

FRANCHISE DISCLOSURE DOCUMENT



MTY Franchising USA, Inc.
dba *THE COUNTER*®
a Tennessee corporation
9311 E Via De Ventura
Scottsdale, Arizona 85258
Telephone: (480) 362-4800
www.thecounterfranchise.com
www.thecounter.com
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We offer The Counter® franchises. As a franchisee, you will operate a restaurant called The Counter, preparing and featuring build-your-own burgers, signature burgers, side dishes, sandwiches, salads, desserts, ice-cream shakes, non-alcoholic beverages and certain alcoholic beverages, including, at a minimum, beer and wine.

The total investment necessary to begin operation of The Counter franchise ranges from \$7132,133 to \$1,9883,750 for a traditional restaurant franchise and between \$7124,133 to \$1,97368,750 for a non-traditional restaurant. This includes \$4126,000 to \$9947,500 for a traditional and \$4025,000 to \$8432,500 for a non-traditional restaurant that must be paid to the franchisor or its affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact MTY Franchising USA, Inc., Attn: ~~John Wuycheck~~Legal Department, 9311 E. Via De Ventura, Scottsdale, Arizona 85258 and (480) 362-4800.

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

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

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

Issuance Date: March ~~27~~⁸, 202~~6~~⁵, as amended October 10, 2025.

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

The franchisor is MTY Franchising USA, Inc. To simplify the language in this Disclosure Document, “Company,” “we,” “us” “franchisor” and “our” refer to MTY Franchising USA, Inc. (“MTY USA”) “You” and “Your” means the person who buys the franchise and includes your owners if you are a corporation, limited liability company, partnership or other business entity that buys The Counter franchise. If “you” are a business entity “you” includes the shareholders, members or owners of the business to the extent each guaranties or otherwise agrees to perform or be bound by The Franchisor, Its Parents, Predecessors and Affiliates. Any email addresses and website URLs referenced in this Disclosure Document, including its exhibits, are current as of the effective date of this Disclosure Document. We may update these email addresses and/or website URLs from time to time.

The Franchisor, Its Predecessors and Affiliates

We have been offering The Counter since December of 2017. In particular, MTY USA entered into an agreement to purchase effective December 1, 2017 all outstanding membership interests of: (i) the franchisors of The Counter and the Built Custom Burgers brands – i.e. CB Franchise Systems, LLC and Built Franchise Systems, LLC (individually and collectively, the “Prior Franchisors”), each a California limited liability company having an address at 8571 Higuera Street, Culver City, California 90232, including the rights to franchise such brands, and (ii) TC Naples LLC, TC Kahala, LLC, and Counter Reston LLC, each of which were wholly-owned subsidiaries of the Prior Franchisors, and each of which owned and operated Prior Franchisor’s company-owned stores. Effective January 2019, MTY USA became the primary franchisor for The Counter and Built Custom Burgers brands. We offer area development The Counter and Built Custom Burgers franchises under separate disclosure documents. As of November 30, ~~2024~~2025, there were ~~9~~7 (~~8~~6 franchised, 1 international) The Counter restaurants and ~~7~~6 Built restaurants (~~3~~2 franchised in the United States, 4 international).

Before our acquisition detailed above, the Prior Franchisors offered The Counter franchise since 2006 and Built Custom Burgers franchises since 2014.

MTY Franchising USA, Inc., a Delaware corporation formerly known as The Extreme Pita Franchising USA, Inc., was incorporated on March 14, 2001. MTY Franchising USA, Inc., a Tennessee corporation was incorporated on September 25, 2019. These two affiliated entities merged together in 2019, with MTY Franchising USA, Inc., a Tennessee corporation, being the surviving entity. You will see references to our former corporate names in our audited financial statements. Our principal business address in the United States is 9311 East Via de Ventura, Scottsdale, Arizona, 85258. Our agents for service of process are disclosed in **Exhibit C**. Unless otherwise specified, our registered agent for service of process is C T Corporation System, 300 Montvue Road, Knoxville, Tennessee 37919.

MTY USA’s parent corporation is MTY Franchising Inc. (“MTY Canada”), a Canada corporation formerly known as MTY Tiki Ming Enterprises Inc., having an address at 8150 Route

Transcanadienne, Suite 200, Ville Saint-Laurent, Quebec, H4S 1M5, Canada. MTY Canada was initially incorporated under the Canada Business Corporations Act on February 13, 1979, under the name “Matoyee Enterprises Inc.” On September 24, 2013, MTY Canada acquired our stock. MTY Canada is a wholly owned subsidiary of MTY Food Group, Inc. (“MTY”), a public corporation listed on the Toronto Stock Exchange. MTY’s principal place of business is also 8150 Route Transcanadienne, Suite 200, Ville Saint-Laurent, Quebec, H4S 1M5, Canada.

MTY Canada currently operates or has franchised over (55) different restaurant concepts and has over ~~2,500~~ 400 units under following brands primarily in Canada and other international countries: Allo Mon Coco, Baton Rouge Steakhouse & Bar, Ben & Florentine, Big Smoke Burger, BO[WILD], Café Depot, Casa Grecque, Country Style, Cultures, Dagwoods, Extreme Pita, Giorgio, Jugo Juice, Kim Chi, Koryo, Koya, Kuto Comptoir A Tartatres, La Crémère, La Diperie (and Cakes & Shakes by La Dip), Madisons, Manchu Wok, Toujours Mikes, ~~mmmuffins~~, Mr. Souvlaki, Mr. Sub, Mucho Burrito, Muffin Plus, ~~O’Burger~~, Papa Murphy’s, Pizza Delight, Poke by Sushi Shop, Scores, South St. Burger, Spice Bros, Steak & Frites St. Paul Sukiyaki, ~~Sushi Go~~, Sushiman, Sushi Shop, Thai Express, Thaizone, The Works, Tiki Ming, Timothy’s World Coffee, The COOP Wicked Chicken, Tosto, Turtle Jack’s, Tutti Frutti, Valentine, Van Houtte, Vanellis, Vie & Nam, Villa Madina, Spice Brothers, Steak Frites, Wasabi, Wetzel’s Pretzels and YUZU. MTYFG or one of its subsidiaries is the master licensee for the following brands: TCBY (Canada), Taco Time (Canada), and Au Vieux Duluth Express (Quebec and Ontario, Canada). MTY also provides support services to Extreme Pita stores in the United States.

Effective March 1, 2018, MTY through the merger of a wholly-owned subsidiary with Imvescor Restaurant Group Inc. (“IRG”), acquired all the outstanding shares of IRG. At closing IRG operated 5 brands in Canada and had 261 locations in operation.

On May 25, 2016, MTY entered into an agreement with Kahala Brands, Inc., formerly known as Kahala Brands, Ltd., having an address at 9311 East Via de Venture, Scottsdale, AZ 85258 (“Kahala Brands”), whereby Kahala Brands agreed to merge with a wholly-owned subsidiary of MTY (“Kahala Brands Transaction”). The Kahala Brands Transaction closed July 26, 2016. As of the issuance date, Kahala Brands or one or more of its subsidiaries has franchised or currently operates approximately 2,600 quick service restaurants which consist of the multiple brands further detailed in the chart below.

Effective May 23, 2019, Papa Murphy’s Holdings, Inc. (“Papa Murphy’s”), a Delaware corporation having an address at 8000 NE Parkway Dr. #350, Vancouver, WA 98662, merged with a wholly-owned subsidiary of MTY. MTY USA succeeded as the parent company of Papa Murphy’s. The current franchisor offers *Papa Murphy’s* unit franchises which sell or offer for sale products that are similar to those of *Johnnie’s New York Pizzeria*. As of November 30, ~~2024~~ 2025, there were ~~1,000~~ 36 franchised (~~1,004~~ 965 in the United States, 35 international) plus ~~493~~ company-owned units in the United States.

On August 8, 2022, MTY Franchising USA, Inc. and its wholly owned subsidiary Grill Merger Sub, Inc. (“Merger Sub”) entered into an agreement with BBQ Holdings, Inc. (“BBQ”), a

Minnesota corporation, providing for the acquisition of BBQ by MTY Franchising USA, Inc., consisting of a tender offer ("Offer") for all of the outstanding shares of BBQ common stock, followed by a subsequent merger of Merger Sub with and into BBQ ("BBQ Merger"), with BBQ surviving the BBQ Merger as a wholly-owned subsidiary of MTY Franchising USA, Inc. This transaction included the rights to franchise and/or operate the Barrio Queen, Famous Dave's, Village Inn, Bakers Square, Granite City Food and Brewery, Real Urban BBQ, Craft Republic Bar & Grill, Champpps Kitchen + Bar, Fox & Hound, and Tahoe Joe's Famous Steakhouse brands. BBQ, through its subsidiary, VI BrandCo, LLC a Delaware limited liability company, offers Village Inn restaurants. As of November 30, ~~2024~~2025, there were ~~414~~109 Village Inn restaurants (including franchised and company-owned) in the United States. BBQ, through its subsidiary, Famous Dave's of America, Inc., a Minnesota corporation, offers Famous Dave's restaurants. As of November 30, ~~2024~~2025, there were ~~409~~100 Famous Dave's restaurants (including franchised and company-owned) in the United States, and ~~8~~10 franchised restaurants internationally. With the merger closing that took place on September 27, 2022, MTY Franchising USA, Inc. is the parent company of both VI BrandCo, LLC and Famous Dave's of America, Inc.

On December 8, 2022, MTY Franchising USA, Inc. and its wholly owned subsidiary Twisted Merger Sub, Inc. ("WP Merger Sub"), a Delaware corporation, entered into an agreement with COP WP Parent, Inc. ("COP"), a Delaware corporation, providing for the acquisition of COP by MTY Franchising USA, Inc., consisting of a merger of WP Merger Sub with and into COP ("COP Merger"), with COP surviving the COP Merger as a wholly-owned subsidiary of MTY Franchising USA, Inc., under the name Twisted Merger Sub, Inc. In November 2023, MTY Franchising USA, Inc. became the parent company of Wetzel's Pretzels, LLC ("Wetzel's Pretzels"), a California limited liability company. This transaction included the rights to franchise and/or operate the Wetzel Pretzel's brand, through Wetzel's Pretzels. As of November 30, ~~2024~~2025, there were ~~425~~458 Wetzel Pretzels restaurants (including franchised and company-owned) in the United States and ~~47~~32 franchised restaurants internationally. With the merger closing that took place on December 8, 2022, MTY Franchising USA, Inc. is the parent company of Wetzel's Pretzels, LLC.

On December 15, 2022, MTY Franchising USA, Inc. via its wholly owned subsidiary Sauce Restaurants, LLC ("Sauce Restaurants"), an Arizona limited liability company, simultaneously signed and closed an asset purchase agreement with Sauce, LLC, an Arizona limited liability company, Sauce Holdings, LLC, a Delaware limited liability company, and several other of their affiliates (collectively, "Sauce Sellers"), providing for the acquisition of the assets of Sauce Sellers by Sauce Restaurants. This transaction included the rights to operate (and ultimately franchise should Sauce Restaurants so desire) the Sauce Pizza and Wine brand. As of November 30, ~~2024~~2025, there were 13 Sauce Pizza and Wine restaurants (all of which were company-owned) in the United States. BBQ Holdings, Inc., a subsidiary of MTY Franchising USA, Inc., is the direct parent company of Sauce Restaurants.

Other Franchises Offered by Franchisor or its Affiliate

MTY USA, IS ONLY OFFERING THE COUNTER UNIT FRANCHISE UNDER THIS DISCLOSURE DOCUMENT. EACH OF THE FRANCHISES DETAILED BELOW ARE OFFERED BY MTY USA OR ONE OF ITS AFFILIATES UNDER SEPARATE DISCLOSURE DOCUMENTS FOR EACH BRAND.

We have the following U.S.-based affiliates through common ownership by MTY Food Group, that also offer franchises in the United States and internationally: (1) MTY USA, a Tennessee corporation having an address of 9311 E. Via De Ventura, Scottsdale, Arizona 85258; (2) MTY Canada, a Canada corporation having an address at 8210, route Transcanadienne, Suite 200, Saint-Laurent, Québec, H4S 1M5, Canada; (3) Kahala Franchising, LLC ("Kahala Franchising"), an Arizona limited liability company with its principal address at 9311 E. Via De Ventura, Scottsdale, Arizona 85258; (4) BF Acquisition Holdings, LLC ("BFAH"), a Delaware limited liability company with a principal address at 9311 E. Via De Ventura, Scottsdale, Arizona 85258; (5) La Salsa Franchise, LLC, a Delaware limited liability company with a principal address at 9311 E. Via De Ventura, Scottsdale, Arizona 85258; (6) Imvescor Restaurant Group Inc. ("IRG") a Canada corporation having an address at 8210, route Transcanadienne, Suite 200, Saint-Laurent, Québec, H4S 1M5, Canada; (7) Papa Murphy's International, LLC (Papa Murphy's), a Delaware limited liability company having an address at 8000 NE Parkway Drive, Suite 350, Vancouver, Washington 98662; (8) VI BrandCo, LLC ("Village Inn"), a Delaware limited liability company having a principal address at 12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164, (9) BQ Concepts, LLC, an Arizona limited liability company having a principal address at 12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164; (10) Wetzel's Pretzels, LLC, a California limited liability company with a principal business office at 35 Hugus Alley, Suite 300, Pasadena, CA 91103; and (11) Famous Dave's of America, Inc., a Minnesota ~~limited liability company~~corporation having a principal address at 12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164. These affiliates franchise over 50 different concepts.

The following summarizes The Counter and these other quick service restaurant brands as of November 30, ~~2024~~2025, including the type of restaurant business, number of franchised units in operation as of November 30, ~~2024~~2025, and the date MTY USA, and/or its current or former affiliates offered franchises in those brands:

Brand Name	Type of Restaurant Business	Number of Units as of November 30, ~~2024~~ 2025	Dates unit franchises began being offered by us or our affiliate
Extreme Pita	Restaurants serving wrap-style hot and cold pita and wrap sandwiches	1 franchised unit	From March 2001 to July 2014: The Extreme Pita Franchising USA, Inc.; since July 2014: MTY USA
Grabbagreen	Restaurants serving healthy food, juice, smoothies and related products	~~4~~ 3 franchised units	Since February 2018 under MTY USA
Ginger Sushi Boutique + Poke Shop	Restaurant serving a variety of sushi menu items and drinks	0 franchised units	From September 2015 under MTY USA
Mucho Burrito	Restaurants offering burritos, quesadillas, tacos, nachos, and other assorted food and drinks	~~4~~ 0 franchised units	From January 2010 under Mucho Burrito Franchising USA, Inc. From March 2019 under MTY USA
Thai Express	Restaurant serving “Thai-style” foods and drinks	7 franchised units (~~5~~ 4 in the United States and ~~2~~ 3 internationally) (plus ~~2~~ 1 company-owned)	From February 2015 under MTY USA
La Duperie	Restaurant serving retail sale of an ice cream product and various dips and toppings	~~4~~ 2 franchised units	From April 2019 under MTY USA

Brand Name	Type of Restaurant Business	Number of Units as of November 30, ~~2024~~ <u>2025</u>	Dates unit franchises began being offered by us or our affiliate
Ben & Florentine	Restaurant serving a superior breakfast & lunch experience	0 franchised units	From December 2018 under MTY USA
Baja Fresh	Restaurant offering a limited menu featuring fresh high quality Mexican-style food products	~~69-70~~ franchised units (67 in the United States and ~~2-3~~ internationally) (plus ~~6-1~~ company-owned units)	October 2016 until July 2017 under Triune, LLC and since BF Acquisition Holdings, LLC
La Salsa	Restaurant offering a limited menu featuring fresh high quality Mexican-style food products	~~5-4~~ franchised units	October 2016 under La Salsa Franchise, LLC
The Counter	Full service restaurant featuring build-your-own burgers, signature burgers, side dishes, sandwiches, and salads	~~9-7~~ franchised units (~~8-6~~ in the United States and 1 internationally) (plus ~~3-2~~ company-owned units)	December 2017 under CB Franchise Systems, LLC. Then from March 2019 under MTY USA
Built Custom Burgers	Fast casual restaurant featuring build-your-own burgers, signature burgers, side dishes, sandwiches, and salads	~~7-6~~ franchised units (~~3-2~~ in the United States and 4 internationally)	December 2017 under Built Franchise Systems, LLC. Then from March 2019 under MTY USA

Brand Name	Type of Restaurant Business	Number of Units as of November 30, ~~2024~~ 2025	Dates unit franchises began being offered by us or our affiliate
sweetFrog	Restaurant offering frozen yogurt using a self-serve delivery format	~~216-213~~ franchised units (~~206-203~~ in the United States which include ~~9-7~~ licensed franchisees plus 10 internationally)	September 2018 under MTY USA
Manchu WOK	Quick service restaurant serving fast and fresh Chinese cuisine	15 franchised units	March 2015: MTY USA
Famous Dave's	Restaurants specializing in authentic, down-home, genuine smoked barbecue	~~85-80~~ franchised units (~~77-70~~ in the United States and ~~8-10~~ internationally) plus ~~32~~ <u>30</u> company-owned units	From March 1994 under Famous Dave's of America, Inc.
Village Inn	Restaurant specializing in pancakes, omelets, skillet, eggs, and other popular breakfast items.	~~88-84~~ franchised units plus ~~26-25~~ company-owned units	From August 2020 under VI BrandCo, LLC
Barrio Queen	Restaurants specializing in authentic Southern Mexican	8 company-owned units	From March 2023 under BQ Concepts, LLC
Sauce Pizza / Wine	Restaurants serving wood-fired pizzas, a variety of pasta dishes, and salads	13 company-owned units	March 2024

Brand Name	Type of Restaurant Business	Number of Units as of November 30, ~~2024~~ 2025	Dates unit franchises began being offered by us or our affiliate
Champps Kitchen + Bar	Sports theme restaurants that provide the public with high-quality food and beverage	~~2~~ 1 franchised units plus 1 company-owned unit	From September 1999 to October 2008 under Champps Entertainment, Inc. and from August 2023 under BQ Concepts, LLC
Wetzel's Pretzels	Restaurant specializing in hand-rolled fresh-baked soft pretzels	~~406-455~~ franchised units (~~389-423~~ in the United States and ~~17-32~~ internationally) plus ~~36~~ <u>35</u> company-owned units	From April 1996 under Wetzel's Pretzels, LLC

Brand Name	Type of Restaurant Business	Number of Units as of November 30, ~~2024~~ 2025	Dates unit franchises began being offered by us or our affiliate
Blimpie	Restaurants serving submarine sandwiches and salads	~~100-87~~ franchised units (~~97-84~~ in the United States and 3 internationally) (plus 4 company-owned units in the United States)	From 2006 until 2010 by Kahala Franchise Corp. and since August 2010 under Kahala Franchising
Chicken Strips and Dips	Ghost kitchen concept serving primarily chicken tenders.	~~3~~ 1 franchised units	March 2022, Kahala Franchising.

Brand Name	Type of Restaurant Business	Number of Units as of November 30, ~~2024~~ <u>2025</u>	Dates unit franchises began being offered by us or our affiliate
Cold Stone Creamery	Restaurants serving super-premium freshly made ice cream, cakes, pies, smoothies, shakes, and other frozen dessert products	~~1,427-501~~ franchised units (~~992-1052~~ in the United States and ~~435-449~~ internationally)(plus 2 company-owned units). ~~405-103~~ Cold Stone Creamery franchises also sell Rocky Mountain Chocolate Factory® products and 1 Cold Stone Creamery franchise also sells Tim Hortons® products. Additionally, ~~13-8~~ licensed units.	From May 2007 until March 2008 by Cold Stone Creamery, Inc., from March 2008 until March 2010 by Kahala Franchise Corp., and since August 2010 under Kahala Franchising
Frullati Cafe & Bakery	Restaurants serving sandwiches, salads, smoothies and baked goods	~~44-10~~ franchised units	From 1999 until 2004 by Frullati Franchise Systems, Inc., from 2004 until March 2010 by Kahala Franchise Corp., and since August 2010 under Kahala Franchising
Great Steak	Restaurants serving Philadelphia cheesesteak sandwiches, chicken sandwiches and French fries	~~34-32~~ franchised units (~~24-23~~ in the United States and ~~10-9~~ internationally).	From 2004 until March 2010 by Kahala Franchise Corp. and since August 2010 under Kahala Franchising

Brand Name	Type of Restaurant Business	Number of Units as of November 30, ~~2024~~ 2025	Dates unit franchises began being offered by us or our affiliate
Johnnie's New York Pizzeria	Restaurants serving New York style pizza, calzones, salads, and related Italian cuisine menu items	2 franchised units	From 2006 until March 2010 by Kahala Franchise Corp. and since August 2010 under Kahala Franchising
Kahala Coffee Traders	Restaurants serving coffee and espresso, tea, baked goods, parfaits, sandwiches and merchandise	~~5-6~~ franchised units. And 1 licensed unit.	November 2011 under Kahala Franchising
Maui Wowi	Store fronts or portable units serving fruit smoothies, ~~Hawaiian~~ coffee and espresso, and other <u>beverage and food items</u>	~~88-83~~ franchised units (~~80-75~~ in the United States and 8 internationally)	Since November 2015 under Kahala Franchising
NrGize Lifestyle Cafe	Cafes serving smoothies, fruit drinks and nutritional supplements	57 franchised units	From 2006 until March 2010 by Kahala Franchise Corp. and since August 2010 under Kahala Franchising
Pinkberry	Restaurants serving frozen yogurt, yogurt drinks, smoothies and frozen desserts	~~59-62~~ franchised units. And 30 licensed units.	From July 2008 until April 2016 under Pinkberry Ventures, Inc. and since June 2016 under Kahala Franchising

Brand Name	Type of Restaurant Business	Number of Units as of November 30, ~~2024~~ 2025	Dates unit franchises began being offered by us or our affiliate
Planet Smoothie	Restaurants serving smoothies, smoothie bowls, juices and nutritional supplements, <u>baked goods, parfaits, sandwiches, and salads</u>	~~462-167~~ franchised units (~~154-160~~ in the United States and ~~8~~ <u>7</u> internationally) Additionally, as of fiscal year end there were 2 Tasti D-Lite outlets.	Since June 2016 under Kahala Franchising
Ranch One	Restaurants specializing in grilled and crispy breaded chicken sandwiches	2 franchised units	From 2001 until 2004 by Ranch *1 Group, Inc., from 2004 until March 2010 by Kahala Franchise Corp., and since August 2010 under Kahala Franchising
Samurai Sam's Teriyaki Grill	Restaurants serving Japanese rice bowls and noodle bowls	~~42-10~~ franchised units	From 2003 until 2004 by SP Franchising, Inc., from 2004 until March 2010 by Kahala Franchise Corp., and since August 2010 under Kahala Franchising
Surf City Squeeze	Juice bars serving smoothies, fruit drinks and nutritional supplements	62 franchised units (<u>59 in the United States and 3 internationally</u>) (plus ~~4-2~~ company-owned units)	From 1994 until 2004 by Malibu Smoothie Franchise Corp. and Surf City Squeeze Franchise Corp., from 2004 until March 2010 by Kahala Franchise

Brand Name	Type of Restaurant Business	Number of Units as of November 30, ~~2024~~ <u>2025</u>	Dates unit franchises began being offered by us or our affiliate
			Corp., and since August 2010 under Kahala Franchising
TacoTime	Restaurants serving ~~freshly prepared~~ Mexican food including burritos, <u>tacos</u> , quesadillas and nachos	~~222-212~~ franchised units (~~97-87~~ franchised in the United States and 125 internationally) (plus 2 company-owned units) Additionally, there are 78 licensed units.	From 2003 until 2004 by Taco Time International, Inc., from 2004 until March 2010 by Kahala Franchise Corp., and since August 2010 under Kahala Franchising
Papa Murphy's	Retail food outlet serving primarily take and bake pizza	~~1,000~~ <u>36</u> franchised units (~~1,001~~ <u>196</u> in the United States, 35 internationally) plus ~~493~~ company-owned units	From May 2019 Papa Murphy's International LLC

We or our affiliates had previously also franchised the right to purchase a defined geographic area to become an area representee in; however, as of the issuance date of this Disclosure Document, we are not offering area representative agreements under a separate Area Representative Franchise Disclosure Document for any of our brands, but may do so in the future under a separate disclosure document.

The Business

We or our affiliate may be a supplier, but will not be the only source, for all of the other equipment, products, supplies and ingredients that you will need to operate your The Counter restaurant, all of which must meet our specifications, but are not necessarily specially formulated, prepared, produced or branded for The Counter restaurants and therefore are not Proprietary Products. We sometimes refer to these items collectively as “Non-Proprietary Products.” Our Confidential Manual identifies the specifications for all Non-Proprietary Products as well as the suppliers we currently approve or recommend. In many cases, we will specify Non-Proprietary Products by brand name, which you may purchase from our recommended supplier or an alternate supplier that we approve Potential Customers and Competitors.

The Counter restaurants serve the general public and operate year-round serving lunch and dinner. Your competitors will include restaurants of all kinds ranging from fast food outlets to fast casual outlets up to full service dining and all other types of food service businesses generally, including businesses offering home meal replacement such as grocery stores, take out and specialty stores. Competitors include a Built Custom Burgers or Great Steak restaurants operated by other franchisees, us or by our affiliates. There is also competition for experienced management and personnel and attractive commercial real estate for restaurants. The extent to which you may succeed at any particular location cannot be predicted because of the highly competitive nature of the business involved, successful operation of The Counter will depend in part upon the best efforts, capabilities, management and efficient operation by the franchisee; as well as the general economic trend and other local marketing conditions.

As of November 30, ~~2024~~2025, an affiliate of ours, TC Kahala, LLC, owns and operates The Counter restaurant in Honolulu, HI. In the future, we or our affiliates may develop and operate new The Counter restaurants and/or other restaurant concepts.

Affiliates That Provide Products or Services to Franchisees

Kahala Management, L.L.C. (“Kahala Management”), an affiliate of ours, is an Arizona limited liability company that provides administrative, legal, accounting, sales, POS phone support, real estate and marketing support services to us. Kahala Holdings, LLC (“Kahala Holdings”) and Kahala Restaurants, L.L.C., (“Kahala Restaurants”) are affiliates of ours that also own and operate company-owned outlets detailed above. Neptune Equipment Services, LLC, an Arizona limited liability company (“Neptune Equipment”), is an affiliate of ours that is an approved retailer of equipment that sells, distributes, and coordinates logistics of equipment, menu boards, interior and exterior signage, and smallwares to franchisees and licensees.

Some company-owned The Counter Restaurants may be leased by either us or our affiliates (collectively, “Leasing Affiliates”). In these situations, our Leasing Affiliates enter into a direct lease with the property owner (“Master Lease”) for the location of The Counter Restaurant, and then Sublease the location to the franchisee for that particular The Counter Restaurant. In most other cases, you will enter into a lease for the premises of your The Counter Restaurant directly with the property owner.

Specialized Industry Laws.

Vice President of Business Development – USA: Ramin (Ray) Zandi

Mr. Zandi is the Vice President of Business Development – USA, a position he has held since February 2009.

Senior Director of Franchise Sales: Shemar Pucel

Ms. Pucel joined the company in November 2020 as Director of Franchise Sales and was promoted to Senior Director of Franchise Sales in February 2022, where in her role she was responsible for Papa Murphy's franchise development. From October 2018 to August 2020, Ms. Pucel was a Director of Development for sweetFrog Premium Frozen Yogurt & Samurai Sam's. From October 2015 to October 2018, Ms. Pucel was with SFF, LLC (formerly SweetFrog Enterprises, LLC) where she first served as Manager of Franchise Marketing and Development and was promoted to Director of Franchise Marketing and Development in August 2016.

Senior Vice President of Development: John Wuycheck

Mr. Wuycheck has served as Kahala Brands' Senior Vice President of Development since September 2014. In this role, Mr. Wuycheck oversees franchise development for Kahala Brands' portfolio, including Wetzel's Pretzels.

Vice President of Franchise Development: Jay Goldstein

Mr. Goldstein has held his current role since May of 2009. Prior to this, he served as Senior Director of Operations, then Senior Director of Development for Kahala Franchising and has worked with the Cold Stone Creamery brand since October 2005.

Director of Franchise Development: Doug Merenda

Mr. Merenda joined Kahala Brands' sales team in October 2015 as a Director of Franchise Development and was a franchise broker for Kahala Brands from April 2015 through October 2015.

Franchise Development Manager: Traci Zandi

Ms. Zandi has assisted our Development team in awarding franchise units since October 2016. She also served as Office Manager and Executive Assistant for Extreme Pita from April 2011 until October 2016.

Vice President of Franchise Development: Peter Tsafoulis

Mr. Tsafoulis is the Vice President of Franchise Development, a position he has held since March of 2018. Prior to that, he served as the Director of Franchising of IRG from January 2008 until March 2018.

Manager of Franchise Development: Marilyn Bower

Ms. Bower joined Kahala Brands as Manager of Franchise Development in February 2025. Previously, she held similar roles at Gold Spectrum and SunMed from 2022 through 2024. Prior to that, Ms. Bower was a Customer Service Representative with Farmers Insurance Agency in Bradenton, Florida from 2020 through 2022.

Head of Development – Wetzel’s Pretzels: Jon Fischer

~~Mr. Fischer serves as Head of Development – Wetzel’s Pretzels as of March 2023. Previously, Mr. Fischer served as the Wetzel’s Pretzels Chief Development Officer from October 2019. In his role, Mr. Fischer is responsible for Wetzel’s Pretzels franchise development, including real estate development for franchised outlets. Prior to that, Mr. Fischer held a variety of Vice President positions, including in real estate and development, at Papa Murphy’s International from August 2014 to October 2019.~~

Sr. Director of Franchise Sales: Adam Lueras

Mr. Lueras became the Director of Franchise Sales for Wetzel’s Pretzels effective March 2020 and was promoted to Sr. Director of Franchise Sales in February 2023. Mr. Lueras previously served as a Franchise Development Director with Jackson Hewitt Tax Service in Jersey City, New Jersey from March 2019 through November 2019. Prior to that, Mr. Lueras served as a Franchise Development Director with Wyndham Hotel Group in Parsippany, New Jersey from March 2016 through July 2018. Prior to that, Mr. Lueras served as a National Sales Manager with Avalara Software in Seattle, Washington from February 2014 through March 2016.

Director of Franchise Sales – Non-Traditional: Ross Duggal

Mr. Duggal became the Director of Franchise Sales – Non-Traditional for Wetzel’s Pretzels effective July 2022. Mr. Duggal previously served as the Senior Director of Business Development for OLM Foods located in Sioux Falls, South Dakota from June 2020 through July 2022. Prior to that, Mr. Duggal served as the Director of Business Development for Chester’s International in Birmingham, Alabama from March 2015 through May 2020.

Sr. Franchise Sales Manager: Diana Krankl

Ms. Krankl has held her current role since March of 2024, and prior to that was the Franchise Sales Manager for Wetzel’s Pretzels effective September 2021. Ms. Krankl previously owned and operated D’s Superblends, a food truck business in Los Angeles, California from July 2016 through March 2020, where Ms. Krankl’s responsibilities included training, customer service, human resources, quality control, event booking, maintaining and strengthening partner relationships, marketing, bookkeeping, inventory management, design development as well as menu and recipe development.

ITEM 3: LITIGATION

LITIGATION INVOLVING FRANCHISOR, PREDECESSORS AND AFFILIATES

Concluded Arbitration and Litigation Involving The Extreme Pita Franchising USA, Inc. predecessor in interest to MTY Franchising USA, Inc.

three causes of action asserted in the Complaint. On July 18, 2016, the Court awarded Kahala attorneys' fees in the amount of \$205,000. On September 22, 2016, Koho filed a Notice of Filing of Notice of Appeal and requested that Kahala participate in a mediation to resolve the outstanding award to Kahala. Koho failed to post an appeal bond. On February 13, 2017, Kahala commenced its self-help pursuant to Section 8(i) and (j) of the ARA and began withholding 100% of the Area Representative fees to which Koho would have otherwise been entitled. On June 19, 2017, the parties entered into a settlement agreement whereby Kahala repurchased Koho's Area Developer territory for the sum of \$75,000 and forgave the remaining damages owed in the amount of \$130,000.

~~Texas Nrgize #1, Inc. v. Kahala Franchising, L.L.C. and Kahala Holdings, L.L.C.; 67th Judicial District Court, Tarrant County, Texas; Civil Action No.: 067-272652-14 subsequently removed to United States District Court for the Northern District of Texas; Case No.: 4:14-cv-544-Y.~~

~~On or about June 18, 2014, Texas Nrgize #1, Inc., an Nrgize franchisee ("Plaintiff"), filed a Petition and Request for Disclosure against Kahala Franchise Corp and Kahala Holdings, L.L.C. (collectively "Defendants") alleging (i) violations of the Texas Business Opportunities Act, Tex. Bus. & Comm. Code §§ 51.001 and the Texas Deceptive Trade Practices Consumer Protection Act, Tex. Bus. & Comm. Code §17.46, and (ii) Breach of Contract and Warranties. Plaintiff sought: (i) economic damages in excess of \$200,000, plus treble damages and pre and post judgment interest at the maximum rates allowed by law; (ii) attorneys' fees and costs; and (iii) such other relief to which the Plaintiff may be justly entitled. On July 16, 2014, Defendants filed a Notice of Removal to the United States District Court for the Northern District of Texas. On July 24, 2014, the judge executed the Order Granting the Unopposed Motion to Substitute Parties and Changing Case Style. Kahala Franchising, L.L.C. ("Defendant") was substituted in as a defendant instead of Kahala Franchise Corp. On July 28, 2014, Defendant filed a Motion to Transfer Pursuant to 28 U.S.C. §1404(A) and Brief in Support. This motion sought an order to transfer the litigation to the United States District Court for the District of Arizona pursuant to the parties' forum selection clause contained in the franchise agreement. On August 1, 2014, Defendant filed its Answer, Counterclaim and Third Party Claim. The Counterclaim was against Plaintiff and the Third Party Claim was filed against Duane W. Martin, Argentina Saldivar, and Margena Wood ("Third Party Defendants"). Defendant alleged: (i) Breach of Franchise Agreement against Plaintiff, and (ii) Breach of Guaranty against Third Party Defendants. Defendant sought: (i) judgment against Plaintiff and the Third Party Defendants in an amount to be proven at trial; (ii) attorneys' fees; (iii) costs pursuant to A.R.S. §§12-341 and 12-341.01 and the parties' contractual agreements; and (iv) any other relief the Court deemed fit. Plaintiff filed its Response to Defendant's Motion to Transfer Pursuant to 28 U.S.C. §1404 (A) and Brief in Support on August 18, 2014, then filed its Answer to Defendant's Counterclaim on August 22, 2014. On August 28, 2014, Defendant filed its Reply in Support of Motion to Transfer Pursuant to 28 U.S.C. § 1404(A) and Brief in Support. On September 24, 2014, the United States District Court for the Northern District of Texas Court requested that each party submit a supplemental brief to benefit the Court in resolving the Defendant's Motion to Transfer. Mediation was held on September 29, 2014, but the parties failed to come to an agreement. On October 17, 2014, Third Party Defendants filed their Answer and Counterclaim. Third Party Defendants alleged: (i) violations of the Texas Business Opportunities Act, Tex. Bus. & Comm. Code §§ 51.001 and the Texas Deceptive Trade Practices Consumer Protection Act, Tex. Bus. & Comm. Code §17.46, and (ii) breach of contract and warranties. Third Party Defendants sought: (i) economic damages in excess of \$200,000, plus treble damages~~

~~under the Code and pre- and post judgment interest at the maximum rates allowed by law; (ii) attorney's fees; (iii) costs; and (iv) any other general or special relief that the Court deemed fit. On October 24, 2014, Defendant filed its Supplemental Briefing In Support of Its Motion to Transfer Pursuant to 28 U.S.C. §1404(A). On November 10, 2014, Defendant filed its Answer to the Third Party Counterclaims. On November 13, 2014, Defendant filed its Notice of Dismissal Without Prejudice as to Third Party Defendant Argentina Saldivar only. On November 14, 2014, Plaintiff filed its Response to Defendant's Supplemental Briefing In Support of Their Motion to Transfer Pursuant to 28 U.S.C. §1404(A). On November 26, 2014, Defendant filed its Reply to Plaintiff's Response to Defendant's Supplemental Briefing in Support of Its Motion to Transfer Pursuant to 28 U.S.C. §1404(A). On February 24, 2015, the Court granted Defendant's Motion to Transfer the case to the United States District Court of the District of Arizona; Phoenix Division; Case No.: CV15-0337 PHX DGC. In April 2015, Plaintiff moved to compel arbitration which was ultimately denied by the Court. The parties participated in a mediation in August 2015 which was unsuccessful. In December 2015, the parties executed a settlement agreement in which Defendant paid Plaintiff the sum of \$35,000. The parties filed a Stipulation to Dismiss With Prejudice on December 18, 2015.~~

Concluded Arbitration and Litigation Involving SFF, L.L.C., successor in interest to SweetFrog Enterprises, L.L.C.

