street, #750  
Los Angeles, CA 90013  
(213) 576-7500  
(866) 275-2677

**HAWAII**

Commissioner of Securities of the State of Hawaii  
335 Merchant Street, Room 203  
Honolulu, HI 96813  
(808) 586-2722

Agent for Service of Process:

Commissioner of Securities of the State of Hawaii  
Department of Commerce and Consumer Affairs  
Business Registration Division  
335 Merchant Street, Room 203  
Honolulu, HI 96813  
(808) 586-2722

**ILLINOIS**

Illinois Attorney General Chief, Franchise Division  
500 S. Second Street  
Springfield, IL 62706  
(217) 782-4465

**INDIANA**

Secretary of State Securities Division  
Room E-018  
302 W. Washington Street  
Indianapolis, IN 46204  
(317) 232-6681

**MARYLAND**

Office of the Attorney General Securities Division  
200 St. Paul Place  
Baltimore, MD 21202  
(410) 576-6360

**MARYLAND CONTINUED**

Agent for Service of Process:

Maryland Securities Commissioner  
200 St. Paul Place  
Baltimore, MD 21202-2020

**MICHIGAN**

Michigan Department of Attorney General Consumer Protection Division  
525 W. Ottawa Street  
Lansing, MI 48913  
(517) 373-7117

**MINNESOTA**

Department of Commerce Commissioner of Commerce  
85 Seventh Place East, Suite 280  
St. Paul, MN 55101-3165  
(651) 539-1600

**NEW YORK**

Administrator:

NYS Department of Law Investor Protection Bureau  
28 Liberty Street, 21<sup>st</sup> Floor  
New York, NY 10005  
(212) 416-8222

Agent for Service of Process:

Secretary of State  
99 Washington Avenue  
Albany, NY 12231

**NORTH DAKOTA**

Administrator:

North Dakota Securities Department  
600 East Boulevard Avenue  
State Capitol, Fourteenth Floor, Dept. 414  
Bismarck, ND 58505-0510  
(701) 328-4712

Agent for Service of Process:

Securities Commissioner  
600 East Boulevard Avenue  
State Capitol, Fourteenth Floor, Dept. 414  
Bismarck, ND 58505-0510

**RHODE ISLAND**

Department of Business Regulation  
1511 Pontiac Avenue, Bldg. 68-2  
Cranston, RI 02920  
(401) 462-9527

**SOUTH DAKOTA**

Division of Insurance Securities Regulation  
124 South Euclid, Suite 104  
Pierre, SD 57501  
(605) 773-3563

**VIRGINIA**

State Corporation Commission Division of Securities and Retail Franchising  
1300 E. Main Street, 9<sup>th</sup> Floor  
Richmond, VA 23219

Agent for Service of Process:

Clerk of the State Corporation Commission  
1300 E. Main Street, 1<sup>st</sup> Floor  
Richmond, VA 23219

**WASHINGTON**

State Administrator:

Washington Department of Financial Institutions Securities Division  
P.O. Box 903341200  
Olympia, WA 9850798504-1200  
(360) 902-8760

Agent for Service for Process:

Director of Department of Financial Institutions Securities Division  
150 Israel Road SW  
Tumwater, WA 98501

**WISCONSIN**

Department of Financial Institutions Division of Securities  
201 W. Washington Avenue  
Madison, WI 53703  
(608) 266-3364



**EXHIBIT F**  
**FRANCHISE DISCLOSURE QUESTIONNAIRE**

## FRANCHISE DISCLOSURE QUESTIONNAIRE

**(This questionnaire is not to be used for any franchise sale in or to residents of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin)**

As you know, Ori’Zaba’s Franchise Operations, LLC (“we” or “us”), and you are preparing to enter into a Franchise Agreement and an Area Development Agreement, if applicable, for the operation of an Ori’Zaba’s franchise. **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 Area Development Agreement, if applicable.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer in the table provided below.

**Do not sign this Questionnaire if you are a resident of Maryland or the franchise is to be operated in Maryland.**

1.      Yes\_\_\_ No\_\_\_      Have you received and personally reviewed the Franchise Agreement and Area Development Agreement, if applicable, and each attachment or exhibit attached to it that we provided?
  
2.      Yes\_\_\_ No\_\_\_      Have you received and personally reviewed the Franchise Disclosure Document and each attachment or exhibit attached to it that we provided?
  
3.      Yes\_\_\_ No\_\_\_      Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
  
4.      Yes\_\_\_ No\_\_\_      Do you understand all the information contained in the Franchise Disclosure Document, Franchise Agreement, and Area Development Agreement, if applicable?
  
5.      Yes\_\_\_ No\_\_\_      Have you reviewed the Franchise Disclosure Document, Franchise Agreement and Area Development Agreement, if applicable, with a lawyer, accountant, or other professional advisor, or have you had the opportunity for such review and chosen not to engage such professionals?
  
6.      Yes\_\_\_ No\_\_\_      Have you had the opportunity to discuss the benefits and risks of developing and operating an Ori’Zaba’s Franchise with an existing Ori’Zaba’s franchisee?
  
7.      Yes\_\_\_ No\_\_\_      Do you understand the risks of developing and operating an Ori’Zaba’s Franchise?
  
8.      Yes\_\_\_ No\_\_\_      Do you understand the success or failure of your Ori’Zaba’s Franchise will depend in large 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?
  
9.      Yes\_\_\_ No\_\_\_      Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement and Area Development Agreement, if applicable, must be arbitrated in Colorado, if not resolved informally or by mediation (subject to state law)?

