# FRANCHISE DISCLOSURE DOCUMENT

Foster's Franchise Concepts, LLC,
a Virginia limited liability company
4432 Costello Way
Haymarket, Virginia 20169
(703) 754-6220
clo@fostersgrille.com
www.fostersgrille.com

As a FOSTER'S GRILLE® franchisee, you will operate a FOSTER'S GRILLE family-friendly fast casual restaurant offering chargrilled hamburgers, fresh hand-cut french fries, hot dogs, chicken, turkey, veggie burgers, buffalo wings, daily specials, kid's menu, salads, sides, fresh-squeezed lemonade, milkshakes, soft drinks, beer and wine (if permitted), and video games for kids.

The total initial investment necessary to begin operation of a FOSTER'S GRILLE franchised restaurant ranges from $258,800 to $538,600. This includes $40,000 that must be paid to the franchisor. The total additional initial investment necessary to obtain area development rights for a FOSTER'S GRILLE area development business ranges from $35,000 to $122,500, all of which must be paid to the franchisor (this range assumes 2 to 7 restaurants to be developed beyond the 1st restaurant; this range does not include the estimated initial investment for the 1st restaurant, for which a franchise agreement must be signed when the area development agreement is signed).

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, franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Cire Lo at clo@fostersgrille.com, or 4432 Costello Way, Haymarket, Virginia 20169, (703) 754- 6220.

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, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: May 7, 2026

## How to Use This Franchise Disclosure Document

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

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

## What You Need To Know About Franchising Generally

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

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

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

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

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

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

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

## Some States Require Registration

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

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in Virginia. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Virginia than in your own state.

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

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## Item 1

## FRANCHISOR, AND ANY PARENT, PREDECESSORS AND AFFILIATES

For ease of reference in this disclosure document, the franchisor is referred to as "we," "us" or "our," and the person who is considering the franchise is referred to as "you" or "your." If you are a legal entity, certain provisions of the franchise agreement, area development agreement and attachments apply to your shareholders, officers, directors, members and partners. These provisions are noted.

Franchisor

The franchisor is Foster's Franchise Concepts, LLC, a Virginia limited liability company that was formed on June 7, 2005. We do business as Foster's Franchise Concepts, LLC or FOSTER'S GRILLE®. We do not do business or intend to do business under any other name. Our principal business address is 4432 Costello Way, Haymarket, Virginia 20169. Our agents for service of process are disclosed in Exhibit A.

Our Business

We offer franchises for FOSTER'S GRILLE restaurants. We also offer area development rights that permit the development of stated numbers of FOSTER'S GRILLE restaurants in designated geographic areas. We have no other business activities.

Our Experience

We began offering FOSTER'S GRILLE restaurant franchises in September 2005. We have not operated a business of the type being franchised. However, see Our Parent, Predecessors and Affiliates below for information on the FOSTER'S GRILLE restaurants operated by our affiliates. We have not engaged in any other line of business and have not offered franchises in any other line of business.

The Franchise

A FOSTER'S GRILLE restaurant is a family-friendly fast casual restaurant offering chargrilled hamburgers, fresh hand-cut french fries, hot dogs, chicken, turkey, veggie burgers, buffalo wings, daily specials, kid's menu, salads, sides, fresh-squeezed lemonade, milkshakes, soft drinks, beer and wine (if permitted), and video games for kids.

You must operate your FOSTER'S GRILLE restaurant according to our standards and specifications, and must sign our standard franchise agreement and attachments (Exhibit B).

FOSTER'S GRILLE restaurants compete with local, regional and national businesses (including other franchised businesses) offering hamburgers, fast casual foods and beverages. Our products appeal to all demographic groups, but are most popular among 10-to-60-year-olds. The market for fast casual foods and beverages is well-developed in most areas of the United States. Before signing a franchise agreement, you should survey your market to determine the number and quality of competitors.

Area Development Rights

We also grant area development rights under which area developers will develop a pre-agreed number of FOSTER'S GRILLE restaurants. We expect most area developers to commit to establish at least 3 (or more) FOSTER'S GRILLE restaurants at a rate of about 1 restaurant every 12 months. Our area developers must have substantial prior business experience and substantial financial resources.

Laws and Regulations

You must comply with all local, state and federal laws and regulations that apply to the operation of any business, including laws and regulations specific to the operation of food-related businesses. For example, you must comply with laws and regulations governing matters such as public health and safety (including coronavirus mitigation), building standards, zoning, the environment, personnel, and the Americans With Disabilities Act, that apply to the operation of your FOSTER'S GRILLE restaurant. You must determine if you are permitted to serve beer and/or wine under your jurisdiction's alcoholic beverage laws and regulations. We urge you to make inquiries and ask your attorney about these laws and regulations.

Our Parents, Predecessors and Affiliates

We have parents and affiliates, as described below. We have no predecessors.

Our immediate parent is Zeuss, LC, a Virginia limited liability company organized in February 2011. Zeuss LC's principal business address is 14372 John Marshall Highway, P.O. Box 400, Gainesville, VA 20156. The parents of Zeuss, LC are Rockytop Group, LC, a Virginia limited liability company organized in May 2010, and Heraa, LC, a Virginia limited liability company organized in June 2012.