~~Urquieta Sweet Frog, L.L.C. and Ana Urquieta v. SweetFrog Enterprises, L.L.C. d/b/a SFF, L.L.C., American Arbitration Association; Case No. 01-14-0001-8086.~~

~~On December 23, 2014, Urquieta Sweet Frog, L.L.C. and Ana Urquieta, a former sweetFrog franchisee and its owner (collectively "Plaintiffs"), filed a Demand for Arbitration against SweetFrog Enterprises, LLC ("Defendant"). Plaintiffs alleged: (i) Defendant engaged in fraud; (ii) unfair practices; and (iii) deceptive actions. On February 2, 2015, Defendant timely filed an Answer and Counterclaim and denied all allegations, and further asserted a counterclaim against Plaintiffs for unpaid royalties. This matter was settled in December of 2015. Under the settlement, Defendant agreed to pay Plaintiffs \$300,000 and the parties executed mutual releases.~~

~~SFF, L.L.C. v. Carmel Village Yogurt Company L.L.C.; City of Richmond, Virginia Circuit Court; Case No. CL16-3927.~~

On August 29, 2016, SFF, L.L.C. ("Plaintiff") filed a lawsuit against three sweetFrog franchisee entities, Carmel Village Yogurt Company L.L.C. ("Defendant Carmel YC"), Huntersville Yogurt Company, L.L.C. ("Defendant Huntersville YC"), and Mooresville Yogurt Co, L.L.C. ("Defendant Mooresville YC"), and their main member, Steve Anto ("Defendant Anto"); (all named Defendants collectively referred to as, "Anto Defendants"). Plaintiff alleged: (i) Defendant Carmel YC breached its franchise agreement through its unauthorized closure of its franchised shop; and (ii) as a result of the breach, Plaintiff had the contractual right to terminate Defendant Carmel YC's franchise agreement and cross terminate the franchise agreements of Defendant Huntersville YC and Defendant Mooresville YC. Plaintiff sought: (i) declaratory judgment that the three franchise agreements had terminated; (ii) specific performance of the Anto Defendants' post-termination obligations; (iii) damages for past due fees; (iv) lost future royalties in excess of \$116,000; and (v) recovery of its attorneys' fees. In response to Plaintiff's complaint, Anto Defendants denied Plaintiff's claims and asserted counterclaims against Plaintiff and alleged: (i) Defendant Carmel YC's franchise agreement was unenforceable and, alternatively, that Plaintiff was in breach of

Defendant Carmel YC's franchise agreement due to Plaintiff's allowance of another franchisee to open a shop within three miles of Defendant Carmel YC's shop. Anto Defendants sought: (i) a declaratory judgment that they were not in default of their franchise agreements; (ii) damages of not less than \$425,000; and (iii) recovery of their attorneys' fees. Plaintiff denied Anto Defendants' claims and filed a demurrer and pleas in bar seeking to have those claims dismissed. Prior to the court hearing and ruling on Plaintiff's motion, the parties entered into an agreement pursuant to which: (i) the parties acknowledged the valid termination of Defendant Carmel YC's franchise agreement; (ii) Defendant Carmel YC transferred the assets of its business to Plaintiff and Plaintiff paid Defendant Carmel YC \$25,000; (iii) Plaintiff reinstated Defendant Huntersville YC's and Defendant Mooresville YC's terminated franchise agreements; and (iv) Plaintiff granted Defendant Anto the right to develop a new sweetFrog shop at a mutually acceptable location on or before November 8, 2018. The case was dismissed with prejudice on December 15, 2016.

Concluded Arbitration and Litigation Involving Fresh Enterprises, L.L.C. successor in interest to BF Acquisition, L.L.C.

Fresh Enterprises, L.L.C. v. Ledang Investment Group, L.L.C., Vincent Tienn Le, Ho Tien Le and Hue Thi Dang Superior Court of the State of California, County of Santa Clara, Case No. 1 13-CV-257219.

On July 2, 2013, Fresh Enterprises, L.L.C., as successor-in-interest to Baja Fresh Westlake Village, Inc. ("Plaintiff"), filed a complaint against Ledang Investment Group, L.L.C.; Vincent Tien Le, Ho Tien Le and Hue Thi Dang (collectively "Defendants Ledang" or "Cross Claimants Ledang") for: (i) implied indemnity; (ii) equitable indemnity; (iii) express indemnity; (iv) breach of contract; (v) declaratory relief seeking unspecified damages; (vi) indemnification; (viii) a judgment of unlawful detainer; and (ix) declaration that Defendants Ladang were obligated to reimburse Plaintiff for various expenses. On January 6, 2014, Cross Claimants Ledang filed a Cross-Complaint against Plaintiff, Baja Fresh Westlake Village, LLC, Triune Corporation and National Franchise Sales, Inc. (collectively "Counter Defendants") for: (i) breach of contract; (ii) breach of covenant of good faith and fair dealing; (iii) negligent misrepresentation; and (iv) intentional misrepresentation. On February 19, 2014, Counter Defendants filed a Motion to Compel Arbitration, which was granted. The disputes between the parties were then arbitrated before the American Arbitration Association (Case Number 72-20-1400-0126). On February 2, 2015, the Arbitrator issued an award in favor of Cross Claimants Ledang in the amount of \$660,620.84. The parties entered into a Settlement and Release Agreement on July 20, 2015, under which Counter Defendants paid the Cross Claimants Ledang the sum of \$585,000 and the matter was dismissed with prejudice.

Concluded Arbitration and Litigation Involving Famous Dave's of America, Inc.

Desert Ribs, L.L.C., Famous Gracie, L.L.C., Famous Freddie, L.L.C., Famous George, L.L.C. and Famous Charlie, L.L.C. v. Famous Dave's of America, Inc., American Arbitration Association,
Minneapolis, Minnesota, Case No. 01 16 0000 8549.

On March 14, 2016, the franchisees for the Famous Dave's® Restaurants in Chandler, Peoria, Mesa and Gilbert, Arizona ("Claimants") filed a Demand for Arbitration against Famous Dave's alleging that Famous Dave's (1) violated the Minnesota Franchise Act ("MFA"), (2) breached the implied covenant of good faith and fair dealing under the Famous Dave's® Franchise Agreements

without providing them with a copy of a 2009 Franchise Disclosure Document; (iii) sold franchises to certain Maryland residents and non-residents without providing them with a copy of a 2009 Franchise Disclosure Document that contained its 2008 financial statements with a going concern note from its auditors resulting from the unfavorable financial condition of its parent company; and (iv) sold franchises to certain Maryland residents and non-residents without including, or abiding with, a deferral condition in their Franchise Agreements that was imposed upon it by the State of Maryland, all as required by the Maryland Franchise Registration and Disclosure Law (the "Maryland Law") and in violation of the Maryland Law. Without admitting or denying the allegations, in September 2012, Triune voluntarily entered into a Consent Order with the Office of the Attorney General of Maryland and agreed to: (i) not violate the Maryland Law in the future; (ii) pay the Office of the Attorney General the sum of \$50,000 as a civil penalty; (iii) retain copies of all acknowledgments of receipt confirming dates that prospective Maryland franchisees received any Maryland Franchise Disclosure Documents; (iv) comply with the disclosure and antifraud provisions of the Maryland Franchise Law and the record keeping and escrow requirements of the Code of Maryland Regulations; and (v) send a copy of the Consent Order to certain Maryland franchisees.

State of Virginia Determination; Case Number SEC-2012-00027.

In February 2012, the Division of Securities and Retail Franchising of the State Corporation Commission (the "Commission") alleged that during 2009 Triune, LLC ("Triune"): (i) offered or sold franchises in Virginia in 2009 that were not registered under the Virginia Retail Franchising Act (the "Virginia Act"); (ii) offered or sold franchises in Virginia without disclosing that it was not registered to do so; (iii) failed to provide material information regarding the parent company's unfavorable financial condition and the potential impact that it could have on Triune as stated in a going concern note in its 2008 financial statements from its auditors; and (iv) failed to provide a prospective franchisee with a copy of its Franchise Disclosure Document as required by rule or order of the Commission at least 14 calendar days before the prospective franchisee signed a binding agreement or made any payment to it in connection with the sale or offer to sell a franchise in Virginia. Without admitting or denying the allegations, on November 26, 2012, Triune voluntarily entered into a Settlement Order with the Commission and agreed: (i) to not violate the Virginia Act in the future; (ii) to pay Virginia the sum of \$25,000 as a penalty and the sum of \$5,000 to defray the Commission's costs of investigation; (iii) to offer certain Virginia franchisees a refund of their initial franchise fees; and (iv) to send a copy of the Settlement Order to certain Virginia franchisees.

Lawsuits Filed by Franchisor Kahala Franchising, L.L.C. Against Franchisees During Fiscal Year December 1, 2024³ through November 30, 2025⁴

Suit for Breach of Contract

Kahala Franchising, L.L.C. v. Golden Enterprises, Inc.; DBH Associates, LP, Deseret Sales, Inc., Randy Herzog, Laurie Herzog, Amy Wilson, Rob Wilson, Clare Hunter, Deobrah Hunter; United States District Court in and for the Eastern District of Washington; Case No.: 2:25-cv-00426. Kahala Franchising, L.L.C. v. All About Food, Inc. and Chu Yup Lee a/k/a Michale Lee; In the Circuit Court of the Nineteenth Judicial Circuit Lake County, Illinois; Case No.: 2024LA00000001.

Kahala Franchising, L.L.C. v. Mid Valley Foods, Inc., Candyce Dilbeck, Steve Hopkins, Gegory M. Hopkins; United States District Court in and for the District of Arizona; Case No.: 2:25-cv-04166-KML.

Suit for Federal Trademark Infringement, Lanham Act, 15 U.S.C. §1124; Common Law Trademark Infringement; Federal Unfair Competition, Lanham Act, 15 U.S. C. §1125; Common Law Unfair Competition; Breach of Contract; Unjust Enrichment; Audit Demand/Accounting

Kahala Franchising, L.L.C. v. Byron Washington and Bram Berg; United States District Court for the Southern District of New York; Case No.: 1:25-cv-06392.

Suit for Forcible Entry and Detainer

Cold Stone Creamery Leasing Company, Inc. v. JRF, Inc.; Iowa District Court for Dallas County; Case No.: SCSC050015.

Other than these actions, no litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY

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

ITEM 5: INITIAL FEES

The Initial Franchise Fee for a single unit The Counter restaurant franchise is \$35,000. The Initial Franchise Fee is reduced for your second traditional restaurant to \$25,000. The Initial Franchise Fee is reduced for your third and each subsequent traditional restaurant to \$20,000. The Initial Franchise Fee for a non-traditional restaurant is \$25,000.- It is payable in full when you sign the Franchise Agreement and is non-refundable.

If you are currently an active or active reserve member of the U.S. Armed Forces, have been honorably discharged from the U.S. Armed Forces ("Eligible Military"), or are a 501(c)(3) organization ("501(c)(3)"), you will receive a 20% discount on the Initial Franchise Fee.

The initial fees to be paid to us and/or our affiliate(s) before the franchisee's business opens are indicated on the chart below and in the notes to the chart. The initial fees to be paid to us and/or our affiliate(s) before the franchisee's business opens ~~(not including any Lease Guaranty Fee)~~ are the total of the Initial Franchise Fee, Ggrand Opening Mmarketing, and lease review fee (if any), lease guarantee fee (if any), site review report fee, the cost of uniforms, logoed merchandise, marketing materials, and guest table and ordering supplies, and 50% of the estimated Opening Team Expenses, and ranges from \$4138,000 to \$9947,500 for a traditional Franchised Location, and from \$4025,000 to \$8432,500 for a non-traditional franchise location. ~~These amounts do not include the Document Administration Fee.~~

Opening Team Expenses

You will reimburse The Counter for the Travel Expenses and the prorated Salaries and Benefits for the Opening Team members who assist you with the opening of your Restaurant (see Item 11).– These expenses are nonrefundable and will typically range between \$10,000 and \$50,000; but may be lower or higher depending upon the service model and the location of your Restaurant. You will pay to The Counter 50% of the estimated Opening Team Expenses for your Restaurant, which The Counter will determine based on the size of the Opening Team, distance traveled, and other factors, before the date that the Opening Team arrives at your Restaurant. Upon completion of the Opening Team’s assistance, The Counter will send you an invoice for the actual amount of remaining Opening Team costs. You must pay this invoice within 30 days.

Site Review Report Fee

You will pay to Franchisor the then-current Site Review Report Fee after Franchisor prepares a site review report and issue a “no brand standard objection” letter for the proposed site of your Restaurant. The current Site Review Report Fee is \$1,000 to \$5,000 and may increase if a site visit is required. The Site Review Report Fee is nonrefundable.

There are no refunds of the Initial Franchise Fee under any circumstances. –We may periodically reduce the Initial Franchise Fee in connection with limited time promotions, new concepts and/or operational programs. –We may vary the terms of our franchises in connection with testing new marketing, branding and/or operational programs. –These tests are generally conducted with experienced, existing franchisees and may include incentives and other rights which are not available to all franchisees.- If you sign the Franchise Agreement in connection with a transfer or renewal, you will not pay the Initial Franchise Fee.

We may offer you the option to purchase a license to sell additional signature products in your The Counter restaurant and to use the signature products trademark(s) as signature products are developed.– We estimate that the fees associated with acquiring license(s) to sell additional products will be between \$2,500 and \$5,000 although these license fees may be modified from time to time.

Category	Amount	Method of Payment	Due Date	To Whom Pmt. Is Made
Initial Franchise Fee – Traditional Location	\$35,000 (reduced to \$28,000 for Eligible Military and 501(c)(3))	Lump Sum	Signing of the Franchise Agreement	U.S. (Note 1)
Initial Franchise Fee – second Traditional restaurant location	\$25,000 (reduced to \$20,000 for Eligible Military and 501(c)(3))	Lump Sum	Signing of the Franchise Agreement	U.S. (Note 1)

Initial Franchise Fee third – Traditional Location and each afterward	\$20,000 (reduced to \$16,000 for Eligible Military and 501(c)(3))	Lump Sum	Signing of the Franchise Agreement	U\$S (Note 1)
Initial Franchise Fee – Non-Traditional Location	\$25,000 (reduced to \$20,000 for Eligible Military and 501(c)(3))	Lump Sum	Signing of the Franchise Agreement	U\$S (Note 1)
Grand Opening Marketing	\$10,000 for a traditional store or \$5,000 for a non-traditional store (Note 4)	Lump Sum	Earlier of; prior to execution of a lease or prior to construction of premise	U\$S or our affiliate (Note 1)

<u>Opening Team Expenses</u>	<u>\$10,000 to \$50,000 (1)</u>	<u>Two Installments</u>	<u>50% prior to Opening Team's arrival, balance after Opening Team's Arrival</u>	<u>Us or our affiliate</u>
<u>Site Review Report Fee</u>	<u>\$1,000 to \$5,000</u>	<u>Lump Sum</u>	<u>After Franchisor prepares a site review report and issue a "no brand standard objection" letter for the proposed site</u>	<u>Us or our affiliate</u>
Lease Guarantee Fee (optional)	10% of the total amount guaranteed, up to a maximum payment of \$10,000 (if applicable) (Note 2)	Lump Sum	Signing of the lease guarantee agreement (if applicable)	MTY USA or its affiliate who guarantees the lease <u>(Note 1)</u>
Lease Review Fee (optional)	\$0 to \$2,500 (Note 3)	Lump Sum	When you request review by Kahala Management's real estate department	MTY USA or its affiliate <u>(Note 1)</u>
Uniforms, logoed merchandise, marketing materials, and guest table and ordering supplies	\$9,000 to \$12,000	Lump Sum	When invoiced	Neptune Equipment <u>(Note 1)</u> and

Notes:

(1) There are no refunds under any circumstances. MTY USA does not offer any financing of the Initial Franchise Fee. We may periodically reduce the Initial Franchise Fee in connection with limited time promotions, new concepts and/or operational programs.

(2) If, after a request by you, MTY USA or any of its affiliates agree, in their sole and absolute discretion, to guarantee your lease with the applicable third party landlord for the, The Counter restaurant you are developing, you will pay MTY USA or its affiliate a lease guarantee fee in the amount of 10% of the total amount of the rental obligations being guaranteed under the

lease upon the execution of the lease and associated guarantee with the third party landlord, up to a maximum payment of \$10,000. This fee is not refundable (See **Exhibit M**: Lease Guaranty Acknowledgement).

(3) If, prior to executing the lease, you request MTY USA or its affiliate's real estate department review your lease and provide suggested changes to you, a \$2,500 lease review fee shall be paid by you to MTY USA or its affiliate ("Lease Review Fee") upon your request to MTY USA real estate department. The Lease Review Fee is non-refundable. This is an optional service, with the determination of whether to utilize MTY USA or its affiliate's real estate department to be made in your sole discretion.

(4) You are required to pay a Grand Opening Marketing fee of \$10,000 for a Traditional store or \$5,000 for a Non-Traditional store payable to ~~US\$~~ on the earlier of (i) prior to you executing a lease for the premises where the Franchised Business will be located; or (ii) prior to construction commencing at the premises where the Franchised Business will be located. We or our designated affiliate will create a marketing plan for (i) a grand opening event at your Franchised Business, and (ii) the initial advertising of your Franchised Business, and will work with you to obtain your input on the marketing plan. We or our designated affiliate will use the Grand Opening Marketing to pay for the grand opening and initial advertising, but may, in our sole discretion, reimburse you for some local store marketing expenses that you pay if you received our prior approval and we received your reimbursement request within six (6) months from the opening of your Franchised Business to the public. The Grand Opening Marketing should be used within six (6) months of the opening of your Franchised Business to the public. However, if a portion of the Grand Opening Marketing is not used within those six (6) months, we may, in our sole discretion, and without prior notice, spend-transfer the remaining portion of the Grand Opening Marketing after six (6) months from the opening of your Franchised Business to the public to the National Advertising Fund.

ITEM 6: OTHER FEES

All of the following continuing fees are payable under the Franchise Agreement:

Costs for Maintenance and Remodeling	Range to be disclosed when known. Estimated to be between \$50,000 and \$70,000.	On demand	Payments will be made to third party vendors, not us, unless we undertake any required repairs or maintenance due to your failure to do so.
<u>Lease Guarantee Fee</u> (optional)	<u>10% of the total amount guaranteed, up to a maximum payment of \$10,000 (if applicable) (Note 10)</u>	<u>Signing of the lease guarantee agreement (if applicable)</u>	<u>See Note 10</u>
<u>Reimbursement of Taxes</u>	<u>We may seek reimbursement from you the cost of all taxes, assessments and similar charges we incur arising from your operation of the Franchised Business or our licensing of intellectual property to you in the state where your Franchised Business is located.</u>	<u>Payable monthly by electronic funds transfer at same time as royalty and service fee.</u>	<u>Only imposed if government authority collects these taxes or assessments</u>

Notes:

(1) These fees are collected by us, are payable to MTY USA, and are non-refundable. These fees are uniformly imposed by MTY USA; however, MTY USA in its sole discretion may reduce or waive a one-time fee (*i.e.*, transfer franchise fee, renewal franchise fee, etc.) or may waive or reduce an ongoing fee (*i.e.*, Royalty Fee or Advertising Fees) for a defined period of time.

(2) For Traditional and Non-Traditional The Counter Restaurant, the Royalty Fee will be 6% of the total weekly Gross Sales. In our sole discretion, we may charge, in addition to the Royalty Fee, a Surcharge of up to \$10 per week if your Franchised Business is located in a state that imposes additional reporting requirements on a franchisor. Currently, New York is the only state that has imposed the additional reporting requirements.

(3) At the time you sign the Franchise Agreement, you will set up a depository account of a minimum of \$3,000 with your local banking institution. You are required to maintain a minimum balance of \$3,000 in this account at all times. This will mean that you must replenish the depository account to \$3,000 after MTY USA makes any withdrawals. (A Pre-Authorized Electronic Funds Transfer Form by and payable to Franchisor is attached as **Exhibit P**).

(4) MTY USA directs that Advertising Fees be paid to us, a national advertising fund ("National Fund"), designated by us, and/or, in our sole discretion, to a designated approved regional advertising fund ("Regional Fund," and together with the National Fund, the "Advertising Fund" or "Fund"). Upon thirty (30) days' notice by us to you, we may unilaterally increase the Advertising Fee from its current level not to exceed three percent (3%) of your weekly Gross Sales. We encourage the formation of franchisee cooperative advertising associations (each a "Cooperative"). Currently, there are no The Counter Cooperatives, and therefore; no fees imposed by Cooperatives. The Counter reserves the right to require Cooperative contributions in the future. If a Cooperative is formed for your region, you must financially contribute to the Cooperative as required by us. Failure to do so will be deemed a breach of the Franchise Agreement and you may also, in Franchisor's sole discretion, lose your right to vote on decisions the Cooperative makes. The membership of the Cooperative is defined by us according to your market area. For each of our company-owned or affiliate-owned restaurants, it's our policy that such restaurants make contributions to the Fund at a rate equal to the lowest rate a franchisee is then-required to contribute. Corporate or affiliate-owned outlets have the same voting power as franchisee-owned outlets.

(5) If we hold an annual meeting ("Meeting"), the Meeting will be held at various locations throughout the United States and/or online as we may designate in our sole discretion, and may offer valuable continuing education programs. Because the planning and funding of the Meeting must be done well in advance and requires a substantial financial commitment, we have the right to debit your Depository Account for the Annual Meeting Registration Fee up to \$1,000 at any time 60 to 90 days prior to the first day of the Meeting. This fee is not refundable and will be debited from all franchisees' accounts (even if you do not attend the Meeting). If you do not attend the Meeting, we will make available to you one full set of the substantive materials that were presented at the Meeting.

(6) We may collect an automatic debit together with and for the same period as the Royalty Fee for the Guest Loyalty The Counter Points system.

(7) The Document Administration Fee in the amount of \$500 will be charged to you if an amendment to your franchise documents must be prepared.

(8) Interest begins from the date of the underpayment.

(9) Franchisor has the absolute right to charge Franchisee the greater of: three (3) times the fixed Royalty fee; or, if on a percentage Royalty fee the Royalties may be increased to up to eighteen percent (18%) of Gross Sales, with respect to any period during which Franchisee is in breach or default of its/his/her obligations under this Agreement without providing Franchisee advance notice or right to cure. The Royalties paid or owing to Franchisor with respect to the period during which Franchisee is in breach or default are referred to as "Breaching Royalties." Breaching Royalties will be charged for a minimum fourteen (14) day period, regardless of the length of the actual breach or default.

~~(9)~~(10) If, in order to obtain the lease agreement for the site of you're The Counter restaurant, the landlord requires you to obtain a third party lease guarantee, and we or one of our affiliates agrees to serve as such guarantor (with such determination to be made in our sole and absolute discretion), you will pay to us a lease guarantee fee in the amount of 10% of the total amount of the rental obligations being guaranteed under the lease during its term up to a maximum payment of \$10,000.

ITEM 7: YOUR ESTIMATED INITIAL INVESTMENT

TRADITIONAL LOCATION

Column 1 Type of Expenditure	Column 2 Amount (low)	Column 3 Amount (high)	Column 4 Method Of Payment	Column 5 When Due	Column 6 To Whom Payment Is Made
Initial Franchise Fee for Traditional Location (Note 1)	\$16,000	\$35,000	Lump Sum	Lump sum on signing the Franchise Agreement	~~U\$~~
Initial Training Program expenses, including travel, room and board (Note 2)	\$12,500	\$50,000	As Arranged	As Arranged	Miscellaneous third parties.
Lease Payments for Franchise Location Premises for First Three Months Plus Lease Security Deposit (Note 3)	\$23,333	\$70,000	As Arranged	As Arranged	Landlord

Column 1 Type of Expenditure	Column 2 Amount (low)	Column 3 Amount (high)	Column 4 Method Of Payment	Column 5 When Due	Column 6 To Whom Payment Is Made
Security Deposits (excluding real estate); Utility Deposits and Business Licenses and Permits (Note 12)	\$3,000	\$30,000	As Arranged	As Arranged	Equipment suppliers; government agencies; utility companies
Tableware, Small Wares and Supplies (Note 13)	\$10,000	\$12,000	As Arranged	As Arranged	Approved suppliers
Inventory (Proprietary Products; Non-Proprietary Products; (Note 14)	\$20,000	\$50,000	As Arranged	As Arranged	Us, one of our affiliates and other approved vendors and suppliers.
<u>Site Review Report Fee</u> (Note 4)	<u>\$1,000</u>	<u>\$5,000</u>	<u>Lump Sum</u>	<u>As Arranged</u>	<u>Us or our affiliate</u>
Insurance (Note 15)	\$5,000	\$10,000	As Arranged	As Arranged	Miscellaneous third parties
Grand Opening Marketing Traditional (Note 16)	\$10,000	\$10,000	Lump Sum	Earlier of; prior to execution of a lease or prior to construction of premise	Us, or one of our affiliates

Column 1 Type of Expenditure	Column 2 Amount (low)	Column 3 Amount (high)	Column 4 Method Of Payment	Column 5 When Due	Column 6 To Whom Payment Is Made
Wine/Beer or Full Liquor License (Note 17)	\$1,000	\$400,000			Government agency or prior license holder
Miscellaneous costs to begin operations and Additional Funds for first 3 months of operations (Note 18)	\$50,000	\$200,000	As Arranged	As Arranged	Miscellaneous third parties. See Note 10.
Total (Note 19)	\$71<u>32</u>,133	\$1,98<u>83</u>,750			

NON-TRADITIONAL LOCATION

Column 1 Type of Expenditure	Column 2 Amount (low)	Column 3 Amount (high)	Column 4 Method Of Payment	Column 5 When Due	Column 6 To Whom Payment Is Made
Initial Franchise Fee non-traditional locations (Note 1)	\$20,000	\$25,000	Lump Sum	Lump sum on signing the Franchise Agreement	U <u>S</u>
Initial Training Program expenses, including	\$12,500	\$50,000	As Arranged	As Arranged	Miscellaneous third parties.

Column 1 Type of Expenditure	Column 2 Amount (low)	Column 3 Amount (high)	Column 4 Method Of Payment	Column 5 When Due	Column 6 To Whom Payment Is Made
(Note 10)					
Attorney and Accounting Fees (Note 11)	\$4,000	\$10,000	As Arranged	As Arranged	Third party business attorney and accountant
Security Deposits (excluding real estate); Utility Deposits and Business Licenses and Permits (Note 12)	\$3,000	\$30,000	As Arranged	As Arranged	Equipment suppliers; government agencies; utility companies
Tableware, Small Wares and Supplies (Note 13)	\$10,000	\$12,000	As Arranged	As Arranged	Approved suppliers
<u>Site Review Report Fee</u> (Note 4)	<u>\$1,000</u>	<u>\$5,000</u>	<u>Lump Sum</u>	<u>As Arranged</u>	<u>Us or our affiliate</u>
Inventory (Proprietary Products; Non-Proprietary Products; (Note 14)	\$20,000	\$50,000	As Arranged	As Arranged	Us, one of our affiliates and other approved vendors and suppliers.
Insurance (Note 15)	\$5,000	\$10,000	As Arranged	As Arranged	Miscellaneous third parties

Column 1 Type of Expenditure	Column 2 Amount (low)	Column 3 Amount (high)	Column 4 Method Of Payment	Column 5 When Due	Column 6 To Whom Payment Is Made
Grand Opening Marketing Traditional (Note 16)	\$5,000	\$5,000	Lump Sum	Earlier of; prior to execution of a lease or prior to construction of premise	-U.S., or one of our affiliates
1 Wine/Beer or Full Liquor License (Note 17)	\$1,000	\$400,000			Government agency or prior license holder
Miscellaneous costs to begin operations and Additional Funds for first 3 months of operations (Note 18)	\$50,000	\$200,000	As Arranged	As Arranged	Miscellaneous third parties. See Note 10.
Total (Note 19)	\$7124,133	\$1,968973,750			

NOTE 1. Initial Franchise Fee. The Initial Franchise Fee is non-refundable.

NOTE 2. Initial Training Program. The above chart reflects estimated expenses to send 1 Primary Owner to KTEC and 3 individuals (1 of whom is the same Primary Owner) to In-Store Training. These 2 components of the Initial Training Program may or may not require travel. At this time, we conduct KTEC training in Scottsdale, Arizona in either an in-person format or a distance learning format (as determined by us). In Store Training is conducted at an open and operating restaurant (as determined by us).

The low estimate assumes that KTEC is conducted via distance learning and that all participants of IST reside locally and drive their own vehicles daily to the IST training location. This low

estimate includes a mileage allowance for 3 persons (1 of whom is the same Primary Owner who completed KTEC) to drive to/from training.

The high estimate assumes that KTEC is conducted in person and that 1 Primary Owner will incur air and ground travel costs, room and board expenses to travel to Scottsdale, Arizona. The high estimate also includes air and ground travel costs, room and board expenses for 3 individuals (1 of whom is the same Primary Owner who completed KTEC) to attend In-Store Training.

NOTE 3. Lease Payments for First Three Months. To present you with the range of possible lease arrangements for a prototype The Counter restaurant, the low estimate assumes a 2,800 square foot restaurant that is not in a lifestyle mall or comparable destination venue, and the high estimate assumes a 3,000 square foot restaurant in a premium urban lifestyle-type mall or comparable destination venue. Both the low and high estimates include rent and security deposit. Rental rates vary considerably by geographic market, size and type of space. Therefore, you should base your own initial investment estimates on the prevailing real estate costs in the market in which you are considering locating your The Counter restaurant. Our estimates assume monthly rent ranging from a low of \$25.00/sq. ft. to a high of \$60.00/sq. ft. Our low estimate assumes that you will pay a lease security deposit equal to one month's rent, and our high estimate assumes that you will pay a lease security deposit equal to 2 month's rent. Rent includes common area maintenance charges and an allowance for an advertising fee, which some shopping centers require once the center reaches a certain occupancy level. Not shown in this category are utility costs during the first three months, which we include under the utility deposits category. Depending on vacancy rates, prevailing economic conditions and competition, landlords may offer free rent, tenant improvement allowances and other incentives that we do not reflect in these charts.

NOTE 4. Professional Design Fees (Architect, Engineer, Kitchen Designer, Millwork and Interior Design). Once you sign the lease for your The Counter restaurant, you must retain certain professionals with whom you will enter into an engagement agreement directly, including: a) our designated architectural firm, or another approved architect, at our discretion, to prepare your construction documents; b) our designated kitchen design and installation specialist, or a kitchen design and installation specialist approved by us, c) our designated kitchen equipment supplier and installer, or a kitchen equipment supplier and installer approved by us, and d) our designated millwork company or a millwork company approved by us to provide a design services proposal as well as a proposal for millwork and interior finish elements fabrication and installation.

The Site Review Report Fee is applicable if a site review is requested by Franchisee. The cost of the report may increase if a site visit is required.

NOTE 5. Construction Costs and Leasehold Improvements. Construction costs and leasehold improvements include costs to conform the accepted location to our comprehensive specifications for lighting, flooring, mechanical systems, electrical systems, plumbing, carpentry, wall coverings, ceiling treatments, exhaust/ventilation systems, restaurant dining, cooking and storage areas, and other leasehold improvements to prepare the location for opening as a The Counter restaurant. This line item does not include the professional design fees to retain the services of our

NOTE 9: Project Management and Construction Management, Expediting and Submission Service. Project Management includes services such as overseeing building, health and engineering permits, taking care of entitlements and permits with the city, and setting up utilities. The project manager coordinates with the architect, engineers, city planners, city engineers, city plan checkers, The Counter Home Office and landlord throughout the build out process. Construction management supervision includes setting up vendor contracts, going out to bid, reviewing bids, value engineering, and overseeing construction. Services also include coordinating RFI, submittals, negotiating change orders, and reviewing pay applications and landlord issues. We require you to retain the services of a designated or approved construction manager to assist you in bidding and construction administration. We may recommend at least one construction management firm. If you do not select the firm that we recommend, you must obtain our advance written approval of an alternative firm.

NOTE 10: Signs, Interior Art and Décor Items. This category includes estimates for new interior and exterior signs, delivery and insurance costs for artwork and general décor items. You must purchase your signs from our approved, designated supplier and installer.

NOTE 11: Attorney and Accounting Fees. You may need an accountant and an attorney in connection with the formation of a new business entity to own the franchise, review contracts (including the Franchise Agreement and the lease of the Franchise Location), assist you in securing a beer/wine or liquor license, and set up your accounting books and records.

NOTE 12: Security Deposits, Utility Deposits and Business Licenses and Permits (excludes Real Estate Security Deposit and Costs Associated with Obtaining a Liquor License). Some equipment suppliers and utility companies may require you to pay a security deposit or pay other licensing fees. This category excludes (i) the security deposit that you pay to the landlord under the real property lease, which we include in the Lease Payments category, and (ii) costs to obtain a beer/wine or liquor license, which we include in the Beer/Wine/Full Liquor License category.

NOTE 13: Tableware, Small Wares and Supplies. This category includes bar and kitchen accessories, such as cooking and other serving utensils, dishes, glasses, and cleaning supplies. These supplies are provided by The Wasserstrom Company in Columbus, Ohio or an approved vendor.

NOTE 14: Inventory. Inventory estimates requirements for the first 3 months for Non-Proprietary Products (including produce, dry goods and ingredients, non-alcoholic and alcoholic beverages. The figures are estimates only and not a prediction of your likely sales results or selling experience. Your inventory needs will vary substantially according to your actual sales levels.

NOTE 15: Insurance. Insurance costs vary according to your insurability and the location of your The Counter restaurant. The low and high estimates cover premiums through the end of the first three months of operations. We make no representation that the minimum coverage that we specify will be sufficient for your business.

NOTE 16: Grand Opening Marketing. You are required to pay a Grand Opening Marketing fee of \$10,000 for a Traditional store or \$5,000 for a Non-Traditional store payable to U~~S~~_S on the

earlier of (i) prior to you executing a lease for the premises where the Franchised Business will be located; or (ii) prior to construction commencing at the premises where the Franchised Business will be located. We or our designated affiliate will create a marketing plan for (i) a grand opening event at your Franchised Business, and (ii) the initial advertising of your Franchised Business, and will work with you to obtain your input on the marketing plan. We or our designated affiliate will use the Grand Opening Marketing fee to pay for the grand opening and initial advertising, but may, in our sole discretion, reimburse you for some local store marketing expenses that you pay if you received our prior approval and we received your reimbursement request within six (6) months from the opening of your Franchised Business to the public. The Grand Opening Marketing fee should be used within six (6) months of the opening of your Franchised Business to the public. However, if a portion of the Grand Opening Marketing fee is not used within those six (6) months, we may, in our sole discretion, and without prior notice, ~~spend-transfer~~ the remaining portion of the Grand Opening Marketing fee after six (6) months from the opening of your Franchised Business to the public to the National Advertising Fund.

NOTE 17. Beer/Wine or Full Liquor License. All The Counter restaurants must serve beer and wine and may, at your election, with our prior written consent, serve a full liquor menu. You may not sell, transfer, modify, change or cancel the type of alcoholic beverage license or sell or terminate your license without our consent. The cost of obtaining a beer/wine license in those jurisdictions that offer a separate beer/wine license, as compared to the cost of obtaining a full liquor license, varies greatly depending on the city, county and state licensing authority involved. In those jurisdictions that offer a separate beer/wine license, the cost of obtaining the license may range between \$1,000 and \$10,000, while the cost of obtaining a full liquor license may be as high as \$400,000. Some jurisdictions may not offer separate beer/wine licenses and issue only full liquor licenses. The cost of obtaining a full liquor license can depend on whether full licenses are then available from the licensing authority or must be bought from a third party. You must investigate the licensing requirements of the jurisdiction with authority over the activities of your The Counter restaurant and may not open for business without, at a minimum, the requisite licenses to sell the beer and wine selections that we require.

NOTE 18. Miscellaneous Costs to Begin Operations And Additional Funds (Working Capital) For First 3 Months Of Operations. Miscellaneous costs include initial expenses not covered elsewhere, such as for employee work wear, telephones, separate back office computer system for accounting and other functions, any other office equipment that you choose to purchase, and the cost of maintaining electronic directory listings including www.citysearch.com covering your local market. Our estimates do not include any allowance for costs that you may incur for delivery vehicles if you choose to offer delivery or off-premises catering services within the Protected Area that we assign your The Counter restaurant.