10. Yes\_\_ No\_\_ Do you understand that you must satisfactorily complete the initial training program before we will allow your Ori'Zaba's Franchise to open or consent to a transfer of the Ori'Zaba's Franchise to you?
11. Yes\_\_ No\_\_ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating an Ori'Zaba's Franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
12. Yes\_\_ No\_\_ Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement and Area Development Agreement, if applicable, and any Addendum, concerning advertising, marketing, media support, marketing penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
13. Yes\_\_ No\_\_ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue an Ori'Zaba's Franchise will generate that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
14. Yes\_\_ No\_\_ Do you understand that the Franchise Agreement and Area Development Agreement, if applicable, including each attachment or exhibit to the Franchise Agreement and Area Development Agreement, if applicable, contains the entire agreement between us and you concerning the Ori'Zaba's Franchise?
15. Yes\_\_ No\_\_ Do you understand that we are relying on your answers to this questionnaire to ensure that the franchise sale was made in compliance of state and federal laws?

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)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

EXPLANATION OF ANY NEGATIVE RESPONSES (REFER TO QUESTION NUMBER):

Question Number	Explanation of Negative Response

Rev. 030123071823

**EXHIBIT G**

**FRANCHISE OPERATIONS MANUAL  
TABLE OF CONTENTS**

Total Pages: 50230 digital files

<b>Ori'Zaba's Online Operations Manual Categories</b>
<p><b><u>Welcome Chapter</u></b></p> <p>Introduction to the Brand</p> <p>Legal</p> <p>Operations Support and Contact</p>
<p><b><u>Marketing</u></b></p> <p>Brand Fund/Regional/National Marketing</p> <p>Ongoing Marketing Support</p> <p>Marketing Policies</p> <p>Marketing Procedures</p> <p>Store Level Marketing and Templates</p> <p>Marketing Expenditure</p> <p><b><u>Administrative</u></b></p> <p>Electronic Infrastructure</p> <p>Budgets and Accounting</p> <p>Equipment and Supplies</p> <p>RSI Training and Support</p> <p>Crisis Management</p> <p>Monday.com Training and Support</p> <p><b><u>Employee Operations and Training</u></b></p> <p>Food Preparation Standards and Charts</p> <p>Checklists</p> <p>Cash Handling</p> <p>Manager and Supervisor Operations</p> <p>Product Ordering and Weekly Inventory</p>

Employee Scheduling and Payroll Procedures  
Uniform Store and Catalog

Events and Catering

SOP Documents

Harvest Program - Food Donation Standards

**Human Resources**

Sample Interviewing and Hiring

Sample New Hire Documents

Sample HR General Info

Sample Job Descriptions

Sample Employee Evaluation and Consultation

**EXHIBIT H**  
**STATE ADDENDA**  
**AND AGREEMENT RIDERS**

## STATE ADDENDA AND AGREEMENT RIDERS

### ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS, AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR ORI'ZABA'S FRANCHISE OPERATIONS, LLC

The following modifications are made to the Ori'Zaba's Franchise Operations, LLC (“Franchisor”, “us”, “we”, or “our”) Franchise Disclosure Document (“FDD”) given to franchisee (“Franchisee”, “you”, or “your”) and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated \_\_\_\_\_, 20\_\_ (“Franchise Agreement”). When the term “Franchisor’s Choice of Law State” is used, it means Colorado. When the term “Supplemental Agreements” is used, it means Area Development Agreement.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. This State-Specific Addendum (“State Addendum”) will modify these agreements to comply with the 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 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, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, 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.

#### **CALIFORNIA**

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

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the FDD 14 days prior to execution of agreement.

Section 31125 of the California Corporations Code requires us to give to you an FDD, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing Franchise.

The Franchise Agreement and the Supplemental Agreements contain provisions requiring binding arbitration with the costs being awarded to the prevailing party. The arbitration will occur in Colorado. 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 the Franchise Agreement or Supplemental Agreements restricting venue to a forum outside the State of California. The Franchise Agreement and Supplemental Agreement contain mediation provisions. The parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator’s fees.

The Franchise Agreement and Supplemental Agreements require the application of the law of Colorado. This provision may not be enforceable under California law.



Neither Franchisor nor any other person listed 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.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. The Franchise Agreement and Supplemental Agreements contain provisions that are inconsistent with the California Franchise Investment Law, and the California Franchise Investment Law will control with respect to such inconsistent provisions.

The Franchise Agreement and Supplemental Agreements 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.).

The Franchise Agreement contains, and the Supplemental Agreements do not contain, a covenant not to compete provision which extends beyond the termination of the Franchise. Such provisions may not be enforceable under California law.

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. The liquidated damages provisions in the Franchise Agreement may not be enforceable.

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).

Item 6 of the FDD is amended to state the highest interest rate allowed by law in California is 10% annually.

Our website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

### Fee Deferral

The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California Franchisees until the Franchisor has completed all its pre-opening obligations and Franchisee is open for business. The payment of all initial fees, including Initial Franchise Fees and Development Fees, attributable to a specific unit in a Development Schedule, is deferred until that specific unit is open for business.

## HAWAII

The following is added to the Cover Page:

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

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

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

Registered agent in the state authorized to receive service of process:

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

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The status of the Franchisor's franchise registrations in the states which require registration is as follows:

1. States in which this proposed registration is effective are listed in Exhibit J of the FDD on the page entitled, "State Effective Dates".
2. States which have refused, by order or otherwise, to register these Franchises are:

None

3. States which have revoked or suspended the right to offer the Franchises are:

None

4. States in which the proposed registration of these Franchises has been withdrawn are:

None

## ILLINOIS

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The FDD, Franchise Agreement and Supplemental Agreements are amended accordingly.

~~The governing law or choice of law clause described in the FDD and contained in the Franchise Agreement and Supplemental Agreements is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of Illinois law in all situations to which it is applicable.~~ Illinois law governs the Franchise Agreement.

Section 41 of the Illinois Franchise Disclosure Act states that “any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void”. The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

Item 17.v, Choice of Forum, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act”.

Item 17.w, Choice of Law, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act”.