Our affiliates include Ares, LC ("Ares"), a Virginia limited liability company organized in July 2010. Ares, LC was our immediate parent before Zeuss, LC became our immediate parent. Ares, LC owns the following operating subsidiaries:

Charburger, LC ("Charburger") is a Virginia limited liability company organized in September 2010. Fotuna LC ("Fotuna") is a Virginia limited liability company organized in July 2010. Charburger and Fortuna are our management companies, and are the management companies for the restaurant subsidiaries identified below that operate businesses of the type that you will operate.

Foster's Grille of ODS, LLC ("FGB"), a Virginia limited liability company organized in April 2004, has operated a FOSTER'S GRILLE restaurant at 10266 Bristow Center, Drive, Bristow, Virginia 20136 since September 2007.

Foster's Grille of Westfield's, LLC ("FGC"), a Virginia limited liability company organized in September 2012, has operated a FOSTER'S GRILLE restaurant at 5007-E Westone Plaza Drive, Chantilly, VA 20151 since November 2025.

Foster's Grille of Haymarket, LLC ("FGH"), a Virginia limited liability company organized in May 2003, has operated a FOSTER'S GRILLE restaurant at 4418 Costello Way, Haymarket, Virginia 20169 since January 2004.

Foster's Grille of Old Towne Manassas, LLC ("OTM"), a Virginia limited liability company organized in May 2002, has operated a FOSTER'S GRILLE restaurant at 9417 West Street, Manassas, Virginia 20110 since September 2002.

Foster's Grille of Marshall, LLC ("FGM"), a Virginia limited liability company organized in May 2003, has operated a FOSTER'S GRILLE restaurant at 4199-A Winchester Road, Marshall, Virginia 20115 since July 2003.

Foster's Grille of South Riding, LLC ("FGSR"), a Virginia limited liability company organized in September 2021, has operated a FOSTER'S GRILLE restaurant at 24995 Riding Plaza, #100, South Riding, VA 20152 since September 2022.

Foster's Grille of Vienna, LLC ("FGV"), a Virginia limited liability company organized in May 2001, has operated a FOSTER'S GRILLE restaurant at 138A Maple Avenue West, Vienna, Virginia 22180 since April 2002.

Foster's Grille of Warrenton, LLC ("FGW"), a Virginia limited liability company organized in April 2000, has operated a FOSTER'S GRILLE restaurant at 20 Broadview Avenue, Warrenton, Virginia 20186 since July 2000.

All of the foregoing companies maintain their principal business addresses at 14372 John Marshall Highway, PO Box 400, Gainesville, Virginia 20156-0400. Their telephone number is (703) 754-2400.

Ares, Charburger, Fortuna and Ares' other subsidiaries have not offered franchises for FOSTER'S GRILLE franchises or in any other line of business, and do not provide products or services to our franchisees.

## Item 2

## BUSINESS EXPERIENCE

President: Cire Lo

Mr. Lo has been our president, since June 2025. He was our Vice President of Operations from February 2023 to June 2025. From January 2013 to February 2023, he was a Field Leader for Chipotle in Washington, DC.

Manager: Michael J. Cerny

Mr. Cerny has been our Manager since June 2025. From November 2011 to June 2025, he was our President. From April 2010 to November 2011, Mr. Cerny acted as a consultant for us and was Vice President of Business Development for Saval Foodservice in Elkridge, Maryland. From September 2005 to April 2010, he was our Vice President of Operations. Mr. Cerny is located in Haymarket, Virginia.

Secretary/Treasurer: Manager of Zeuss, LC: Peg Contrucci

Ms. Contrucci has been our Secretary and Treasurer since July 2010. She has been a principal and the Manager of Zeuss, LC since February 2011. Ms. Contrucci has been a commercial real estate broker in Virginia since 2003, and owns her own real estate brokerage firm in Gainesville, Virginia.

General Counsel: Joseph Contrucci

Mr. Contrucci has been our General Counsel since July 2010.

## Item 3

## LITIGATION

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

A. FRANCHISE AGREEMENT

Initial Franchise Fee

The initial franchise fee is $40,000. When you sign the franchise agreement, you must pay us the $40,000 by certified or cashier's check.

The initial franchise fee is uniform, except as disclosed below and in Item 5.B., and is fully earned when the franchise agreement is signed. If you are active military or a military veteran, we will reduce the initial franchise fee for your 1st FOSTER'S GRILLE restaurant by 20%, to $32,000.

The initial franchise fee is non-refundable, except that, if you do not successfully complete initial training, or we decide that you should not operate a FOSTER'S GRILLE business, we may cancel the franchise agreement. If we cancel the franchise agreement, we will deduct our out-of-pocket costs, including any broker referral fees, and will refund up to 50% of the initial franchise fee if you agree to certain continuing obligations, including remaining subject to the arbitration clause, honoring our trade secrets and confidential information, not infringing on or using our materials, trademarks or the FOSTER'S GRILLE system, not violating the covenant against competition, and not hiring our or our franchisees' employees or independent contractors for a specified period of time.

Training Fee

We will provide initial training and training materials for up to 3 trainees at no extra charge to you. If you send more than 3 people to initial training, we will charge you a training fee of $200 per day for each additional person. Training fees are uniform and non-refundable. You must pay for all of your trainees' travel, meal and lodging expenses. See Item 11 for more information on training.