Additional Funds represent an estimate of the working capital we believe you will need for the first 3 months. We base these estimates on the experiences of the owners of the experience of our domestic franchisees and our affiliates operating The Counter restaurants as of November 30, 2025⁴. Additional Funds estimate will vary greatly from one franchisee to the next based on a variety of factors, including the salary and other benefits that you choose to pay; the extent you

customer service; (iv) ingredients, brands, recipes, suppliers, materials, tableware, small wares and equipment; (v) interior and exterior design including artwork, music, general decor, fixtures, furnishings and trade dress; (vi) location and type of premises; (vii) operating standards and procedures; (viii) use of the MICROS POS computer system, tablet based kitchen display systems, Ctuit reporting software, financial accounting and reporting requirements; (ix) advertising and promotional activities; and (x) use of The Counter Intellectual Property, which includes The Counter Licensed Marks. We distinguish The Counter menu selections by incorporating proprietary recipes, Proprietary Products and high quality ingredients. You must follow our proprietary recipes in preparing all menu selections.

Our comprehensive specifications promote uniformity among The Counter restaurants, ensure consistency in the quality of the products and services that The Counter restaurants provide to customers, and strengthen customer confidence in The Counter brand name. We will provide you with one set of our confidential “ops package” which may consist of the operations manual, “ops toolkit” and related printed and electronic documents (collectively, the “Confidential Manual”.) We provide all specifications and standards to you in the Confidential Manual, which we may modify from time to time by providing you with “rollout guides” for limited time offers, amendments, modifications or supplemental inserts through notices or bulletins, or by amending the Confidential Manual. We explain these specifications in the Confidential Manual. We may revise our specifications, in our discretion, as frequently as we believe is necessary through written supplements to the Confidential Manual. You must conform to all changes in our specifications, at your cost, within the time we allow.

You can expect that the items you will purchase in accordance with our specifications will represent over 90% of the total purchases you will make to begin operations and over 90% of your annual operating expense for raw materials, products and supplies. We want to ensure that our franchisees comply with their leases for the premises where their restaurants are located, the limitations on their use of the approved location, and their obligations to us. Thus, if you open and operate a restaurant, one of our Leasing Affiliates may enter into a Master Lease for your restaurant and will then Sublease it back to you (See Exhibit O: Sublease and Guaranty of Sublease). The Sublease will contain substantially the same terms as the Master Lease. The term of the Sublease will be for the entire term of the Master Lease, less one day. You will sign the Sublease at the time our Leasing Affiliate signs the Master Lease for the premises. You must provide all security deposits, guaranties, and other assurances the landlord of the premises requires. We or our Leasing Affiliate will try to negotiate favorable terms under the Master Lease, but we cannot guarantee that the lease terms, including but not limited to rent, will be the most favorable terms available in the market. We encourage you to participate in the lease negotiation process, with the assistance of your attorney. Our attorneys represent us, not you.

The Counter is the only approved supplier for services related to the preparation of the Site Review Report for your Restaurant. You must, at your own cost and expense, use our designated and approved architect, as detailed in the Confidential Manual and no other architect may be used by you for the design of your restaurant. You must also, at your own cost and

expense, retain a licensed architect of record to prepare the permitted construction set of drawings.

Proprietary Products; Non-Proprietary Products.

You must use or sell all of the Proprietary Products that we designate and purchase them from the suppliers that we designate. In addition to requiring purchases from approved distributors or suppliers, we may, in our sole discretion, require that you purchase certain products or services through designated purchasing channels, programs, platforms, or contractual arrangements that we specify. The Confidential Manual identifies all mandatory purchasing requirements and designated suppliers. At this time, Proprietary Products consist of the buns that we serve at The Counter restaurants, certain sauces and dressings, ground beef, chicken breasts and ground turkey, all of which are specially formulated for us according to proprietary recipes, produced or prepared for us according to our specifications, or branded with The Counter Licensed Marks.

You must purchase all Proprietary Products directly from our designated distributor. Our designated distributors source our Proprietary Products from the suppliers that we designate with whom we have supply agreements. In the future, we or one of our affiliates may be an approved supplier (or the only approved supplier) of certain proprietary and non-proprietary products. Upon notice from us, you must purchase the designated proprietary and/or non-proprietary products from us or our affiliate. If we and/or our affiliate are designated as an approved supplier, we and our affiliate reserve the right to earn a profit on the sale of items to you.

We may add to and modify the list of Proprietary Products that you must use and/or sell in operating your The Counter restaurant and we may change or add suppliers of Proprietary Products.

We estimate that the cost of purchasing Proprietary Products during the first 3 months of operations from Sysco and other sources that we designate will represent less than 5% of your total initial investment to establish a The Counter restaurant, and less than 5% of your monthly operating expense. At this time, neither we nor our affiliates derive any revenue or other material benefits on account of your purchases of Proprietary Products, but may do so in the future.

Our Confidential Manual also identifies the specifications and requirements for all Non-Proprietary Products and the suppliers that we currently approve or recommend. In many cases, we identify Non-Proprietary Products, including soft drinks, beer and wine selections that you must offer your customers, by brand name. Sysco is a supplier of all Non-Proprietary Products with the exception of produce, which allows you to source and coordinate nearly all of your inventory needs from one supplier. We will recommend produce suppliers to you, but you may propose alternative produce suppliers following the procedures for seeking alternative supplier approval that we describe in this **Item 8**. As we disclose in this **Item 8**, with our prior written approval you may purchase Non-Proprietary Products meeting our specifications from an alternative supplier whom we have not pre-approved or recommended as a supplier of the Non-Proprietary Products.

You must remain current and fully comply and perform each of your payment and other obligations to your landlord, vendors and suppliers, and shall reimburse us for all losses, costs and expenses, including any lost rebates, credits or other payments from suppliers due to your failure to timely perform the same.

Signs

You must purchase interior and exterior signs meeting our specifications from our required approved sign supplier. You pay the approved sign vendor directly. We do not derive any revenue or other material benefits on account of your purchase or lease of signs from the approved supplier. While we may in the future designate a specific sign supplier, we do not intend to derive any revenue directly from them on account of your dealings with them unless we designate an affiliate of ours to sell signs or we choose to sell signs directly.

However, we are entitled to contract with third parties, including suppliers of Proprietary Products and Non Proprietary Products, to broadcast advertising on such signs, and we reserve the right to retain all or a portion of the payments or other consideration paid by such advertisers, or to deposit all or a portion thereof in The Counter Advertising Fund, in our discretion.

We may require you to purchase approved television, computer or other types of electronic monitors and displays, and to subscribe to cable, satellite and/or other media and content providers approved or designated by us to enable you to broadcast during operating hours, specific programming and content (e.g., DirecTV to broadcast designated sports networks). We may also require you to install television monitors and other designated interior and exterior electronic signs capable of displaying various types of content, which may include electronic advertisements and promotions required. You may be required, or opt to, purchase certain digital menu boards for your restaurant from our approved supplier. The cost to purchase and install digital menu boards may vary depending on various factors including the store format and offerings, the number of menu boards or screens purchased, restaurant location, and the hardware and installation of the boards or screens. We estimate the costs associated with the initial purchase of the digital menu boards to range between \$7,000 to \$20,000. Currently the digital menu board software fee is estimated at \$100 per display per year, payable to the approved supplier/vendor and subject to their applicable increases.

Professional Design Services; Approved Millwork, and Kitchen Equipment.

Once you sign the lease for your The Counter restaurant, you must retain several professional service firms and suppliers designated, or approved by us, including an architect to prepare your construction drawings, a kitchen supplier to provide kitchen design services and kitchen equipment, and a millwork company to provide millwork and interior finishes and design services. Except as described in (h) below, we do not derive any revenue or other material benefits on account of your arrangements with any of the suppliers or vendors we designate, however these suppliers may voluntarily contribute some funds to help defray the costs of our Annual Meeting which you must attend. We may in the future designate different professional design sources, and we do not intend to derive any revenue directly from them on account of your

expenses that you may have to replace hardware components after the one year warranty coverage.

We require each restaurant have Ctuit Restaurant Management Software installed or an approved Management Software as approved by us. This is an Internet-based business management tool that allows you to make real time updates and generate numerous reports to which we have unlimited access. There is a one-time \$150 fee for setup and a base monthly charge of \$99.00. The software has various modules that can be added on for an additional fee so that it is customized for each restaurant's needs.

Purchasing Arrangements

We have negotiated special pricing arrangements or discounts with some of our suppliers. The arrangements may include special contract pricing, volume discounts, and specific discounts from regular wholesale prices. Some or all of these discounts could be passed on to our franchisees, in our sole discretion. We do not provide any other material special benefits to franchisees based on their purchase of particular approved supplies or their use of particular approved suppliers.

We or our affiliates may also receive vendor allowances, usually ranging between 1% and 5%, from certain suppliers on purchases made by you and other franchisees. The vendor allowances are generally based upon a percentage of franchisee purchases, will be included in our general revenue, and may be used by us for salaries of personnel that assist franchisees increase their sales, maintaining the customer service hotline, handling of inquiries and complaints from our franchisees' customers, tracking consumer service hotline trends, product research and development, franchisee crew training, supply chain information management systems, and a variety of ongoing programs, including education, marketing, advertising, and franchisee meetings, seminars, conventions, conferences, and events. These vendor allowances are usually based on an amount per unit, per case, per gallon, or per pound of product (*i.e.*, properly specified and approved meat, dairy products, paper products, smallwares, beverages and apparel) purchased. We may use vendor allowance funds received from our suppliers to benefit The Counter brand in our sole and absolute discretion. For the year ending November 30, 2025~~4~~, MTY USA and its subsidiaries, as of such date, derived revenues from the sales of products, services, and vendor allowances in the amount of ~~\$47,054,607~~\$47,054,607~~51,714,322~~, which was approximately ~~8.57.8%~~ of MTY USA's total recognized revenue in the amount of ~~\$604,239,000~~\$597,538,000.

Various suppliers and vendors of MTY USA and its subsidiaries contribute marketing and other revenues to MTY USA and/or its subsidiaries based upon system-wide purchases from those suppliers and vendors. During our last fiscal year, MTY USA and its subsidiaries on a consolidated basis earned a total of ~~\$29,352,205~~\$30,372,764 of the ~~\$47,054,607~~\$47,054,607~~51,714,322~~ from such vendors. Additional other revenues (for example, revenue from miscellaneous fees and expenses from franchisees) in the amount of ~~\$5,917,821~~\$5,680,438 were also received by MTY USA and its subsidiaries during the last fiscal year.

A subsidiary, of MTY USA that earned revenue from purchases of equipment, furniture, menu boards, interior and exterior signage, wall décor and smallwares made by us, our franchisees, and licensees is Neptune Equipment. Neptune Equipment may provide the following services: purchases your equipment from various approved manufacturers; provides logistics services by arranging for bundled delivery to you; and assists with warranty support of the equipment purchased. Neptune Equipment charges a markup on the equipment and a handling fee for its services. During our last fiscal year, Neptune Equipment earned a total of \$1,849,497 ~~1,670,243~~ of the \$47,054,607 ~~51,714,322~~ from franchisee purchases.

During our last fiscal year, MTY USA on a consolidated basis with its subsidiaries, earned revenue from POS help desk support maintenance services and the sale of POS equipment in a total amount of \$1,813,085 ~~1,845,877~~ of the \$47,054,607 ~~51,714,322~~.

We may modify these arrangements at any time.

Under our supply arrangement, the supplier that we designate of Coca Cola brand beverages will furnish you with fountain beverage dispensing equipment and provide certain repair and maintenance services without charge.

We retain for our use the revenue we receive from suppliers based on our franchisees' purchases of products and services.

Alternative Suppliers - Approval Process.

If you want to use or sell a particular Non-Proprietary Product that we do not specify as part of The Counter System, or buy Non-Proprietary Products from an alternative supplier not pre-approved by us or on our recommended list, you must request our approval in writing before using or buying the Non-Proprietary Product. The Confidential Manual explains the procedures you must follow to apply for our approval to use or sell a particular Non-Proprietary Product that we do not specify as part of The Counter System, or buy Non-Proprietary Products from an alternative supplier not pre-approved by us or on our recommended list. In some cases, we may ask you to submit samples or information so that we can make an informed decision whether the goods, equipment, supplies or supplier meet our specifications and quality standards. In evaluating a supplier that you propose to us, we consider not only the quality of the particular Non-Proprietary Products, but the supplier's production and delivery capability, overall business reputation and financial condition. We may inspect a proposed supplier's facilities and test its products and charge a testing fee based on our actual cost, with a minimum charge of \$250, to cover our direct costs. Since the fee, if we impose one, will cover our direct costs, we cannot estimate the fee or provide you with a probable range in advance.

We will notify you in writing within (sixty) 60 days after we receive all supporting information from you and complete our inspection or testing to advise you if we approve the proposed item and/or supplier. However, our failure to send you written notice by the end of (sixty) 60 days signifies that we disapprove the proposed item and/or supplier. Each supplier that we approve of must comply with our usual and customary requirements regarding insurance, indemnification and non-disclosure.

While we may be a beneficiary of your insurance, we do not derive any revenue from the insurance policies that you obtain for your business.

Gift Card Program.

You must participate in our mandatory gift card program at your cost and observe rules to be set forth in the Confidential Manual. We will not derive revenue from the sale of authorized gift cards to franchisees. We may however keep the funds of unused gift cards in the advertising fund until the gift card is redeemed. Our POS system will be set up to credit the redeeming The Counter restaurant with the value of goods and services that a customer purchases with a gift card. We will include the value of goods and services bought with a gift card in the redeeming The Counter restaurant's Gross Sales, and exclude the proceeds from the sale of The Counter gift cards in the selling The Counter restaurant's Gross Sales. Our designated reconciling firm coordinates payments and receipts monthly. When gift cards are sold, those funds are swept into a bank account, and at the end of every month, the funds (net of applicable fees and charges) are disbursed to the appropriate The Counter restaurant at which the gift card was redeemed if and when redeemed. Any unredeemed amounts which are not required to be escheated to the state may be retained by us.

You are required to accept all approved debit and credit cards, along with The Counter, MTY or its affiliate's Stored Value Gift Cards, Loyalty Cards, Frequency Cards, and any other similar The Counter Franchise Systems, MTY or its affiliate's sponsored electronic card and/or payment program (collectively, the "Gift/Loyalty Card") from consumers at you're The Counter restaurant. Prior to the opening of your restaurant, you will be required to acquire an approved debit, credit and Gift/Loyalty card processing system to use during the operation of you're The Counter restaurant. The components and specifications of this system are specifically identified in the Confidential Manual. Additionally, you must utilize our approved third party payment card processor, as identified in the Confidential Manual, for processing all such debit, credit, rewards, and Gift/Loyalty card transactions. The Payment Processor will charge fees for credit card processing based on the applicable card brand and issuing bank. Network and interchange fees vary depending on card brand, card type, and method of acceptance. For certain required credit card brands, fees are assessed on an interchange-plus basis at the then-current interchange and network rates, plus a processor markup of \$0.0175 per transaction, and are subject to future changes. Other required credit card brands may be assessed using a tiered discount rate structure, under which the applicable percentage rate varies based on card type and tier classification. All rates and fees are subject to change by the applicable network and other applicable third parties. In addition, the Payment Processor may assess additional charges for voice authorizations, chargebacks, and debit PIN transactions, as applicable.

You must utilize our approved mobile application ("App") and online food ordering service (including any third-party delivery order integration) and may not use any other store-specific App or online ordering service. Olo is a Franchisor approved online ordering vendor as of this Disclosure Document's issuance date. You may also utilize third-party delivery services, through a provider of your choice, unless we require you to use a specific third-party(ies) and provided

Obligation	Article or Section in Franchise Agreement	Section in Sublease	Disclosure Document Item
v. Post-termination obligations	14.5	Not Applicable	17
w. Non-competition covenants	14.6	Not Applicable	15 and 17
x. Dispute resolution	16.3	Not Applicable	17
y. Other			
Personal Acceptance; Personal and Spousal Guarantees; Non-Disclosure and Non-Competition	9.8; Personal Acceptance of Sections 7.1, 7.2, 14.6 and 14.8; Guaranty of Franchise Agreement; and Non-Disclosure and Non-Competition Agreement	Guaranty of Sublease	10, 15

NOTE 1: Not applicable for renewal Franchise Agreements.

ITEM 10: FINANCING

We do not offer ~~any direct or indirect financing or financing arrangement, nor will we guaranty your obligations under any note or other obligation, except potentially for the lease for your site or if you purchase a restaurant corporate owned “as-is” by one of our affiliates, and only in our sole and absolute discretion to franchisees.~~ However, in limited circumstances and in our sole discretion, we or one of our affiliates may provide financing in connection with your purchase of a corporate-owned restaurant sold on an “as-is” basis, or in other limited, one-off circumstances. In addition, we may, in our sole discretion, provide a lease guarantee for an approved restaurant site.

Other than as described above, we do not guarantee franchisee obligations under any note or other obligation, except as specifically described below.

If you are an individual and married, your spouse must execute and deliver to us a Guaranty of Franchise Agreement (See Exhibit F-1: Guarantee of Franchise Agreement) and a Non-Disclosure and Non-Competition Agreement (See Exhibit F-2: Non-Disclosure and Non-Competition Agreement) at the same time that you sign the Franchise Agreement unless your spouse is also signing the agreement as an individual. If you are a corporation, limited liability company, or other business entity, each of your shareholders, members, or other owners (and their respective spouses, if married) must execute and deliver to us a Guaranty of Franchise Agreement, and their respective spouses must execute and deliver to us a Non-Disclosure and

Non-Competition Agreement, at the same time that you sign this Agreement. In the event any person who has not previously signed a Guaranty of Franchise Agreement or a Non-Disclosure and Non-Competition Agreement becomes your spouse or the holder of any class of your stock or ownership interests or a spouse of such holder, at any time after the execution of such agreement, you must cause such person(s) to immediately execute and deliver a Guaranty of Franchise Agreement and a Non-Disclosure and Non-Competition Agreement to us as appropriate.

Lease guarantee fees, if applicable, are disclosed in Item 6 (Other Fees) of this Disclosure Document.

~~If, in order to obtain the lease agreement for the site of your The Counter restaurant, the landlord requires you to obtain a third party lease guarantee, and we or one of our affiliates agrees to serve as such guarantor (with such determination to be made in our sole and absolute discretion), you will pay to us a lease guarantee fee in the amount of 10% of the total amount of the rental obligations being guaranteed under the lease during its term up to a maximum payment of \$10,000. If the franchisee is an individual, the individual franchisee (and his/her spouse, if married) must personally guarantee the debt. If the franchisee is a corporation, limited liability company, partnership, or other entity, each of the principals of the entity (and each of their respective spouses, if married) must personally guarantee the debt. Once paid, the lease guarantee fee is non-refundable under all circumstances. We do not offer financing for the lease guarantee fee as it is payable in full upon the execution of the guarantee. Neither we, nor any of our affiliates, are required to serve as a guarantor of your lease for the site of your restaurant. The decision of whether to serve as a guarantor of your lease shall be made at our sole and absolute discretion.~~

If you purchase a corporate restaurant “as-is” that is owned and operated by one of our affiliates, we may finance up to 100% of the purchase price, at our sole discretion. When you purchase a corporate-owned restaurant from one of our affiliates, you will enter into an “Asset Purchase Agreement” (See Exhibit D). If you finance any portion of the purchase price of the corporate-owned restaurant through Kahala Holdings or Kahala Restaurants, you will also enter into a “Promissory Note and Security Agreement” and a “Guaranty,” which are exhibits to the Asset Purchase Agreement (and also the form of agreement we would use in any other limited, one-off circumstance in which we or our affiliates, in our sole discretion, provide financing). The purchase price may include the initial franchise fee, any transferrable furniture, fixtures, and equipment, the leasehold and/or any transferable leasehold improvements that are located in the restaurant at the time of purchase, along with any inventory that is in the restaurant at the time of purchase. The lender providing the financing is one of our affiliates, Kahala Holdings or Kahala Restaurants, whichever entity owns the restaurant. The annual rate of interest charged will be between 0% and 12% and will depend on the creditworthiness of the franchisee, the amount being financed, and the dollar amount being paid up-front by the franchisee. There are no finance charges associated with the Promissory Note and Security Agreement. The amount being financed will be required to be re-paid in equal monthly installments and the period of repayment will be between 12 months and 60 months, depending on the amount being financed. The security

interest required by us is a first position lien on all equipment. If the franchisee is an individual, the individual franchisee (and his/her spouse, if married) must personally guarantee the debt. If the franchisee is a corporation, limited liability company, partnership, or other entity, each of the principals of the entity (and their respective spouses, if married) must personally guarantee the debt. The Promissory Note and Security Agreement may be pre-paid in full or in part at any time and from time to time without penalty. The franchisee's potential liabilities upon default include: (i) an accelerated obligation to pay the entire amount due, including but not limited to all accrued and unpaid interest, if the default is not cured within seven calendar days; and the interest rate will be increased to an annual rate of 18%; (ii) obligation to pay costs and attorneys' fees incurred in collecting the debt; (iii) termination of the franchise; and (iv) liabilities from cross defaults resulting from non-payment or from the loss of business property on franchisee's other restaurants named in the Promissory Note and Security Agreement and granting either Kahala Holdings or Kahala Restaurants the right to take back the restaurant(s). Additional waiver provisions are set forth in the Promissory Note and Security Agreement attached as Exhibit D to this Disclosure Document. The Promissory Note and Security Agreement requires franchisees to waive the following legal rights: demand, notice, diligence, protest, presentment for payment, and notice of extension, dishonor, protest, demand and nonpayment of the promissory note; any release or discharge by reason of any release or substitution of, or other change in, any security given for the indebtedness or the obligation of any person or entity who may become directly or indirectly liable for the note or any extension or other modification of the note; and rights to contest or appeal our exercise of the take back rights and not receiving compensation for the restaurant after the take back rights have been exercised. The Promissory Note and Security Agreement also bars the franchisee's right to contest the take back rights.

We require a first lien position in all equipment as a security interest to be given by the franchisee. We do not intend to sell, assign or discount to a third party any financing arrangement. We do not arrange financing from other sources; therefore, we do not receive direct or indirect payments from placing financing.

The lease for a corporate restaurant is entered into by one of our affiliates. When you purchase the corporate restaurant, you will enter into a Sublease with our affiliate using our standard form of Sublease where you pay all monies owing under the Master Lease directly to the property owner, or our standard form of Sublease in which you pay all monies owing under the Master Lease to our affiliate and the affiliate will pay the property owner, which are exhibits to the Asset Purchase Agreement. The Sublease will contain substantially the same terms as the Master Lease. The term of the Sublease will be for the entire term of the Master Lease, less one day. If you are an individual, you (and your spouse, if married) must sign the Guaranty of Sublease (see Exhibit Q: Sublease and Guaranty of Sublease). If you are a corporation, limited liability company, partnership or other business entity, each of your shareholders, members, partners or other owners (and their respective spouses, if married) must sign the Guaranty of Sublease.

If we determine that you do not have the financial capacity to perform your obligations with respect to the site or the Master Lease, we may deny approval of the site and/or Master Lease.

That disapproval will be deemed to be reasonable. In that event, we or our affiliates or franchisees may operate a *The Counter* restaurant at that site.

We or our affiliates may, in our sole discretion, lease the site approved by us for you're *The Counter* restaurant and sublease the site to you. In addition, if and when you sign the Sublease, you must pay to us an amount equal to two months base rent under the Master Lease, plus a security deposit in an amount equal to the security deposit required under the Master Lease. (We reserve the right, however, to require a greater security deposit, based upon your creditworthiness.)

Please note, if you intend to lease the site of your restaurant, the lease must include certain required provisions (See Exhibit L: Required Lease Terms; Exhibit E-1: Franchise Agreement (New) – Section 2.2; Exhibit E-2: Franchise Agreement (Renewal) – Section 2.2; Exhibit E-3: Franchise Agreement (Transfer) – Section 2.2 (all the preceding three franchise agreements collectively known as “Exhibit E: Franchise Agreement”)).

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

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

Pre-Opening Assistance:

Before you open your *The Counter* restaurant, we will provide you with the following assistance:

i) After you sign the Franchise Agreement, you will be sent confidential online log-in and access information to your New Store Opening Timeline. This timeline contains a step by step process which you must follow to completion and store opening. The timeline includes tasks, contact information for the home office personnel available to assist you with the tasks, and any recommended vendor information related to the step by step tasks.

ii) Confidential Operations Manual: We will provide you with access to an electronic or print version of our Operations Manual, which is a part of the Confidential manual and contains mandatory and suggested specifications, standards and operating procedures, our site selection procedures and our prototype floor design, kitchen design, leasehold improvements and trade dress plans. At our option, we will provide you access to the Operations Manual either in written or electronic format or both. The Operations Manual is confidential and remains our property and you must either return your hard copy of the Operations Manual, or remove any electronic content from your Technology System following

our instructions, when your last Franchise Agreement expires or terminates. We may modify the Operations Manual by written or electronic supplements and will notify you immediately of the updates furnishing them either in hard or electronic format. (Exhibits E-1, E-2, and E-3: Franchise Agreement – Section 4.5 The table of contents of our current version of the Operations Manual is found in Exhibit T. The number of pages is 52.

iii) In furnishing you with our Confidential Manual including the Operations Manual, you will receive our site selection criteria, which identifies important demographic and physical characteristics for a THE COUNTER® restaurant, including population size, income level; neighboring and adjacent retail tenants; restaurant size, layout, existing condition and adaptability for retail use; road visibility, traffic patterns, parking and access issues; foot traffic; and proximity of other businesses that we regard as potential competitors serving the same market area. You will also receive our prototype floor plan, kitchen design plan and specifications for the design, appearance, trade dress elements and leasehold improvements of a typical The Counter restaurant, together with standard decor and interior layout plans, which you will need in evaluating the suitability of potential sites. While we may offer you possible sites, we have no obligation to do so. You must investigate potential sites within a geographic area available for franchise development. If you are an area developer, you may only investigate sites within your development territory.

iv) You must submit a written site proposal to us in the form indicated in the Confidential Manual. The Confidential Manual identifies certain minimum requirements for the terms of your lease so that it does not conflict with the Addendum to Lease which we require that you, your landlord and we sign. You must also submit for our review a site selection report from a designated or approved vendor. The written site proposal package must include a copy of a proposed letter of intent from the landlord setting forth all of the material terms and conditions that the landlord will agree to for your occupancy and use of the proposed site as a The Counter restaurant and set forth the landlord's agreement to sign our Addendum to Lease in the form of **Exhibit L** to this Disclosure Document. You will negotiate the terms of the lease.

v) After we receive your written site proposal, we may visit the area at our expense if we feel it is necessary to inspect the physical or demographic conditions of your proposed site or neighboring area to evaluate your proposal. We do not charge you for our travel expenses or time for the first site visit. If you propose more than one site and we decide to make more than one site visit in connection with the site acceptance process, we may require you to reimburse us for our travel expenses, including, without limitation, expenses for air and ground transportation, lodging, meals, and miscellaneous travel-related personal charges, which will be payable within 15 days of invoice. The Counter may visit the proposed

site if requested, and prepare a Site Review Report for you which provides certain site information relevant to assessing whether the proposed site is suitable for development of a The Counter® Restaurant. The Site Review Report is not a warranty, representation or guaranty by The Counter that a The Counter® Restaurant opened at that site will be a financial success or that the site complies with any or all applicable laws, codes, ordinances or regulations (including without limitation, the Americans with Disabilities Act). If applicable, you may not purchase or lease any proposed site until The Counter has issued a “no-objection” letter, signifying the site simply meets brand standards. Once a “no-objection” letter is issued, you will pay The Counter the then-current fee (currently \$1,000 to \$5,000, subject to increase if a site visit is required) for the Site Review Report (see Item 5). You must select, and we must approve, an acceptable location that you open within one year after the effective date of the Franchise Agreement. If you cannot secure a location acceptable to us and open it within one year after the effective date of the Franchise Agreement, we may terminate your Franchise Agreement after giving you written notice. (Exhibit E-1: Franchise Agreement (New)—Section 2.1). We will, within 60 days after we receive a proposed Master Lease (and additional materials required by us), review the Master Lease to make sure it meets our minimum site requirements, in our sole discretion if deemed applicable. Upon submission of a proposed Master Lease, you must provide us with any additional documentation and information that we may require regarding the proposed site, the proposed lease, your financial condition and your Principals’ financial condition.

vi) You must retain the services of a professional site investigation firm to identify all commercial building permits, zoning requirements and other building conditions that may affect your development costs and the feasibility of obtaining a beer and wine license for the site. We will recommend at least one site investigation firm to you, but you may choose your own firm. You should complete the site investigation analysis before signing the lease and Addendum to Lease. (Exhibit L: Required Lease Terms (Lease Addendum to Lease Agreement); Exhibit E-1, E-2 or E-3: Franchise Agreement—Section 2.2).

vii) You must retain: a) our designated architectural firm, or another approved architect, at our discretion, to prepare your construction documents, expedite site development and ensure that the site, as built, conforms to our specifications for design, appearance, trade dress elements and leasehold improvements; b) our designated kitchen design and installation specialist, or a kitchen design and installation specialist approved by us; c) our designated kitchen equipment supplier and installer, or a kitchen equipment supplier and installer approved by us; and d) our designated millwork company or a millwork company approved by us to provide a design services proposal as well as a proposal for millwork and interior finish elements fabrication and installation. (Exhibit E-1, E-2, and E-3: Franchise Agreement – Section 2.3).

viii) You must retain the services of a designated or approved construction manager to assist you in bidding and construction administration; and help you comply with our specifications for furniture, fixtures, décor items and other non-kitchen equipment, non-millwork items, inventory and supplies. These services include contractor qualification and the selection of contractors by competitive bid. (Exhibit E-1, E-2, and E-3: Franchise Agreement—Section 2.3). This includes but is not necessarily limited to the preparation of the requests for proposals, responses to all subsequent requests for clarification/information, documentation of transmittals/receipts and qualification and summary of proposals received by you. Your construction management company will also conduct all construction observations as reasonably necessary during construction, complete with documentation for processing of contractor applications for payment and change orders.

ix) Once you reach a certain stage of development of your restaurant, we will schedule you for the KTEC Classroom Training and In-Store Training Modules of our Initial Training Program. (Exhibit E-1, E-2, and E-3: Franchise Agreement—Section 4.1). We provide a separate Initial Training Program for each The Counter restaurant franchise that you own; however, we may require you to send one or more different management-level employees to complete the In-Store Training Module (or then-equivalent module) for each The Counter. For the first 3 units that you open, we provide you with New Store Opening training in your The Counter restaurant to help you train your opening staff and implement our operating procedures. There is no fee for this opening assistance. However, you will pay The Counter for the Travel Expenses and the prorated Salaries and Benefits for the Opening Team within 30 days after receipt of an invoice from The Counter. Note: 50% of this expense is billed up front before the opening date. We do not provide you with New Store Opening training if this is your or any of your affiliate's 4th or subsequent The Counter restaurant. (Exhibit E-1, E-2, and E-3: Franchise Agreement—Section 4.1).

x) We have arranged with our approved sign vendor to sell you an interior and exterior sign package fitting the particular dimensions of your The Counter restaurant. (Exhibit E-1, E-2, and E-3: Franchise Agreement – Section 1.4, 2.4, 3.3, 9.3).

xi) Currently, have arranged with MICROS to sell and support our custom POS computer system. We may change vendors from MICROS to another POS system at any time. MICROS also participates in the New Store Opening Module for your first The Counter restaurant by training your employees to operate the POS system. After your first The Counter restaurant opens, we will supply training in the use of the MICROS system during the New Store Opening Module that we provide for your second and third The Counter restaurants. The POS System must be configured so that we have independent and remote access to

ix) We or our designee will periodically visit your The Counter restaurant to inspect your operations, observe and interview your employees and review your books and records (including data stored on your computers) to verify your compliance with the Franchise Agreement and the Confidential Manual. We may record and photograph these inspections. (E-1, E-2, and E-3: Franchise Agreement – Sections 4.3, 9.1, 9.7).

x) We will administer the advertising fund that we describe elsewhere in this **Item 11** and review any advertising that you create for your local use.

xi) We maintain a web site where we promote The Counter brand and menu offerings, and identify all operating The Counter restaurants. The Counter website is interactive and permits users to purchase The Counter gift cards. Our web site will identify all The Counter locations by address. While we require you to list your The Counter restaurant on www.citysearch.com for your local market and other electronic directories that we designate, we forbid you to have your own web site, software application, an App (application), social media account (including, but not limited to, an account, group or page on Facebook®, Flickr®, Foursquare®, Google+®, Instagram®, LinkedIn®, Pinterest®, Snapchat®, Tumblr®, X/Twitter®, YouTube®, Vine®, VKontakte or Weibo®) to promote your The Counter restaurant without our prior written approval. (Exhibit E-1, E-2, and E-3: Franchise Agreement – Section 3.4).

xii) We supervise The Counter gift card program. Under this program, you will purchase from us, and offer for sale to your customers, The Counter electronic gift cards that your customers may redeem at any The Counter restaurant. You must observe the rules of the gift card program that we will incorporate in the Confidential Manual and honor the gift cards if a customer presents them for products. The charges associated with setting up the gift card processing include a \$25.00 initial set up fee to the approved vendor processor, a \$5.00 monthly pooling fee, and the cost of the gift cards purchased from the vendor. The charges associated with credit card and gift card transactions are compiled per transaction and therefore will vary from restaurant to restaurant. Gift card transactions currently will cost you \$0.10 per gift card transaction. You may not issue, redeem or otherwise authorize any other gift cards, gift certificates or vouchers, except those that we approve of in advance. (Exhibit E-1, E-2, and E-3: Franchise Agreement – Sections 1.4, 4.6)

xiii) We have implemented a franchisee advisory council (“FAC”) to provide us with input and feedback on different initiatives and programs. We will continue to make determinations of FAC governance rules, including the number of franchisee representatives and method for electing or re-electing representatives.

Advertising Services.

Advertising Fund expenditures during our most recent fiscal year ending November 30, 2025⁴, fell into the following categories:

Production	35.02%
Media Placement	48.067%
Administrative	1.0%
Other	16.031%
TOTAL	100%

The “other” expenses included public relations, research, concept development and communications. None of the Fund was used for the solicitation of franchises.

While we try to spend Advertising Fund collections on a current basis, in any given year, we may spend more or less than the total amount that we collect for that year. We may carry-forward any Advertising Fund surplus or deficit to a future fiscal period. We treat interest paid on Advertising Fund balances as additional Advertising Fund revenue.

We may loan money to the Advertising Fund if we determine that it is in the franchise program’s best interests to undertake a particular project in a fiscal year at a cost that exceeds the balance in the Advertising Fund. Any funds loaned to the Advertising Fund will be repayable to us upon demand when funds are available and bear interest at no more than two points over the prime lending rate of Bank of America, its successor, or, if no longer in operation, another national banking institution with home office in the United States that we select. We may terminate, and resume, the Advertising Fund periodically during your franchise term, however, any decision to terminate or resume the Advertising Fund will apply to all franchisees equally. We will not terminate the Advertising Fund before making arrangements to spend or rebate any balance in the Advertising Fund after payment of all expenses. If we resume the Advertising Fund, we will collect Advertising Fund Fees at the rate specified in your Franchise Agreement at that time.

In the future, some franchisees may not be obligated to contribute to the Advertising Fund or may contribute at a different rate, as we determine appropriate (for example, for international and non-traditional locations such as ghost kitchens, airports or schools which may not benefit from Advertising Fund advertising). It is our policy that for The Counter restaurants that we or our affiliates own, we or our affiliate will contribute to the Advertising Fund at a rate that is equal to the lowest amount rate that any The Counter franchisee is then required to contribute to the Advertising Fund.

Local Advertising.

If you create your own advertising, promotional or marketing materials to promote your The Counter restaurant, you may not use or display them until we approve them in writing. As a condition of our approval, you must permit us, the Advertising Fund and our other franchisees that we authorize to use your materials without compensation. To apply for our approval, you

may choose your own firm. You should complete the site investigation analysis before you sign the lease and Addendum to Lease.

Once you sign the lease and Addendum to Lease for your The Counter restaurant, you must retain our designated suppliers or suppliers approved by us to provide architectural, kitchen and interior design services but you will supervise construction and build-out.

We estimate that the length of time between your signing of the Franchise Agreement to the opening of your The Counter restaurant will be approximately 6-12 months if you already have site acceptance when you sign the Franchise Agreement and the space is immediately available for you to begin work on leasehold improvements. It may be shorter than 6 months if you convert existing restaurant space to a The Counter restaurant, particularly if the restaurant already has a beer/wine or full liquor license, and may be longer than 12 months if you do not have site acceptance at the time you sign the Franchise Agreement.