~~The termination provisions~~ Your rights upon Termination and non-renewal provisions ~~Non-Renewal of an agreement are set forth in the Franchise Agreement and the FDD may not be enforceable under Sections~~ sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three years after the act or transaction constituting the violation upon which it is based, the expiration of one year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

For information about obtaining a liquor license in Illinois, see: <https://www.illinois.gov/ilcc/Pages/Forms-and-Applications.aspx>.

For information about obtaining TIPS certification in Illinois, see: <https://www.tipscertified.com/tips-state-pages/Illinois/>.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

### Franchise Fee Deferral

The Illinois Attorney General’s Office has imposed the deferral requirement because of our financial condition. Item 5 and Item 7 of the FDD, Section 8.01 of the Franchise Agreement and Section 3 of the Area Development Agreement are hereby revised to state that payment of all initial fees, including the Franchise Fee, shall be deferred until after all of Franchisor’s initial obligations are complete and the Franchise is open for business. The Development Fee will be deferred until the first franchise is open and operational.

Franchisee:

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

### INDIANA

Item 8 of the FDD is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The “Summary” column in Item 17.r. of the FDD is deleted and the following is inserted in its place:

No competing business for two years within the Protected Area.

The “Summary” column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The “Summary” column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

Litigation regarding Franchise Agreement in Indiana; other litigation in Franchisor’s Choice of Law State. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice o -law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The “Summary” column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws; otherwise Franchisor’s Choice of Law State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor’s Choice of Law State law, if such provisions are in conflict with Indiana law.
2. 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 under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.
3. Any provision in the Franchise 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.
4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).
5. The following provision will be added to the Franchise Agreement:

No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under

any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement 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.

**IOWA**

Any provision in the Franchise Agreement or Compliance Questionnaire which 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 Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

**NOTICE OF CANCELLATION**

\_\_\_\_\_ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be cancelled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Ori'Zaba's Franchise Operations, LLC, 8084 S. Wallace Court, Suite A, Englewood, Colorado 80112, or send a fax to Ori'Zaba's Franchise Operations, LLC at (303) 799-1732 not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_



## MARYLAND

### AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT

Item 17 of the FDD and the Franchise Agreement and the Area Development Agreement are amended to state: “The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law”.

Item 17 of the FDD and sections of the Franchise Agreement and Area Development Agreement are amended to state “A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the Franchise”.

The Franchise Agreement, Area Development Agreement and Franchise Disclosure Questionnaire are amended to state “All representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to, nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law”.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A Sec. 101 et seq.).

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement 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.

#### Franchise Fee Deferral

Items 5 and 7 of the FDD, the Franchise Agreement the Area Development Agreement are amended to state: Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Franchise Agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the Area Development Agreement opens.

## 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 documents relating to a franchise:

- (a) A prohibition on your right to join an association of franchisees.

(b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this Act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.

(c) A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include your failure 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 us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us 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 five years; and (ii) you are prohibited by the Franchise Agreement 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 you do not receive at least six months' advance notice of our intent not to renew the Franchise.

(e) A provision that permits us 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 the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits us to refuse to permit a transfer of ownership of a Franchise, except for good cause. This subdivision does not prevent us 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 our then-current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of us or our subfranchisor.

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

(iv) your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us 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 us the right to acquire the assets of a Franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

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

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

Any questions regarding this notice should be directed to:

State of Michigan  
Department of Attorney General  
Consumer Protection Division  
Attn: Franchise  
670 Law Building  
525 W. Ottawa Street  
Lansing, Michigan 48913  
Telephone Number: (517) 373-7117

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**MINNESOTA**

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.
2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.
3. Minn. Rule Part 2860.4400J prohibits 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 the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.
4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be

given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.

5. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.
6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.
7. The following language will appear as a new paragraph of the Franchise Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.
8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.
9. Item 6 of the FDD and Section 8.07 of the Franchise Agreement is hereby amended to limit the ~~Insufficient~~Non-sufficient Funds Charge to \$30 per occurrence pursuant to Minnesota Statute 604.113.
10. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

### Franchise Fee Impound

Items 5 and 7 of the FDD, Section 8.01 of the Franchise Agreement and Section 3 of the Area Development Agreement are amended to state that the Initial Franchise Fee and the Development Fee will be placed into an impound account until the Franchisor completes all of its training and other obligations to the franchisee and the franchise is open for business.

### NEW YORK

1. The following information is added to the ~~Cover Page~~cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT E, OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW**



**YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR ~~CANNOT~~CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

~~\_\_\_\_\_ Except as provided~~ With the exception of what is stated above, with regard to the following applies to Franchisor or the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the ~~Franchise System~~ 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~~ 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**"~~,"~~ and Item 17(m), entitled "**Conditions for franchisor approval of transfer**"~~,"~~

~~\_\_\_\_\_~~ However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent

of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”:

——— You may terminate the agreement on any grounds available by law.

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

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 earlier 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**

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(r) of the FDD and Section 17.09 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee 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 Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement 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.

## **OHIO**

The following language will be added to the front page of the Franchise Agreement:

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

Initials \_\_\_\_\_ Date \_\_\_\_\_

### NOTICE OF CANCELLATION

\_\_\_\_\_ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Ori'Zaba's Franchise Operations, LLC, 8084 S. Wallace Court, Suite A, Englewood, Colorado 80112, or send a fax to Ori'Zaba's Franchise Operations, LLC at (303) 799-1732 not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

Date: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

### **RHODE ISLAND**

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act”. The FDD, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law.

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including but not limited to, all venue, choice of law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

### **SOUTH DAKOTA**

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

### **VIRGINIA**

Item 17(h). The following is added to Item 17(h):

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable”.

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for Ori'Zaba's Franchise Operations, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 8 and Item 17.h.