B. AREA DEVELOPMENT AGREEMENT

Area Development Fee

You must pay us an area development fee of $17,500 per FOSTER'S GRILLE restaurant to be developed under the area development agreement, excluding your 1st FOSTER'S GRILLE restaurant. This $17,500 will be credited against the initial franchise fee you must pay for each FOSTER'S GRILLE restaurant you must develop under your area development agreement. We expect that area development agreements generally will provide for the development of at least 3 FOSTER'S GRILLE restaurants.

The area development fee is due on signing of the area development agreement. It is non-refundable unless we cancel the 1st franchise agreement under the conditions stated in 5.A. above. In those circumstances, we may also cancel the area development agreement. If we cancel the area development agreement, we will deduct our out-of-pocket costs, including any broker referral fees, and will refund up to 50% of the area development fee if you agree to certain continuing obligations, including remaining subject to the arbitration clause, honoring our trade secrets and confidential information, and not infringing on or using our materials, trademarks or the FOSTER'S GRILLE system.

When you sign an area development agreement, you must also sign a franchise agreement for your 1st FOSTER'S GRILLE restaurant and pay the initial franchise fee for that business (see 5.A. above).

You must pay an initial franchise fee, less the $17,500, for each additional FOSTER'S GRILLE restaurant developed under the area development agreement. For the 2nd and each additional FOSTER'S GRILLE restaurant to be developed under your area development agreement, the initial franchise fee is $35,000. The initial franchise fee must be paid when you sign each subsequent franchise agreement. For example, if you are to develop 3 FOSTER'S GRILLE restaurants, you must pay us a $35,000 area development fee (2 x $17,500) and a $40,000 initial franchise fee for your 1st business, when you sign the area development agreement and the 1st franchise agreement. When you sign a franchise agreement for the 2nd FOSTER'S GRILLE restaurant, you must pay us $17,500 ($35,000 initial franchise fee minus $17,500) for that 2nd business. Similarly, you must pay us $17,500 when you sign a franchise agreement for a 3rd business.

The same conditions as those described in Item 5.A. above apply to these fees.

In 2025, we had no area developers, and did not grant any area development rights.

Except for the circumstance described in this Item, we do not refund any initial fee.

## Item 6

## OTHER FEES

| Type of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| Continuing franchise fees | 5% of Gross Sales [2] | Payable weekly | We require payment by electronic transfer |
| Advertising and promotional contribution | Up to 3% of Gross Sales[2] | Payable weekly | We may collect up to 3% of Gross Sales. We require payment by electronic transfer (see Item 11 for more information). |
| Local advertising | At least 1% of your annual Gross Sales [2] | As agreed | You must spend at least this amount each year on local advertising. You will pay this amount to 3rd parties. See Item 11. |
| Training fee [3] | Currently $200 per person per day [4] | Before 1st day of the training | Payable only if you send additional people to initial training or if we must provide training for a replacement manager more than once each calendar year |
| Remedial or follow-up training | Currently $200 per person per day, plus our out-of-pocket costs [3] [4] [5] | Before 1st day of the training | Payable only for trainers sent to your area. We may require you or your manager(s) to attend remedial or follow-up training. |
| Field assistance | Currently $200 per person per day, plus our out-of-pocket costs [4] | Before 1st day of the scheduled assistance | This fee is for special field assistance you need or request. |
| Annual conference[3] | Proportionate share of our out-of-pocket costs | Before 1st day of the conference | You must also pay for your travel, meals and lodging. |
| Transfer (franchise) | 25% of our then-current initial franchise fee | Before transfer | Payable only when franchise or controlling interest in you is transferred; no fee if transfer is to a legal entity that you control. |
| Transfer (area grant) | $2,500 per undeveloped franchise | Before transfer | Payable only when area grant or controlling interest in you is transferred; no charge if transfer is to a legal entity that you control. |
| Renewal (franchise) | 10% of our then-current initial franchise fee | On signing of renewal franchise agreement | |
| Cooperative Advertising Program | Designated portion of local advertising or advertising and promotional contribution | As directed | If we establish a local advertising cooperative consisting of all FOSTER'S GRILLE restaurants in your area, we may require you to participate (see Item 11). |
| Replacement manual | Currently up to $100 per replacement manual [4] | When billed | Payable only if you lose a manual. |
| POS system monthly maintenance fee | Currently $500 per year (live support) or $550 per year (cloud-base technical support) | When billed | Payable to a 3rd party. |

| Type of Fee[(1)] | Amount | Due Date | Remarks |
|---|---|---|---|
| Hardware and software upgrades | Actual costs | When incurred | Payable to a 3rd party. You will be required to update your computer hardware and software periodically, at your cost. See Item 11. |
| Proprietary software fee | Reasonable fee | When incurred | If we develop proprietary software, we may charge you a reasonable fee for a license and any upgrades or updates. |
| On-line computer network fee | Currently about $80 to $160 per month | When billed | Payable to a 3rd party. |
| Website listing | Reasonable fee | When billed | We may charge you a reasonable fee for providing you with a listing on our primary website. |
| Unauthorized product or service fee | $250 per day unauthorized product or service is offered | When incurred | In addition to other remedies available to us. |
| Sample testing fee | Our actual costs | When incurred | If samples taken from your FOSTER'S GRILLE restaurant for testing fail to meet our then-current standards and specifications, you will pay for the actual costs of the testing. |
| Interest on past due amounts | Lesser of 10% per annum or highest rate allowed by law | When billed | If no due date is stated, interest begins to run 30 days after billing. |
| Late fee | $100 | When billed | Applies to all amounts owing to us that are not paid by due date, and all reports not received by due date. |
| Management (on death or disability) | To be determined under circumstances | When billed | Payable for any period that we manage your business on your death or disability. |
| Management (other reason) | 10% of Gross Sales, plus our out-of-pocket costs | When billed | Payable for any period that we manage your business for any reason other than your death or disability. |
| Insurance coverage | Cost of insurance, interest on the monies we advance, and our reasonable administrative costs | When billed | If you fail to maintain insurance required by the franchise agreement, we may obtain the required insurance and charge you the cost of the insurance, interest on the monies we advance, and our reasonable administrative costs. |