We may begin collecting weekly Royalty Fees and advertising fund fees in the amounts of \$2,900 and \$480 respectively beginning on the earlier of either (i) one year from the date that you sign the Franchise Agreement, or (ii) after the completion of 12 weeks from the date that you take possession of the site that we accept for your The Counter restaurant, unless the reason for the delay in construction or opening of your The Counter restaurant is due to an event of “force majeure.”

POS Computer System; and Restaurant Management Software.

You must lease or purchase a custom POS computer system package from MICROS meeting our hardware and software specifications. All hardware and software specifications are in the Confidential Manual. MICROS is currently the only authorized source of our custom computer system, which includes hardware, customized software and hardware, credit card processing modem, monitors, programming and training services from MICROS, and 24 hour support. The MICROS package includes MICROS’ enterprise system, which is an Internet-based business management tool that allows you to make real time updates and generate numerous reports to which we have unlimited access. The cost of the MICROS system includes a warranty on all hardware components and support services for the first year. While you must maintain access to the MICROS enterprise system for as long as we designate MICROS as our POS service provider, after the first year, you may decide whether to purchase a maintenance and service contract from MICROS for their continuing support services. If you are required to purchase digital menu boards, you may also be required to purchase hardware to manage the digital menu board, the cost is approximately \$5,500.

The approved POS System may have in its specifications integrated “card swipe” systems that process debit card, credit card, or other non-cash payment systems including our stored value gift cards, loyalty cards, frequency cards, gift certificates, vouchers, and any other similar electronic card and/or payment programs (collectively, the “Gift/Loyalty Card”) sponsored by us or our affiliates. You must obtain credit card and gift card processing services from our approved vendors. The charges associated with setting up the gift card processing include a \$25.00 initial

set up fee to the approved vendor processor, a \$5.00 monthly pooling fee, and the cost of the gift cards purchased from the vendor. The charges associated with credit card and gift card transactions are compiled per transaction and therefore will vary from restaurant to restaurant. We estimate that the costs associated with credit card transactions will be between 1% and 4% of your gross sales. Gift card transactions currently will cost you \$0.10 per gift card transaction.

Currently, you must also license the Ctuit Restaurant Management Software, we may change this vendor at any time. This is an Internet-based business management tool that allows you to make real time updates and generate numerous reports to which we have unlimited access. There is a one-time \$150 fee for setup and a base monthly charge of \$99.00. The software has various modules that can be added on for an additional fee so that it is customized for each restaurant's needs.

You may be required to participate in online ordering and delivery programs, which may, in Franchisor's sole discretion, require you to pay for certain goods and/or services from Franchisor, Franchisor's affiliate, and/or unaffiliated third-party providers. As of the date of this disclosure it is strongly recommended. For example, as of the Disclosure Document's Issuance Date, franchisees are required to enter into an agreement with, and pay corresponding fees to, Olo as established by Olo for such goods and/or services. Applicable fees may include, as of the Disclosure Document's Issuance Date, a monthly fee of \$85, a Transaction Fee of \$0.11 per transaction and a one-time store activation fee of \$250 for all new locations. This provider and/or its fees may change, in Franchisor's sole discretion, upon advance notice to you. Additionally, third-party delivery programs may charge varying fees, including commissions of 15% to 24%, order processing fees (for example, \$0.99 promo fees or native delivery fees of \$5.49 to \$12 based on distance), and pickup fees of 5% to 7%. Program terms and fees vary by provider and may change or increase under the provider's then-current terms.

We continually monitor changes in restaurant POS technology and may modify the features of our custom POS system, including designating a different enterprise system or supplier, which will require you to incur additional costs during the term of your Franchise Agreement to conform your POS system to our specifications. We may specify different hardware and software systems in the future, including proprietary software that we develop exclusively for The Counter System. There are no contractual limitations on the frequency or cost of upgrades or changes in the computer system that we may impose, including but not limited to your operating system.

We do not derive any revenue or other material benefits on account of your dealings with MICROS or Ctuit. In the future, we may derive revenue or other material benefits on account of your purchase and use of the POS computer system that we designate. We may also offer the POS package through one of our affiliates in the future.

The MICROS POS and Ctuit systems do not perform financial accounting functions. Therefore, you must also have a separate back office computer capable of running Microsoft Office Suite and basic accounting software, like QuickBooks. We do not have any minimum hardware or software specifications for the back office computer or office software as long as you

Provision	Section in Franchise Agreement	Summary
b-1. Renewal or extension of the Term	~~Section~~ <u>Article 13</u> (New & Transfer)	If you are not in default and satisfy certain conditions, you may renew for a single renewal term of 5 years, with no further right to renew at the end of the renewal term.
c-1. Requirements for you to renew or extend	~~Section~~ <u>Article 13</u> (New & Transfer)	“Renewal” means to sign a renewal Franchise Agreement (which will be in the form of the Franchise Agreement then customarily used by us in renewing franchises) and all other agreements then customarily used by us in the granting of franchises. The renewal Franchise Agreement may have materially different terms and conditions than the original Franchise Agreement, including higher royalty and advertising fees. If offered, you must: give at least ~~120~~ <u>210</u> days’ notice prior to the expiration date of the term; not be in default; be in compliance with the terms of the Franchise Agreement and Confidential Manual; not have received more than 3 notices of default or breach of the Franchise Agreement during its term, nor more than 2 such notices during the 5 years immediately before the proposed renewal date; have a premises; sign a Franchise Agreement which may have materially different terms and conditions than the original Franchise Agreement; pay a renewal franchise fee; remodel or refurbish if necessary; and be current on all financial obligations to us. You must also sign the General Release in form attached to the Disclosure Document as <u>Exhibit Q</u> .
b-2. Successor Term	~~Section~~ <u>Article 13</u> (Renewal)	If at the end of your renewal term, you are not in default and satisfy certain conditions, you may apply for a successor term.

Provision	Section in Franchise Agreement	Summary
c-2. Requirements for you to obtain a successor term	~~Section~~ <u>Article 13</u> (Renewal)	Applying for and entering into a “successor” term means to sign a new Franchise Agreement (which will be in the form of the Franchise Agreement then customarily used by us in entering into new franchises) and all other agreements then customarily used by us in the granting of franchises. The successor term Franchise Agreement may have materially different terms and conditions than the original Franchise Agreement, including higher royalty and advertising fees. In the event you desire to apply to us to extend your rights to operate the Franchised Business for a successor term, you must: give at least ~~120~~ <u>210</u> days’ notice prior to the expiration date of the renewal term; not be in default; be in compliance with the terms of the Franchise Agreement and Confidential Manual; not have received more than 3 notices of default or breach of the Franchise Agreement during its term, nor more than 2 such notices during the 5 years immediately before the proposed successor term effective date; have a premises; sign a Franchise Agreement which may have materially different terms and conditions than the original Franchise Agreement; pay an initial franchise fee; remodel or refurbish if necessary; and be current on all financial obligations to us. You must also sign the General Release in form attached to the Disclosure Document as <u>Exhibit Q</u> . We reserve the right to reject your application for a successor term, at our sole discretion, for any reason, without limitation, failure to meet our then-current standards or requirements for new franchisees. If we decide to reject your application for a successor term to operate the Franchise Business, we will give you a notice to that effect within sixty (60) days after you deliver to us your notice of intent to apply for a successor term.
d. Termination by you	Not Applicable	-----

Provision	Section in Franchise Agreement	Summary
v. Choice of forum	Section 16.4 <u>3</u>	Arbitration takes place in the county and state where the Franchised Business is located. For certain excluded disputes (e.g., IP, money owed, injunctive relief, urgent matters), the Franchisor may bring an action in any court having jurisdiction, and the Franchisee waives all objections to venue and jury trial.
w. Choice of law	Section 16.4 <u>3</u>	Except to the extent governed by the United States trademark laws or the franchise laws of any state, the laws of the State where the Franchised Business is located govern all rights and obligations of the parties under this Agreement without regard to conflict of law, and any arbitration shall take place before a sole arbitrator in the County of the State where the Franchised Business is located..

Sublease

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

Provision	Section in Sublease	Summary
a. Term of the Sublease	2.1	Ends one day before expiration of Master Lease, including any renewals of Master Lease.
b. Renewal or extension of the term	2.2 and 2.3	If the Master Lease contains a renewal option, you must notify us to exercise it.
c. Requirements for you to renew or extend	2.2 and 2.3	You must be in good standing and you must notify us of your intent to renew at least 60 (but not more than 90) days before we are required to notify the Master Landlord of intent to renew.
d. Termination by you	Not Applicable	You have no right to terminate the Sublease.
e. Termination by us without cause	Not Applicable	There is no right to terminate the Sublease without cause.
f. Termination by us with cause	15	Our Leasing Affiliate may terminate the Sublease for cause. Our Leasing Affiliate can terminate only if you default under the Master Lease, Sublease or the Franchise Agreement.

Provision	Section in Sublease	Summary
w. Choice of law	20	<u>The laws of the state where the Premises are located applies.</u> ~~Arizona law applies~~

ITEM 18: PUBLIC FIGURES

We do not use a public figure to promote our franchise, nor is there any public figure who is involved in any respect with the actual management or control of our company.

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchise and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

The average gross sales amounts contained in the table below pertain to the historic performance of all The Counter franchised stores located in the United States that were existing outlets that did not open for the first time during the past fiscal year. The time period measured was December 1, 202~~4~~3, through November 30, 202~~5~~4.

	Average Gross Sales	Median Gross Sales	Number of Stores Measured	Number of stores that met or exceeded the Average Gross Sales	Percentage of stores that met or exceeded the Average Gross Sales	Number of stores that met or exceeded the Median Gross Sales	Percentage of stores that met or exceeded the Median Gross Sales
All franchised outlets	~~\$2,730,597~~ <u>311,053</u>	~~\$2,382,740~~ <u>240,648</u>	~~86~~	3	~~38~~ <u>50</u> %	~~43~~	50%

Notes:

1. As of November 30, 2025~~4~~, there were ~~8-6~~ franchised stores open in the United States. Of these ~~8-6~~ outlets, all were franchised, existing locations that did not open for the first time during the past fiscal year, were located in the United States, and were not temporarily closed as of fiscal year end.

2. The information is based upon gross sales, which means the total revenue derived from the sales of goods and services less sales tax, discounts, allowances and returns, of franchised, stores.

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

4. The above table and information were prepared from (i) weekly sales reports provided to us by franchisees. We have not audited the information provided by the franchisees.

5. We will provide to you the spreadsheets as written substantiation for the representations made in this Item 19 upon reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting John Wuycheck, Kahala Franchising, L.L.C., 9311 E. Via De Ventura, Scottsdale, Arizona 85258, (480) 362-4800, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Systemwide Outlet Summary For years 2023 - 2025

Column 1	Column 2	Column 3	Column 4	Column 5
OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised				
	2023	18	13	-5

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEE	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEE	OUTLETS AT END OF THE YEAR
California							
	2023	0	0	2	0	0	2
	2024	2	0	1	0	0	3
	2025	3	0	0	1	0	2
Total							
	2023	0	0	2	0	0	2
	2024	2	0	1	0	0	3
	2025	3	0	0	1	0	2

Projected Openings as of November 30, ~~2024~~2025

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California	1	<u>40</u>	0
Total	1	<u>40</u>	0

A list of the names of all franchisees and the address and telephone number of each of their outlets is attached to this Disclosure Document as Exhibit U.

Franchisees who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily cease to do business under the Franchise Agreements ~~during the or who has not~~ communicated with us within 10 weeks of the issuance date of this disclosure document during the fiscal year ending November 30, ~~2024~~2025.

Franchisees	Corp Name	City	State	Phone
~~Shay Production, Inc. SJP~~ Investment Group Inc.	~~Ali Homayounian, Sherri~~ ~~Homayounian~~ Jorge Tropea, Paul Tropea, Sergio Tropea	~~Glendale Altadena,~~ San Gabriel, Temple City	~~CACA~~	~~213-268-9300, 310-~~ ~~880-5903323-556-~~ ~~7352, 626-283-8108,~~ 909-518-6208

~~High Flying Foods San Diego, LLC~~ ~~DND Enterprise VA, LLC~~	~~Glenn Meyers~~ ~~Karandeep Singh~~	~~Sausalito~~ ~~Potomac~~	~~CAMD~~	~~415-243-8908~~ ~~301-704-2556~~
~~NYC Burger No. 1, LLC~~	~~Luke P. Fryer~~	~~New York~~	~~NY~~	~~646-723-3944~~
~~Seven Oaktrees, Inc.~~	~~Frank Chao~~	~~Danville~~	~~CA~~	~~925-463-3008~~
~~Counter Intelligence LLC~~	~~Peter Katz~~	~~San Carlos~~	~~CA~~	~~650-654-8900~~

Franchisees who had an outlet transfer during the year ending November 30, ~~2024~~2025:

NONE

~~Prior Company Name~~	~~Prior Franchisee Names~~	~~City~~	~~State~~	~~Phone~~
~~The Counter Santana Row, LLP~~	~~Peter Katz~~	~~San Carlos~~	~~CA~~	~~650-654-8900~~
~~Counter Intelligence LLC~~	~~Peter Katz~~	~~San Carlos~~	~~CA~~	~~650-654-8900~~

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with The Counter franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. If you are purchasing a company-owned outlet from one of our affiliates that was previously owned by a franchisee but is now owned and operated corporately by our affiliate, we will provide you with an addendum to this Disclosure Document disclosing additional information for that outlet for the last five fiscal years. A sample form of the addendum is attached to this Disclosure Document as Exhibit X.

ITEM 21: FINANCIAL STATEMENTS

Attached to this Disclosure Document as **Exhibit V** are the audited consolidated financial statements for the fiscal years ended November 30, ~~2025~~4, ~~2024~~3, and for the fiscal years ended on November 30, ~~2024~~3, and ~~2023~~2.

**ADDENDUM TO THE MTY FRANCHISING USA, INC.
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF CALIFORNIA**

- A. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.**
- B. Neither the franchisor, franchise broker nor any person in Item 2 of the Disclosure Document are 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 person from membership in such association or exchange.**
- C. 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.).**
- D. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the agreements. This provision may not be enforceable under California law.**
- ~~**E. The Franchise Agreement requires application of the laws of the State of Arizona. This provision may not be enforceable under California Law.**~~
- EF. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.**
- FG. YOU MUST SIGN A GENERAL RELEASE IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE §31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE §§31000 THROUGH 31516).**
- GH. BUSINESS AND PROFESSIONS CODE §20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE §§20000 THROUGH 20043).**
- HI. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.**
- IJ. If the Franchisee resides in the State of California or the franchised business is located within the State of California, the venue for any dispute may be within the State of California. Business and Professions Code Section 20040.5 voids restricting a venue to a forum outside California with respect to any claim arising under or relating to a Franchise Agreement involving a franchise business operating in California.**
- JK. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.**
- K. 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**

**ADDENDUM TO THE MTY FRANCHISING USA, INC.
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF MINNESOTA**

1. The following legends are added to the Risk Factors on the Cover Page:

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE COMMISSIONER OF ~~SECURITIES-COMMERCE~~ OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE, AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

IF THIS DISCLOSURE DOCUMENT IS NOT DELIVERED ON TIME, OR IF IT CONTAINS A FALSE, INCOMPLETE, INACCURATE OR MISLEADING STATEMENT, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND TO THE COMMISSIONER OF SECURITIES, DEPARTMENT OF COMMERCE, SECURITIES DIVISION, 85 7TH PLACE EAST, SUITE 500, ST. PAUL, MINNESOTA 55101, WHICH ADMINISTERS AND ENFORCES THE MINNESOTA FRANCHISE ACT.

2. Pursuant to Minnesota Rules 604.113, in Item 6, the table entry in the second column pertaining to "Amount" for "Non-Sufficient Funds Fee" is hereby deleted and replaced with the following:

\$30 for each electronic funds transfer returned for non-sufficient funds; \$25 for each check or draft returned for non-sufficient funds

3. The following paragraph is added to Item 13:

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

4. The following statement is added at the end of Item 17.c and 17.m:

used as such in our discretion.

4. 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.

5. 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.

6. 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.

7. The franchisor may, if it chooses, negotiate with you about items covered in the prospectus. However, the franchisor cannot use the negotiating process to prevail upon a prospective franchisee to accept terms which are less favorable than those set forth in this prospectus.

8. The Franchise Agreement and the other documents to be signed by the franchisee provide that we do not grant you any exclusive or protected territory for your restaurant.

9. The Franchise Agreement and the other documents to be signed by you further allow the franchisor to locate franchised or corporate-owned locations of food concepts similar to *The Counter* in the immediate vicinity of your restaurant. There may also be locations of food concepts similar to *The Counter* that are owned by affiliates of the franchisor already open and operating in the immediate vicinity of your restaurant.

10. Section 683.8 of the General Business Law of the State of New York requires franchisor to give you a copy of the Franchise Disclosure Document at the earlier of: (i) the first personal meeting; (ii) 10 business days before the execution of the Franchise Agreement; or (iii) 10 business days before the payment of any consideration that relates to the franchise relationship.

11. 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.

FACTORS TO BE CONSIDERED:

~~Any disputes, differences or controversies that arise pursuant to the Franchise~~

~~Agreement or breach thereof which cannot be settled by mediation shall be settled by arbitration. All such proceedings shall be held in Maricopa County, Arizona. This information should be taken into consideration in determining whether or not to purchase this franchise.~~

The franchisor represents that this prospectus does not knowingly omit any material fact or contain any untrue statement of a material fact.

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the

franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. **Noncompetition Covenants.** 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.
15. **Nonsolicitation Agreements.** 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.
16. **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.

17. Prohibitions on Communicating with Regulators. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. Advisory Regarding Franchise Brokers. Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

**ADDENDUM TO THE MTY FRANCHISING USA, INC.
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF WASHINGTON**

~~_____ The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your Franchise Agreement. 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 Agreement.~~

~~1. _____ If any provisions governing termination or non-renewal disclosed herein are inconsistent with Washington law, then Washington law shall apply. The applicable law reads as follows:~~

~~_____ Section 19.100.180. Without limiting the other provisions of this chapter, the following specific rights and prohibitions shall govern the relation between the franchisor or subfranchisor and the franchisees:~~

~~_____ (2) For the purpose of this chapter and without limiting its general application, it shall be an unfair or deceptive act or practice or an unfair method of competition and therefore unlawful and violation of this chapter for any person to:~~

~~_____ (a) Restrict or inhibit the right of the franchisees to join an association of franchisees.~~

~~_____ (b) Require a franchisee to purchase or lease goods or services of the franchisor or from approved sources of supply unless and to the extent that the franchisor satisfies the burden of proving that such restrictive purchasing agreements are reasonably necessary for a lawful purpose justified on business grounds, and do not substantially affect competition: PROVIDED, That this provision shall not apply to the initial inventory of the franchise. In determining whether a requirement to purchase or lease goods or services constitutes an unfair or deceptive act or practice or an unfair method of competition the courts shall be guided by the decisions of the courts of the United States interpreting and applying the anti-trust laws of the United States.~~

~~_____ (c) Discriminate between franchisees in the charges offered or made for royalties, goods, services, equipment, rentals, advertising services, or in any other business dealing, unless and to the extent that the franchisor satisfies the burden of proving that any classification of or discrimination between franchisees is: (i) Reasonable, (ii) based on franchises granted at materially different times and such discrimination is~~

~~reasonably related to such difference in time, or is based on other proper and justifiable distinctions considering the purposes of this chapter, and (iii) is not arbitrary. However, nothing in (c) of this subsection precludes negotiation of the terms and conditions of a franchise at the initiative of the franchisees.~~

~~_____ (d) Sell, rent, or offer to sell to a franchisee any product or service for more than a fair and reasonable price.~~

~~_____ (e) Obtain money, goods, services, anything of value, or any other benefit from any other person with whom the franchisee does business on account of such business unless such benefit is disclosed to the franchisee.~~

~~_____ (f) If the franchise provides that the franchisee has an exclusive territory, which exclusive territory shall be specified in the franchise agreement, for the franchisor or subfranchisor to compete with the franchisee in an exclusive territory or to grant competitive franchises in the exclusive territory area previously granted to another franchisee.~~

~~_____ (g) Require franchisee to assent to a release, assignment, novation, or waiver which would relieve any person from liability imposed by this chapter, except as otherwise permitted by RCW 19.100.220.~~

~~_____ (h) Impose on a franchisee by contract, rule, or regulation, whether written or oral, any standard of conduct unless the person so doing can sustain the burden of proving such to be reasonable and necessary.~~

~~_____ (i) Refuse to renew a Franchise Agreement without fairly compensating the franchisee for the fair market value, at the time of expiration of the Franchise Agreement, or the franchisee's inventory, supplies, equipment, and furnishings purchased from the franchisor and good will, exclusive of personalized materials which have no value to the franchisor, and inventory, supplies, equipment and furnishings not reasonably required in the conduct of the franchised business: PROVIDED, that compensation need not be made to a franchisee for good will if: (i) the franchisee has been given one year's notice of nonrenewal; and (ii) the franchisor agrees in writing not to enforce any covenant which restrains the franchisee from competing with the franchisor: PROVIDED FURTHER, that a franchisor may offset against amounts owed to a franchisee under this subsection any amounts owed by such franchisee to franchisor.~~

~~_____ (j) Terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include, without limitation, the failure of the franchisee to comply with lawful material provisions of the franchise or other agreement between the franchisor and the franchisee and to cure such default after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty days, to cure such default, or if such default cannot reasonably be cured within thirty days, the failure of the franchisee to initiate within thirty days substantial and continuing action to cure such default: PROVIDED, that after three willful and material breaches of the same term of the Franchise Agreement occurring within a twelve month period, for which the franchisee has been given notice and an opportunity to cure as provided in this subsection, the franchisor may terminate the Franchise Agreement upon any subsequent month period without providing notice or opportunity cure: PROVIDED FURTHER, that a franchisor may terminate a Franchise Agreement without prior notice or opportunity to cure a default if the franchisee: (i) is adjudicated bankrupt or insolvent; (ii) makes an assignment for the benefit of creditors or similar disposition of the assets of the franchised business; (iii) voluntarily abandons the franchised business; or (iv) is convicted of or pleads guilty or no contest to a charge of violating any law relating to the franchised business. Upon termination for good cause the franchisor shall purchase from the franchisee at a fair market value at the time of termination, the franchisee's inventory and supplies, exclusive of: (i) personalized materials which have no value to the franchisor; (ii) inventory and supplies not reasonably required in the conduct of the franchised business; and (iii) if the franchisee is to retain control of the premises of the~~

~~franchised business, any inventory and supplies not purchased from the franchisor or on his express requirement: PROVIDED, that a franchisor may offset against amounts owed to a franchisee under this subsection any amounts owed by such franchisee to the franchisor."~~

~~_____ (k) 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.~~

~~1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.~~

~~2. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.~~

~~3. Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.~~

~~4. Ranch*1, Inc. and its subsidiaries, all affiliates of MTY Franchising USA, Inc., filed for Bankruptcy Protection Code Chapter 11 of the United States Bankruptcy Code on July 3, 2001. Full disclosure of the particulars of this filing is in Item 4 of this Disclosure Document.~~

of, any Party.

9. Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the Parties and their respective assigns, legal representatives, executors, heirs and successors.

10. Amendment, Modification or Waiver.

- (a) No amendment, modification or waiver of any condition, provision or term of this Agreement shall be valid or of any effect unless made in writing, signed by the Parties and specifying with particularity the nature and extent of the amendment, modification or waiver. Waiver of any matter shall not be deemed a waiver of the same or any other matter on any future occasion.
- (b) Failure on the part of any Party to complain of any act or failure to act of the other Party or to declare the other Party in default, irrespective of how long the failure continues, shall not constitute a waiver by that Party of its rights under this Agreement.

11. Entire Agreement. This Agreement, including the exhibits hereto, contains the entire understanding and agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings between the Parties with respect to such subject matter. Each of the exhibits is incorporated in this Agreement by this reference and constitutes a part of this Agreement.

12. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party.

13. Dispute Resolution.

- (a) Except as otherwise provided herein, any dispute, claim or controversy arising out of or relating to this Agreement, the breach hereof, the rights and obligations of the Parties hereto or the relationship between the Parties, or the entry, making, interpretation, or performance of either Party under this Agreement ("Dispute"), which cannot be resolved by mediation under Section 13(d) below or is not subject to mediation under the terms of this Agreement, shall be settled by arbitration administered by the American Arbitration Association ("AAA") in accordance with its Commercial Arbitration Rules as modified below.
- (b) Any arbitration shall take place before a sole arbitrator in the county and state where the Franchised Business is located~~Maricopa County, Arizona or, if our headquarters are no longer located in Maricopa County, Arizona, then the arbitration shall take place in the county in which our principal place of business is located at the time the arbitration is commenced.~~ Purchaser agrees to conducting the arbitration where Seller is located is appropriate. The Parties agree that the arbitrator shall be an attorney licensed to practice law in the United States and must have a minimum of five (5) years of experience in franchise law. Judgment on the award rendered by the arbitrator may be entered in any court of competent jurisdiction. The arbitrator shall, in the award, allocate all of the costs of the

arbitration, including the fees of the arbitrator and the reasonable attorney's fees of the prevailing Party, against the Party who did not prevail. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any other dispute, arbitration proceeding or litigation, except to the extent such issue may have been specifically determined in another proceeding between the Parties. This agreement to arbitrate shall survive any termination or expiration of this Agreement, however effected. The Parties agree that any arbitration shall be solely between them (including any affiliates) and shall not include as a Party, by consolidation, joinder, or in any other manner, any other person or entity, unless both Parties consent in writing. Both Parties shall have the absolute right to refuse such consent. Further, the Parties expressly waive any right to bring and/or participate in any class or other consolidated, joined or multi-party arbitration claim or proceeding, whether or not permissible under the AAA Commercial Arbitration Rules, including, but not limited to, any claim brought on their behalf by an association of which it, he or she is a member. At the request of any Party, the arbitration shall be conducted in a manner that maintains the confidentiality of the proceedings.

- (c) The arbitrator(s) will issue a reasoned award, with findings of fact and conclusions of law. Actions to enforce an express obligation to pay monies may be brought under the Expedited Procedures of the AAA's Commercial Arbitration Rules. The Federal Arbitration Act shall govern, excluding all state arbitration laws. The laws of the state where the Franchised Business is located ~~Arizona law~~ will govern all other issues. With respect to discovery, the arbitrator shall require each Party to make a good cause showing before any discovery exceeding that specifically authorized by the AAA Commercial Arbitration Rules will be granted.
- (d) Prior to the commencement of an arbitration proceeding, the Parties must first submit any Dispute to non-binding mediation. At the request of any Party, the mediation will be confidential. The mediation shall be conducted in the county and state where the Franchised Business is located ~~Maricopa County, Arizona or in the county in which our headquarters are located at the time of mediation~~, unless the Parties shall mutually agree to a different location. The Parties to the mediation will share equally in its costs and expenses, except those costs and expenses incurred separately by each Party, including, without limitation, counsel fees and expenses. The mediation process will be deemed "Completed" when the Parties agree that it has been completed, the mediator declares that any impasse exists or sixty (60) days have elapsed since the date of the initiating Party's notice to the other Party that it is initiating the mediation process, whichever occurs first.
- (e) Notwithstanding anything contained in this Agreement to the contrary, the provisions of Sections 13(a), 13(b), 13(c) and 13(d) do not apply to a Dispute where: (i) Seller brings an action for an express obligation to pay monies, declaratory relief, preliminary or permanent equitable relief, any action at law for damage to Seller's goodwill, the confidential information, the proprietary marks or for fraudulent conduct by Purchaser; or (ii) the delay resulting from the mediation process may endanger or adversely affect the public (for example, unhealthy, unsafe or unsanitary conditions would continue to exist). For such disputes, Seller may bring an action in any federal or state court having jurisdiction, whether for monetary damages and/or for temporary preliminary and permanent injunctive relief or specific performance in addition to, and not exclusive of, any other remedies available to Seller. Purchaser hereby consents to and waives any

objection or defense and agrees not to contest venue, forum non conveniens or jurisdiction of such court or arbitration.

- (f) Disputes concerning the validity or scope of arbitration, including whether a dispute is subject to arbitration, are beyond the authority of the arbitrator(s) and will be determined by a court of competent jurisdiction pursuant to the Federal Arbitration Act, 9 U.S.C. § 1 et seq., as amended from time to time.
- (g) Either Party may appeal the final award of the arbitrator, if it is over One Hundred Thousand Dollars (\$100,000), to the appropriate U.S. District Court. The Court's review of the arbitrator's findings of fact will be under the clearly erroneous standard, and the Court's review of all legal rulings will be *de novo*. If it should be determined that this provision for federal court review is not enforceable, then either Party may appeal the arbitrator's final award, if it is over One Hundred Thousand Dollars (\$100,000), to a panel of three arbitrators chosen under AAA procedures, which will employ the same standards of review stated immediately above.

14. Applicable Law and Forum; Waiver of Jury; Statute of Limitations.

Except to the extent that the United States Trademark Act of 1946, as amended (15 U.S.C., § 1051 et seq.) or the franchising laws of any state that may be applicable, the laws of the state where the Franchised Business is located shall ~~State of Arizona~~ govern all rights and obligations of the Parties under this Agreement. Seller and Purchaser agree, subject to the mandatory mediation and arbitration provisions of Section 13 of this Agreement, that any appropriate state or federal court located in the county and state where the Franchised Business is located shall have ~~Maricopa County, Arizona has~~ exclusive jurisdiction over any Dispute arising under or in connection with this Agreement and is the proper forum in which to adjudicate the case or controversy. Notwithstanding the foregoing, any action initiated by Seller may, at Seller's election, be brought in any jurisdiction where Purchaser is domiciled or that has jurisdiction over Purchaser. The Parties hereto irrevocably submit to the jurisdiction of, and venue in, any such court, and hereby waive any objection or defense thereto. THE PARTIES AGREE THAT ALL DISPUTES SUBMITTED TO THE COURT PURSUANT TO THIS SECTION SHALL BE TRIED TO THE COURT SITTING WITHOUT A JURY, NOTWITHSTANDING ANY STATE OR FEDERAL CONSTITUTIONAL OR STATUTORY RIGHTS OR PROVISIONS.

Notwithstanding anything contained in this Agreement to the contrary, the Parties agree that any claims under, arising out of, or related to, this Agreement must be brought within two (2) years of the date on which the underlying cause of action accrued, and Seller and Purchaser hereby waive any right to bring any such action after such two-year period except for the collection of any unpaid amounts due to Seller or its affiliate.

15. Attorneys' Fees. In the event of any claim, controversy or dispute arising out of or relating to this Agreement, or the breach thereof, the prevailing Party may recover reasonable attorneys' fees incurred in connection with any court or arbitration proceeding.

16. Remedies Cumulative. The remedies of the Parties under this Agreement are cumulative and shall not exclude any other remedies to which any Party may be lawfully entitled.

PROMISSORY NOTE AND SECURITY AGREEMENT

Note Amount:
[\$AMOUNT]

Scottsdale, Arizona
[DATE]

1. Promise to Pay. For value received, [NAME], a(n) [_____] corporation / limited liability company / individual] ("Maker"), promises to pay to the order of [Holder Entity], a [state] [Corporation/Limited Liability Company, etc.] ("Holder"), at 9311 East Via De Ventura, Scottsdale, Arizona 85258, or at such other address as Holder may designate at any time by written notice to Maker, in lawful money of the United States of America, the principal sum of XX ~~Thousand Dollars (\$XX,000.00)~~ together with all then-accrued and unpaid interest and other amounts that are Maker's obligations under this Promissory and Security Agreement ("Note"), if any. Maker and Holder may also be referred to in this Agreement as a "Party" and collectively as "Parties." The Note balance represents the principal amount owing by Maker to Holder for ~~[description of debt]the purchase price of the Store (as defined below)~~ due under the Asset Purchase Agreement in the aggregate amount of XX ~~Thousand Dollars (\$XX,000.00)~~ [plus the UCC-1 filing fee (as described in Section 7) in the amount of ~~One HundredXX~~ Dollars (\$~~400XX~~)](collectively,"Debt") for the ~~The Counter~~[Brand] store/restaurant number ____ at the following location _____ ("Store").

2. Computation of Interest. Except as otherwise set forth in this Note, this Note shall [not bear interest OR bear interest at the rate of ____% per annum] based on a ____ [month/year] amortization schedule.

3. Required Payments; Method of Payment. Principal and interest, if any, shall be repaid to Holder in a total of _____ (XX) [weekly/monthly] installments, consisting of the first _____ (XX) installments in the amount of _____ **AND xx/100 DOLLARS (\$_____.),** and the final installment in the amount of _____ **AND xx/100 DOLLARS (\$_____.)** which installments shall be due on the [day of the week, or date of the month] (X^{xx}) of each consecutive [week / month], with the first installment due on [DATE] and the final installment due on [DATE], all as set forth on the Amortization Schedule attached hereto as **EXHIBIT "1"** and incorporated herein by reference. Maker authorizes Holder (or one of its affiliates) to deduct payments owed by Maker (or one of its affiliates) to Holder under this Note out of Maker's bank accounts via electronic funds transfer in the same way Holder (or one of its affiliates) is authorized to collect payment under the Franchise Agreement entered into by and between Holder and Maker dated _____, 20____ or other franchise documents that Maker (or a related entity) entered into with Holder (or one of its affiliates) for the Store (individually and collectively, "Franchise Agreement"). All payments due under this Note shall be deducted by Holder's close of business from Maker's Depository Account (as defined in the Franchise Agreement) on the day they are due (or the preceding banking business day if such date is a holiday or falls on a weekend). Holder shall not be responsible for any interest charges for any overage collected due to Maker's failure to timely authorize payment. Additionally, Holder shall not be responsible for any bank service charges incurred by Maker which result in the withdrawal of funds from Maker's Depository Account. Maker shall pay Holder FIFTY AND 00/100 DOLLARS (\$50.00) for each withdrawal attempted from Maker's Depository Account pursuant to this Section 3 that is returned for non-sufficient funds. Maker shall also reimburse Holder for all other costs incurred by Holder in collecting or attempting to collect funds due Holder from the Depository Account (for example, without limitation, charges for non-sufficient funds, uncollected funds or other discrepancies in deposits or maintenance of the Depository Account balance in accordance with the terms of the Franchise Agreement). Holder does not have to make or give "presentment, demand, protest or notice" to get paid. Maker hereby waives any right to "presentment, demand, protest and notice" as set forth in Section 10 below.

4. Application of Payments. All payments and other credits due under this Note shall be applied: [if part of Note balance a non-refundable fee (i) first to the amount of principal allocated to the [Type of Fee/Payment Owed]~~Initial Franchise Fee/Renewal Fee/Transfer Fee,~~] [(i) first] [(ii) second,] to fees, costs and expenses payable by Maker under this Note, [(ii) second,] [(iii) third,] to accrued and unpaid interest, if any, and [(iii) third] [(iv) fourth,] to principal.

5. Collection Costs. If suit, arbitration, or other legal proceeding or any non-judicial foreclosure proceeding is instituted or any other action is taken by Holder to collect all or any part of the indebtedness evidenced hereby or to proceed against the Collateral (as defined below) for any portion of such indebtedness or against any guarantor of the payment of any portion of the indebtedness, Maker promises to pay Holder's attorneys' fees and other costs (to be determined by the court and not by a jury) incurred thereby. Such fees and costs shall be included in any judgment or arbitration award obtained by Holder, and shall bear interest at the default rate set forth in Section 12.

6. Optional Prepayments. Maker shall have the option to prepay this Note, in full or in part, at any time and from time to time, without penalty. Maker shall identify each optional prepayment of principal as such by written notice to Holder at the time of payment, and no such prepayment shall decrease or defer the monthly installment payments required by Section 3 above.

7. Security Interest. The indebtedness evidenced by this Note shall be secured by, and Maker hereby grants to Holder, a security interest in the equipment, inventory, leasehold improvements, and all proceeds thereof, and all increases, additions, accessories, accessions, substitutions, and replacements thereto located at the Store [and other stores owned by Maker, as applicable (the "Other Stores")] including, without limitation, insurance proceeds ("Collateral"). A description of the Collateral is attached hereto as **EXHIBIT "2"** and incorporated herein by reference. Concurrent with the execution of this Note or at any time after the execution of this Note so long as a balance remains outstanding under this Note, Maker shall execute and deliver to Holder, or alternatively Maker gives Holder permission to file, at Maker's expense, a UCC-1 financing statement, evidencing the security interest granted by this Section 7.