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 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.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## **WASHINGTON**

### **ADDENDUM TO FRANCHISE AGREEMENT, AREA DEVELOPMENT AGREEMENT, ~~FRANCHISE DISCLOSURE QUESTIONNAIRE,~~ AND FRANCHISE DISCLOSURE DOCUMENT**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for

inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## **WISCONSIN**

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

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

*(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 Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement 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 and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

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

Dated: \_\_\_\_\_, 20\_\_

**FRANCHISOR:**

ORI'ZABA'S FRANCHISE OPERATIONS, LLC

By: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Rev.  
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## EXHIBIT I

### CONTRACTS FOR USE WITH THE ORI'ZABA'S FRANCHISE

The following contracts contained in Exhibit I are contracts that Franchisee is required to utilize or execute after signing the Franchise Agreement in the operation of the Ori'Zaba's Business. The following are the forms of contracts that Ori'Zaba's Franchise Operations, LLC uses as of the Issuance Date of this Franchise Disclosure Document. If they are marked "Sample", they are subject to change at any time.

EXHIBIT I-1

ORI'ZABA'S FRANCHISE

SAMPLE GENERAL RELEASE AGREEMENT

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (“Release”) is made as of \_\_\_\_\_, 20\_\_ by \_\_\_\_\_, a(n) \_\_\_\_\_ (“Franchisee”), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, “Releasor”) in favor of Ori’Zaba’s Franchise Operations, LLC, a Colorado limited liability company (“Franchisor”, and together with Releasor, the “Parties”).

**WHEREAS**, Franchisor and Franchisee have entered into a Franchise Agreement (“Agreement”) pursuant to which Franchisee was granted the right to own and operate an Ori’Zaba’s business;

**WHEREAS**, (Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee/enter into a successor franchise agreement/amend the Agreement) or (the Agreement is being terminated/or indicate other reason for the requirement of this waiver and release), and Franchisor has consented to such (transfer/successor franchise agreement/amendment/termination/other reason); and

**WHEREAS**, as a condition to Franchisor’s consent to (transfer the Agreement/enter into a successor franchise agreement/amend the agreement/terminate the Agreement/other reason), Releasor has agreed to execute this Release upon the terms and conditions stated below.

**NOW, THEREFORE**, in consideration of Franchisor’s consent, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. Each individual executing this Release on behalf of Franchisee represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. Release. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the “Released Parties”), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement

and the offer and sale of the franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third-party claim.

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. Confidentiality. Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Release to any third party without Franchisor's express written consent, except as required by law.

5. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of Colorado.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. 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 Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release 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 Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

i. This Release is inapplicable with respect to claims arising under the Washington Franchise Investment Protection Act, chapter 19.100 RCW, and the rules adopted thereunder in accordance with RCW 19.100.220.

*(Signatures on following page)*

**IN WITNESS WHEREOF**, Releasor has executed this Release as of the date first written above.

**FRANCHISEE:**

\_\_\_\_\_, a  
\_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Its: \_\_\_\_\_

**FRANCHISEE'S OWNERS:**

Date \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

Rev. 092122



## EXHIBIT I-2

### ORI'ZABA'S FRANCHISE

#### SAMPLE SYSTEM PROTECTION AGREEMENT

This System Protection Agreement ("Agreement") is entered into by the undersigned ("you" or "your") in favor of Ori'Zaba's Franchise Operations, LLC, a Colorado limited liability company, and its successors and assigns ("us", "we", or "our"), upon the terms and conditions set forth in this Agreement.

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

"*Competitive Business*" means any business that: (i) sells or offers to sell products the same as or similar to the type of products sold by you in and/or from the Franchisee Territory (including, but not limited to, the products we authorize); or (ii) provides or offers to provide services the same as or similar to the type of services sold by you in and/or from the Franchisee Territory (including, but not limited to, the services we authorize), but excludes an Ori'Zaba's business operating pursuant to a franchise agreement with us.

"*Copyrights*" means all works and materials for which we or our affiliate have secured 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 an Ori'Zaba's business or the solicitation or offer of an Ori'Zaba's franchise, whether now in existence or created in the future.

"*Franchisee*" means the Ori'Zaba's franchisee for which you are a manager or officer.

"*Franchisee Territory*" means the territory granted to you pursuant to a franchise agreement with us.

"*Intellectual Property*" means, collectively or individually, our Marks, Copyrights, Know-how, and System.

"*Know-how*" means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of an Ori'Zaba's business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

"*Manual*" means our confidential operations manual for the operation of an Ori'Zaba's business, which may be periodically modified by us.

"*Marks*" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of an Ori'Zaba's business, including "ORI'ZABA'S", and any other trademarks, service marks, or trade names that we designate for use by an Ori'Zaba's business. The term "Marks" also includes any distinctive trade dress used to identify an Ori'Zaba's business, whether now in existence or hereafter created.

"*Prohibited Activities*" means any or all of the following: (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent, or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly-traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing or attempting to induce: any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

“*Restricted Period*” means the two-year period after you cease to be a manager or officer of Franchisee’s Ori’Zaba’s business; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the “*Restricted Period*” means the one-year period after you cease to be a manager or officer of Franchisee’s Ori’Zaba’s business.

“*Restricted Territory*” means the geographic area within: (i) a five-mile radius from Franchisee’s Ori’Zaba’s business (and including the premises of the approved location of Franchisee); and (ii) a five-mile radius from all other Ori’Zaba’s Businesses that are operating or under construction as of the beginning of the *Restricted Period*; provided, however, that if a court of competent jurisdiction determines that the foregoing *Restricted Territory* is too broad to be enforceable, then the “*Restricted Territory*” means the geographic area within a 2.5-mile radius from Franchisee’s Ori’Zaba’s business (and including the premises of the approved location of Franchisee).