| Type of Fee[(1)] | Amount | Due Date | Remarks |
|---|---|---|---|
| Solicitation fee | 200% of person's annual salary | As incurred | During the term of the franchise, and for an uninterrupted period of 1 year after you cease operation of your FOSTER'S GRILLE restaurant, if you employ or engage as an independent contractor anyone who, within the prior 6 months, had been an employee or independent contractor of us or any of our franchisees, or induce or seek to induce any such person to leave his or her employment or engagement, you will pay us an amount equal to 200% of the person's annual salary. |
| Examination or audit | Actual costs of examination or audit | When billed | Payable only if we find, after an audit, that you have understated or underpaid any amount owed to us by 3% or more for any 3-month period, or if the examination or audit is made necessary by your failure to furnish required information or documents to us in a timely manner. |
| Maintenance deficiencies | Our out-of-pocket costs | When billed | If you do not satisfy your maintenance obligations under the franchise agreement, we may perform those obligations for you. You must reimburse us for the out-of-pocket costs we incur to perform those obligations. |
| Reimbursements and penalty fees | Will vary under circumstances | When billed | Reimbursements on returned checks, declined charges, or similar defaults; penalty fees on those defaults and on unpaid invoices. |
| Costs and attorneys' fees | Our actual costs | As incurred | Payable if your non-compliance with the franchise agreement causes us to incur legal expenses. |
| Indemnification | Our actual costs | As incurred | You must reimburse us if we are held liable for claims involving the operation of your franchised business. |
| Liquidated damages | An amount equal to the average monthly continuing franchise fees paid during the 12 months of operation preceding termination, times the lesser of 24 or the number of months remaining in the franchise term | Within 15 days of the date of termination | Payable if your franchise is terminated under Sections 26.1, 26.2 or 26.3. This does not cover any other damages arising from any other violation of the franchise agreement. |

Note 1: All fees are imposed by and payable to us, unless otherwise noted. All fees are non-refundable, except that we may partially refund transfer fees in some circumstances (see Section 25.2 (c) of franchise agreement and Section 14.2 (c) of area development agreement). All fees are uniform. Your

payments to us may be effectuated by the use of pre-authorized electronic transfers from your operating account that we will process when any payment is due, including royalties and advertising contributions.

Note 2: "Gross Sales" mean all receipts of your business, including all amounts received on a cash, charge or time basis, and including the value of all products or services received for products or services provided, without reserve or deduction for inability to collect, and including any proceeds from any business interruption or similar insurance applicable to any revenue loss of your business, but excluding: excise, sales and use taxes; gross receipts taxes or similar taxes separately stated to and collected from customers for transmittal to appropriate taxing authorities; refunds to customers; and receipts from pre-approved vending machines located in your business, except for any amounts representing your share of the receipts. Gift cards generate receipts that are included in "Gross Sales" when they are redeemed by customers, not when they are sold.

Note 3: See Item 11 for more information about initial training for you and your original manager, if any. As to all training sessions and annual conferences, you must pay your trainees' and attendees' travel, lodging and meal expenses, and their wages and benefits. Also, as to all training sessions, if our trainers are requested by you or are required to travel to give training, you must pay us our then-current per diem charges for those trainers, and must reimburse us for those trainers' reasonable travel, lodging and meal expenses.

Note 4: These fees are subject to change, but not so as to unreasonably increase your obligations. For example, we may develop new training courses that may require fees different from those currently charged.

Note 5: Routine field assistance visits are without charge, but we may charge a fee for any field assistance visits or special training visits that are not routine. We assist you over the telephone or by mail or email, rather than by a personal visit, whenever we, in our sole and absolute judgment, consider it to be sufficient.

## Item 7

## ESTIMATED INITIAL INVESTMENT

## YOUR ESTIMATED INITIAL INVESTMENT

| Type of Expenditure [1] | Amount [2] | Method of Payment | When Due | To Whom Payment Is To Be Made |
|---|---|---|---|---|
| Initial franchise fee [3] | $40,000 | Lump sum | On signing franchise agreement | Us |
| Travel, lodging and meals for initial training (per person) | $1,300 to $1,600 | As agreed | As incurred | 3rd parties |
| Prepaid rent and security deposit [4] | $5,000 to $20,000 | As agreed | As incurred | Landlord |
| Leasehold improvements [5] | $100,000 to $300,000 | As agreed | As incurred | 3rd parties |
| Fixtures and signage [6] | $15,000 to $25,000 | As agreed | As incurred | 3rd parties |
| Furniture [7] | $15,000 to $18,000 | As agreed | As incurred | 3rd parties |
| Equipment [8] | $50,000 to $65,000 | As agreed | As incurred | 3rd parties |
| POS and back office computer system [9] | $0 to $2,500 | As agreed | As incurred | 3rd parties |
| Grand opening advertising [10] | $2,000 to $3,000 | As agreed | As incurred | 3rd parties |