8. Guaranty of Promissory Note and Security Agreement. [If Maker is an individual and married, Maker represents and warrants that Maker's obligations under this Note are guaranteed by Maker's spouse and/or any other individuals requested by Holder as consideration for its agreements herein (together, "Guarantors"), pursuant to the Guaranty of Promissory Note and Security Agreement attached hereto as **EXHIBIT "3"** and incorporated herein by reference.] If Maker is a corporation, limited liability company, or other business entity, Maker represents and warrants that Maker's obligations under this Note are guaranteed by each of the persons who are shareholders, members, or other owners, direct or indirect, of Maker (and their respective spouses, if married); and/or any other individuals requested by Holder as consideration for its agreements herein (together, also "Guarantors"), pursuant to the Guaranty of Promissory Note and Security Agreement attached hereto as **EXHIBIT "3"** and incorporated herein by reference. In the event any person who has not previously signed a Guaranty of Promissory Note and Security Agreement becomes Maker's spouse; person who is a shareholder, member, or other owner, direct or indirect, of Maker (or their respective spouses, if married); and/or any other individual requested by Holder as consideration for its agreements herein, at any time after the execution of this Agreement, Maker must cause such person(s) to immediately execute and deliver a Guaranty of Franchise Agreement to Holder.

become immediately due and payable without further notice or demand by the Holder.

D. Consent to Credit Reports. Maker hereby agrees that upon notice of default or upon an uncured default of this Note, the Franchise Agreement or any other agreement between Maker (or a legal entity thereof) and Holder or its affiliates, and with no prior notice, Maker consents to Holder's (or its affiliates' or third-party contractors') acquisition and use of non-business consumer credit reports on Maker in order to evaluate as necessary the financial condition of Maker as principal(s), member(s), manager(s), franchisee(s), and/or guarantor(s) in connection with the collection of monetary obligations as contemplated by this Note, Maker's Franchise Agreement, the Guaranty of Agreement, or any other agreements between Maker (or a legal entity thereof), and Holder or its affiliates.

E. Acceleration in the Event of the Sale of the Store. In the event Maker sells the Store (as defined in Section 1 above) effective on or before _____, then the entire principal balance (plus all accrued interest) shall become due and payable upon the closing of the transaction of the sale of the Store.

12. Default Interest. After maturity, including maturity upon acceleration as described in Section 11 above, or at any time that Maker is more than seven (7) calendar days delinquent in the payment of money as required by this Note (whether or not Holder has given any notice of default or any cure period has expired), then all amounts outstanding hereunder and any advances thereafter made from the Debt evidenced hereby and any accruing costs and reasonable attorneys' fees which are the obligation of Maker shall thereafter bear interest at the rate of eighteen percent (18%) per annum until paid.

13. Indemnity. Maker shall indemnify, defend and hold Holder harmless for, from and against any and all claims, expenses and reasonable attorneys' fees actually incurred by Holder concerning or arising from the Collateral, this Note, or Maker's breach of any material representation, warranty or covenant. It includes, without limitation, any claims, losses or charges actually incurred concerning, arising out of or in connection with the manufacture, selection, delivery, possession, use, operation or return of the Collateral and any claims, losses or damages actually incurred concerning, arising out of or in connection with this Note. This obligation of Maker's to indemnify Holder continues even after satisfaction of this Note.

14. No Waiver by Holder. Failure of the Holder to exercise any option hereunder shall not constitute a waiver of the right to exercise the same in the event of any subsequent default or in the event of continuance of any existing default after demand for strict performance thereof.

15. Time of Essence. Time is of the essence of this Note.

16. Notices. All notices required or permitted to be given by either Party pursuant to this Note shall be in writing and given by (a) hand delivery, (b) express overnight delivery service or (c) certified or registered mail, return receipt requested, and shall be deemed to have been delivered upon (i) receipt, if hand delivered, (ii) the next business day following the date of deposit with the delivery service, if delivered by express overnight delivery service, or (iii) the third business day following the day of deposit of such notice with the United States Postal Service, if sent by certified or registered mail, return receipt requested. Notices shall be provided to the Parties at the addresses ~~and facsimile numbers~~ specified below:

If to Holder: [Seller Entity]
Attention: Legal Department

9311 East Via De Ventura
Scottsdale, Arizona 85258
Telephone Number: (480) 362-4800
Facsimile Number: (480) 362-4819

If to Maker:

Telephone Number:—
Facsimile Number:—

17. Governing Law. This Note shall be construed according to the substantive laws and judicial decisions of the State of Arizona, without regard to any conflict of laws principles. Any action brought to enforce this Note may be commenced and maintained in the Superior Court of the State of Arizona in and for the County of Maricopa. Maker and any sureties, endorsers and guarantors irrevocably consent to jurisdiction and venue in such court for such purposes.

18. RELEASE. IN EXCHANGE FOR HOLDER'S AGREEMENT TO ARRANGE FOR MAKER'S PAYMENT OF THE DEBT, MAKER AND EACH OF ITS CURRENT, PAST AND FUTURE PREDECESSORS, SUCCESSORS AND ASSIGNS, AND EACH OF ITS AND THE FOREGOING ENTITIES' RESPECTIVE PARENTS, SUBSIDIARIES, SHAREHOLDERS, MEMBERS, MANAGERS, OWNERS, PARTNERS, DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES, AGENTS, SUCCESSORS, ASSIGNS, GUARANTORS, INSURERS, SPOUSES, HEIRS, EXECUTORS, TRUSTEES, AND ESTATES, IF ANY, OF ANY AND ALL SUCH ENTITIES (COLLECTIVELY WITH MAKER "MAKER PARTIES"), HEREBY IRREVOCABLY AND UNCONDITIONALLY RELEASE, REMISE AND FOREVER DISCHARGE HOLDER AND EACH OF ITS CURRENT, PAST AND FUTURE PREDECESSORS, SUCCESSORS AND ASSIGNS, AND EACH OF ITS AND THE FOREGOING ENTITIES RESPECTIVE PARENTS, SUBSIDIARIES, SHAREHOLDERS, MEMBERS, MANAGERS, OWNERS, PARTNERS, DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES, AGENTS, SUCCESSORS, ASSIGNS, GUARANTORS, INSURERS, SPOUSES, HEIRS, EXECUTORS, TRUSTEES, AND ESTATES, IF ANY, OF ANY AND ALL SUCH ENTITIES (COLLECTIVELY WITH HOLDER "HOLDER PARTIES"), FROM ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION, SUITS, DEBTS, DUTIES, ACCOUNTS, COVENANTS, CONTRACTS, AGREEMENTS, PROMISES, DAMAGES, JUDGMENTS, TAXES, LIABILITIES AND OBLIGATIONS, BOTH CONTINGENT AND FIXED, KNOWN AND UNKNOWN, NOW EXISTING OR HEREFTER, OF EVERY KIND AND NATURE WHATSOEVER, IN LAW OR EQUITY, OR OTHERWISE, UNDER LOCAL, STATE, OR FEDERAL LAW OR THE LAW OF ANY OTHER APPLICABLE JURISDICTION, THAT ANY OF THE MAKER PARTIES HAVE AGAINST ANY OF THE HOLDER PARTIES, INCLUDING, WITHOUT LIMITATION, THOSE ARISING FROM, IN CONNECTION WITH OR RELATING TO: (I) THE FRANCHISE AGREEMENT (INCLUDING ANY AMENDMENTS OR MODIFICATIONS THERETO); (II) THE OPERATION, LEASING OR SUBLEASING OF THE STORE; AND (III) THE OFFERING AND SALE OF THE FRANCHISE FOR THE STORE; ARISING FROM AN ACT, OMISSION, CONDUCT OR ACTIVITY OCCURRING BEFORE AND INCLUDING THE DATE OF THIS NOTE WRITTEN ABOVE.

IT IS UNDERSTOOD BY MAKER THAT IF THE FACTS OR LAW WITH RESPECT TO THE FOREGOING RELEASE HEREFTER TURN OUT TO BE DIFFERENT FROM THE FACTS OR LAW KNOWN TO BE OR BELIEVED BY MAKER TO BE TRUE AT THE TIME OF

GUARANTY OF PROMISSORY NOTE AND SECURITY AGREEMENT

This GUARANTY OF PROMISSORY NOTE AND SECURITY AGREEMENT ("Guaranty") is dated as of [Date] ("Effective Date"), and is executed by each of the undersigned ([individually and collectively,]"Guarantor") in favor of [SELLING ENTITY], a [state] [Corporation/Limited Liability Company, etc.] ("Seller"). To the extent this Guaranty contains terms and conditions that differ from those contained in the Note (as defined in Recital A below), this Guaranty shall control. All capitalized terms not otherwise defined in this Guaranty will have the same meanings ascribed to such terms in the Note.

Recitals

A. As an inducement for Seller to provide debt to [Franchisee], a [State] [corporation/limited liability company], ("Franchisee"), and to perform Seller's obligations under the Promissory Note and Security Agreement dated [Start Date] ("Note") in the amount of _____ Dollars (\$_____), Guarantor has agreed to jointly and severally guarantee the obligations of Franchisee under the Note.

B. Franchisee and [applicable franchisor name] ~~MTY Franchising USA, Inc.~~ signed a Franchise Agreement, as amended, with respect to ~~The Counter~~ [Brand] Store No. _____ ("Franchise") dated [Franchise Agreement Date] ("Franchise Agreement").

C. Guarantor is an individual who owns, directly or indirectly, a five percent (5%) or greater equity interest in the Franchise, has agreed to guarantee the Franchisee's obligations pursuant to the Franchise Agreement and Note, or is Franchisee's spouse.

NOW THEREFORE, in consideration of the foregoing, the execution and delivery of the Note by Seller, and the performance of Seller's obligations under the Note, Guarantor agrees, for the benefit of Seller and its affiliates as follows:

Agreement

1. Guarantor unconditionally guarantees and promises to pay to Seller and/or its affiliates and to perform, for the benefit of Seller and/or its affiliates, on demand, any and all obligations and liabilities of Franchisee in connection with, with respect to, or arising out of, the Note and all Schedules entered into in connection therewith ("Obligations").

2. This is a guaranty of payment and not of collection. This Guaranty will remain in full force and effect until all amounts payable by Guarantor have been validly, finally and irrevocably paid-in-full and all Obligations will have been validly, finally and irrevocably satisfied or performed-in-full.

3. Guarantor's Obligations under this Guaranty are joint and several and are independent of the obligations of Franchisee. A separate action or actions may be brought and prosecuted against Guarantor regardless of whether an action is brought against the Franchisee or whether the Franchisee (or, if more than one Guarantor, the other Guarantors) is joined in any such action. Guarantor waives the benefit of any statute of limitations affecting Guarantor's liability under this Guaranty or the enforcement of this Guaranty. Guarantor waives its rights under A.R.S. Section 12-1641, *et seq.* and Rule 17(f) of the Arizona Rules of Civil Procedure for the Superior Courts of Arizona, which set forth certain rights and obligations among guarantors, debtors and creditors, if applicable, including the right to require Seller to bring an action against the Franchisee prior to enforcing its rights under this Guaranty. Guarantor waives any right to require Seller to proceed against or exhaust any security interest held in the property of Franchisee or to pursue any other remedies that Seller may have. Guarantor waives all

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ARTICLE 1. GRANT OF FRANCHISE; TERM; SYSTEM STANDARDS

1.1 Franchise Grant.

We hereby grant to you a *The Counter* franchise that includes the right to use the System (~~“Franchised Business”~~) as provided in this Agreement, at the following location (“Location”):

Street Address: _____

City/State/Zip Code: _____

Additional Location Information
(if applicable) _____

The *The Counter* franchise at the Location will be collectively herein referred to as the “Franchised Business”.

1.2 Location of the Franchised Business; No Exclusive Territory or Other Rights.

You must operate the Franchised Business only from the Location, including any catering services of *The Counter* menu items you provide. You acknowledge that the *The Counter* franchise granted under this Agreement is non-exclusive, that we are not granting you any territorial protection or any other exclusive rights, and that we, directly or through one (1) or more affiliates, reserve the right in our sole discretion, and without compensating you or seeking your prior approval: (i) to establish, and grant to other franchisees or licensees the right to establish, a *The Counter* restaurant or any other business using the Proprietary Marks, the *The Counter* System or any variation thereof, in any location other than the approved Location (including locations in the immediate vicinity of your Location), on any terms and conditions that we deem appropriate; (ii) to establish, and grant to other franchisees or licensees the right to establish, any restaurant concept other than *The Counter* in any location on any terms and conditions that we deem appropriate (including locations in the immediate vicinity of the Location); (iii) to sell products identified by the Proprietary Marks or other trademarks, service marks or commercial symbols in any location through any distribution channels, including grocery stores, convenience stores, supermarkets, club stores, vending machines, delivery services and restaurants other than *The Counter* restaurants; and (iv) to take any other action that we are not expressly prohibited from taking under this Agreement.

We hereby grant to you during the term of this Agreement, a non-exclusive right and license to operate a single restaurant at the Location only, according to the System Standards and subject to the terms, conditions and restrictions contained in this Agreement. This Agreement is limited to the operation of one traditional restaurant, unless otherwise amended, and does not grant you the right to buy, own or operate additional restaurants.

Except as expressly limited in this Agreement, we (for ourselves and our affiliates and designees) retain all rights with respect to all Proprietary Marks and the sale of *The Counter* products anywhere in the world with no compensation or liability to you, including the right to:

The operation and maintenance of your Franchised Business according to the System Standards are essential to the well-being and vitality of the System and to preserve the goodwill of the Proprietary Marks for us and for all other franchisees operating under the System. It is critical to the *The Counter* System for all restaurants operating under the *The Counter* System to present a uniform and professional image to *The Counter* customers regardless of which location the customer visits. Any information regarding the operation of the Franchised Business will be considered a mandatory System Standard, unless it is clear from the express language of our communication that the information is merely optional or is intended by us as a suggestion, rather than a requirement.

You agree that System Standards constitute binding provisions of this Agreement as if they were an integral part of this Agreement.

ARTICLE 2. SELECTION OF LOCATION; CONSTRUCTION AND RELOCATION

2.1 Location Selection Procedures.

You must select a Location that satisfies our minimum site requirements (such confirmation will be provided to you by us in writing), for your Franchised Business within one (1) year from the Effective Date. If you cannot secure an acceptable Location for your Franchised Business within one (1) year from the Effective Date, then we may terminate this Agreement by giving you notice to that effect. You are ultimately responsible for the selection of the Location. We will not have any liability to you with respect to your selection of the Location, any assistance we provide you in making your selection, our recommendation of any location or a third party to assist you in selecting a location, or our allowing you to move forward on any location. You agree that your selection of the Location will be based on your own independent investigation of the suitability of the Location. If a Site Review Report is requested by Franchisee and upon receipt of all items requested by Franchisor from Franchisee, Franchisor will have 30 days to visit and/or review the site proposed by Franchisee and prepare a Site Review Report that will provide Franchisee with certain site information relevant to assessing whether the proposed site is suitable for development of a Restaurant. The Site Review Report represents Franchisor opinion based on its past experience and is offered for consideration and independent evaluation by Franchisee and its advisors. It is not a representation of fact, or guaranty of any type and is provided only on the express understanding, as stated herein, that Franchisor has no liability of any kind whatsoever with respect to the information provided. Franchisee agrees and acknowledges that the Site Review Report may provide an estimate of revenues for the site selected by Franchisee but that there is no representation, warranty, or guaranty that Franchisee's Restaurant will attain these estimated revenues if Franchisee selects this site as the Franchised Location or that the estimate is based on any validated or substantiated methodology. Franchisee will pay Franchisor the then-current fee for the Site Review Report after Franchisor issues a "no-brand-standards-objection" letter for the site. The fee for a Site Review Report is currently \$1,000 to \$5,000, but this fee may be increased by Franchisor at any time. Franchisee will not purchase or lease a proposed site until Franchisor has provided Franchisee with a no-brand-standards-objection letter for that proposed site

c. Purchase, lease or otherwise acquire from the list of approved sources provided by us all the signage, supplies, equipment, fixtures, inventory and other items necessary to operate the *The Counter* Franchised Business; and

d. Obtain liability insurance in accordance with the requirements described in *Section 9.5* and provide to us evidence that such insurance has been obtained.

Prior to opening the Franchised Business, you must notify us that you have satisfied all requirements to begin operations, and provide us with such documents as we may reasonably request that show your compliance with all such requirements. Upon receipt of our acknowledgment that such requirements have been satisfied, you will have five (5) days to begin operations of your *The Counter* restaurant. If you do not begin operations of your Franchised Business at the confirmed Location before the expiration of the one (1) year period from the Effective Date, then we may terminate this Agreement by giving you notice to that effect.

3.2 Supplies and Promotional Materials; Rollouts.

You agree to sell only those menu items, products and services authorized under the terms of this Agreement and as specified in the Confidential Manual, and you shall use only supplies and ingredients in making those menu items that are in compliance with the standards as set forth in the Confidential Manual or other documents provided by, or approved by, us as they presently exist or may exist in the future. In addition to approved vendors and approved distributor(s), we may, in our sole discretion, require you to purchase certain products or services through designated purchasing channels, programs, platforms, or contractual arrangements specified by us. You shall purchase all such services, supplies and ingredients only from approved vendors and utilize approved distributor(s) as specified in the documents provided by, or approved by, us as they presently exist or may exist in the future. You must purchase promotional materials containing the Proprietary Marks, including stationery, business cards, promotional and advertising materials and similar items, from suppliers approved by us, except that we must first approve all such promotional and advertising materials before you use them, and all such printed materials containing any of the Proprietary Marks shall be accompanied by the words "INDEPENDENTLY OWNED AND OPERATED." Additionally, during the Term, you agree to participate in any Rollout of new products and suppliers, as defined in *Section 9.3*.

3.3 Fixtures, Furnishings, and Equipment.

Unless otherwise approved by us in writing, you will: (1) acquire, repair and replace, as necessary, and maintain in a first class condition throughout the Term, fixtures, furnishings, and equipment to be used in the operation of your Franchised Business that is in accordance with the System Standards, specifications set forth by us in the Confidential Manual or other documents provided by, or approved by, us as they presently exist or may exist in the future, and with applicable laws including, without limitation, including the ADA; and (2) procure the fixtures, furnishings, and equipment from suppliers or vendors previously approved in writing by us.

3.4 Online Presence.

You may not maintain a website, software application, an App (application), social media account (including, but not limited to, an account, group or page on Facebook®, Flickr®,

Program, or changing instructors or mandatory training requirements.

You further understand and acknowledges that, although we may have approved one (1) or more of Franchisee's Managers prior to their attendance and our training program, we reserve the right, in our sole discretion, to recommend or require you to replace any Manager if, during the course of the training program, we determine that such Manager is not suitable to act as a *The Counter* Manager.

We assume that a different person occupies each of the job categories that we show above, but one or more of these may be a Primary Owner who attends the KTEC Classroom Training. We expect all of the persons who attend the KTEC Classroom Training and the different tracks of the In-Store Training modules to attend the New Store Opening Module. We may charge an additional training fee if you want to enroll more than a total of 3 persons in the KTEC Classroom Training and the different tracks of the In-Store Training modules combined, or to train later hires. All persons must complete the training modules, as well as all tests and assessments to which they are assigned, to our satisfaction in order to be certified.

You acknowledge that adequate knowledge regarding the operation of the Franchised Business is essential to the growth of your franchise and to the promotion of the System. Furthermore, Franchisor has the right to require Franchisee and/or its manager(s) to attend additional training and pay the Additional Training Fee provided for in this *Section 4.1* and *Section 5.95-10*, in the event Franchisee is not operating the Franchised Business pursuant to Franchisor's Systems Standards.

b. Training Store Certification.

"Training Store Certification" signifies that (i) the Franchised Business meets our minimum performance benchmarks, and (ii) your General Manager and Kitchen Manager each meet our experience and training qualifications to train your other employees in specific job categories. We shall publish the eligibility conditions for attaining Training Store Certification in the Confidential Manual, and may modify the conditions at any time effective upon notice to you, which may result in a Franchised Business losing its Training Store Certification.

Any time after three (3) months from the Opening Date, you may apply for Training Store Certification upon demonstrating to our satisfaction that the Franchised Business meets our then-current minimum performance criteria published in the Confidential Manual. If we accept your application, the parties shall schedule a mutually convenient time for us to provide our "train-the-trainer" instructional course at the Location to your General Manager and Kitchen Manager. As a condition to attaining Training Store Certification, we may require Franchisee to enroll at least three employees, including one General Manager and one Kitchen Manager, in the same "train-the-trainer" instructional course. Upon your employees', including your General Manager and Kitchen Manager, successful completion of our "train-the-trainer" instructional course, we shall award Training Store Certification to Franchisee. Franchisee shall retain the designation for as long as (i) the Franchised Business continues to meet our then-current minimum performance criteria, which we may modify at any time, and (ii) the management-level employees who successfully complete our "train-the-trainer" instructional course remain responsible for training your other employees in the subjects for which we certify them to teach. You shall pay our then-current fees for "train-the-trainer" instruction. You shall also reimburse us for our reasonable travel expenses, including, without limitation, expenses for air and ground transportation, lodging, meals, and miscellaneous travel-related personal charges in providing

the “train-the-trainer” instructional course at the Location.

We may modify the minimum requirements for maintaining Training Store Certification at any time upon not less than thirty (30) days’ notice, but will give you a reasonable amount of time to attain the new requirements. If we revoke your Training Store Certification, you may reapply for Training Store Certification by (i) demonstrating to our satisfaction that the Franchised Business meets our then-current minimum performance criteria published in the Confidential Manual, and (ii) paying our then-current training fee and re-enrolling your then-current management team in the “train-the-trainer” instructional course. You shall pay us our then-current Training Store Certification training fee even if the parties mutually agree to waive attendance by General Manager or Kitchen Manager, or all of them, in the “train-the-trainer” instructional course based upon prior attendance and successful completion of the course.

By mutual arrangement, we may seek to qualify later-hires or additional management-level employees who perform the duties of General Manager or Kitchen Manager in ours “train-the-trainer” instructional course by paying our then-current training fee.

You understand that we have no obligation to teach the “train-the-trainer” instructional course in the Location more than once during the Term. After providing the “train-the-trainer” instructional course once in the Franchise Location, if you apply for recertification, we shall designate the location of any additional “train-the-trainer” instructional courses in which you may enroll your management-level employees.

4.2 Employee Training.

You acknowledge that the employees of your *The Counter* Franchised Business are an integral and important part of the Franchised Business, as they will have substantial contact with customers. You alone are responsible, and acknowledge that we have no direct or indirect control and no right or authority, for the hiring, firing, training, supervising, setting the terms and conditions of employment (including employee tasks and work schedules), compensation of your employees, or maintaining employment records, for the safety of your employees and for your employees’ compliance with the System Standards. The System Standards are in place to protect our interests in the System and not for exercising any control over you, your employees or your Franchised Business. You must ensure that your employees who have direct interaction with the public are able to speak and read English and any other language that may be required to adequately meet the public needs in your Franchised Business.

4.3 Additional Programs; Continuing Assistance.

For your first location, we will provide up to three (3) of our representatives to come to your restaurant during opening week for up to twelve (12) days, at our expense, to work with you or your manager on your grand opening, and on operating and marketing your restaurant. You will pay us for all Travel Expenses and the prorated Salaries and Benefits (based on the number of days each Opening Team member has worked at Franchisee’s Restaurant) for each member of the Opening Team. Two (2) weeks prior to the date that the Opening Team arrives at the Restaurant, you will pay to us 50% of the estimated Travel Expenses (as determined by us) and 50% of the prorated Salaries and Benefits for the Opening Team. Upon completion of the Opening Team’s assistance, we will send you an invoice for the actual amount of remaining Travel Expenses and prorated Salaries and Benefits still owed by you. You will pay this invoice within thirty (30) days after receipt. If this Agreement is for the second or a subsequent

Restaurant to be opened by Franchisee, then you will be responsible for furnishing the Opening Team to assist with the opening of the Restaurant. The number of Opening Team members (if any) provided by us for the opening of the second or a subsequent Restaurant will be determined by us, in our sole discretion, and if applicable, you will pay us the then-current Per Diem Training Fee for each Opening Team member who provides opening assistance at the Restaurant, and will reimburse us for the Travel Expenses and Salaries and Benefits of the Opening Team members provided by us for the opening of your Restaurant. You will pay the amounts owed to us pursuant to this provision within ten (10) days after receipt of an invoice indicating the amount owed. We may, in the future, request that Trainees participate in refresher or additional training programs. We may also hold an annual conference to introduce new products, discuss sales and marketing techniques, personnel training, advertising programs, merchandising procedures and other subjects. You may be charged a registration fee for these programs and you will be solely responsible for the cost of transportation, food, lodging and other expenses incurred by Trainees at any such program. Attendance at these additional training programs and conferences is mandatory. They will be held in the metropolitan Phoenix, Arizona area, or at other locations in the United States chosen by us, at our sole discretion.

In addition to the initial training available under *Section 4.1*, we shall provide such periodic evaluations or inspections as we deem appropriate, utilizing our field representatives who may visit the Franchised Business from time to time. The frequency and duration of such visits to a Franchised Business by our representatives shall be in our sole discretion. Any such evaluation or inspection is not intended to exercise any control over your employees or the daily operation of your Franchised Business. In addition, we will be available on an ongoing basis at our offices for consultation and guidance with respect to the operation and management of the Franchised Business. In addition to the Confidential Manual, we may, but are not required to, from time to time provide you with additional materials relating to the Franchised Business.

4.4 Area Representatives.

We may retain the services of an independent third-party area representative ("Area Representative") to represent us in the area in which the Franchised Business is located and perform some or all of the services we provide under this Agreement. The services the Area Representative may perform could include: (i) assistance in location selection and evaluating and confirming that the Location meets our minimum site requirements; (ii) advice and guidance regarding lease negotiations; (iii) assistance in opening new *The Counter* locations; (iv) assistance with training on the approved POS System (as defined in *Section 4.6a.*); (v) assistance with marketing advice; (vi) periodic Quality Service Cleanliness and Experience ("QSCE") evaluations; (vii) assistance with collection of the various sums due to us from *The Counter* franchisees; and (viii) coordination with other *The Counter* franchisees in your area and general supervision and monitoring of your Franchised Business on our behalf. You agree in advance to our delegation to an Area Representative of some or all of our obligations, and assignment to an Area Representative of some or all of our rights under this Agreement. You agree that we may require you to submit to an Area Representative any reports you are required to submit to us. Upon our request, you will provide the Area Representative with access, inspection and audit rights to the same extent we have those rights under this Agreement. You are not a third-party beneficiary of any agreement between us and any Area Representative. If we have designated an Area Representative for your Franchised Business as of the Effective Date, the name and contact information of the Area Representative is shown in *Section 17.3h*. We reserve the right in our sole discretion to remove any Area Representative in your area at any time and to appoint any other Area Representative for your area. We have

no obligation to appoint an Area Representative in the area in which your Franchised Business is located, and we have no obligation to appoint a new Area Representative after we have removed an Area Representative.

You acknowledge that Area Representatives and their owners and employees may not contractually bind us without our express written authorization. You further acknowledge no Area Representative has the authority to: (i) enter into agreements or execute any agreements on our behalf; or (ii) bind us in any way without our prior written consent. Unless expressly authorized and agreed to by us in writing, we disavow any agreements, whether verbal or written, entered into by an Area Representative that in any way attempts to bind us. In any litigation or arbitration proceeding, you agree to waive any claim or defense that an Area Representative is our express or implied agent and such an assertion by you constitutes a material default under this Agreement.

4.5 Confidential Manual.

To protect the reputation and goodwill of the System and to maintain the uniform standards of operation under the Proprietary Marks, you must conduct your business in accordance with our Confidential Manual. The Confidential Manual is confidential and remains our property.

The Operations Manual is available to Franchisee via the franchisee portal at: <https://portal.kahalamgmt.com>. In the event Franchisee desires to receive a hard copy of the Operations Manual, then Franchisee shall submit such request in writing to kahala.training@mtvgroup.com ~~training@kahalamgmt.com~~. Upon such request, a hard copy of the Operations Manual will be mailed to Franchisee via regular mail within approximately forty-five (45) days thereafter.

So that you may benefit from new knowledge gained by us as to improved techniques in the operation of the Franchised Business, we may from time to time revise, amend, restate or supplement the content of the Confidential Manual or other documents provided by, or approved by, us as they presently exist or may exist in the future. You will at all times ensure that your copy of the Confidential Manual is kept current and up to date. In the event of a dispute regarding any of the content of the Confidential Manual, the master copies maintained by us at our corporate office will control.

4.6 Computer Systems; Debit and Credit Card Processing.

a. Prior to the opening of your Franchised Business, you will be required to acquire, to maintain, and to exclusively use an approved cash register/computer system ("POS System") during the operation of the Franchised Business. You and your employees must complete training for the POS System as we require, and you will be required to use the POS System to produce sales reports, keep inventory control and post sales tax, refunds, credits and allowances and submit that information to us immediately upon our request. You are required to obtain high-speed/always-on internet connection service for your POS System. If high-speed/always-on is not available in your area, dial-up Internet access may be used until high-speed/always-on service becomes available in your area. The POS System must be configured so that we will have remote access to the information and data stored in the POS System, which may include inventory information. This access will allow us to exchange/collect data and other information on such bases as we will communicate to you from time to time. You will be

business expenses when they become due. We may collect from you, or require you to reimburse us for, any taxes, mandatory industry-funded compliance fees, regulatory fees, assessments, surcharges, or similar charges imposed or assessed by any governmental authority, quasi-governmental authority, or industry body, whether assessed against you or against us, as a result of your operation of the Franchised Business or the license of our intangible property in the jurisdiction where the Franchised Business is located, to the extent permitted by law. If you receive any demand, action, suit or proceeding, or the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality relating to your Franchised Business, you must immediately notify us, and in no event, later than three (3) days after your receipt. Any such notice must be accompanied by a copy of the demand, complaint, order, writ, injunction, award, decree or other similar document. You must, in all dealings with your employees, customers, suppliers, the public and us adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business practice that may be injurious to the System or the goodwill associated with the Proprietary Marks.

9.5 Maintenance of Insurance.

At all times during the Term, you must maintain in full force at least the minimum types and amount of insurance coverage that we require, under one (1) or more policies of insurance (each of which shall be primary coverage and shall not be contributory or secondary to any other coverage maintained by us), insured under the particular name of the Franchisee and for the particular address of the Franchised Business. You understand and acknowledge that you remain fully liable for any and all claims in connection with the operation of the Franchised Business arising during the Term of this Agreement, including without limitation, for any time period during which you may be in the process of obtaining a valid and complete certificate of insurance or is otherwise out of compliance. We do not waive and hereby reserve your obligations under this Agreement, including without limitation your insurance obligations.

Such insurance policies must be issued by insurers acceptable to us having an A.M. Best's financial strength rating of at minimum "A-VII," and grant us authority to obtain copies of your certificate of insurance directly from the carrier or your agent/broker. The particular requirements of our minimum insurance coverage will be made available to you throughout your term. Currently, the general liability insurance required by this Agreement must: (i) name MTY Franchising USA, Inc. as the certificate holder; (ii) name Kahala Franchising, L.L.C. and MTY Franchising USA, Inc. and their parents, subsidiaries, affiliates, officers, directors, and employees as additional insureds; (iii) contain a waiver by the insurance carrier of all subrogation rights against us and our affiliates and our affiliates' respective officers, directors and employees for casualty losses; (iv) indicate the address of the Franchised Business being insured; and (v) provide that we will receive a copy, via an endorsement, thirty (30) days' prior notice of cancellation of any such policy. Additional minimum insurance coverage requirements (subject to change or otherwise increase in our sole discretion) are as follows:

TYPE OF COVERAGE	LIMITS/SPECIFICATIONS
General Liability	\$4,000,000 (Aggregate) \$2,000,000 (Per Occurrence)
Building Improvements and Betterments	100% of Full Replacement Cost – No Coinsurance (minimum of \$100,000)
Business Personal Property	100% of Full Replacement Cost –

full compliance with this Agreement and any other agreement, arrangement or understanding with us.

ARTICLE 13. RENEWAL

Subject to the terms and conditions described below, you will have the right to renew your license to operate the Franchised Business for an additional term of five (5) years. In the event you desire to renew your license, you must give us notice to that effect at least ~~one~~two hundred ~~twenty~~ten (~~120~~210) days prior to the expiration date of the Term. In addition to giving the notice of renewal referred to above in a timely manner, in order to have the right to renew the license to operate the Franchised Business for an additional term, you must also meet each of the following requirements:

a. You must not then be in default under this Agreement or any other agreement, legal instrument or document with us or any of our affiliates, and no event shall have occurred that, with the giving of notice, the passage of time, or both, would constitute a default under this Agreement, including all financial obligations to us;

b. You must be in complete compliance with the terms of this Agreement, including all financial obligations to us, and the then-current Confidential Manual;

c. You must not have received more than three (3) notices of default or breach of this Agreement during the Term, nor more than two (2) notices of default or breach during the five (5) years immediately preceding the effective date of the proposed renewal;

d. You must have the existing right to maintain possession of the Location or you must have secured and developed a suitable substitute location that meets our then-current minimum site requirements (such confirmation will be provided to you by us in writing);

e. You must sign a general release provided by us;

f. You and we must execute all agreements, legal instruments and other documents (individually and collectively, "Renewal Documents") then used by us in the renewal of franchises and then being required of new franchise owners in connection with the System. The Renewal Documents will supersede this Agreement, but will not terminate your liability to perform any obligations which you have not yet performed under this Agreement, or which survive the termination of this Agreement; nor will the Renewal Documents terminate or supersede any Guaranty of Franchise Agreement, Confidentiality Agreement, or Non-Disclosure and Non-Competition Agreement executed pursuant to this Agreement. The terms of the Renewal Documents may vary materially from the current agreements used by us, including the payment of a higher Royalty Fee and Advertising Fee;

g. The equipment, fixtures and signage used in connection with the operation of the Franchised Business must either meet our then-existing System specifications and standards, or you must agree, within a timeframe required by us, to replace or refurbish such items, and otherwise modify the methods of operation of the Franchised Business at your cost and expense, in order to comply with our System specifications and standards then applicable to new franchise owners;

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ARTICLE 1. GRANT OF FRANCHISE; TERM; SYSTEM STANDARDS

1.1 Franchise Grant.

We hereby grant to you a *The Counter* franchise that includes the right to use the System (~~“Franchised Business”~~) as provided in this Agreement, at the following location (“Location”):

Street Address: _____

City/State/Zip Code: _____

Additional Location Information
(if applicable) _____

The *The Counter* franchise at the Location will be collectively herein referred to as the “Franchised Business”.

1.2 Location of the Franchised Business; No Exclusive Territory or Other Rights.

You must operate the Franchised Business only from the Location, including any catering services of *The Counter* menu items you provide. You acknowledge that the *The Counter* franchise granted under this Agreement is non-exclusive, that we are not granting you any territorial protection or any other exclusive rights, and that we, directly or through one (1) or more affiliates, reserve the right in our sole discretion, and without compensating you or seeking your prior approval: (i) to establish, and grant to other franchisees or licensees the right to establish, a *The Counter* restaurant or any other business using the Proprietary Marks, the *The Counter* System or any variation thereof, in any location other than the approved Location (including locations in the immediate vicinity of your Location), on any terms and conditions that we deem appropriate; (ii) to establish, and grant to other franchisees or licensees the right to establish, any restaurant concept other than *The Counter* in any location on any terms and conditions that we deem appropriate (including locations in the immediate vicinity of the Location); (iii) to sell products identified by the Proprietary Marks or other trademarks, service marks or commercial symbols in any location through any distribution channels, including grocery stores, convenience stores, supermarkets, club stores, vending machines, delivery services and restaurants other than *The Counter* restaurants; and (iv) to take any other action that we are not expressly prohibited from taking under this Agreement.

We hereby grant to you during the term of this Agreement, a non-exclusive right and license to operate a single restaurant at the Location only, according to the System Standards and subject to the terms, conditions and restrictions contained in this Agreement. This Agreement is limited to the operation of one traditional restaurant, unless otherwise amended, and does not grant you the right to buy, own or operate additional restaurants.