“*System*” means our system for the establishment, development, operation, and management of an Ori’Zaba’s business, including Know-how, proprietary programs and products, Manual, and operating system.

**2. Background.** You are a manager or officer of Franchisee. As a result of this relationship, you may gain knowledge of our System. You understand that protecting the Intellectual Property and our System are vital to our success and that of our franchisees and that you could seriously jeopardize our entire System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

**3. Know-How and Intellectual Property.** You agree: (i) you will not use the Know-how in any business or capacity other than the Ori’Zaba’s business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer a manager or officer of Franchisee’s Ori’Zaba’s business. You further agree that you will not use all or part of the Intellectual Property or all or part of the System for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee. These restrictions on Know-how, Intellectual Property and the System shall not apply to any information which is information publicly known or becomes lawfully known in the public domain other than through a breach of this Agreement or is required or compelled by law to be disclosed, provided that you will give reasonable notice to us to allow us to seek protective or other court orders.

**4. Unfair Competition During Relationship.** You agree not to unfairly compete with us at any time while you are a manager or officer of Franchisee’s Ori’Zaba’s business by engaging in any Prohibited Activities.

**5. Unfair Competition After Relationship.** You agree not to unfairly compete with us during the *Restricted Period* by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the *Restricted Territory*. If you engage in any Prohibited Activities during the *Restricted Period*, then you agree that your *Restricted Period* will be extended by the period of time during which you were engaging in the Prohibited Activity.

**6. Immediate Family Members.** You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, grandparent or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have

violated the terms of this Agreement if any member of your immediate family: (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities; or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

**7. Covenants Reasonable.** You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

**8. Breach.** You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Ori'Zaba's franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action that you may have against us, our owners or our affiliates, or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

**9. Miscellaneous.**

a. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

b. This Agreement will be governed by, construed, and enforced under the laws of Colorado, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

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

d. You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration, and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive 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 this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

*(Signature page follows)*

EXECUTED on the date stated below.

Date \_\_\_\_\_

Signature \_\_\_\_\_

Typed or Printed Name \_\_\_\_\_

Rev. 120619

## EXHIBIT I-3

### ORI'ZABA'S FRANCHISE

#### SAMPLE CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement (“Agreement”) is entered into by the undersigned (“you”) in favor of Ori’Zaba’s Franchise Operations, LLC, a Colorado limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement.

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

“*Copyrights*” means all works and materials for which we or our affiliate(s) have secured common law or registered copyright protection and that we allow Ori’Zaba’s franchisees to use, sell, or display in connection with the marketing and/or operation of an Ori’Zaba’s Business, whether now in existence or created in the future.

“*Franchisee*” means the Ori’Zaba’s franchisee for which you are an employee, independent contractor, agent, representative, or supplier.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, Manual, and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of an Ori’Zaba’s Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“*Manual*” means our confidential operations manual for the operation of an Ori’Zaba’s Business.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of an Ori’Zaba’s Business, including “ORI’ZABA’S” and any other trademarks, service marks, or trade names that we designate for use by an Ori’Zaba’s Business. The term “Marks” also includes any distinctive trade dress used to identify an Ori’Zaba’s Business, whether now in existence or hereafter created.

“*Ori’Zaba’s Business*” means a business that operates fast casual restaurants serving made-to-order Mexican cuisine from scratch, with in-house recipes under a made-t- order, fast casual format and other related products and services using our Intellectual Property.

“*System*” means our system for the establishment, development, operation, and management of an Ori’Zaba’s Business, including Know-how, proprietary programs and products, confidential operations manuals, and operating system.

**2. Background.** You are an employee, independent contractor, agent, representative, or supplier of Franchisee. Because of this relationship, you may gain knowledge of our Intellectual Property. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees, and that you could seriously jeopardize our entire Franchise System if you were to use such Intellectual Property in any way other than as described in this Agreement. In order to avoid such damage, you agree to comply with this Agreement.

**3. Know-How and Intellectual Property: Nondisclosure and Ownership.** You agree: (i) you will not use the Intellectual Property in any business or capacity other than for the benefit of the

Ori'Zaba's Business operated by Franchisee or in any way detrimental to us or to the Franchisee; (ii) you will maintain the confidentiality of the Intellectual Property at all times; (iii) you will not make unauthorized copies of documents containing any Intellectual Property; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Intellectual Property; and (v) you will stop using the Intellectual Property immediately if you are no longer an employee, independent contractor, agent, representative, or supplier of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performing your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

The Intellectual Property is and shall continue to be the sole property of Ori'Zaba's Franchise Operations, LLC. You hereby assign and agree to assign to us any rights you may have or may acquire in such Intellectual Property. Upon the termination of your employment or engagement with Franchisee, or at any time upon our or Franchisee's request, you will deliver to us or to Franchisee all documents and data of any nature pertaining to the Intellectual Property, and you will not take with you any documents or data or copies containing or pertaining to any Intellectual Property.

**4. Immediate Family Members.** You acknowledge you could circumvent the purpose of this Agreement by disclosing Intellectual Property to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Intellectual Property to family members. Therefore, you agree you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Intellectual Property. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Intellectual Property to the family member.

**5. Covenants Reasonable.** You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

**6. Breach.** You agree that failure to comply with this Agreement will cause substantial and irreparable damage to us and/or other Ori'Zaba's franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

**7. Miscellaneous.**

a. Although this Agreement is entered into in favor of Ori'Zaba's Franchise Operations, LLC, you understand and acknowledge that your employer/employee, independent contractor, agent, representative, or supplier relationship is with Franchisee and not with us, and for all purposes in connection with such relationship, you will look to Franchisee and not to us.

b. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

c. This Agreement will be governed by, construed, and enforced under the laws of Colorado, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

d. Each section of this Agreement, including each subsection and portion, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

EXECUTED on the date stated below.