| Type of Expenditure [1] | Amount [2] | Method of Payment | When Due | To Whom Payment Is To Be Made |
|---|---|---|---|---|
| Initial inventory [11] | $5,000 to $8,000 | As agreed | As incurred | 3rd parties |
| Utility deposits | $500 to $1,500 | As agreed | As incurred | 3rd parties |
| Professional fees (lawyer, accountant, etc.) [12] | $2,000 to $5,000 | Lump sum | As incurred | 3rd parties |
| Supplies (office supplies, stationery, business cards, etc.) (for 1st 3-6 months)[13] | $1,000 to $3,000 | As agreed | As incurred | 3rd parties |
| Business licenses, permits, etc. (for 1st year) | $1,000 to $3,000 | As agreed | As incurred | 3rd parties |
| Insurance [14] (premium for 1st year) | $1,000 to $3,000 | As agreed | As incurred | 3rd parties |
| Additional funds [15] (for 1st 3-6 months) | $20,000 to $40,000 | As agreed | As incurred | 3rd parties |
| **TOTALS [16]** | **$258,800 to $538,600** | | | |

You should be able to enter into an area development agreement with us for the following estimated **additional** initial investment:

| Type of Expenditure [1] | Amount | Method of Payment | When Due | To Whom Payment Is To Be Made |
|---|---|---|---|---|
| Area development fee [3] | $17,500 for each FOSTER'S GRILLE restaurant you agree to develop after the 1st restaurant | Lump sum | On signing area development agreement | Us |
| **TOTAL ESTIMATED ADDITIONAL INITIAL INVESTMENT [17]** | **$35,000 to $122,500 (assuming 2 to 7 restaurants beyond the 1st restaurant)** | | | |

Note 1: Unless otherwise stated in Item 5 or 6, or as otherwise negotiated with 3rd party suppliers, these expenses are non-refundable. See Item 10 for information on financing.

Note 2: These figures are estimates. The estimates are based on a restaurant prototype ranging from 2,000 square feet to 3,000 square feet. If your restaurant differs in size from the prototype, the estimates shown will change accordingly. We make no representation that your costs will come within the ranges estimated and cannot guarantee that you will not incur additional expenses starting your business. None of these amounts are refundable, unless you negotiate otherwise with a 3rd party supplier.

Note 3: See Item 5 for more information on the initial franchise fee and the area development fee. For the 1st FOSTER'S GRILLE restaurant, the initial franchise fee is $40,000. For the 2nd and each additional FOSTER'S GRILLE restaurant developed under an area development agreement, the initial franchise fee is $35,000, less a $17,500 area development fee credit, for a net due of $17,500.

Note 4: We expect that you will lease space for your FOSTER'S GRILLE restaurant, rather than own real estate and construct a building. Lease costs will vary based on size in square feet to be leased, cost per square foot, location, length of the lease, age of the leased property, local market conditions, size of the premises and bargaining power of the developer or property management company. A new FOSTER'S GRILLE restaurant generally will contain about 2,000 to 3,000 square feet. In conjunction with the signing

of a lease, the landlord may require you to provide a full or limited personal guarantee, or a letter of credit and/or a security deposit. The low estimate assumes a deposit on a lease.

Note 5: The cost of leasehold improvements for your business will vary as a function of size, condition and location of the premises, price differences among contractors, local wage rates and material costs, other local conditions, and the nature of your leasehold improvements. A previous tenant may have installed leasehold improvements that are compatible, thereby reducing your costs; or the landlord may pay for all or some leasehold improvements under your negotiated lease, or may finance your leasehold improvements by increasing your monthly rent payments. The low number assumes that the landlord will contribute $125,000 towards total cost of leasehold improvements. In the past, landlords have contributed $0 to $125,000 toward the cost of leasehold improvements. If you are converting an existing restaurant space to a FOSTER'S GRILLE restaurant, your costs for leasehold improvements may be significantly reduced, depending on the condition of the space and availability of existing leasehold improvements. Typical leasehold improvements will include a hood system, HVAC, a grease trap, a fire protection system, bathrooms, millwork, lighting, booths, flooring, electrical work, plumbing and mechanical work and design/ architectural fees.

Note 6: You must purchase and/or lease and install the fixtures and signage necessary to operate your FOSTER'S GRILLE restaurant under our specifications. Fixtures currently include, for example, a 3 to 4 television sets, stereo system, security system, in-store FOSTER'S GRILLE sign package, authentic antique sign decorations, digital menu boards, outdoor signs, NASCAR hood. The costs of purchase and installation of the fixtures and signage vary according to local market conditions, the size of the premises, your selections from our approved lines of items, price differences among suppliers, the location of the premises and other related factors.

Note 7: You must purchase and/or lease and install the furniture necessary to operate your FOSTER'S GRILLE restaurant under our specifications. Furniture currently includes chairs, bar stools, dining tables, office desk and chair, fireproof safe and wrought-iron tables and chairs for patio dining, if available. The costs of purchase and installation of the furniture vary according to local market conditions, the size of the premises, your selections from our approved lines of items, price differences among suppliers, the location of the premises and other related factors.