Except as expressly limited in this Agreement, we (for ourselves and our affiliates and designees) retain all rights with respect to all Proprietary Marks and the sale of *The Counter* products anywhere in the world with no compensation or liability to you, including the right to:

ingredients in making those menu items that are in compliance with the standards as set forth in the Confidential Manual or other documents provided by, or approved by, us as they presently exist or may exist in the future. In addition to approved vendors and approved distributor(s), we may, in our sole discretion, require you to purchase certain products or services through designated purchasing channels, programs, platforms, or contractual arrangements specified by us. You shall purchase all such services, supplies and ingredients only from approved vendors and utilize approved distributor(s) as specified in the documents provided by, or approved by, us as they presently exist or may exist in the future. You must purchase promotional materials containing the Proprietary Marks, including stationery, business cards, promotional and advertising materials and similar items, from suppliers approved by us, except that we must first approve all such promotional and advertising materials before you use them, and all such printed materials containing any of the Proprietary Marks shall be accompanied by the words "INDEPENDENTLY OWNED AND OPERATED." Additionally, during the Term, you agree to participate in any Rollout of new products and suppliers, as defined in *Section 9.3*.

3.3 Fixtures, Furnishings, and Equipment.

Unless otherwise approved by us in writing, you will: (1) acquire, repair and replace, as necessary, and maintain in a first class condition throughout the Term, fixtures, furnishings, and equipment to be used in the operation of your Franchised Business that are in accordance with the System Standards, specifications set forth by us in the Confidential Manual or other documents provided by, or approved by, us as they presently exist or may exist in the future, and with applicable laws including, without limitation, the ADA; and (2) procure the fixtures, furnishings, and equipment from suppliers or vendors previously approved in writing by us.

3.4 Online Presence.

You may not maintain a website, software application, an App (application), social media account (including, but not limited to, an account, group or page on Facebook®, Flickr®, Foursquare®, Google+®, Instagram®, LinkedIn®, Pinterest®, Snapchat®, Tumblr®, X/Twitter®, YouTube®, Vine®, VKontakte or Weibo®), or otherwise maintain a presence or advertise on the Internet or any other public computer network (individually and collectively, "Site") in connection with the Franchised Business without our prior written approval, which we may withhold in our sole discretion. If we grant you written approval, you agree to submit to us for approval before use, true and correct printouts, of all Site pages you propose to use in connection with the Franchised Business. You understand and agree that our right of approval of all such Site pages is necessitated by the fact that such Site pages will include and be inextricably linked with our Proprietary Marks. If we approve your use of a Site, you may only use Site pages that we have approved. Your Site must conform to all online presence requirements, policies and procedures per our System Standards. You agree to provide all information regarding your online presence that we require. If we grant approval for a Site, you may not use any of the Proprietary Marks on the Site except as we expressly permit. You may not post any of our proprietary, confidential or copyrighted material or information on the Site without our prior written permission. If you wish to modify your approved Site, all proposed modifications must also receive our prior written approval. You explicitly understand that you may not post on any Site (whether yours or someone else's) any material in which a third-party has any direct or indirect ownership interest (including video clips, photographs, sound bites, copyrighted text, trademarks or service marks, or any other text or image which any third-party may claim intellectual property or other rights in). If we grant approval, you agree to list on the Site any website and social media account maintained by us, and any other information we require in the

4.5 Confidential Manual.

To protect the reputation and goodwill of the System and to maintain the uniform standards of operation under the Proprietary Marks, you must conduct your business in accordance with our Confidential Manual. The Confidential Manual is confidential and remains our property.

The Operations Manual is available to Franchisee via the franchisee portal at: <https://portal.kahalamgmt.com>. In the event Franchisee desires to receive a hard copy of the Operations Manual, then Franchisee shall submit such request in writing to kahala.training@mtygroup.com ~~training@kahalamgmt.com~~. Upon such request, a hard copy of the Operations Manual will be mailed to Franchisee via regular mail within approximately forty-five (45) days thereafter.

So that you may benefit from new knowledge gained by us as to improved techniques in the operation of the Franchised Business, we may from time to time revise, amend, restate or supplement the content of the Confidential Manual or other documents provided by, or approved by, us as they presently exist or may exist in the future. You will at all times ensure that your copy of the Confidential Manual is kept current and up to date. In the event of a dispute regarding any of the content of the Confidential Manual, the master copies maintained by us at our corporate office will control.

4.6 Computer Systems; Debit and Credit Card Processing.

a. You are required to acquire, as necessary, to maintain, and to exclusively use an approved cash register/computer system ("POS System") during the operation of the Franchised Business. You and your employees must complete training for the POS System as we require, and you will be required to use the POS System to produce sales reports, keep inventory control and post sales tax, refunds, credits and allowances and submit that information to us immediately upon our request. You are required to obtain high-speed/always-on internet connection service for your POS System. If high-speed/always-on is not available in your area, dial-up Internet access may be used until high-speed/always-on service becomes available in your area. The POS System must be configured so that we will have remote access to the information and data stored in the POS System, which may include inventory information. This access will allow us to exchange/collect data and other information on such bases as we will communicate to you from time to time. You will be required to maintain the POS System in good working order at all times, and to upgrade or update the POS System during the Term as we may require from time to time. It will be your responsibility to enter into contracts for the maintenance, upgrades and updates to the POS System with an approved supplier of such services identified by us on the list of approved vendors and distributors or other notification to you from us advising of suppliers for your market area. You shall also be required to own a personal computer or similar device with access to the Internet that allows you to report your Gross Sales (as defined in *Section 5.2*) online, send and receive e-mails with us, and receive online orders. If implemented by us, all *The Counter* franchisees of traditional restaurants will be required to participate in an online ordering program. We may provide specifications that you must follow for the hardware, software, and Internet provider for such computer equipment. We may require you to upgrade the hardware and software including, but not limited to, your operating system, as reasonably necessary to provide reports and information required by us.

b. If you desire to purchase or otherwise acquire any equipment, supplies or inventory items required by the System Standards but not previously approved by us, or from sources not previously approved by us, you must submit to us sufficient specifications, photographs, drawings and other information sufficient to allow us to determine whether such equipment, supplies or inventory items meet our System Standards. We may require that our representatives be allowed to inspect the facilities of the proposed supplier and revoke its approval upon the supplier's failure to meet any of our then-current minimum System Standards. We may also require that samples from the proposed supplier be delivered, at no charge to us, either to us or to our designee for testing. A charge not to exceed the reasonable cost and expense of the inspection and the actual cost and expense of the test must be paid to us either by you or by the proposed supplier. We will notify you within sixty (60) days after your request of our approval or disapproval of the proposed product or supplier, with such determination to be made at our sole discretion. You acknowledge and agree that our approval of any item or supplier of equipment, supplies or inventory not previously approved by us will not, in and of itself, make the supplier of that item an approved supplier for other *The Counter* franchise owners in the System. We may, in our sole discretion, at any time and from time to time, re-inspect the facilities and products of any approved supplier and revoke its approval upon the supplier's failure to meet any of our then-current System Standards. If you receive a notice of revocation from us, you must immediately stop selling disapproved products and purchasing from the disapproved supplier.

c. We will provide to you a list of all recommended and required items of equipment, fixtures, supplies, smallwares and interior decor. This list will be included in the System Standards.

d. At any time and from time to time, we may in our sole option engage in new product rollouts to add to or change the menu items offered for sale in the Franchised Business and the ingredients or supplier of ingredients utilized in the preparation of the menu items sold in the Franchised Business ("Rollout"). If we engage in a Rollout, you shall participate in the changes that are the subject of such Rollout, including offering the new menu items, changing the menu items, changing to the new supplier of the ingredients utilized in the preparation of the menu items, and changing to the new ingredients utilized in the preparation of the menu items. If we engage in a Rollout, we will notify you of the details of the Rollout and provide you sixty (60) days from said notification to take the applicable actions required by the Rollout.

9.4 Compliance with Legal Requirements and Good Business Practices.

You must, at your sole expense, operate the Franchised Business in full compliance with all applicable Federal, state and local statutes, laws, ordinances and regulations, including without limitation health and safety regulations, food and drug laws, disability laws, labor and employment laws and data privacy laws, as may be amended, supplemented or enacted from time to time. You must pay all costs and expenses incurred by, and in the conduct of, the Franchised Business, including all rent, salaries, taxes (excluding our income taxes), disbursements, license or permit fees, insurance premiums, traveling expenses and any other business expenses when they become due. We may collect from you, or require you to reimburse us for, any taxes, mandatory industry-funded compliance fees, regulatory fees, assessments, surcharges, or similar charges imposed or assessed by any governmental authority, quasi-governmental authority, or industry body, whether assessed against you or against us, as a result of your operation of the Franchised Business or the license of our intangible property in the jurisdiction where the Franchised Business is located, to the extent

permitted by law. If you receive any demand, action, suit or proceeding, or the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality relating to your Franchised Business, you must immediately notify us, and in no event, later than three (3) days after your receipt. Any such notice must be accompanied by a copy of the demand, complaint, order, writ, injunction, award, decree or other similar document. You must, in all dealings with your employees, customers, suppliers, the public and us adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business practice that may be injurious to the System or the goodwill associated with the Proprietary Marks.

9.5 Maintenance of Insurance.

At all times during the Term, you must maintain in full force at least the minimum types and amount of insurance coverage that we require, under one (1) or more policies of insurance (each of which shall be primary coverage and shall not be contributory or secondary to any other coverage maintained by us), insured under the particular name of the Franchisee and for the particular address of the Franchised Business. You understand and acknowledge that you remain fully liable for any and all claims in connection with the operation of the Franchised Business arising during the Term of this Agreement, including without limitation, for any time period during which you may be in the process of obtaining a valid and complete certificate of insurance or is otherwise out of compliance. We do not waive and hereby reserve your obligations under this Agreement, including without limitation your insurance obligations.

Such insurance policies must be issued by insurers acceptable to us having an A.M. Best's financial strength rating of at minimum "A-VII," and grant us authority to obtain copies of your certificate of insurance directly from the carrier or your agent/broker. The particular requirements of our minimum insurance coverage will be made available to you throughout your term. Currently, the general liability insurance required by this Agreement must: (i) name MTY Franchising USA, Inc. as the certificate holder; (ii) name Kahala Franchising, L.L.C. and MTY Franchising USA, Inc. and their parents, subsidiaries, affiliates, officers, directors, and employees as additional insureds; (iii) contain a waiver by the insurance carrier of all subrogation rights against us and our affiliates and our affiliates' respective officers, directors and employees for casualty losses; (iv) indicate the address of the Franchised Business being insured; and (v) provide that we will receive a copy, via an endorsement, thirty (30) days' prior notice of cancellation of any such policy. Additional minimum insurance coverage requirements (subject to change or otherwise increase in our sole discretion) are as follows:

TYPE OF COVERAGE	LIMITS/SPECIFICATIONS
General Liability	\$4,000,000 (Aggregate) \$2,000,000 (Per Occurrence)
Building Improvements and Betterments	100% of Full Replacement Cost – No Coinsurance (minimum of \$100,000)
Business Personal Property	100% of Full Replacement Cost – No Coinsurance – Special Form or equivalent (minimum of \$100,000)
Liquor Liability	\$1,000,000
Food Borne Illness Liability	\$100,000

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and food items. These restaurants do business under the trade name "*The Counter*[®]". These *The Counter* recipes, techniques, processes and methods constitute our "Trade Secrets." All of our knowledge, experience, Trade Secrets, processes, methods, specifications, techniques, Proprietary Marks (as defined in Recital B.), System Standards (as defined in *Section 1.4*) and information are referred to in this Agreement as the "System." The System may be changed, supplemented, improved and further developed by us from time to time.

B. We have owned and issued franchises to others for the operation of franchised restaurants in the United States and in other countries. We have registered and applied for proprietary marks with the United States Patent and Trademark Office and with offices in other countries serving similar functions. These proprietary interests, trademarks, service marks, logos, insignias, trade names and trade dress are referred to in this Agreement as the "Proprietary Marks."

C. We are engaged in the business of licensing the right to use the Proprietary Marks in connection with the operation and promotion of the System.

D. You understand and recognize that: (1) our Trade Secrets, Proprietary Marks, developments and other properties as recited above are of considerable value; and (2) it is of importance to us and all of our franchisees to maintain the development of the System in a uniform and distinctive manner, allowing you and our other franchisees to enjoy a public image and reputation greater than most single franchisees could establish.

E. You desire to make use of the "*The Counter*[®]" trademark and to enjoy the benefits of that mark, the other Proprietary Marks, and the System; and to establish a "*The Counter*" franchise to be operated in accordance with System Standards set forth from time to time by us. System Standards are set forth in, without limitation, the confidential "ops package," which consists of the "operations manual" ("Operations Manual"), "ops toolkit" and related printed and electronic documents, both now existing and hereinafter developed (individually and collectively, "Confidential Manual"). We are willing to grant you the right to do so under the terms, conditions and provisions set forth in this Agreement, which includes any and all appendices, addenda, amendments, attachments and exhibits.

F. You recognize the necessity and desirability of protecting our reputation, goodwill, Trade Secrets, and other confidential business information; and that disclosure of Trade Secrets and confidential business information, including specifics of the System to any third-party, will cause irreparable damage and harm to us.

AGREEMENT:

The parties agree that the foregoing Recitals are hereby incorporated and made part of this Agreement and further agree as follows:

ARTICLE 1. GRANT OF FRANCHISE; TERM; SYSTEM STANDARDS

1.1 Franchise Grant.

We hereby grant to you a *The Counter* franchise that includes the right to use the System (~~"Franchised Business"~~) as provided in this Agreement, at the following location ("Location"):

[store #]
[doc #]

Street Address: _____

City/State/Zip Code: _____

Additional Location Information
(if applicable) _____

The *The Counter* franchise at the Location will be collectively herein referred to as the "Franchised Business".

1.2 Location of the Franchised Business; No Exclusive Territory or Other Rights.

You must operate the Franchised Business only from the Location, including any catering services of *The Counter* menu items you provide. You acknowledge that the *The Counter* franchise granted under this Agreement is non-exclusive, that we are not granting you any territorial protection or any other exclusive rights, and that we, directly or through one (1) or more affiliates, reserve the right in our sole discretion, and without compensating you or seeking your prior approval: (i) to establish, and grant to other franchisees or licensees the right to establish, a *The Counter* restaurant or any other business using the Proprietary Marks, the *The Counter* System or any variation thereof, in any location other than the approved Location (including locations in the immediate vicinity of your Location), on any terms and conditions that we deem appropriate; (ii) to establish, and grant to other franchisees or licensees the right to establish, any restaurant concept other than *The Counter* in any location on any terms and conditions that we deem appropriate (including locations in the immediate vicinity of the Location); (iii) to sell products identified by the Proprietary Marks or other trademarks, service marks or commercial symbols in any location through any distribution channels, including grocery stores, convenience stores, supermarkets, club stores, vending machines, delivery services and restaurants other than *The Counter* restaurants; and (iv) to take any other action that we are not expressly prohibited from taking under this Agreement.

We hereby grant to you during the term of this Agreement, a non-exclusive right and license to operate a single restaurant at the Location only, according to the System Standards and subject to the terms, conditions and restrictions contained in this Agreement. This Agreement is limited to the operation of one traditional restaurant, unless otherwise amended, and does not grant you the right to buy, own or operate additional restaurants.

Except as expressly limited in this Agreement, we (for ourselves and our affiliates and designees) retain all rights with respect to all Proprietary Marks and the sale of *The Counter* products anywhere in the world with no compensation or liability to you, including the right to:

a. Establish and operate (or license to any other person or entity the right to establish and operate) *The Counter* restaurants owned or licensed by us at any location;

b. Develop, market, own, operate and participate in any other business under the Proprietary Marks or any other trademarks (including trademarks identified in the Franchise Disclosure Document ("Disclosure Document") and other trademarks we or our affiliates own or have the right to license);

making your selection, our recommendation of any location or a third party to assist you in selecting a location, or our allowing you to move forward on any location. You agree that your selection of the Location will be based on your own independent investigation of the suitability of the Location. If a Site Review Report is requested by Franchisee and upon receipt of all items requested by Franchisor from Franchisee, Franchisor will have 30 days to visit and/or review the site proposed by Franchisee and prepare a Site Review Report that will provide Franchisee with certain site information relevant to assessing whether the proposed site is suitable for development of a Restaurant. The Site Review Report represents Franchisor opinion based on its past experience and is offered for consideration and independent evaluation by Franchisee and its advisors. It is not a representation of fact, or guaranty of any type and is provided only on the express understanding, as stated herein, that Franchisor has no liability of any kind whatsoever with respect to the information provided. Franchisee agrees and acknowledges that the Site Review Report may provide an estimate of revenues for the site selected by Franchisee but that there is no representation, warranty, or guaranty that Franchisee's Restaurant will attain these estimated revenues if Franchisee selects this site as the Franchised Location or that the estimate is based on any validated or substantiated methodology. Franchisee will pay Franchisor the then-current fee for the Site Review Report after Franchisor issues a "no-brand-standards-objection" letter for the site. The fee for a Site Review Report is currently \$1,000 to \$5,000, but this fee may be increased by Franchisor at any time. Franchisee will not purchase or lease a proposed site until Franchisor has provided Franchisee with a no-brand-standards-objection letter for that proposed site

2.2 Lease and Purchase Approval.

If you intend to lease the Location for your Franchised Business, the lease will be subject to our prior limited review and acknowledgment so that we can confirm that certain lease terms are incorporated into the lease. You must provide us, at least thirty (30) days prior to executing the lease, a copy of the lease and details relating to square footage, rent per square foot, the term of the lease, and either confirmation that such other terms as we reasonably require are incorporated into the lease or that you and the landlord agree to incorporate the lease addendum to lease agreement as an exhibit to the lease. You or your attorney shall be responsible for negotiating the terms of the lease, which shall be subject to our final limited review and acknowledgment. If you do not submit all of the required documents to us, we will not allow you to move forward with your lease. We have no liability to you regarding the terms or negotiations of the lease.

If, prior to executing the lease, you or your attorney request a full review of your lease, including any and all exhibits attached thereto, and we or our designated affiliate review your entire lease and exhibits and provide to you or your attorney its review of the entire lease and suggested changes to the lease ("Lease Review"), you must pay a Lease Review Fee (as defined in *Section 5.7*) to compensate for time and effort in reviewing the lease. The Lease Review is optional and only completed by us or our designated affiliate at your or your attorney's request. The Lease Review Fee is due only in the event that you or your attorney request us or our affiliate to complete a Lease Review. Each lease must contain the required lease terms set forth in the Lease Addendum to Lease Agreement, and must specifically state that we are a third-party beneficiary of the lease. If we cure any default by you under the lease, any amounts that we pay to cure the default will be payable by you to us on demand, together with interest thereon, at the lesser rate of one and one-half percent (1½%) or the maximum rate that does

2.6 Restricted Use of Restaurant Location.

You may not wholly or partially sublet the Location without our prior written consent. The Location may be used only for the operation of a *The Counter* restaurant in compliance with this Agreement and the System Standards. You shall not conduct other businesses or activities at the Location without our prior written consent.

2.7 Not Applicable.

ARTICLE 3. OPERATIONS

3.1 Commencing Operations.

You agree to start operating your *The Counter* Franchised Business as of the Effective Date. You acknowledge that before starting operations you must, at your own expense, do the following (in addition to any other requirements set forth in this Agreement):

- a. Complete a food safety training program at your sole cost and expense. We will accept the certificate for the required program through your local county or state health department or any other nationally recognized food safety program. You must provide us with a copy of your certificate prior to commencing training;
- b. Successfully complete the Training Program described in *Section 4.1*;
- c. Purchase, lease or otherwise acquire from the list of approved sources provided by us all the signage, supplies, equipment, fixtures, inventory and other items necessary to operate the *The Counter* Franchised Business; and
- d. Obtain liability insurance in accordance with the requirements described in *Section 9.5* and provide to us evidence that such insurance has been obtained.

Prior to starting operations of the Franchised Business, you must notify us that you have satisfied all requirements to begin operations, and provide us with such documents as we may reasonably request that show your compliance with all such requirements. If you do not begin operations of your Franchised Business at the Location as of the Effective Date, then we may terminate this Agreement by giving you notice to that effect.

3.2 Supplies and Promotional Materials; Rollouts.

You agree to sell only those menu items, products and services authorized under the terms of this Agreement and as specified in the Confidential Manual, and you shall use only supplies and ingredients in making those menu items that are in compliance with the standards as set forth in the Confidential Manual or other documents provided by, or approved by, us as they presently exist or may exist in the future. In addition to approved vendors and approved distributor(s), we may, in our sole discretion, require you to purchase certain products or services through designated purchasing channels, programs, platforms, or contractual arrangements specified by us. You shall purchase all such services, supplies and ingredients only from approved vendors and utilize approved distributor(s) as specified in the documents provided by, or approved by, us as they presently exist or may exist in the future. You must purchase promotional materials containing the Proprietary Marks, including stationery, business cards, promotional and

which Franchisor may revise at any time, with the new criteria applying prospectively to persons whom you hires or retain after the date that the new criteria become effective. You understand and agree that you may not designate an individual as a General Manager or Kitchen Manager of the Franchised Business unless the individual meets our minimum experience criteria and enrolls in, and completes, the appropriate track of the In-Store Training module matching the job category or receives equivalent instruction from Franchisee if Franchisee has attained Training Store Certification (as defined in Section 4.1.b.).

Subject to the our right to limit enrollment in the KTEC Classroom Training and In-Store Training modules of the Training Program to persons who meet our minimum experience criteria as provided in this Section, you may enroll a total of up to three (3) individuals in the KTEC Classroom Training and In-Store Training modules (combined) of the Training Program which we provide before the Opening Date without paying any tuition or training fee to us. You may request permission to enroll more than three (3) individuals in the KTEC Classroom Training and In-Store Training modules (combined) of the Training Program which we provide before the Opening Date subject to space availability and their meeting the appropriate qualifications for a training fee as set forth in *Section **Error! Reference source not found.**5.9* or *Section **Error! Reference source not found.**5.10*.

You understand and agree that we may modify the Training Program at any time without prior notice to you. Although, the Training Program, as of the Effective Date, consists of separate modules and tracks, our modifications may involve adding, deleting, shortening or lengthening modules or tracks, changing the location, duration, content or scope of the Training Program, or changing instructors or mandatory training requirements.

You further understand and acknowledges that, although we may have approved one (1) or more of Franchisee's Managers prior to their attendance and our training program, we reserve the right, in our sole discretion, to recommend or require you to replace any Manager if, during the course of the training program, we determine that such Manager is not suitable to act as a *The Counter* Manager.

We assume that a different person occupies each of the job categories that we show above, but one or more of these may be a Primary Owner who attends the KTEC Classroom Training. We expect all of the persons who attend the KTEC Classroom Training and the different tracks of the In-Store Training modules to attend the New Store Opening Module. We may charge an additional training fee if you want to enroll more than a total of 3persons in the KTEC Classroom Training and the different tracks of the In-Store Training modules combined, or to train later hires. All persons must complete the training modules, as well as all tests and assessments to which they are assigned, to our satisfaction in order to be certified.

You acknowledge that adequate knowledge regarding the operation of the Franchised Business is essential to the growth of your franchise and to the promotion of the System. Furthermore, Franchisor has the right to require Franchisee and/or its manager(s) to attend additional training and pay the Additional Training Fee provided for in this *Section **Error! Reference source not found.**4.4* and *Section **Error! Reference source not found.**5.10*, in the event Franchisee is not operating the Franchised Business pursuant to Franchisor's Systems Standards.

4.2 Employee Training.

You acknowledge that the employees of your *The Counter* Franchised Business are an integral and important part of the Franchised Business, as they will have substantial contact with customers. You alone are responsible, and acknowledge that we have no direct or indirect control and no right or authority, for the hiring, firing, training, supervising, setting the terms and conditions of employment (including employee tasks and work schedules), compensation of your employees, or maintaining employment records, for the safety of your employees and for your employees' compliance with the System Standards. The System Standards are in place to protect our interests in the System and not for exercising any control over you, your employees or your Franchised Business. You must ensure that your employees who have direct interaction with the public are able to speak and read English and any other language that may be required to adequately meet the public needs in your Franchised Business.

4.3 Additional Programs; Continuing Assistance.

For your first location, we will provide up to three (3) of our representatives to come to your Franchise Business during opening week for up to twelve (12) days, at our expense, to work with you or your manager on operating your Franchised Business. You will pay us for all Travel Expenses and the prorated Salaries and Benefits (based on the number of days each Opening Team member has worked at Franchisee's Restaurant) for each member of the Opening Team. Two (2) weeks prior to the date that the Opening Team arrives at the Restaurant, you will pay to us 50% of the estimated Travel Expenses (as determined by us) and 50% of the prorated Salaries and Benefits for the Opening Team. Upon completion of the Opening Team's assistance, we will send you an invoice for the actual amount of remaining Travel Expenses and prorated Salaries and Benefits still owed by you. You will pay this invoice within thirty (30) days after receipt. If this Agreement is for the second or a subsequent Restaurant to be opened by Franchisee, then you will be responsible for furnishing the Opening Team to assist with the opening of the Restaurant. The number of Opening Team members (if any) provided by us for the opening of the second or a subsequent Restaurant will be determined by us, in our sole discretion, and if applicable, you will pay us the then-current Per Diem Training Fee for each Opening Team member who provides opening assistance at the Restaurant, and will reimburse us for the Travel Expenses and Salaries and Benefits of the Opening Team members provided by us for the opening of your Restaurant. You will pay the amounts owed to us pursuant to this provision within ten (10) days after receipt of an invoice indicating the amount owed. We may, in the future, request that Trainees participate in refresher or additional training programs. We may also hold an annual conference to introduce new products, discuss sales and marketing techniques, personnel training, advertising programs, merchandising procedures and other subjects. You may be charged a registration fee for these programs and you will be solely responsible for the cost of transportation, food, lodging and other expenses incurred by Trainees at any such program. Attendance at these additional training programs and conferences is mandatory. They will be held in the metropolitan Phoenix, Arizona area, or at other locations in the United States chosen by us, at our sole discretion.

In addition to the initial training available under *Section 4.1*, we shall provide such periodic evaluations or inspections as we deem appropriate, utilizing our field representatives who may visit the Franchised Business from time to time. The frequency and duration of such visits to a Franchised Business by our representatives shall be in our sole discretion. Any such evaluation or inspection is not intended to exercise any control over your employees or the daily operation of your Franchised Business. In addition, we will be available on an ongoing basis at

Operations Manual, then Franchisee shall submit such request in writing to kahala.training@mtygroupp.com~~training@kahalamgmt.com~~. Upon such request, a hard copy of the Operations Manual will be mailed to Franchisee via regular mail within approximately forty-five (45) days thereafter.

So that you may benefit from new knowledge gained by us as to improved techniques in the operation of the Franchised Business, we may from time to time revise, amend, restate or supplement the content of the Confidential Manual or other documents provided by, or approved by, us as they presently exist or may exist in the future. You will at all times ensure that your copy of the Confidential Manual is kept current and up to date. In the event of a dispute regarding any of the content of the Confidential Manual, the master copies maintained by us at our corporate office will control.

4.6 Computer Systems; Debit and Credit Card Processing.

c. You will be required to acquire, to maintain, and to exclusively use, an approved cash register/computer system ("POS System") during the operation of the Franchised Business. You and your employees must complete training for the POS System as we require, and you will be required to use the POS System to produce sales reports, keep inventory control and post sales tax, refunds, credits and allowances and submit that information to us immediately upon our request. You are required to obtain high-speed/always-on internet connection service for your POS System. If high-speed/always-on is not available in your area, dial-up Internet access may be used until high-speed/always-on service becomes available in your area. The POS System must be configured so that we will have remote access to the information and data stored in the POS System, which may include inventory information. This access will allow us to exchange/collect data and other information on such bases as we will communicate to you from time to time. You will be required to maintain the POS System in good working order at all times, and to upgrade or update the POS System during the Term as we may require from time to time. It will be your responsibility to enter into contracts for the maintenance, upgrades and updates to the POS System with an approved supplier of such services identified by us on the list of approved vendors and distributors or other notification to you from us advising of suppliers for your market area. You shall also be required to own a personal computer or similar device with access to the Internet that allows you to report your Gross Sales (as defined in *Section 5.2*) online, send and receive e-mails with us, and receive online orders. If implemented by us, all *The Counter* franchisees of traditional restaurants will be required to participate in an online ordering program. We may provide specifications that you must follow for the hardware, software, and Internet provider for such computer equipment. We may require you to upgrade the hardware and software including, but not limited to, your operating system, as reasonably necessary to provide reports and information required by us.

d. You are required to accept debit and credit cards and Gift/Loyalty Cards from consumers at the Franchised Business. You will be required to acquire and maintain an approved debit, credit and Gift/Loyalty Card processing system to use during the operation of the Franchised Business. Additionally, you must utilize our approved third-party Gift/Loyalty payment card processor for processing all such Gift/Loyalty Card transactions, including entering into a Gift Card Participation Agreement with one of our affiliates, or its successors or assigns, or other approved vendor for the Gift/Loyalty Card processing services. The Payment Card Industry ("PCI") requires all companies that process, store, or transmit credit card information to protect the cardholders' information by complying with the PCI Data Security Standard ("PCI DSS"). Therefore, as a franchisee who accepts credit cards, you are required to

9.4 Compliance with Legal Requirements and Good Business Practices.

You must, at your sole expense, operate the Franchised Business in full compliance with all applicable Federal, state and local statutes, laws, ordinances and regulations, including, without limitation, health and safety regulations, food and drug laws, disability laws, labor and employment laws and data privacy laws, as may be amended, supplemented or enacted from time to time. You must pay all costs and expenses incurred by, and in the conduct of, the Franchised Business, including all rent, salaries, taxes (excluding our income taxes), disbursements, license or permit fees, insurance premiums, traveling expenses and any other business expenses when they become due. We may collect from you, or require you to reimburse us for, any taxes, mandatory industry-funded compliance fees, regulatory fees, assessments, surcharges, or similar charges imposed or assessed by any governmental authority, quasi-governmental authority, or industry body, whether assessed against you or against us, as a result of your operation of the Franchised Business or the license of our intangible property in the jurisdiction where the Franchised Business is located, to the extent permitted by law. If you receive any demand, action, suit or proceeding, or the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality relating to your Franchised Business, you must immediately notify us, and in no event, later than three (3) days after your receipt. Any such notice must be accompanied by a copy of the demand, complaint, order, writ, injunction, award, decree or other similar document. You must, in all dealings with your employees, customers, suppliers, the public and us adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business practice that may be injurious to the System or the goodwill associated with the Proprietary Marks.

9.5 Maintenance of Insurance.

At all times during the Term, you must maintain in full force at least the minimum types and amount of insurance coverage that we require, under one (1) or more policies of insurance (each of which shall be primary coverage and shall not be contributory or secondary to any other coverage maintained by us), insured under the particular name of the Franchisee and for the particular address of the Franchised Business. You understand and acknowledge that you remain fully liable for any and all claims in connection with the operation of the Franchised Business arising during the Term of this Agreement, including without limitation, for any time period during which you may be in the process of obtaining a valid and complete certificate of insurance or is otherwise out of compliance. We do not waive and hereby reserve your obligations under this Agreement, including without limitation your insurance obligations.

Such insurance policies must be issued by insurers acceptable to us having an A.M. Best's financial strength rating of at minimum "A-VII," and grant us authority to obtain copies of your certificate of insurance directly from the carrier or your agent/broker. The particular requirements of our minimum insurance coverage will be made available to you throughout your term. Currently, the general liability insurance required by this Agreement must: (i) name MTY Franchising USA, Inc. as the certificate holder; (ii) name Kahala Franchising, L.L.C. and MTY Franchising USA, Inc. and their parents, subsidiaries, affiliates, officers, directors, and employees as additional insureds; (iii) contain a waiver by the insurance carrier of all subrogation rights against us and our affiliates and our affiliates' respective officers, directors and employees for casualty losses; (iv) indicate the address of the Franchised Business being insured; and (v) provide that we will receive a copy, via an endorsement, thirty (30) days' prior

Under no circumstances may you use, without limitation, the name, image, or voice of a celebrity, public figure, character or other person in connection with the Proprietary Marks or the Franchised Business without our prior written consent. We retain the sole and exclusive right to use, without limitation, the name, services or image of any celebrity, public figure, character or other person in advertising, endorsing or recommending the System.

ARTICLE 11. ACCOUNTING PROCEDURES AND REPORTS

11.1 Maintenance of Records.

You shall keep full, complete, and accurate books and accounts in accordance with generally accepted accounting principles, and in the form and manner indicated below or as from time to time further required by us. You agree to submit reports and data to us electronically if we advise you to do so. You agree:

- a. to submit to us electronically the weekly Gross Sales as set forth in *Section 5.6*;
- b. to submit to us, on or before the thirtieth (30th) day of each month, commencing with ~~you~~ the operations at the Franchised Business, in a format and method approved by us (including through a third-party vendor that franchisee may be required to pay for), a profit and loss statement of the Franchised Business for the preceding calendar month prepared in accordance with generally accepted accounting principles;
- c. to submit to us, within ninety (90) days after the end of each calendar year, commencing with the operations of the Franchised Business, in a format approved by us, a profit and loss statement and balance sheet (including a statement of retained earnings or partnership account) for the preceding calendar year;
- d. to submit to us, at the times required, such other periodic forms, reports and information as may from time to time be required by us;
- e. to preserve, in the English language and for the time periods set forth below, all accounting records and supporting documents related to the Franchised Business (individually and collectively, "Records"), including:
 1. daily cash reports;
 2. cash receipts journal and general ledger;
 3. cash disbursements journal and weekly payroll register;
 4. monthly bank statements, daily deposit slips and canceled checks;
 5. all tax returns, including your personal returns and those of your officers, shareholders, partners and members;
 6. suppliers invoices (paid and unpaid);
 7. dated cash register tapes (detailed and summary);
 8. semi-annual balance sheets and monthly profit and loss statements;
 9. daily production, throwaway and finishing records and weekly inventories;

ARTICLE 13. RENEWAL

Subject to the terms and conditions described below, you will have the right to renew your license to operate the Franchised Business for an additional term of five (5) years. In the event you desire to renew your license, you must give us notice to that effect at least ~~one~~ two hundred ~~twenty~~ ten (~~120~~ 210) days prior to the expiration date of the Term. In addition to giving the notice of renewal referred to above in a timely manner, in order to have the right to renew the license to operate the Franchised Business for an additional term, you must also meet each of the following requirements:

a. You must not then be in default under this Agreement or any other agreement, legal instrument or document with us or any of our affiliates, and no event shall have occurred that, with the giving of notice, the passage of time, or both, would constitute a default under this Agreement, including all financial obligations to us;

b. You must be in complete compliance with the terms of this Agreement, including all financial obligations to us, and the then-current Confidential Manual;

c. You must not have received more than three (3) notices of default or breach of this Agreement during the Term, nor more than two (2) notices of default or breach during the five (5) years immediately preceding the effective date of the proposed renewal;

d. You must have the existing right to maintain possession of the Location or you must have secured and developed a suitable substitute location that meets our then-current minimum site requirements (such confirmation will be provided to you by us in writing);

e. You must sign a general release provided by us;

f. You and we must execute all agreements, legal instruments and other documents (individually and collectively, "Renewal Documents") then used by us in the renewal of franchises and then being required of new franchise owners in connection with the System. The Renewal Documents will supersede this Agreement, but will not terminate your liability to perform any obligations which you have not yet performed under this Agreement, or which survive the termination of this Agreement; nor will the Renewal Documents terminate or supersede any Guaranty of Franchise Agreement, Confidentiality Agreement, or Non-Disclosure and Non-Competition Agreement executed pursuant to this Agreement. The terms of the Renewal Documents may vary materially from the current agreements used by us, including the payment of a higher Royalty Fee and Advertising Fee;

g. The equipment, fixtures and signage used in connection with the operation of the Franchised Business must either meet our then-existing System specifications and standards, or you must agree, within a timeframe required by us, to replace or refurbish such items, and otherwise modify the methods of operation of the Franchised Business at your cost and expense, in order to comply with our System specifications and standards then applicable to new franchise owners;

h. You agree to complete all remodeling and improvements as required by us, and must upgrade the POS System to the then-current required POS System, within the time period specified by us; and

GUARANTY OF FRANCHISE AGREEMENT

This GUARANTY OF FRANCHISE AGREEMENT ("Guaranty") is entered into as of _____ by each of the undersigned ([individually and collectively,]"Guarantor") in favor of MTY FRANCHISING USA, INC., a Tennessee corporation ("Franchisor"). To the extent this Guaranty contains terms and conditions that differ from those contained in the Franchise Agreement (as defined in Recital A below), this Guaranty shall control. All capitalized terms not otherwise defined in this Guaranty will have the same meanings ascribed to such terms in the Franchise Agreement.

Recitals

A. Franchisor and _____, a(n) _____ ("Franchisee") entered into a Franchise Agreement dated _____, 20____[, as amended,] (collectively "Franchise Agreement") for a *The Counter* restaurant located at _____ ("Location" "Franchised Business").

B. Guarantor is a shareholder, partner, member, or other person or entity interested in effecting the grant or transfer of the Franchise Agreement.