Date \_\_\_\_\_

Signature \_\_\_\_\_

Typed or Printed Name \_\_\_\_\_

Rev. 032916

**EXHIBIT I-4**

**ORI'ZABA'S FRANCHISE**

**SAMPLE APPROVAL OF REQUESTED ASSIGNMENT**

This Approval of Requested Assignment (“**Agreement**”) is entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between Ori’Zaba’s Franchise Operations, LLC (“**Franchisor**”), a Colorado Limited Liability Company \_\_\_\_\_ (“**Former Franchisee**”), the undersigned owners of Former Franchisee (“**Owners**”) and \_\_\_\_\_, a [State] [Corporation/Limited Liability Company] (“**New Franchisee**”).

**RECITALS**

WHEREAS, Franchisor and Former Franchisee entered into that certain franchise agreement dated \_\_\_\_\_, 20\_\_\_\_ (“**Former Franchise Agreement**”), in which Franchisor granted Former Franchisee the right to operate an Ori’Zaba’s franchise located at \_\_\_\_\_ (“**Franchised Business**”); and

WHEREAS, Former Franchisee desires to assign (“**Requested Assignment**”) the Franchised Business to New Franchisee, New Franchisee desires to accept the Requested Assignment of the Franchised Business from Former Franchisee, and Franchisor desires to approve the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Agreement, including that New Franchisee sign Franchisor’s current form of franchise agreement together with all exhibits and attachments thereto (“**New Franchise Agreement**”), contemporaneously herewith.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, the parties hereto hereby covenant, promise, and agree as follows:

1. **Payment of Fees.** In consideration for the Requested Assignment, Former Franchisee acknowledges and agrees to pay Franchisor the Transfer Fee, as required under the Franchise Agreement (“**Franchisor’s Assignment Fee**”).

2. **Assignment and Assumption.** Former Franchisee hereby consents to assign all of its rights and delegate its duties with regard to the Former Franchise Agreement and all exhibits and attachments thereto from Former Franchisee to New Franchisee, subject to the terms and conditions of this Agreement, and conditioned upon New Franchisee’s signing the New Franchise Agreement pursuant to Section 5 of this Agreement.

3. **Consent to Requested Assignment of Franchised Business.** Franchisor hereby consents to the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon receipt of the Franchisor’s Assignment Fee from Former Franchisee and the mutual execution of this Agreement by all parties. Franchisor waives its right of first refusal set forth in the Former Franchise Agreement.

4. **Termination of Rights to the Franchised Business.** The parties acknowledge and agree that effective upon the date of this Agreement, the Former Franchise Agreement shall terminate and all of

Former Franchisee's rights to operate the Franchised Business are terminated and that from the date of this Agreement only New Franchisee shall have the sole right to operate the Franchised Business under the New Franchise Agreement. Former Franchisee and the undersigned Owners agree to comply with all of the covenants in the Former Franchise Agreement that expressly or by implication survive the termination, expiration, or transfer of the Former Franchise Agreement. Unless otherwise precluded by state law, Former Franchisee shall execute Franchisor's current form of General Release Agreement.

5. New Franchise Agreement. New Franchisee shall execute Franchisor's current form of the New Franchise Agreement for the Franchised Business (as amended by the form of Addendum prescribed by Franchisor, if applicable), and any other required contracts for the operation of an Ori'Zaba's franchise as stated in Franchisor's Franchise Disclosure Document.

6. Former Franchisee's Contact Information. Former Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three-year period following the execution of this Agreement.

7. Acknowledgement by New Franchisee. New Franchisee acknowledges and agrees that the purchase of the rights to the Franchised Business ("Transaction") occurred solely between Former Franchisee and New Franchisee. New Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to the approval of Requested Assignment and any required actions regarding New Franchisee's signing of the New Franchise Agreement for the Franchised Business. New Franchisee agrees that any claims, disputes, or issues relating New Franchisee's acquisition of the Franchised Business from Franchisee are between New Franchisee and Former Franchisee, and shall not involve Franchisor.

8. Representation. Former Franchisee warrants and represents that it has not heretofore assigned, conveyed, or disposed of any interest in the Former Franchise Agreement or Franchised Business. New Franchisee hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the New Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.

9. Notices. Any notices given under this Agreement shall be in writing, and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

10. Further Actions. Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Agreement, including any and all actions that may be required or contemplated by the Former Franchise Agreement.

11. Affiliates. When used in this Agreement, the term "**Affiliates**" has the meaning as given in Rule 144 under the Securities Act of 1933.

12. Miscellaneous. This Agreement may not be changed or modified except in a writing signed by all of the parties hereto. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

13. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Colorado.

**IN WITNESS WHEREOF**, the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

**FRANCHISOR:**

ORI'ZABA'S FRANCHISE OPERATIONS, LLC

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FORMER FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**NEW FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Rev. 031821



**EXHIBIT I-5**

**ORI'ZABA'S FRANCHISE**

**LEASE ADDENDUM**

This Addendum to Lease ("**Addendum**"), dated \_\_\_\_\_, 20\_\_\_\_, is entered into by and between \_\_\_\_\_ ("**Landlord**"), \_\_\_\_\_ ("**Tenant**") and Ori'Zaba's Franchise Operations, LLC ("**Franchisor**"), collectively referred to herein as the "**Parties**".

A. Landlord and Tenant have entered into a certain Lease Agreement dated \_\_\_\_\_, 20\_\_\_\_, and pertaining to the premises located at \_\_\_\_\_ ("**Lease**").

B. Landlord acknowledges that Tenant intends to operate a franchised business from the leased premises ("**Premises**") pursuant to a Franchise Agreement ("**Franchise Agreement**") with Franchisor under Franchisor's trademarks and other names designated by Franchisor (herein referred to as "**Franchised Business**" or "**Franchise Business**").