Note 8: You must purchase and/or lease and install the equipment necessary to operate your FOSTER'S GRILLE restaurant under our specifications. Equipment currently includes, for example, cooking, preparation and serving equipment and utensils; freezer, icemaker, food coolers, walk-in cooler and keg coolers (if beer is permitted). The costs of purchase and installation of the equipment vary according to local market conditions, the size of the premises, your selections from our approved lines of items, price differences among suppliers, the location of the premises and other related factors. If you are converting an existing restaurant space to a FOSTER'S GRILLE restaurant, you may be able to purchase some of the existing equipment for a significantly reduced cost.

Note 9: You must purchase an electronic point-of-sale cash register system and computer that meet our specifications. See Item 11 for more information. Note 10: See Items 8 and 11 for more information on grand opening advertising.

Note 11: See Item 8 for more information about approved suppliers of opening inventory. We have negotiated an arrangement with approved suppliers to provide you with an initial supply of hamburgers, potatoes, kid's hot dogs, and adult hot dogs free of charge, spaced out over the 1st 2 months after your business opens. This is the current arrangement with our approved suppliers and is subject to change

Note 12: You may decide to hold the franchise and/or area grant interest in a legal entity, and to transfer the franchise and/or area grant to a legal entity formed before beginning operations. Regardless of

the ownership of the franchise, you may have to comply with the fictitious, assumed or trade name laws of the state in which your business is located.

Note 13: You must purchase office supplies, stationery, business cards and other written materials necessary to operate your FOSTER'S GRILLE restaurant. You will typically purchase these items in amounts that may last 6 months or more. You may purchase these materials from us or from any approved supplier.

Note 14: See Item 8 for additional information on insurance.

Note 15: You may need these additional funds to operate your business during its 3-to-6-month initial period to cover operating expenses that are in excess of typical start-up revenue. You may need additional funds at or near the higher estimate, or even exceeding the higher estimate, if you decide to open a business that is larger than a typical FOSTER'S GRILLE restaurant.

Note 16: We have relied on over 30 years of management experience in the food and beverage business, and in actual restaurant openings, to compile these estimates. You should review these figures carefully with a business advisor, and should speak to our existing franchisees, before making any decision to purchase the franchise.

Note 17: You must agree to develop at least 3 FOSTER'S GRILLE restaurants when you sign an area development agreement, and we generally will not grant the right to develop more than 8 FOSTER'S GRILLE restaurants under a single area development grant. However, in our sole discretion, under some circumstances, we may grant you the right to development more than 8 FOSTER'S GRILLE restaurants.

## Item 8

## RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Except as described below, we do not require you to purchase or lease goods, services, supplies, fixtures, equipment, inventory or real estate for your FOSTER'S GRILLE restaurant from us or any approved supplier.

A. FRANCHISE AGREEMENT

Purchases or Leases From Us and Our Affiliates

Currently, neither we nor our affiliate require you to purchase or lease any proprietary or other products or services from us. In the future, however, we may require you to obtain proprietary and other products or services from us as provided in our manuals. Proprietary products may include, for example, branded sauces or other food and/or beverage items. If you choose to purchase or lease any product or service from us, we will attempt to make a reasonable profit from the sale of those items.

Approved Suppliers

Currently, neither we nor our affiliates are approved suppliers of any product or service but we or our affiliates may be designated as an exclusive or non-exclusive approved supplier of one or more products or services in the future. We and/or our affiliates receive promotional and other marketing support and/or payments from some approved suppliers, which we may use in our sole discretion for any purpose without restriction.

We have negotiated arrangements on your behalf with approved suppliers to provide you with an initial supply of hamburgers, potatoes, kid's hot dogs and adult hot dogs free of charge,

spaced over the 1st 2 months after you open for business. This arrangement with our approved suppliers is subject to change without notice.

Currently, you must subscribe to an online computer network that we designate, obtain products and services such as the electronic point-of-sale cash register system, specified food and beverage products, specified equipment and supplies, vending machines, safe, security/alarm system, signs and promotional products, paper products, uniforms, pest control services and cleaning services from approved suppliers. In the future, we may require you to obtain other products or services, such as site design services, construction services, other equipment, and other food and beverage items, from approved suppliers.

We maintain a list of approved suppliers in our manuals. We may modify this list on reasonable written notice to you. We may approve a single supplier for any item and may approve a supplier only as to a certain item or items. We will grant or revoke approvals of suppliers on reasonable written notice based on our criteria for approving suppliers, inspections and performance reviews. We will provide you with our criteria for supplier approval on written request. You may request in writing our approval of additional suppliers. We will provide you with written notification of the approval or disapproval of any supplier you propose within 30 days after receipt of your request. There are no approved suppliers in which any of our officers owns an interest.

Revenue to Us

In our fiscal year ended December 31, 2025, some of our approved suppliers paid us rebates. These rebates amounted to $49,553 which was about 15.2% of our total revenue of $326,062 If we activate the advertising and promotional fund ("APF") in the future, we may direct rebates received in the future to the APF.

Certain rebates are passed along directly to franchisees on their invoices as they buy products or services from suppliers.