C. Without this Guaranty, Franchisor cannot be assured that there are sufficient assets to operate the franchise or to protect Franchisor in the event of a default by Franchisee.

D. Franchisor is willing to enter into the Franchise Agreement only if Guarantor personally guarantees faithful performance of all the terms of the Franchise Agreement.

E. Guarantor acknowledges Guarantor received and read the Franchise Agreement and agrees to be bound to the obligations in this Guaranty with regard to the Franchise Agreement.

Agreement

1. In consideration of the above recitals, Guarantor personally guarantees, for the benefit of Franchisor, its parent, subsidiaries, affiliates and successors and assigns, the prompt and complete performance of all the covenants and conditions contained in the foregoing Franchise Agreement.

2. This Guaranty is effective until all terms of the Franchise Agreement have been fully and completely performed by Franchisee and shall continue through the entire Term of the Franchise Agreement as may be renewed or extended. No release of Franchisee or discharge of Franchisee under bankruptcy law, or any other law, shall impair or effect the obligations of Guarantor to Franchisor hereunder.

3. Franchisor is not required to proceed first against the Franchisee, but may proceed first against the Guarantor alone or concurrent with proceeding against Franchisee. The obligations of Guarantor hereunder are absolute and unconditional.

4. Franchisee and Franchisor may from time to time alter or modify the Franchise Agreement between themselves, possibly changing or increasing the extent of Guarantor's obligation under this Guaranty. Guarantor consents to any and all modifications or amendments of the Franchise Agreement and the documents and Confidential Manual referred to in the Franchise Agreement, without requiring notice to Guarantor or Guarantor's consent.

5. Guarantor agrees specifically to be bound by the confidentiality requirements and the covenant against competition in the Franchise Agreement.

6. Guarantor waives notice of acceptance of this Guaranty and notice of non-performance or non-payment by Franchisee of any of its obligations or liabilities under the Franchise Agreement.

7. A default by Guarantor under this Guaranty will be deemed a default under all Franchise Agreements guaranteed by the Guarantor.

8. Guarantor agrees to pay all attorneys' fees, costs and expenses (including any and all Royalty Fees and Advertising Fees and associated interest on such amounts, that are determined to be owing to Franchisor due to underreporting by Franchisee) incurred by Franchisor in enforcing this Guaranty, whether or not suit or action is filed, and if suit or action is filed, then through trial and all appeals, and also in any proceedings or matter in Bankruptcy Court; Guarantor assumes all liability for all losses, costs, attorneys' fees, and expenses that Franchisor incurs as a result of a default by Franchisee, including those fees and expenses incurred in a bankruptcy proceeding involving Franchisee.

9. Guarantor hereby agrees that upon notice of default or upon an uncured default of the Franchise Agreement or any other agreement between Guarantor (or a legal entity thereof) and Franchisor or its affiliates, and with no prior notice, Guarantor consents to Franchisor's (or any of its affiliate's or third-party contractor's) acquisition and use of non-business consumer credit reports on Guarantor in order to evaluate as necessary the financial condition of Guarantor as principal, member, manager, franchisee, and/or guarantor in connection with the collection of monetary obligations as contemplated by the Franchise Agreement, this Guaranty, a promissory note, or any other agreements between Guarantor (or a legal entity thereof), and Franchisor or its affiliates. Guarantor as an individual or individuals hereby knowingly consent to the use of such credit reports consistent with the Federal Fair Credit Reporting Act as contained in 15 U.S.C. § 1681 et seq.

10. This Guaranty is personal to Guarantor and the obligations and duties imposed herein may not be delegated or assigned; provided, however, that this Guaranty shall be binding upon the successors, assigns, heirs, estate, trustee(s) and personal representative(s) of Guarantor. This Guaranty shall inure to the benefit of Franchisor, its affiliates, successors and assigns.

11. In the event that any one or more provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof and this Guaranty shall be construed to bind Guarantor to the maximum extent permitted by law that is subsumed within the terms of such provision as though it were separately articulated herein.

12. This Guaranty shall be interpreted and construed under the laws of the State of Arizona ~~where the Franchised Business is located~~, which laws shall prevail in the event of any conflict of law. – Any appropriate state or federal court located in the Maricopa County ~~county of the~~ State where the Franchised Business is located, ~~Arizona~~ has exclusive jurisdiction over any case or controversy arising under or in connection with this Agreement and is the proper forum in which to adjudicate the case or controversy, and the parties hereto irrevocably submit to the jurisdiction of any such court. THE PARTIES AGREE THAT ALL DISPUTES ADMITTED TO THE COURT PURSUANT TO THIS SECTION 12 SHALL BE TRIED TO THE COURT SITTING WITHOUT A JURY, NOTWITHSTANDING ANY STATE OR FEDERAL CONSTITUTIONAL OR STATUTORY RIGHTS OR PROVISIONS.

terms and conditions set forth in this Agreement shall be binding on the undersigned unless it is set forth in writing and duly executed by the undersigned and Franchisor.

c. This Agreement shall be binding on the undersigned's heirs, executors, successors and assigns as though originally executed by such persons.

d. *Notices.* All notices permitted or required under this Agreement shall be in writing and shall be delivered by personal delivery, courier, such as FedEx® or UPS®, or by U.S. Mail, sent certified or registered mail, return receipt requested, to the address set forth in the first paragraph of this Agreement, with a courtesy copy sent via email ~~or facsimile~~ (to the address set forth on the signature page below) for the respective Party to be noticed, which address may be amended from time to time pursuant to the terms of this *Section 7.d*. Notices provided under this *Section 7.d* shall be deemed received upon personal delivery or delivery by courier and within five (5) days after deposit in the U.S. Mail.

e. *Governing Law and Venue.* This Agreement shall be governed by and construed in accordance with the laws of the ~~State of Arizona~~ state where the Franchised Business is located without reference to conflict of laws principles. Except for actions seeking injunctive relief (which may be brought in any appropriate jurisdiction) suit under this Agreement shall only be brought in the state or federal courts ~~located in Maricopa County, Arizona~~ in the county and state where the Franchised Business is located. This choice of jurisdiction and venue is intended by the Parties to be mandatory and not permissive in nature, and to preclude the possibility of litigation between the Parties with respect to, or arising out of, this Agreement in any jurisdiction other than as specified in this *Section 7.e*. Each Party waives any right it may have to assert the doctrine of forum non conveniens or similar doctrine or to object to the jurisdiction and venue with respect to any proceeding brought in accordance with this *Section 7.e*.

f. *No Assignment.* The undersigned shall not assign or transfer any rights or obligations under this Agreement without Franchisor's prior written consent, which may be withheld in Franchisor's sole discretion. Any assignment made in violation of this *Section 7.f* shall be void.

g. *Counterparts; Facsimile Signatures.* This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original document as against the Party whose signature appears thereon, and all of which shall together constitute one and the same Agreement. The signatures required for execution may be transmitted to the other Party via facsimile or email and such signature shall be deemed a duplicate original, shall be effective upon receipt by the other Party, may be admitted in evidence and shall fully bind the Party and person making such signature.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement by their duly authorized representatives with full rights, power and authority to enter into and bind the respective Party and to perform all obligations under this Agreement.

[NAME]

10. Risk of Loss. Except to the extent caused by the intentional misconduct of Sublessor and to the fullest extent permitted by law, (a) Sublessee assumes all risk of loss of or damage to Sublessee's property located within the Premises or the Project, including any loss or damage caused by water leakage, fire, windstorm, explosion, theft, vandalism, earthquake, act of God or act of any other tenant or third party; and (b) Sublessee waives any claim, demand, and/or action against Sublessor for injury, death, or property damage occurring in or around the Premises or Project during the Term.

11. Indemnification. To the fullest extent permitted by law, Sublessee hereby agrees to indemnify, defend (with counsel acceptable to Sublessor), release, and hold harmless Sublessor and Sublessor's affiliates, and each of their respective officers, directors, contractors, agents, attorneys, and employees (collectively, "Indemnified Parties"), against all claims, demands, damages, losses, causes of action, and actions of any kind or nature whatsoever, and all related costs and expenses (including reasonable attorneys' fees): (a) for injury, death, disability, or illness of any person, or damage to property, occurring in or around the Premises or Project or arising out of Sublessee's use of the Premises or Project; (b) in connection with or arising from the terms, conditions, requirements, and/or provisions of the Lease (or Sublessor's negotiation or documentation thereof) and this Sublease; and (c) in connection with or arising from any mechanics' or materialmen's lien or claim filed against the Premises for work performed or materials furnished by or on behalf of Sublessee, except to the extent caused by the intentional misconduct of Sublessor. It is expressly agreed that Sublessee's obligations under this Section 11 will survive the expiration or earlier termination of this Sublease for any reason.

12. Insurance. Sublessee will provide such commercial general liability, property, and other insurance coverages as Sublessor may reasonably request with respect to the operation of Sublessee's business in the Premises, but in no event less than the insurance coverage required to be carried by "Tenant" pursuant to the Lease (including, but not limited to, loss of rent insurance). The insurance will be with companies reasonably acceptable to Sublessor, written on an occurrence basis, provide primary coverage, and name Sublessor (and Sublessor's area representative, if any), and Landlord as additional insureds or loss payees as their interests may appear, as applicable and as otherwise required of the "Tenant" under the Lease. The liability policy will contain a contractual liability endorsement. Sublessee will deliver certificates evidencing the insurance required by this Section 12, which provide that the insurance may not be cancelled or materially changed in the scope or amount of coverage unless thirty (30) days advance written notice is given to Sublessor and Landlord.

13. Right to Inspect. Sublessor, and its agents, employees, and representatives, will have the right to inspect the Premises at any time during business hours to determine Sublessee's compliance with the terms of this Sublease and the Lease.

14. Acceptance of Premises; Sublessee's Representations. Upon the date that Landlord delivers possession of the Premises to Sublessor and Sublessor delivers possession of the Premises to Sublessee (which may occur simultaneously), Sublessee agrees to accept the Premises in an "AS IS" condition, without any representations or warranties. Sublessee represents and confirms to Sublessor that Sublessee has selected the Premises for the location of a[n] Brand restaurant to be established and operated by Sublessee and that: (a) no representative, agent, attorney or employee of Sublessor made any representations, inducements, or promises about the Premises, the Lease or the entry into this Sublease; (b) no representative, agent, attorney or employee of Sublessor made any representations, inducements or promises about the characteristics or conditions regarding or pertaining to the Premises or the shopping center/development in which the Premises ~~is situated~~are located; (c) Sublessee has independently investigated the potential for the success of its operations in the Premises and has not relied upon any representations, inducements or promises by Sublessor's representatives, agents, attorney or employees, or any area representative; (d) Sublessee has concluded that the Premises has a reasonable opportunity for success as a[n] Brand restaurant; (e) Sublessee has inspected the Premises and finds the same in acceptable condition; (f) Sublessor has made no representation or warranty as to the suitability of the Premises for the conduct of Sublessor's

If to Sublessee: At the Premises or as designated
in the notice provision(s) of the
Franchise Agreement

All communications and notices will be effective upon delivery in person or by courier (with proof of delivery) in the manner set forth above. Any party may change his, her, or its address by giving notice in writing, stating his, her, or its new address, to the other party to this Sublease as provided in the foregoing manner.

18. Personal Property Taxes. Sublessee will comply with all legal requirements for filing a personal property tax return for, and paying all taxes assessed against, all personal property, equipment, and fixtures located within the Premises during the Term hereof, with such payment to be made by Sublessee directly to the taxing authority on or before the due date thereof.

19. Quiet Enjoyment. So long as Sublessee pays all amounts due hereunder and performs all other covenants and agreements herein set forth, and so long as no Event of Default exists, Sublessee will peaceably and quietly have, hold, and enjoy the Premises for the Term without hindrance from Sublessor subject to the terms and provisions of this Sublease. As this is a Sublease, Sublessee agrees to take the Premises subject to the terms of the Lease and all matters of record.

20. Governing Law. This Sublease and all questions relating to its validity, interpretation, performance, and enforcement will be governed by and construed, interpreted and enforced in accordance with the laws of the state where the Premises are located ~~State of Arizona, notwithstanding any Arizona or other state's conflict of laws provisions to the contrary.~~

21. Attorneys' Fees. If either party should prevail in any litigation or other legal proceeding instituted by or against the other related to this Sublease, the final prevailing party, as determined by the court or the like, will receive from the non-prevailing party all costs and reasonable attorneys' fees (payable at standard hourly rates) incurred in such litigation or other legal proceeding, including costs on appeal, as determined by the court or the like. Sublessee will also pay to Sublessor, as additional rent, Sublessor's reasonable attorneys' fees incurred as a result of any breach or default by Sublessee under this Sublease.

22. Successors and Assigns. Subject to Section 9 of this Sublease, which restricts Sublessee's rights to assign this Sublease and its rights hereunder, this Sublease will be binding upon and inure to the benefit of the parties and their respective assigns, legal representatives, executors, heirs, and successors. Any attempt by Sublessee to assign this Sublease, or any of its rights hereunder, or to delegate its obligations hereunder, without strict compliance with the terms of Section 9 will be void. Notwithstanding anything contained in this Sublease to the contrary, Sublessor may assign this Sublease, or any of its rights hereunder, or delegate any of its obligations hereunder, without the consent of Sublessee or any other person.

23. Joint and Several Liability. If Sublessee consists of more than one person or entity, the obligations hereunder will be joint and several.

24. Entire Agreement. This Sublease, including the exhibits hereto contains the entire understanding and agreement of the parties with respect to the subject matter hereof and supersedes, replaces, and extinguishes all prior agreements and understandings between the parties with respect to that subject matter. Each of the exhibits hereto and such other agreements (whether between the current parties or a former sublessee) are hereby incorporated in this Sublease by this reference and

5. Guarantor agrees specifically to be bound by any confidentiality requirements in the Sublease.

6. Guarantor waives any requirement that Sublessor may have, if any, to provide notice of acceptance of this Guaranty and/or notice of non-performance or non-payment by Sublessee of any of its obligations or liabilities under the Sublease.

7. Guarantor agrees to pay all attorneys' fees, costs, and expenses incurred by Sublessor in enforcing this Guaranty, whether or not suit or action is filed, and if suit or action is filed, then through trial and all appeals, and also in any proceedings or matter in Bankruptcy Court. Guarantor assumes all liability for all losses, costs, attorney's fees, and expenses that Sublessor incurs as a result of a default by Sublessee, including those fees and expenses incurred in a bankruptcy proceeding involving Sublessee.

8. Guarantor hereby agrees that upon notice of default or upon an uncured default of the Sublease or any other agreement between Guarantor (or a legal entity thereof) and Sublessor or its affiliates, and with no prior notice, Guarantor consents to Sublessor's (or its affiliates' or third-party contractors') acquisition and use of non-business consumer credit reports on Guarantor in order to evaluate as necessary the financial condition of Guarantor as principal, member, manager, franchisee, and/or guarantor in connection with the collection of monetary obligations as contemplated by the Franchise Agreement, the Sublease, this Guaranty, a promissory note, or any other agreements between Guarantor (or a legal entity thereof) and Sublessor or its affiliates. Guarantor hereby knowingly consents to the use of such credit reports consistent with the Federal Fair Credit Reporting Act as contained in 15 U.S.C. § 1681 et seq.

9. This Guaranty is personal to Guarantor and the obligations and duties imposed herein may not be delegated or assigned; provided, however, that this Guaranty shall be binding upon the successors, assigns, and personal representatives of Guarantor. This Guaranty shall inure to the benefit of Sublessor, its affiliates, successors, and assigns.

10. [The undersigned _____ include name(s) here of each of the undersigned who is not married] each represents that he or she is not married as of the first date set forth above.]

11. In the event that any one or more provisions contained herein shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof and this Guaranty shall be construed to bind Guarantor to the maximum extent permitted by law that is subsumed within the terms of such provision as though it were separately articulated herein.

12. This Guaranty shall be interpreted and construed under the laws of the state where the Premises are located ~~of the State of Arizona, which laws shall prevail in the event of any conflict of law.~~ Any appropriate state or federal court located in the county and state where the Premises are located ~~Maricopa County, Phoenix, Arizona~~ has exclusive jurisdiction over any case or controversy arising under or in connection with this Guaranty and is the proper forum in which to adjudicate the case or controversy, and the parties hereto irrevocably submit to the jurisdiction of any such court. THE PARTIES AGREE THAT ALL DISPUTES ADMITTED TO THE COURT PURSUANT TO THIS SECTION 12 SHALL BE TRIED TO THE COURT SITTING WITHOUT A JURY, NOTWITHSTANDING ANY STATE OR FEDERAL CONSTITUTIONAL OR STATUTORY RIGHTS OR PROVISIONS.

13. If Guarantor consists of two (2) or more persons, then each person will be jointly and severally liable under the provisions of this Guaranty.

CONSENT TO TRANSFER AND RELEASE AGREEMENT

(Store #; City, State)

This CONSENT TO TRANSFER AND RELEASE AGREEMENT ("Agreement") is entered into on _____ ("Effective Date") by and between _____, a(n) _____ ("Assignor"), and _____, a(n) _____ ("Assignee"), and MTY FRANCHISING USA, INC., a Tennessee corporation [, as ultimate assignee of _____] ("Franchisor"). All capitalized terms not defined expressly in this Agreement shall have the meaning assigned to such terms in the Franchise Agreement (as defined in Recital A. below).

Recitals

A. Franchisor and Assignor are parties to a Franchise Agreement dated _____, 20____[, as amended], ("collectively the]Franchise Agreement") for the *The Counter* restaurant located at _____ ("Franchised Business").

B. Assignor desires to assign the Franchised Business to Assignee, and Assignee desires to accept the assignment. [Assignor and Assignee hereby represent and warrant to Franchisor that the assignment of the Franchised Business is supported by a purchase agreement entered into by Assignor and Assignee and hereby agree that, consistent with their indemnification obligations provided for below, they have sole responsibility for any disputes related to the accuracy and content of such purchase agreement].

~~C. [FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER] Assignor hereby agrees that Assignor is the responsible franchisee under the Franchise Agreement from _____, 20____ until the date immediately preceding the Effective Date. Assignee hereby agrees that Assignee is the responsible franchisee under the Franchise Agreement as of and after the Effective Date and continuing through the Term of the Franchise Agreement[, as amended by the [First] Amendment to Franchise Agreement].~~

~~D.C. [FOR FULL TRANSFER AND ASSIGNEE ENTERS INTO A NEW FA] Assignee and Assignor each acknowledges that upon assignment, Assignee must execute Franchisor's current form of franchise agreement, which includes its current royalty fees and advertising contributions that may be greater than the amount of such corresponding fees in Assignor's Franchise Agreement. The Franchise Agreement shall be deemed expired as of and after the effective date of Assignee's current form of franchise agreement executed concurrently with this Agreement.~~

~~[OR FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER] Assignee acknowledges receipt of a copy of the Franchise Agreement from Assignor.~~

~~E.D. Franchisor agrees to consent to the assignment of the Franchised Business from Assignor to Assignee, subject to the terms and conditions of this Agreement.~~

NOW, THEREFORE, in consideration of the mutual promises, covenants, conditions and terms contained in this Agreement, the parties agree as follows:

Agreement

1. The foregoing Recitals are hereby incorporated in and made a part of this Agreement.

2. Pursuant to the terms and conditions of the Franchise Agreement, Assignor requested Franchisor's prior written consent to assign the Franchised Business ~~[FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER: and Franchise Agreement]~~ from Assignor to Assignee. Franchisor hereby consents to the transfer of the Franchised Business ~~[FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER: and Franchise Agreement]~~ to Assignee subject to the terms and conditions of this Agreement being fully met by both Assignor and Assignee.

3. Assignor agrees to transfer the Franchised Business ~~[FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER: and Franchise Agreement]~~ to Assignee pursuant to the transfer provisions in Assignor's Franchise Agreement, and Assignee accepts the transfer of the Franchised Business pursuant to the transfer provisions in Assignor's Franchise Agreement, including, but not limited to, the payment of the applicable transfer fees.

4. ~~[FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER]~~ Assignor and Assignee agree that, pursuant to the terms of the Franchise Agreement, Assignee is required to execute Franchisor's then current form of franchise agreement and all exhibits attached thereto prior to the closing of the transfer of the Franchised Business. Franchisor hereby waives Assignee's obligation to execute Franchisor's then current form of franchise agreement and all exhibits attached thereto as required by the terms of the Franchise Agreement for this transfer only. Assignor hereby acknowledges and agrees that Franchisor's waiver of Assignor's obligations under the terms of the Franchise Agreement is not a permanent waiver and that Franchisor, its assigns and their respective affiliates hereby reserve the right to require Assignor, Assignee or their respective affiliates, authorized assignees or principals to sign Franchisor's then current form of franchise agreement and all exhibits attached thereto in connection with other transfers that may be requested by and between the parties.

5.4. Subject to Section 123 below, Assignor hereby agrees to continue to be bound by the terms and conditions set forth in the Franchise Agreement until the date immediately preceding the Effective Date.

6.5. ~~[FOR FULL TRANSFER AND ASSIGNEE ENTERS INTO A NEW FA]~~ Assignee hereby agrees to execute Franchisor's current form of franchise agreement with Franchisor, and to be bound by the terms and conditions set forth in the current form of franchise agreement.

~~[OR FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER]~~ Assignee hereby agrees to be bound by the terms and conditions set forth in the Franchise Agreement.

7.6. **[USE WHEN BUYER IS PAYING THE TRANSFER [FRANCHISE] FEE]** Pursuant to the terms of the Franchise Agreement, Franchisor is owed a Transfer [Franchise] Fee in the amount of _____ Thousand _____ Hundred and 00/100 Dollars (\$XX,X00.00). Assignor, Assignee and Franchisor hereby agree that the Transfer [Franchise] Fee will be paid by Assignee to Franchisor, contemporaneous with the execution of this Agreement, on behalf of Assignor. Assignor shall be liable to Franchisor for the Transfer [Franchise] Fee if Assignee fails to pay the Transfer [Franchise] Fee in full.

[OR USE WHEN SELLER IS PAYING THE TRANSFER [FRANCHISE] FEE] Pursuant to the terms of the Franchise Agreement, Franchisor is owed, contemporaneous with the execution of this Agreement, a Transfer [Franchise] Fee in the amount of _____ Thousand _____ Hundred and 00/100 Dollars (\$XX,X00.00).

8.7. **[USE IF BUYER IS PAYING THE [TRANSFER] TRAINING FEE]** Pursuant to the terms of the Franchise Agreement, Franchisor is owed a [Transfer] Training Fee in the amount of

_____ Thousand _____ Hundred and 00/100 Dollars (\$X,X00.00). Assignor, Assignee and Franchisor hereby agree that the [Transfer] Training Fee will be paid by Assignee to Franchisor, contemporaneous with the execution of this Agreement, on behalf of Assignor. Assignor shall be liable to Franchisor for the [Transfer] Training Fee if Assignee fails to pay the [Transfer] Training Fee in full.

[OR USE IF SELLER IS PAYING THE [TRANSFER] TRAINING FEE] Pursuant to the terms of the Franchise Agreement, Franchisor is owed, contemporaneous with the execution of this Agreement, a [Transfer] Training Fee in the amount of _____ Thousand _____ Hundred and 00/100 Dollars (\$X,X00.00).

~~9-8.~~ Assignor shall cure any and all monetary defaults due and payable under Assignor's phone service agreement, complete and sign a letter of agency, letter of authorization or equivalent form, and provide the form to Assignee at least one week prior to the transfer of the Franchised Business to allow Assignee to retain the telephone number of the Franchised Business.

~~10-9.~~ Assignee will provide the letter of agency, letter of authorization or equivalent form to Assignee's phone service provider in an effort to retain the telephone number of the Franchised Business.

~~11-10.~~ Assignor shall cure any and all defaults, debts, and/or charges of any monetary consideration due and payable to Franchisor (or its affiliates) prior to the execution of this Agreement, including, without limitation, any and all past due fees under the Franchise Agreement, including, without limitation, current royalty fees, and advertising contributions, through the date immediately preceding the Effective Date, along with any accruing interest, late fees or other penalties as allowed under the Franchise Agreement and/or applicable law. Notwithstanding the foregoing, in the event Assignor fails to cure and fully satisfy such debts and/or charges/expenses as required herein, Franchisor has the sole and absolute discretion to move forward with the transfer as contemplated by this Agreement but without waiving any amounts due and owing to Franchisor and/or their respective affiliates with reservation of any and all rights and remedies to pursue such defaults, debts and charges against Assignor at a later time.

~~12-11.~~ Assignor represents and warrants that it fully disclosed to Franchisor all terms of the transfer along with any information, which, if known by Franchisor, might provide grounds for Franchisor to reasonably withhold its consent to this Agreement.

~~13-12.~~ Assignor ratifies and reaffirms any and all provisions and/or agreements with Franchisor intended to survive the assignment and/or termination of the Franchise Agreement and agrees to remain bound by them, including but not limited to any provisions pertaining to confidential information and covenant against competition.

~~14-13.~~ Assignor agrees that it has no rights in any of Franchisor's trademarks, trade names, service marks, and/or the like (collectively, the "Trademarks"), except in connection with other *The Counter* franchises owned by Assignor, if any. Assignor further agrees and acknowledges that such Trademarks are the sole property of Franchisor and that Assignor has no rights in them, except as authorized by Franchisor in connection with other *The Counter* franchises owned by Assignor, if any. Assignor quitclaims to Franchisor any and all rights in Franchisor's Trademarks in the event Assignor has any such rights, except those rights acquired through other *The Counter* franchises authorized by Franchisor and owned by Assignor, if any.

~~15-14.~~ Assignee acknowledges that Franchisor has not made any express or implied verbal or written representations or promises whatsoever that:

- a. future assignments will be approved;
- b. Assignee will have financial success operating the Franchised Business;
- c. the consideration, if any, paid for the Franchised Business represents the true value of the Franchised Business; or
- d. Assignor is not in default under the terms of the Franchise Agreement.

~~16.15.~~ Assignee acknowledges that Franchisor has made no representations whatsoever concerning the value of the Franchised Business.

~~17.16.~~ All notices required or permitted under this Agreement shall be in writing and shall be delivered by personal delivery, courier, such as FedEx® or UPS®, or by U.S. Mail sent via certified or registered mail, return receipt requested, to the address set forth below, which address may be amended from time to time pursuant to the terms of this Section. You have an obligation to promptly notify us pursuant to this Section whenever your mailing address, and/or phone number change. Notices shall be provided to the parties at the address specified below:

If to Assignee: [Name]
[Attn:]
[Address]
[City, State, Zip]
Telephone Number:

If to Assignor: [Name]
[Attn:]
[Address]
[City, State, Zip]
Telephone Number:

If to Franchisor: MTY FRANCHISING USA, INC.
Attn: Legal Department
9311 E Via de Ventura
Scottsdale, Arizona 85258
Telephone Number: (480) 362-4800

~~18.17.~~ Franchisor hereby consents to the transfer of the Franchised Business to Assignee subject to the terms and conditions of this Agreement being fully met by both Assignor and Assignee.

~~19.18.~~ Assignor and Assignee understand the Effective Date is the closing date indicated on the escrow statement/closing statement.

~~20.19.~~ IN CONSIDERATION OF FRANCHISOR'S AGREEMENTS SET FORTH IN THIS AGREEMENT, ASSIGNOR REPRESENTS THAT FRANCHISOR HAS NOT FAILED TO PERFORM, AND IS NOT IN ANY RESPECT IN DEFAULT IN THE PERFORMANCE OF, ANY OF ITS OBLIGATIONS UNDER THE FRANCHISE AGREEMENT, AND ASSIGNOR AND EACH OF ITS CURRENT, PAST AND FUTURE PREDECESSORS, SUCCESSORS AND ASSIGNS, AND EACH OF ITS AND THE FOREGOING ENTITIES RESPECTIVE PARENTS, SUBSIDIARIES, SHAREHOLDERS, MEMBERS, MANAGERS, OWNERS, PARTNERS, DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES, AGENTS, SUCCESSORS, ASSIGNS, GUARANTORS, INSURERS, SPOUSES, HEIRS, EXECUTORS, TRUSTEES, AND ESTATES, IF ANY, OF ANY

IF ANY OF THE PROVISIONS OF THIS AGREEMENT ARE HELD INVALID FOR ANY REASONS, THE REMAINDER OF THIS AGREEMENT WILL NOT BE AFFECTED AND WILL REMAIN IN FULL FORCE AND EFFECT.

~~21-20.~~ Assignor and Assignee hereby agree to protect, defend and indemnify each of the Franchisor Affiliates and hold them harmless from and against any and all costs and expenses actually incurred by them or for which they are liable, including, without limitation, attorney's fees, court costs, expert witness fees and costs, losses, liabilities, damages, claims and demands of every kind or nature, and including those incurred pursuant to a settlement entered into in good faith, arising out of or in connection with the Franchised Business, including specifically without limitation any claim or controversy arising out of (i) this Agreement, (ii) the Franchise Agreement, (iii) any transfer of the Franchised Business by Assignee or Assignor, (iv) acts or omissions of Assignee and/or Assignor which are not in strict compliance with this Agreement, the Franchise Agreement, and/or the Operations Manual in respect of use or display of the Proprietary Marks, or (v) acts or omissions of Assignee and/or Assignor which tend to create an impression that the relationship between the parties hereto is other than one of Franchisor and Franchisee. Franchisor Affiliates, at their sole discretion, may hire legal counsel to defend any actions brought against any Franchisor Affiliates which arise out of Assignor's obligations under all agreements entered into between Assignor and any of the Franchisor Affiliates, including, without limitation, this Agreement, and Assignee's obligations herein. Assignor and Assignee hereby agree to pay any and all attorneys' fees, expert costs, and any other fees and costs incurred by Franchisor Affiliates to said selected counsel upon the request of Franchisor Affiliates. Assignor and Assignee will, if requested by any Franchisor Affiliates, defend any suits at the sole cost and expense of Assignor and Assignee through the use of attorneys determined by Franchisor Affiliates. For purposes of this provision, requests shall be made pursuant to the notice provisions set forth in this Agreement. Notwithstanding the other provisions of this Section to the contrary, if any, except as otherwise specified in this Agreement, Assignor shall not be responsible for any of the acts or omissions of Assignee after the Effective Date.

~~22-21.~~ Assignor agrees for itself and its successors and assigns that it will not disparage, denigrate or, defame the Franchisor Affiliates, or any of their business dealings, financial condition, pending litigation and arbitrations, officers, directors, employees, agents, representatives or attorneys, either publicly or privately, by any means whatsoever (including electronic means) (collectively, "Non Disparagement Provision"). In the event such a communication is made to anyone, including, but not limited to, third party legal counsel adverse to Franchisor Affiliates in any fashion, former employees of Franchisor Affiliates, former shareholders of Franchisor Affiliates, current or former vendors, franchisees, licensees, or area representatives of Franchisor Affiliates' quick service restaurant brands, media government agencies, public interest groups, and publishing companies, it will be considered a material breach of the terms of this Agreement and Franchisor Affiliates shall be entitled to bring a legal action for appropriate equitable relief as well as damages. In addition to any other rights or remedies available at law, in equity, or by statute, Assignor consents to the specific enforcement of this Non Disparagement Provision through an injunction or restraining order issued by an appropriate court, without the requirement of posting a bond. Notwithstanding the above, nothing in this provision shall prevent or prohibit Assignor from testifying in any legal proceeding, including a deposition, hearing or trial, from cooperating in good faith in any governmental investigation or action, or from making any report required by law.

~~23-22.~~ Each individual executing this Agreement on behalf of a partnership, limited liability company or corporation represents and warrants that he or she is duly authorized to execute and deliver this Agreement on behalf of the partnership, limited liability company, or corporation, and agrees to deliver evidence of his or her authority to Franchisor upon request by Franchisor.

~~24.23.~~ The provisions of this Agreement are severable, and if any one or more provisions may be determined to be unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable. If the provision found to be unenforceable was material to this Agreement, the parties agree to promptly negotiate the terms of a substitute provision to replace the severed provision consistent with the then-current law and the parties' original intent.

~~25.24.~~ This Agreement shall be construed under and according to the laws of the state where the Franchised Business is located~~State of Arizona~~, without regard to conflict of laws principles.

~~26.25.~~ ANY AND ALL COURT PROCEEDINGS ARISING FROM THIS AGREEMENT SHALL BE BROUGHT IN, AND ONLY IN, A COURT OF COMPETENT JURISDICTION IN THE COUNTY AND STATE WHERE THE FRANCHISED BUSINESS IS LOCATED~~LOCATED IN MARICOPA COUNTY, ARIZONA~~. THE PARTIES CONSENT TO THE EXERCISE OF SUBJECT MATTER AND PERSONAL JURISDICTION BY SUCH COURTS AND HEREBY WAIVE ANY OBJECTIONS OR DEFENSE THERETO.

~~27.26.~~ This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The signatures required for execution may be transmitted to the other party via facsimile or a scanned .pdf file sent via email and such signature shall be deemed a duplicate original, shall be effective upon receipt by the other party, may be admitted in evidence and shall fully bind the party and person making such signature.

~~28.27.~~ No amendment, addendum, modification, supplement or waiver of this Agreement or any of its provisions shall be binding on the parties unless made in writing and duly executed by an authorized representative of Franchisor and Assignor and Assignee. A failure of any party to enforce at any time any of the provisions of this Agreement or to require at any time performance by another party or any provision of this Agreement, shall in no way be construed as a continuing waiver of those provisions or of any other rights under this Agreement.

~~29.28.~~ Except as otherwise specified in this Agreement, this Agreement shall not be construed in any way as modifying, waiving, or affecting any of the terms, covenants, conditions, or agreements contained in the Franchise Agreement executed by Assignor, or the current form of franchise agreement to be executed by Assignee.

~~30.29.~~ This Agreement shall inure to the benefit of and shall be binding upon each of the parties hereto and their respective successors and assigns.

[SIGNATURE PAGE FOLLOWS]

CONSENT TO TRANSFER AND RELEASE AGREEMENT

(Store #; City, State)

This CONSENT TO TRANSFER AND RELEASE AGREEMENT ("Agreement") is entered into on _____ ("Effective Date") by and between _____, a(n) _____ ("Assignor"), and _____, a(n) _____ ("Assignee"), and MTY FRANCHISING USA, INC., a Tennessee corporation[, as ultimate assignee of _____] ("Franchisor") and _____, a(n) _____ ("Sublessor") (Franchisor and Sublessor may collectively be referred to in this Agreement as "Company"). All capitalized terms not defined expressly in this Agreement shall have the meaning assigned to such terms in the Franchise Agreement (as defined in Recital A. below) or the Sublease (as defined in Recital B. below).

Recitals

A. Franchisor and Assignor are parties to a Franchise Agreement dated _____[, as amended], (collectively the "Franchise Agreement") for the *The Counter* restaurant located at _____ ("Franchised Business").

B. Sublessor and Assignor are parties to a Sublease Agreement dated _____[, as amended], (collectively the "Sublease") for the Franchised Business.

C. Assignor desires to assign the Franchised Business to Assignee, and Assignee desires to accept the assignment. [Assignor and Assignee hereby represent and warrant to Company that the assignment of the Franchised Business is supported by a purchase agreement entered into by Assignor and Assignee and hereby agree that, consistent with their indemnification obligations provided for below, they have sole responsibility for any disputes related to the accuracy and content of such purchase agreement.

D. ~~[FOR FULL TRANSFER AND ASSIGNEE ENTERS INTO A NEW FA]~~ Assignee acknowledges that upon assignment, Assignee must execute Franchisor's current form of franchise agreement, which includes its current royalty fees and advertising contributions that may be greater than the amount of such corresponding fees in Assignor's Franchise Agreement. The Franchise Agreement shall be deemed expired as of and after the effective date of Assignee's current form of franchise agreement executed concurrently with this Agreement.

~~[OR FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER]~~
Assignee acknowledges receipt of a copy of the Franchise Agreement from Assignor.

E. ~~[FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER]~~ Assignor hereby agrees that Assignor is the responsible franchisee under the Franchise Agreement from _____ until the date immediately preceding the Effective Date. Assignee hereby agrees that Assignee is the responsible franchisee under the Franchise Agreement as of and after the Effective Date and continuing through the Term of the Franchise Agreement[, as amended by the [First] Amendment to Franchise Agreement].

F.E. ~~[FOR FULL TRANSFER AND ASSIGNEE ENTERS INTO A NEW SUBLEASE]~~ Assignee acknowledges that upon assignment, Assignee must execute Sublessor's current form of sublease. The Sublease shall be deemed expired as of and after the effective date of Assignee's current form of sublease executed concurrently with this Agreement.