C. The parties now desire to supplement the terms of the Lease in accordance with the terms and conditions contained herein.

**NOW, THEREFORE**, it is hereby mutually covenanted and agreed among the Parties as follows:

1. Use of the Premises. During the term of the Franchise Agreement, the Premises shall be used only for the operation of the Franchised Business.

2. Franchise System. Landlord hereby consents to Tenant's use of such proprietary marks, signs, interior and exterior décor items, color schemes and related components of the Franchised Business required by Franchisor. Tenant's use of such items shall at all times be in compliance with all applicable laws, ordinances, rules and regulations of governmental authorities having jurisdiction over the Premises.

3. Assignment. Tenant shall have the right, without further consent from Landlord, to sublease or assign all of Tenant's right, title, and interest in the Lease to a Franchise Assignee at any time during the term of the Lease, including any extensions or renewals thereof. If Tenant fails to timely cure any default under either the Lease or the Franchise Agreement, Franchisor or a Franchise Assignee that Franchisor designates, will, at its option, have the right, but not the obligation, to take an assignment of Tenant's interest under the Collateral Assignment of Lease or other form of assignment and assumption document reasonably acceptable to Landlord, provided such Franchise Assignee cures a default of the Lease no later than ten (10) days following the end of Tenant's cure period. No assignment shall be effective until: (i) a Franchise Assignee gives Landlord written notice of its acceptance of the assignment and assumption of the Lease; and (ii) Tenant or the Franchise Assignee has cured all material defaults of the Lease for which it has received notice from Landlord. Nothing contained herein or in any other document shall create any obligation or liability of Franchisor, any Franchise Assignee, or guarantor thereof under the Lease unless and until the Lease is assigned to, and accepted in writing by a Franchise Assignee. In the event of any assignment or purported assignment under this Addendum, Tenant shall remain liable under the terms of the Lease and the assignee or subtenant shall retain all of the Tenant's rights granted in the Lease including without limitation: (x) any grant of a protected territory or use exclusivity; and (y) the renewal or extension of the Lease term. With respect to any assignment proposed or consummated under

this Addendum, Landlord hereby waives any rights it may have to: (A) recapture the Premises; (B) terminate the Lease; or (C) modify any terms or conditions of the Lease. If Franchisor accepts an assignment and assumes the Lease under this section, Franchisor shall have the right to further sublet or reassign the Lease to another Franchise Assignee without Landlord's consent in which event Franchisor shall be released from any obligation or liability under the Lease. As used in this Addendum, "**Franchise Assignee**" means: (i) Franchisor or Franchisor's parent, subsidiary, or affiliate; or (ii) any franchisee of Franchisor or of Franchisor's parent, subsidiary, or affiliate.

4. Default and Notice.

a. If Tenant defaults on or breaches the Lease and Landlord delivers a notice of default to Tenant, Landlord shall contemporaneously send a copy of such default notice to Franchisor. Franchisor shall have the right, but not the obligation, to cure the default during Tenant's cure period plus an additional ten (10) day period. Franchisor will notify Landlord whether it intends to cure the default prior to the end of Tenant's cure period.

b. All notices to Franchisor shall be sent by ~~registered or certified mail, postage prepaid,~~ a reputable overnight delivery service to the following address:

Ori'Zaba's Franchise Operations, LLC  
8084 S. Wallace Court., Suite A  
Englewood, Colorado 80112

Franchisor may change its address for receiving notices by giving Landlord written notice of the new address. Landlord agrees that it will notify both Tenant and Franchisor of any change in Landlord's mailing address to which notices should be sent.

c. Tenant and Landlord agree not to terminate, or materially amend the Lease during the term of the Franchise Agreement or any renewal thereof without Franchisor's prior written consent. Any attempted termination, or material amendment shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect shall be included in the Lease.

5. Termination or Expiration.

a. If Franchisor does not elect to take an assignment of the Tenant's interest, Landlord will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Landlord, to remove all signs, awnings, and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect the Franchisor's trademarks and Franchise System and to distinguish the Premises from a Franchised Business provided that Franchisor repairs any damage caused to the Premises by exercise of its rights hereunder.

b. If any Franchise Assignee purchases any assets of Tenant, Landlord shall permit such Franchise Assignee to remove all the assets being purchased, and Landlord waives any lien rights that Landlord may have on such assets.

6. Consideration; No Liability.

a. Landlord acknowledges that the Franchise Agreement requires Tenant to receive Franchisor's approval of the Lease prior to Tenant executing the Lease and that this Addendum is a material

requirement for Franchisor to approve the Lease. Landlord acknowledges Tenant would not lease the Premises without this Addendum. Landlord also hereby consents to the Collateral Assignment of Lease from Tenant to Franchisor as evidenced by Attachment 1.

b. Landlord further acknowledges that Tenant is not an agent or employee of Franchisor, and Tenant has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any Franchise Assignee, and that Landlord has entered into this with full understanding that it creates no duties, obligations, or liabilities of or against any Franchise Assignee.

7. Amendments. No amendment or variation of this Addendum shall be valid unless made in writing and signed by the Parties hereto.

8. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions, and covenants of the Lease shall remain in full force and effect and are incorporated herein by reference and made a part of this ~~Agreement~~Addendum as though copies herein in full.

**IN TESTIMONY WHEREOF**, witness the signatures of the Parties hereto as of the day, month, and year first written above.