We have entered into rebate programs with certain other approved suppliers under which the suppliers pass the rebates directly to our franchisees through a reduction of the cost of the franchisees' purchases from that supplier. Rebates may be paid, for example, on beverages and food purchases, and generally will be calculated by multiplying an agreed cent amount by the number of pounds, gallons or other volumes purchased. You will derive no other material benefits from your use of designated or approved suppliers. We do not discriminate against you based on your use of any particular approved supplier.

Standards and Specifications

Equipment and Supplies

You must purchase or lease certain equipment and supplies meeting our specifications. Also, you must purchase or lease initial equipment and supplies in amounts that we require, to use our experience in the business and to provide proper initial planning, training, operation and record keeping. You must purchase or lease computer hardware and software as described in Item 11. The initial equipment and supplies that must meet our specifications are identified in our manuals.

Site Selection Criteria

You must find a site for your business that meets our site selection criteria within 6 months after signing your franchise agreement. We will not unreasonably withhold acceptance of any site that meets our standards for demographic characteristics, including traffic patterns, parking, predominant character of the neighborhood, competition from other businesses providing similar services in the area, proximity to other businesses, nature of other businesses in proximity to the site, and size, times open to the public, appearance and other physical characteristics of the site. Our acceptance of a site is not a representation or warranty that your business will be profitable or that your revenue will attain any predetermined levels. Acceptance is intended only to indicate that the proposed site meets our minimum criteria for identifying sites. You agree that our acceptance or non-acceptance of a proposed site does not impose any liability on us.

Lease of the Site

You must locate, and you must lease, sublease or purchase, the site for your business. If you lease the site for your business from a third party, you must provide us with a copy of the lease and we have the right to approve the lease before it is signed. Any lease must include the addendum attached as Attachment 6 to the franchise agreement or equivalent provisions in place of the addendum that we approve. You must agree not to modify the lease in any way that would adversely affect our rights without our written approval.

Maintenance and Repairs

You must maintain your FOSTER'S GRILLE restaurant in the highest and most uniform degree of sanitation, repair, appearance, condition and security in the manner stated in our manuals. You must make additions, alterations, repairs and replacements to your FOSTER'S GRILLE restaurant (but no others without our written consent) as reasonably required for that purpose, including periodic repainting, changes in appearance, upgrades and repairs to equipment, and replacement of obsolete signs as we reasonably direct. You must meet and maintain the highest safety standards and ratings applicable to the operation of your FOSTER'S GRILLE restaurant as we reasonably require.

Renovation and Upgrading

You must abide by our requirements on alterations, remodeling, upgrading or other improvements to your FOSTER'S GRILLE restaurant to achieve the strategic marketing goals of the FOSTER'S GRILLE system. The requirements will not exceed those applicable to new franchised and company-owned units; and will not generally occur more frequently than every 5 years, unless your FOSTER'S GRILLE restaurant is subject to unusual wear and tear. You will be responsible for the cost of changes or additions.

Design Specifications

We will lend to you specifications of our requirements for design, decoration, layout, equipment, furniture, fixtures and signs for your FOSTER'S GRILLE restaurant. These items may be purchased from any approved supplier.

Insurance

You must obtain and maintain insurance, at your expense, as we require, in addition to any other insurance required by applicable law, your landlord, lender or otherwise. We may periodically change the amounts of coverage required under the insurance policies and require different or additional kinds of insurance, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances, if the changes apply to all franchised FOSTER'S GRILLE restaurants. Your insurance must be written by insurance companies reasonably satisfactory to us with Best's ratings of "A+" or better, and currently must include at a minimum:

- Workers' compensation insurance as required by the law of the state or jurisdiction in which you are engaged in business. This insurance must be maintained for trainees, as well as for those employed or engaged in the operation of the FOSTER'S GRILLE restaurant.
- Comprehensive general liability insurance with limits of at least $1,000,000 per person for bodily injury per occurrence (and $2,000,000 aggregate for bodily injury) and at least $25,000 for property damage per occurrence.
- "All risk" insurance on the premises, equipment (except portable equipment) and supplies, for loss or damage by fire, windstorm, flood, casualty, theft and other risks usually insured against by the owners or landlords of similar property. The insurance must be for at least 90% of the replacement cost of the property. Unless you obtain a written waiver from us, any FOSTER'S GRILLE restaurant sustaining loss or damage must be repaired, restored or rebuilt within 60 days after the date of the loss or damage.
- Dram Shop/Host Liquor Liability Insurance with limits of at least $1,000,000 per occurrence, if you serve alcohol in operating your FOSTER'S GRILLE restaurant.
- Business interruption insurance for a period of at least 12 months.
- Such insurance and types of coverage as may be required by your landlord or by the terms of any lease for the premises of your business or by the municipality, county, state or other local jurisdiction in which your FOSTER'S GRILLE restaurant is located.
- Comprehensive commercial automobile liability insurance for any vehicle operated by, or on behalf of, your business, including owned, hired and non-owned vehicle coverage, of at least $500,000 (generally included in comprehensive general liability insurance policy).
- Crime insurance for employee dishonesty with at least a $10,000 combined single limit.
- Cyber liability insurance with a limit of at least $100,000 per occurrence.
- Employment practices liability insurance (EPLI) with a limit of at least $100,000 per occurrence.

Each insurance policy, except the workers' compensation and employment practices liability insurance policies, must name us and entities and persons affiliated with us as additional insureds.