~~[OR FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER]~~
Assignee acknowledges receipt of a copy of the Sublease from Assignor, together with all

~~amendments, supplements, riders, exhibits, and revisions, including a copy of the underlying Master Lease, and fully understands and acknowledges the obligations under the Sublease.~~

~~G. [FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER] Assignor hereby agrees that Assignor is the responsible sublessee under the Sublease from _____ until the date immediately preceding the Effective Date. Assignee hereby agrees that Assignee is the responsible sublessee under the Sublease as of and after the Effective Date and continuing through the Term of the Sublease [, as amended by the [First] Amendment to Franchise Sublease].~~

~~H.F.~~ Franchisor agrees to consent to the assignment of the Franchised Business from Assignor to Assignee, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises, covenants, conditions and terms contained in this Agreement, the parties agree as follows:

Agreement

1. The foregoing Recitals are hereby incorporated in and made a part of this Agreement.

2. Pursuant to the terms and conditions of the Franchise Agreement, Assignor requested Franchisor's prior written consent to assign the Franchised Business ~~[FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER: and Franchise Agreement]~~ from Assignor to Assignee. Franchisor hereby consents to the transfer of the Franchised Business ~~[FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER: and Franchise Agreement]~~ to Assignee subject to the terms and conditions of this Agreement being fully met by both Assignor and Assignee.

~~3. [FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER] Pursuant to the terms and conditions of the Sublease, Assignor has requested Sublessor's prior written consent to assign the Sublease from Assignor to Assignee. Sublessor hereby consents to the assignment of the Sublease to Assignee, subject to the terms and conditions of this Agreement being fully met by both Assignor and Assignee.~~

~~4.3.~~ Assignor agrees to transfer the Franchised Business ~~[FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER: and Franchise Agreement and Sublease]~~ to Assignee pursuant to the transfer provisions in Assignor's Franchise Agreement, and Assignee accepts the transfer of the Franchised Business ~~[FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER: and Franchise Agreement and Sublease]~~, pursuant to the transfer provisions in Assignor's Franchise Agreement, including, but not limited to, the payment of the applicable transfer fees.

~~5. [FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER] Assignor and Assignee agree that, pursuant to the terms of the Franchise Agreement, Assignee is required to execute Franchisor's then-current form of franchise agreement and all exhibits attached thereto prior to the closing of the transfer of the Franchised Business. Franchisor hereby waives Assignee's obligation to execute Franchisor's then-current form of franchise agreement and all exhibits attached thereto as required by the terms of the Franchise Agreement for this transfer only. Assignor hereby acknowledges and agrees that Franchisor's waiver of Assignor's obligations under the terms of the Franchise Agreement is not a permanent waiver and that Franchisor, its assigns and their respective affiliates hereby reserve the right to require Assignor, Assignee or their respective affiliates, authorized assignees or principals to sign Franchisor's then-current form of~~

~~franchise agreement and all exhibits attached thereto in connection with other transfers that may be requested by and between the parties.~~

~~6.4.~~ Subject to Section ____ below, Assignor hereby agrees to continue to be bound by the terms and conditions set forth in the Franchise Agreement until the date immediately preceding the Effective Date.

~~7.5.~~ ~~[FOR FULL TRANSFER AND ASSIGNEE ENTERS INTO A NEW FA]~~ Assignee hereby agrees to execute Franchisor's current form of franchise agreement with Franchisor, and to be bound by the terms and conditions set forth in the current form of franchise agreement.

~~[OR FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER]~~
Assignee hereby agrees to be bound by the terms and conditions set forth in the Franchise Agreement.

~~8.6.~~ ~~[USE WHEN BUYER IS PAYING THE TRANSFER [FRANCHISE] FEE]~~ Pursuant to the terms of the Franchise Agreement, Franchisor is owed a Transfer [Franchise] Fee in the amount of _____ Thousand _____ Hundred and 00/100 Dollars (\$XX,X00.00). Assignor, Assignee and Franchisor hereby agree that the Transfer [Franchise] Fee will be paid by Assignee to Franchisor, contemporaneous with the execution of this Agreement, on behalf of Assignor. Assignor shall be liable to Franchisor for the Transfer [Franchise] Fee if Assignee fails to pay the Transfer [Franchise] Fee in full.

~~[OR USE WHEN SELLER IS PAYING THE TRANSFER [FRANCHISE] FEE]~~
Pursuant to the terms of the Franchise Agreement, Franchisor is owed, contemporaneous with execution of this Agreement, a Transfer [Franchise] Fee in the amount of _____ Thousand _____ Hundred and 00/100 Dollars (\$XX,X00.00).

~~9.7.~~ ~~[USE IF BUYER IS PAYING THE [TRANSFER] TRAINING FEE]~~ Pursuant to the terms of the Franchise Agreement, Franchisor is owed a [Transfer] Training Fee in the amount of _____ Thousand _____ Hundred and 00/100 Dollars (\$X,X00.00). Assignor, Assignee and Franchisor hereby agree that the [Transfer] Training Fee will be paid by Assignee to Franchisor, contemporaneous with the execution of this Agreement, on behalf of Assignor. Assignor shall be liable to Franchisor for the [Transfer] Training Fee if Assignee fails to pay the [Transfer] Training Fee in full.

~~[OR USE IF SELLER IS PAYING THE [TRANSFER] TRAINING FEE]~~ Pursuant to the terms of the Franchise Agreement, Franchisor is owed, contemporaneous with the execution of this Agreement, a [Transfer] Training Fee in the amount of _____ Thousand _____ Hundred and 00/100 Dollars (\$X,X00.00).

~~10.8.~~ Assignor agrees to the assignment of Assignor's interest in and to the lease security deposit, if any, currently held by the Landlord to the Assignee.

~~11.9.~~ Subject to Section 168 below, Assignor hereby agrees to continue to be bound by the terms and conditions set forth in the Sublease through the date immediately preceding the Effective Date.

~~12.10.~~ ~~[IF ASSIGNEE IS SIGNING A NEW SUBLEASE]~~ Assignee hereby agrees to execute Sublessor's current form of sublease, and to be bound by the terms and conditions set forth in the current form of sublease.

~~[OR IF ASSIGNEE IS NOT SIGNING A NEW SUBLEASE]~~ Assignee hereby agrees to be bound by the terms and conditions set forth in the Sublease.

~~13-11.~~ Assignor shall cure any and all monetary defaults due and payable under Assignor's phone service agreement, complete and sign a letter of agency, letter of authorization or equivalent form, and provide the form to Assignee at least one week prior to the transfer of the Franchised Business to allow Assignee to retain the telephone number of the Franchised Business.

~~14-12.~~ Assignee will provide the letter of agency, letter of authorization or equivalent form to Assignee's phone service provider in an effort to retain the telephone number of the Franchised Business.

~~15-13.~~ Assignor shall cure any and all defaults, debts, and/or charges of any monetary consideration due and payable to Franchisor (or its affiliates) prior to the execution of this Agreement, including, without limitation, any and all past due fees under the Franchise Agreement and Sublease, as applicable, including, without limitation, current royalty fees, advertising contributions, and rental and other occupancy expenses/charges through the date immediately preceding the Effective Date, along with any accruing interest, late fees or other penalties as allowed under the Franchise Agreement, Sublease and/or applicable law. Notwithstanding the foregoing, in the event Assignor fails to cure and fully satisfy such debts and/or charges/expenses as required herein, Franchisor has the sole and absolute discretion to move forward with the transfer as contemplated by this Agreement but without waiving any amounts due and owing to Company and/or their respective affiliates with reservation of any and all rights and remedies to pursue such defaults, debts and charges against Assignor at a later time.

~~16-14.~~ Assignor and Assignee hereby understand and agree that there may be additional charges and/or credits under the Lease and/or Sublease for rent including, without limitation, common area and maintenance charges/reconciliations, insurance, and/or taxes, related to the Franchised Business. Assignor and Assignee further hereby agree that Assignee shall be entitled to receive the credits and/or pay the actual charges incurred to the Landlord or Sublessor, as directed by Sublessor, within ten (10) days from receipt of Sublessor's notice of such charges and/or credits to Assignee. Assignor and Assignee hereby represent and warrant to Sublessor that Assignor and Assignee have taken such actions as necessary to account for such charges and/or credits in the purchase price for the Franchised Business.

~~17-15.~~ Assignor represents and warrants that it fully disclosed to Company all terms of the transfer along with any information, which, if known by Company, might provide grounds for Company to reasonably withhold its consent to this Agreement.

~~18-16.~~ Assignor ratifies and reaffirms any and all provisions and/or agreements with Company intended to survive the assignment and/or termination of the Franchise Agreement and Sublease and agrees to remain bound by them, including but not limited to any provisions pertaining to confidential information and covenant against competition.

~~19-17.~~ Assignor agrees that it has no rights in any of Franchisor's trademarks, trade names, service marks, and/or the like (collectively, the "Trademarks"), except in connection with other *The Counter* franchises owned by Assignor, if any. Assignor further agrees and acknowledges that such Trademarks are the sole property of Franchisor and that Assignor has no rights in them, except as authorized by Franchisor in connection with other *The Counter* franchises owned by Assignor, if any. Assignor quitclaims to Franchisor any and all rights in Franchisor's Trademarks in the event Assignor has any such rights, except those rights acquired through other *The Counter* franchises authorized by Franchisor and owned by Assignor, if any.

~~20-18.~~ Assignee acknowledges that Company has not made any express or implied verbal or written representations or promises whatsoever that:

- a. future assignments will be approved;
- b. Assignee will have financial success operating the Franchised Business;
- c. the landlord will grant an extension of the Master Lease where the Franchised Business is located and operates;
- d. the consideration, if any, paid for the Franchised Business represents the true value of the Franchised Business; or
- e. Assignor is not in default under the terms of the Franchise Agreement and/or the Sublease.

~~21-19.~~ Assignee acknowledges that Company has made no representations whatsoever concerning the value of the Franchised Business.

~~22-20.~~ All notices required or permitted under this Agreement shall be in writing and shall be delivered by personal delivery, courier, such as FedEx® or UPS®, or by U.S. Mail sent via certified or registered mail, return receipt requested, to the address set forth below, which address may be amended from time to time pursuant to the terms of this Section. You have an obligation to promptly notify us pursuant to this Section whenever your mailing address, and/or phone number change. Notices shall be provided to the parties at the address specified below:

If to Assignee: [Name]
 [Attn:]
 [Address]
 [City, State, Zip]
 Telephone Number:

If to Assignor: [Name]
 [Attn:]
 [Address]
 [City, State, Zip]
 Telephone Number:

If to Franchisor: MTY FRANCHISING USA, INC.
 Attn: Legal Department
 9311 E Via de Ventura
 Scottsdale, Arizona 85258
 Telephone Number: (480) 362-4800

If to Sublessor: [NAME OF SUBLESSOR]
 Attn: Real Estate Department
 9311 E Via de Ventura
 Scottsdale, Arizona 85258
 Telephone Number: (480) 362-4800

~~23.~~21. Franchisor hereby consents to the transfer of the Franchised Business to Assignee subject to the terms and conditions of this Agreement being fully met by both Assignor and Assignee.

~~24.~~22. Assignor and Assignee understand the Effective Date is the closing date indicated on the escrow statement/closing statement.

~~25.~~23. IN CONSIDERATION OF COMPANY'S AGREEMENTS SET FORTH IN THIS AGREEMENT, ASSIGNOR REPRESENTS THAT COMPANY HAS NOT FAILED TO PERFORM, AND IS NOT IN ANY RESPECT IN DEFAULT IN THE PERFORMANCE OF, ANY OF ITS OBLIGATIONS UNDER THE SUBLEASE AND/OR THE FRANCHISE AGREEMENT, AND ASSIGNOR AND EACH OF ITS CURRENT, PAST AND FUTURE PREDECESSORS, SUCCESSORS AND ASSIGNS, AND EACH OF ITS AND THE FOREGOING ENTITIES RESPECTIVE PARENTS, SUBSIDIARIES, SHAREHOLDERS, MEMBERS, MANAGERS, OWNERS, PARTNERS, DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES, AGENTS, SUCCESSORS, ASSIGNS, GUARANTORS, INSURERS, SPOUSES, HEIRS, EXECUTORS, TRUSTEES, AND ESTATES, IF ANY, OF ANY AND ALL SUCH ENTITIES (COLLECTIVELY WITH ASSIGNOR, "ASSIGNOR AFFILIATES") HEREBY IRREVOCABLY AND UNCONDITIONALLY RELEASE, REMISE AND FOREVER DISCHARGE COMPANY AND EACH ITS CURRENT, PAST AND FUTURE PREDECESSORS, SUCCESSORS AND ASSIGNS, AND EACH OF ITS AND THE FOREGOING ENTITIES RESPECTIVE PARENTS, SUBSIDIARIES, SHAREHOLDERS, MEMBERS, MANAGERS, OWNERS, PARTNERS, DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES, AGENTS, SUCCESSORS, ASSIGNS, GUARANTORS, INSURERS, SPOUSES, HEIRS, EXECUTORS, TRUSTEES, AND ESTATES, IF ANY, OF ANY AND ALL SUCH ENTITIES (COLLECTIVELY WITH COMPANY "FRANCHISOR AFFILIATES"), FROM ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION, SUITS, DEBTS, DUTIES, ACCOUNTS, COVENANTS, CONTRACTS, AGREEMENTS, PROMISES, DAMAGES, JUDGMENTS, TAXES, LIABILITIES AND OBLIGATIONS, BOTH CONTINGENT AND FIXED, KNOWN AND UNKNOWN, NOW EXISTING OR HEREAFTER, OF EVERY KIND AND NATURE WHATSOEVER, IN LAW OR EQUITY, OR OTHERWISE, UNDER LOCAL STATE, OR FEDERAL LAW OR THE LAW OF ANY OTHER APPLICABLE JURISDICTION, THAT ANY OF THE ASSIGNOR AFFILIATES HAVE AGAINST ANY OF THE FRANCHISOR AFFILIATES, INCLUDING, WITHOUT LIMITATION, THOSE ARISING FROM, IN CONNECTION WITH OR RELATING TO: (I) THE SUBLEASE AND/OR FRANCHISE AGREEMENT (INCLUDING ANY AMENDMENTS OR MODIFICATIONS THERETO); (II) THE OPERATION OF THE FRANCHISED BUSINESS, INCLUDING ANY LEASING OR SUBLEASING RELATED THERETO; AND (III) THE OFFERING AND SALE OF THE FRANCHISED BUSINESS; ARISING FROM AN ACT, OMISSION, CONDUCT OR ACTIVITY OCCURRING BEFORE AND INCLUDING THE EFFECTIVE DATE.

IT IS UNDERSTOOD BY ASSIGNOR THAT IF THE FACTS OR LAW WITH RESPECT TO THE FOREGOING RELEASE HEREAFTER TURN OUT TO BE DIFFERENT FROM THE FACTS OR LAW KNOWN TO BE OR BELIEVED BY ASSIGNOR TO BE TRUE AS OF THE EFFECTIVE DATE HEREOF, THEN ASSIGNOR EXPRESSLY ASSUMES THE RISK OF THE FACTS OR LAW TURNING OUT TO BE SO DIFFERENT, AND AGREES THAT THE FOREGOING RELEASE SHALL BE IN ALL RESPECTS EFFECTIVE AND NOT SUBJECT TO TERMINATION OR RESCISSION IN WHOLE OR IN PART BASED UPON SUCH DIFFERENCES. WHERE THE FRANCHISED BUSINESS IS LOCATED IN THE STATE OF CALIFORNIA OR ASSIGNOR IS A RESIDENT OF THE STATE OF CALIFORNIA, ASSIGNOR KNOWINGLY WAIVES ALL RIGHTS AND PROTECTIONS, IF ANY, UNDER SECTION 1542 OF THE CIVIL CODE OF THE STATE OF CALIFORNIA, OR ANY SIMILAR LAW OF ANY STATE OR TERRITORY OF THE UNITED STATES OF AMERICA. SECTION 1542 PROVIDES AS FOLLOWS:

1542 GENERAL RELEASE; EXTENT. A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

ASSIGNOR ACKNOWLEDGES AND WARRANTS THAT ASSIGNOR EITHER CONSULTED WITH LEGAL COUNSEL, OR HAD THE OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL, BEFORE EXECUTING THIS AGREEMENT. ASSIGNOR UNDERSTANDS ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENTS THAT THIS AGREEMENT SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND EVERY EXPRESS TERM AND PROVISION, INCLUDING, WITHOUT LIMITATION, TERMS RELATING TO THE AGREEMENT OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

IF ANY OF THE PROVISIONS OF THIS AGREEMENT ARE HELD INVALID FOR ANY REASONS, THE REMAINDER OF THIS AGREEMENT WILL NOT BE AFFECTED AND WILL REMAIN IN FULL FORCE AND EFFECT.

~~26-24.~~ Assignor and Assignee hereby agree to protect, defend and indemnify each of the Franchisor Affiliates and hold them harmless from and against any and all costs and expenses actually incurred by them or for which they are liable, including, without limitation, attorney's fees, court costs, expert witness fees and costs, losses, liabilities, damages, claims and demands of every kind or nature, and including those incurred pursuant to a settlement entered into in good faith, arising out of or in connection with the Franchised Business, including specifically without limitation any claim or controversy arising out of (i) this Agreement, (ii) the Franchise Agreement, (iii) Sublease and/or Master Lease, (iv) any transfer of the Franchised Business by Assignee or Assignor, (v) acts or omissions of Assignee and/or Assignor which are not in strict compliance with this Agreement, the Franchise Agreement, Sublease and/or the Operations Manual in respect of use or display of the Proprietary Marks, or (vi) acts or omissions of Assignee and/or Assignor which tend to create an impression that the relationship between the parties hereto is other than one of Franchisor and Franchisee. Franchisor Affiliates, at their sole discretion, may hire legal counsel to defend any actions brought against any Franchisor Affiliates which arise out of Assignor's obligations under all agreements entered into between Assignor and any of the Franchisor Affiliates, including, without limitation, this Agreement, and Assignee's obligations herein. Assignor and Assignee hereby agree to pay any and all attorneys' fees, expert costs, and any other fees and costs incurred by any Franchisor Affiliates to said selected counsel upon the request of any Franchisor Affiliates. Assignor and Assignee will, if requested by any Franchisor Affiliates, defend any suits at the sole cost and expense of Assignor and Assignee through the use of attorneys determined by Franchisor Affiliates. For purposes of this provision, requests shall be made pursuant to the notice provisions set forth in this Agreement. Notwithstanding the other provisions of this Section to the contrary, if any, except as otherwise specified in this Agreement, Assignor shall not be responsible for any of the acts or omissions of Assignee after the Effective Date.

~~27-25.~~ Assignor agrees for itself and its successors and assigns that it will not disparage, denigrate or, defame the Franchisor Affiliates, or any of their business dealings, financial condition, pending litigation and arbitrations, officers, directors, employees, agents, representatives or attorneys, either publicly or privately, by any means whatsoever (including electronic means) (collectively, "Non Disparagement Provision"). In the event such a communication is made to anyone, including, but not limited to, third party legal counsel adverse to Franchisor Affiliates in any fashion, former employees of Franchisor Affiliates, former shareholders of Franchisor Affiliates, current or former vendors, franchisees, licensees, or area representatives of Franchisor Affiliates' quick service restaurant brands, media government agencies, public interest groups, and publishing

companies, it will be considered a material breach of the terms of this Agreement and Franchisor Affiliates shall be entitled to bring a legal action for appropriate equitable relief as well as damages. In addition to any other rights or remedies available at law, in equity, or by statute, Assignor consents to the specific enforcement of this Non Disparagement Provision through an injunction or restraining order issued by an appropriate court, without the requirement of posting a bond. Notwithstanding the above, nothing in this provision shall prevent or prohibit Assignor from testifying in any legal proceeding, including a deposition, hearing or trial, from cooperating in good faith in any governmental investigation or action, or from making any report required by law.

~~28-26.~~ Each individual executing this Agreement on behalf of a partnership, limited liability company or corporation represents and warrants that he or she is duly authorized to execute and deliver this Agreement on behalf of the partnership, limited liability company, or corporation, and agrees to deliver evidence of his or her authority to Company upon request by Company.

~~29-27.~~ The provisions of this Agreement are severable, and if any one or more provisions may be determined to be unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable. If the provision found to be unenforceable was material to this Agreement, the parties agree to promptly negotiate the terms of a substitute provision to replace the severed provision consistent with the then-current law and the parties' original intent.

~~30-28.~~ This Agreement shall be construed under and according to the laws of the state where the Franchised Business is located ~~State of Arizona~~, without regard to conflict of laws principles.

~~31-29.~~ ANY AND ALL COURT PROCEEDINGS ARISING FROM THIS AGREEMENT SHALL BE BROUGHT IN, AND ONLY IN, A COURT OF COMPETENT JURISDICTION IN THE COUNTY AND STATE WHERE THE FRANCHISED BUSINESS IS LOCATED ~~LOCATED IN MARICOPA COUNTY, ARIZONA~~. THE PARTIES CONSENT TO THE EXERCISE OF SUBJECT MATTER AND PERSONAL JURISDICTION BY SUCH COURTS AND HEREBY WAIVE ANY OBJECTIONS OR DEFENSE THERETO.

~~32-30.~~ This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The signatures required for execution may be transmitted to the other party via facsimile or a scanned .pdf file sent via email and such signature shall be deemed a duplicate original, shall be effective upon receipt by the other party, may be admitted in evidence and shall fully bind the party and person making such signature.

~~33-31.~~ No amendment, addendum, modification, supplement or waiver of this Agreement or any of its provisions shall be binding on the parties unless made in writing and duly executed by an authorized representative of Company and Assignor and Assignee. A failure of any party to enforce at any time any of the provisions of this Agreement or to require at any time performance by another party or any provision of this Agreement, shall in no way be construed as a continuing waiver of those provisions or of any other rights under this Agreement.

~~34-32.~~ Except as otherwise specified in this Agreement, this Agreement shall not be construed in any way as modifying, waiving, or affecting any of the terms, covenants, conditions, or agreements contained in the Franchise Agreement and Sublease executed by Assignor, or the current form of franchise agreement or sublease to be executed by Assignee.

~~35-33.~~ This Agreement shall inure to the benefit of and shall be binding upon each of the parties hereto and their respective successors and assigns.

ADDENDUM TO FRANCHISE DOCUMENTS
(FOR THE STATE OF CALIFORNIA)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF CALIFORNIA) ("Addendum") dated _____ ("Addendum Effective Date") to the [Franchise Agreement[, as amended], [Consent to Transfer and Release Agreement,] [General Release,] [Promissory Note and Security Agreement] [Sublease] [each] dated _____, and including any and all exhibits attached thereto (individually and collectively, "Franchise Documents") between _____ ("Franchisee") and MTY FRANCHISING USA, INC., a Tennessee corporation ("Franchisor") [and LEASING ENTITY, a[n] _____ "Sublessor"] hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Agreement. To the extent this Addendum contains terms and conditions that differ from those contained in the Franchise Documents, this Addendum shall control. The parties agree that a concept or principle covered in this Addendum shall apply and be incorporated into all other provisions of the Franchise Documents in which the concept or principle is also applicable, notwithstanding the absence of any specific cross-reference thereto. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Franchise Documents.

1. **CALIFORNIA LAW MODIFICATIONS**

- A. The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Disclosure Document.
- B. 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.).
- C. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California Law.
- ~~D. The Franchise Documents may require application of the laws of the State of Arizona. Any provision that does may not be enforceable under California Law.~~
- DE. Section 31125 of the California Corporations Code requires us to give you a Disclosure Document, in a form containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
- EF. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).
- EG. The Franchise Agreement requires binding arbitration. ~~The arbitration will occur at the American Arbitration Association office in Maricopa County, Arizona, or, if our headquarters are no longer located in Maricopa County, Arizona, then the arbitration shall take place in the county in which our headquarters are located at~~

~~the time the arbitration is commenced, with all of the costs of the arbitration, including the fees of the arbitrator and the reasonable attorney's fees of the prevailing party~~ to be paid by the party that did not prevail. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

GH. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning transfer, termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

H. If the franchisee resides in the State of California or the franchised business is located within the State of California, the venue for any dispute may be within the State of California. Business and Professions Code Section 20040.5 voids restricting a venue to a forum outside California with respect to any claim arising under or relating to a franchise involving a franchise business operating in California.

IJ. 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.

JK. **OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.**

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the California law applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met. Except as set forth in this Addendum, the terms and provisions of the Franchise Documents shall remain in full force and effect.

IN WITNESS WHEREOF, each party hereto, by and through its respective representative with full rights, power and authority to enter into and bind his or her respective party without further consent or approval of any kind, have duly executed and delivered this Addendum as of the Addendum Effective Date.

FRANCHISOR:

FRANCHISEE:

MTY FRANCHISING USA, INC., a Tennessee corporation

By: _____

By: _____

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.

m. If the Franchise Documents require Franchisee to participate in any advertising campaign or contest, promotional campaign, promotional materials, or display decorations or materials, then the maximum amount the Franchisee may be required to pay is \$35,000 per calendar year, and if the Franchisee's participation in any advertising campaign or contest, promotional campaign, promotional materials, or display decorations or materials would require the Franchisee to pay in excess of that amount, such participation by the Franchisee will be optional for the remainder of that calendar year.

2. Indiana Code § 23-2-2.5-9(2) requires us to give you a copy of the Franchise Disclosure Document at the earlier of: (i) 10 days prior to signing the Agreement; or (ii) 10 days prior to our receipt of any consideration.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Indiana Deceptive Practices Act and the Indiana Franchises Act, with respect to each such provision, are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met. Except as set forth in this Addendum, the terms and provisions of the Franchise Documents shall remain in full force and effect.

IN WITNESS WHEREOF, each party hereto, by and through its respective representative with full rights, power and authority to enter into and bind his or her respective party without further consent or approval of any kind, has duly executed and delivered this Addendum as of the Addendum Effective Date.

FRANCHISOR:

FRANCHISEE:

MTY FRANCHISING USA, INC., a Tennessee corporation

By: _____
[Name, Title]

By: _____
[Name, Title]

[SUBLESSOR:

By: _____
[Name, Title]

By: _____
[Name, Title]]

**WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE
FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS**

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. **Noncompetition Covenants.** 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.
15. **Nonsolicitation Agreements.** 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.
16. **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.

17. Prohibitions on Communicating with Regulators. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. Advisory Regarding Franchise Brokers. Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this _____ day of _____, 20____.

ADDENDUM TO FRANCHISE DOCUMENTS
(FOR THE STATE OF WASHINGTON)

~~The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Documents 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 Documents in your relationship with the Franchisor, including the areas of termination and renewal of your Franchise.~~

~~1. If any provisions governing termination or non-renewal disclosed herein are inconsistent with Washington law, then Washington law shall apply. The applicable law reads as follows:~~

~~Section 19.100.180. Without limiting the other provisions of this chapter, the following specific rights and prohibitions shall govern the relation between the franchisor or subfranchisor and the franchisees:~~

~~(2) For the purpose of this chapter and without limiting its general application, it shall be an unfair or deceptive act or practice or an unfair method of competition and therefore unlawful and violation of this chapter for any person to:~~

~~(a) Restrict or inhibit the right of the franchisees to join an association of franchisees.~~

~~(b) Require a franchisee to purchase or lease goods or services of the franchisor or from approved sources of supply unless and to the extent that the franchisor satisfies the burden of proving that such restrictive purchasing agreements are reasonably necessary for a lawful purpose justified on business grounds, and do not substantially affect~~

competition: ~~PROVIDED, That this provision shall not apply to the initial inventory of the franchise. In determining whether a requirement to purchase or lease goods or services constitutes an unfair or deceptive act or practice or an unfair method of competition the courts shall be guided by the decisions of the courts of the United States interpreting and applying the anti-trust laws of the United States.~~

~~_____ (c) Discriminate between franchisees in the charges offered or made for royalties, goods, services, equipment, rentals, advertising services, or in any other business dealing, unless and to the extent that the franchisor satisfies the burden of proving that any classification of or discrimination between franchisees is: (i) Reasonable, (ii) based on franchises granted at materially different times and such discrimination is reasonably related to such difference in time, or is based on other proper and justifiable distinctions considering the purposes of this chapter, and (iii) is not arbitrary. However, nothing in (c) of this subsection precludes negotiation of the terms and conditions of a franchise at the initiative of the franchisees.~~

~~_____ (d) Sell, rent, or offer to sell to a franchisee any product or service for more than a fair and reasonable price.~~

~~_____ (e) Obtain money, goods, services, anything of value, or any other benefit from any other person with whom the franchisee does business on account of such business unless such benefit is disclosed to the franchisee.~~

~~_____ (f) If the franchise provides that the franchisee has an exclusive territory, which exclusive territory shall be specified in the franchise agreement, for the franchisor or subfranchisor to compete with the franchisee in an exclusive territory or to grant competitive franchises in the exclusive territory area previously granted to another franchisee.~~

~~_____ (g) Require franchisee to assent to a release, assignment, novation, or waiver which would relieve any person from liability imposed by this chapter, except as otherwise permitted by RCW 19.100.220.~~

~~_____ (h) Impose on a franchisee by contract, rule, or regulation, whether written or oral, any standard of conduct unless the person so doing can sustain the burden of proving such to be reasonable and necessary.~~

~~_____ (i) Refuse to renew a Franchise Agreement without fairly compensating the franchisee for the fair market value, at the time of expiration of the Franchise Agreement, or the franchisee's inventory, supplies, equipment, and furnishings purchased from the franchisor and good will, exclusive of personalized materials which have no value to the franchisor, and inventory, supplies, equipment and furnishings not reasonably required in the conduct of the franchised business: PROVIDED, that compensation need not be made to a franchisee for good will if: (i) the franchisee has been given one year's notice of nonrenewal; and (ii) the franchisor agrees in writing not to enforce any covenant which restrains the franchisee from competing with the franchisor: PROVIDED FURTHER, that a franchisor may offset against amounts owed to a franchisee under this subsection any amounts owed by such franchisee to franchisor.~~

~~_____ (j) Terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include, without limitation, the failure of the franchisee to comply with lawful material provisions of the franchise or other agreement between the franchisor and the franchisee and to cure such default after being given written notice thereof and a reasonable~~

~~opportunity, which in no event need be more than thirty days, to cure such default, or if such default cannot reasonably be cured within thirty days, the failure of the franchisee to initiate within thirty days substantial and continuing action to cure such default: PROVIDED, that after three willful and material breaches of the same term of the Franchise Agreement occurring within a twelve month period, for which the franchisee has been given notice and an opportunity to cure as provided in this subsection, the franchisor may terminate the Franchise Agreement upon any subsequent month period without providing notice or opportunity cure: PROVIDED FURTHER, that a franchisor may terminate a Franchise Agreement without prior notice or opportunity to cure a default if the franchisee: (i) is adjudicated bankrupt or insolvent; (ii) makes an assignment for the benefit of creditors or similar disposition of the assets of the franchised business; (iii) voluntarily abandons the franchised business; or (iv) is convicted of or pleads guilty or no contest to a charge of violating any law relating to the franchised business. Upon termination for good cause the franchisor shall purchase from the franchisee at a fair market value at the time of termination, the franchisee's inventory and supplies, exclusive of: (i) personalized materials which have no value to the franchisor; (ii) inventory and supplies not reasonably required in the conduct of the franchised business; and (iii) if the franchisee is to retain control of the premises of the franchised business, any inventory and supplies not purchased from the franchisor or on his express requirement: PROVIDED, that a franchisor may offset against amounts owed to a franchisee under this subsection any amounts owed by such franchisee to the franchisor."~~

~~(k) 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.~~

~~2. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.~~

~~3. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.~~

~~4. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.~~

~~5. Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.~~

~~Each provision of this Addendum to Franchise Documents shall be effective only to the extent that the jurisdictional requirements of the Washington law applicable to the provision are met independent of this Addendum. This Addendum to Franchise Documents shall have no force or effect if such jurisdictional requirements are not met. Except as set forth in this Addendum to Franchise Documents, the terms and provisions of the Franchise Documents shall remain in full force and effect.~~

~~IN WITNESS WHEREOF, each party hereto, by and through its respective representative with full rights, power and authority to enter into and bind his or her respective party without further consent or approval of any kind, have duly executed and delivered this Addendum to the Franchise Documents on _____.~~

FRANCHISOR:

FRANCHISEE:

MTY FRANCHISING USA, INC., a Tennessee
corporation

By: _____
[Name, Title]

By: _____
[Name, Title]

By: _____
[Name, Title]

[SUBLESSOR:

_____,
a[n]

By: _____]
[Name, Title]]

The Counter Franchise List as of November 30, ~~2024~~2025

The name of the franchisee, store address and telephone numbers of the stores are listed below:

Franchise Company	Owners	Address	City	State	Zip	Phone
SR Counter Inc	Mukesh Kumar	3055 Olin Ave	San Jose	CA	95128	4084239200
JMM MANAGEMENT, INC.	Jon Muranaka	4211 Waialae Ave	Honolulu	HI	96816	8087395100
La Restaurant Museum Square, Inc.	Arif Hashmi	5779 Wilshire Blvd	Los Angeles	CA	90036	3239328900
MV Counter, Inc.	Mukesh Kumar	2580 W El Camino Real	Mountain View	CA	94040	6509482333
Host-Tinsley Joint Venture	Lisette Govea	4250 NW 20th St	Miami	FL	33126	7868681416
Host International, Inc. (The Counter)	Chris Crocco	Terminal 7 World Way	Los Angeles	CA	90045	4242274423

The Counter Franchisees who have signed Franchise Agreements but whose stores were not open as of November 30, ~~2024~~2025:

Franchise Company	Franchisee	Address	City	State	Zip	Phone
Charanjit Toor and Gurpreet Toor	Charanjit.Toor, Gurpreet.Toor	TBD	Fresno	CA		559-352-1611

RECEIPT #1

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 MTY Franchising USA, Inc. 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.

[New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.]

[Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.]

If MTY Franchising USA, Inc. 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 state agency listed on Exhibit B.

The franchisor is MTY Franchising USA, Inc., located at 9311 E. Via De Ventura, Scottsdale, Arizona 85258. Its telephone number is (480) 362-4800. The franchise seller for this offering is _____, (____) _____.

Issuance date: March 27~~8~~, 202~~6~~~~5~~, as amended October 10, 2025.

MTY Franchising USA, Inc. authorizes the respective state agencies identified on Exhibit C to receive service of process for it in the particular state.

I received a The Counter Disclosure Document dated March 27~~8~~, 202~~6~~~~5~~, as amended October 10, 2025, that included the following Exhibits:

A	State Addenda to Franchise Disclosure Document	M	Lease Guaranty Acknowledgement
B	Directory of State Agencies and Administrators	N	Lease Review and/or Negotiation Agreement and Release and State Addenda
C	Franchisor's Agent for Service of Process	O	Sublease and Guaranty of Sublease
D	Asset Purchase Agreement (For Sale of a Corporate Store to a Franchisee) with Promissory Note and Security Agreement and Guaranty (if applicable)	P	Pre-Authorized Electronic Funds Transfer Form
E-1	Franchise Agreement (New)	P-1	Gift Card Participation Form
E-2	Franchise Agreement (Renewal)	Q	General Release for Renewal of Franchise Agreement
E-3	Franchise Agreement (Transfer)	R-1	Consent to Transfer and Release Agreement (without Sublease)
F-1	Guaranty of Franchise Agreement	R-2	Consent to Transfer and Release Agreement (with Sublease)
F-2	Non-Disclosure and Non-Competition Agreement	S	State Specific Addenda to Franchise Documents
G	Collateral Assignment and Irrevocable Special Power of Attorney	T	Table of Contents – Confidential Operations Manual
H	Amendment to Franchise Agreement (for non-traditional locations excluding those co-branded with another affiliated brand)	U	List of Franchise Owners
I	Amendment to Franchise Agreement (for co-branded non-traditional locations)	V	Financial Statements
J	In-Store Training Release and Waiver of Liability Agreement	W	Intentionally Omitted
K	Addendum to the Franchise Agreement for SBA Loans	X	Addendum for Sale of Company-Affiliated Owned Stores
L	Required Lease Terms (Lease Addendum to Lease Agreement)	X-1	State Effective Dates
		Y	Receipts

Date: _____

(Do not leave blank)

Signature of Prospective Franchisee

Print Name

Receipt #1 must be signed and dated and remains in the Franchise Disclosure Document as the prospective franchisee's copy. Receipt #2 must be signed and dated by the prospective franchisee and returned to MTY Franchising USA, Inc. by mailing it to MTY Franchising USA, Inc. at 9311 E. Via De Ventura, Scottsdale, Arizona 85258.

RECEIPT #2

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