**LANDLORD:**

**TENANT:**

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISOR:**

\_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Rev. H2619022324

**EXHIBIT I-6 Attachment 1**

**ATTACHMENT 1 TO LEASE ADDENDUM**

**COLLATERAL ASSIGNMENT OF LEASE**

FOR VALUE RECEIVED, as of the \_\_\_ day of \_\_\_\_\_, 20\_\_ (“**Effective Date**”), the undersigned, \_\_\_\_\_ (“**Assignor**”) hereby assigns, transfers and sets over unto \_\_\_\_\_ (“**Assignee**”) all of Assignor’s right, title, and interest as Tenant, in, to and under that certain lease, a copy of which is attached hereto as **Exhibit A (“Lease”)** with respect to the premises located at \_\_\_\_\_.  
This Collateral Assignment of Lease (“**Assignment**”) is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee expressly assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein, and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under that certain franchise agreement for a franchise between Assignee and Assignor (“**Franchise Agreement**”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered, in Assignee’s sole discretion, to: (i) cure Assignor’s default of the Lease; (ii) take possession of the premises demised by the Lease; (iii) expel Assignor from the premises, either temporarily or permanently; (iv) terminate Assignor’s rights, title, and interest in the Lease; and/or (v) assume the Lease. If Assignee expends sums to cure a default of the Lease, Assignor shall promptly reimburse Assignee for the cost incurred by Assignee in connection with such performance, together with interest thereon at the rate of two percent (~~2%~~) per month, or the highest rate allowed by law.

Assignor agrees it will not suffer or permit any surrender, termination, amendment, or modification of the Lease without the prior written consent of Assignee. Through the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest to exercise the extension or renewal options in the name, place, and stead of Assignor for the sole purpose of effecting the extension or renewal.

*(Signatures on following page)*

**IN WITNESS WHEREOF**, Assignor and Assignee have signed this Collateral Assignment of Lease as of the Effective Date first above written.

**ASSIGNOR:**

\_\_\_\_\_

By: \_\_\_\_\_

Printed Name \_\_\_\_\_

Its: \_\_\_\_\_

**ASSIGNEE:**

\_\_\_\_\_

By: \_\_\_\_\_

Printed Name \_\_\_\_\_

Its: \_\_\_\_\_

Rev. 112619022324

## EXHIBIT I-6

### ORI'ZABA'S FRANCHISE

#### SBA ADDENDUM TO FRANCHISE AGREEMENT<sup>1</sup>

**THIS ADDENDUM** (“Addendum”) is made and entered into on \_\_\_\_\_, 20\_\_\_\_, by and between **Ori’Zaba’s Franchise Operations, LLC** (“Franchisor”), located at 8084 S. Wallace Court, Suite A Englewood, Colorado 80112, and \_\_\_\_\_ (“Franchisee”), located at \_\_\_\_\_.

Franchisor and Franchisee entered into a Franchise Agreement on \_\_\_\_\_, 20\_\_\_\_, (such Agreement, together with any amendments, the “**Franchise Agreement**”). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration (“SBA”). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement:

#### **CHANGE OF OWNERSHIP**

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor’s consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

#### **FORCED SALE OF ASSETS**

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional renewals) for fair market value.

#### **COVENANTS**

- If the Franchisee owns the real estate where the franchise location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the

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<sup>1</sup> While relationships established under license, jobber, dealer and similar agreements are not generally described as “franchise” relationships, if such relationships meet the Federal Trade Commission’s (FTC’s) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

**EMPLOYMENT**

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 -3733.

**AUTHORIZED REPRESENTATIVE OF FRANCHISOR:**

**AUTHORIZED REPRESENTATIVE OF FRANCHISEE:**

**ORI'ZABA'S FRANCHISE OPERATIONS, LLC**

\_\_\_\_\_  
(Entity Name)

By: \_\_\_\_\_  
Printed Name:  
Title:

By: \_\_\_\_\_  
Printed Name:  
Title:

By: \_\_\_\_\_  
Printed Name:  
Title:

**Note to Parties:** This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.



**EXHIBIT J**  
**STATE EFFECTIVE DATES**

## State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Illinois	Pending
Michigan	Pending
Minnesota	Pending
Wisconsin	April 27, 2023 Pending

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 K**  
**RECEIPTS**

**RECEIPT  
(Retain This Copy)**

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 Ori'Zaba's Franchise Operations, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Under Iowa law, if applicable, Ori'Zaba's Franchise Operations, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires Ori'Zaba's Franchise Operations, LLC to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Ori'Zaba's Franchise Operations, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit E.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:
Jennifer Howell Maria Maciel, 8084 S. Wallace Court, Suite A, Englewood, CO 80112, 702-751-7943/720-817-9326

Issuance Date: **April 27, 2023**19, 2024

I received a disclosure document issued **April 27, 2023**19, 2024 which included the following exhibits:

- Exhibit A Franchise Agreement
- Exhibit B Area Development Agreement
- Exhibit C Financial Statements
- Exhibit D List of Current and Former Franchisees/Area Developers
- Exhibit E List of State Administrators/Agents for Service of Process
- Exhibit F Franchise Disclosure Questionnaire
- Exhibit G Franchise Operations Manual Table of Contents
- Exhibit H State Addenda and Agreement Riders
- Exhibit I Contracts for use with the Ori'Zaba's Franchise
- Exhibit J State Effective Dates
- Exhibit K Receipt

\_\_\_\_\_  
Date Signature Printed Name

\_\_\_\_\_  
Date Signature Printed Name Rev. 012417

**PLEASE RETAIN THIS COPY FOR YOUR RECORDS.**

**RECEIPT  
(Our Copy)**

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 Ori'Zaba's Franchise Operations, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Under Iowa law, if applicable, Ori'Zaba's Franchise Operations, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires Ori'Zaba's Franchise Operations, LLC to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Ori'Zaba's Franchise Operations, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit E.

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- Exhibit K Receipt

\_\_\_\_\_  
Date Signature Printed Name

\_\_\_\_\_  
Date Signature Printed Name Rev. 012417

**Please sign this copy of the receipt, date your signature, and return it to Ori'Zaba's Franchise Operations, LLC, 8084 S. Wallace Court, Suite A, Englewood, Colorado 80112.**