At least 10 days before you open your business or begin any construction, you must furnish us with certificates of insurance issued by insurance companies showing compliance with our insurance requirements and paid receipts showing the certificate numbers. Each certificate of insurance must include a statement by the insurance company that the policy will not be canceled, subject to non-renewal or materially altered without at least 30 days' written notice to us. On an annual basis, you must send us then-current certificates of insurance and paid receipts showing the certificate numbers. On our request, you must provide us with copies of your insurance policies and proof of payment for the policies.

Modifications of Specifications

Specifications that we have formulated for equipment and supplies are in our manuals. We may modify these specifications on reasonable written notice to you. We will consider your written request for a modification of a specification, if you explain the reason for the requested modification (or for the approval of any equipment or supply we have not previously approved) and provide us with sufficient technical data to enable us to evaluate your request. We will provide you with notification of approval or disapproval within 30 days after receipt of your request. We will approve a request if we determine that a modified specification is appropriate or that any equipment or supply meets our specifications then in effect. We may perform tests to determine if any equipment or supply meets our specifications. We will charge you a fee to cover our out-of-pocket costs, plus our then-current per diem charges for our personnel, for any required testing or inspection.

Any signs, logos, emblems or pictorial materials used for your business must meet our specifications. Also, at least 1 exterior sign of stated design and size, if permitted by local sign ordinances, must be used for the premises.

See Item 11 for specifications on computer systems and advertising.

Magnitude of Required Purchases or Leases

We estimate that the following purchases and leases of products and services will represent the following percentages of your total purchases and leases of products and services to establish and operate your FOSTER'S GRILLE restaurant:

| | % of Total to Establish | % of Total to Operate |
|---|---|---|
| Purchases/leases from us (initial franchise fee) | 10% to 15% | 0% |
| Purchases/leases from approved suppliers | 25% to 30% | 20% to 35% |
| Purchases/leases under our specifications | 50% to 55% | 5% to 10% |

At this time, we have no purchasing or distribution cooperatives. In the future, however, we may establish cooperatives and require you to participate in them.

B. AREA DEVELOPMENT AGREEMENT

You must purchase or lease certain products and services under the franchise agreement signed for each FOSTER'S GRILLE restaurant developed under an area development agreement. As an area developer, however, you are not otherwise obligated to purchase or lease any product or service from us or any approved supplier.

## Item 9

## FRANCHISEE'S OBLIGATIONS

**This table lists your principal obligations under the franchise agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.**

| Obligation | Section In Franchise or Other Agreement | Section In Area Development or Other Agreement | Disclosure Document Item |
|---|---|---|---|
| (a) Site selection and acquisition/lease | 5 | 8 | 5, 7, 8 & 11 |
| (b) Pre-opening purchases/leases | 5.3, 5.6, 14, 15 & 17 | Not applicable | 5, 7, 8 & 11 |
| (c) Site development and other pre-opening requirements | 5 & 15 | 7 & 8 | 5, 7, 8 & 11 |
| (d) Initial and ongoing training | 11 | Not applicable | 5, 6, 8 & 11 |
| (e) Opening | 5 | 7 | 7, 8 & 11 |
| (f) Fees | 9, 10.3, 11, 13.7, 14.6, 16, 21.3, 22.1, 25.2, 26.4 & 27.4 | 5 & 6 | 5, 6 & 7 |
| (g) Compliance with standards and policies and Confidential Operations Manual | 1, 12 & 14 | 8.1 | 8, 11 & 14 |
| (h) Trademarks and proprietary information | 19 & 20 | Recital B & 11 | 13 & 14 |
| (i) Restrictions on products/services offered | 7 | None | 8, 11 & 16 |
| (j) Warranty and customer service requirements | Not applicable | Not applicable | Not applicable |
| (k) Territorial development and sales quotas | Not applicable | Not applicable | 12 |
| (l) Ongoing product/service purchases | 5.2 & 14 | Not applicable | 6 & 8 |
| (m) Maintenance/appearance/remodeling requirements | 15 | Not applicable | 6, 7 & 8 |
| (n) Insurance | 17 | Not applicable | 6, 7 & 8 |
| (o) Advertising | 16 | Not applicable | 6, 7, 8 & 11 |
| (p) Indemnification | 24 | 13 | 6 & 8 |
| (q) Owner's participation/management/staffing | 4 | 4 | 6 & 15 |
| (r) Records and reports | 13 | 7.3 | 8 |
| (s) Inspections and audits | 13.6 & 22 | Not applicable | 6, 8 & 11 |
| (t) Transfer | 25 & 26.2 | 14 | 6 & 17 |
| (u) Renewal | 3.2 | 2.2 | 6 & 17 |
| (v) Post-termination obligations | 27 | 16 | 17 |
| (w) Non-competition covenants | 21 | 11.2 | 17 |
| (x) Dispute resolution | 29.6 & 32 | 21 | 6 & 17 |
| (y) Transfer to us of telephone numbers and listings, and email addresses, domain names and comparable electronic identities | 16, Attachment 2 | Not applicable | 11 & 13 |
| (z) Incentive or convenience programs | 8 | Not applicable | 8 & 11 |
| (aa) Owners/shareholders guaranty | Attachment 5 | Attachment 4 | 15 |

## Item 10

## FINANCING

Neither we nor any affiliate offers direct or indirect financing or guarantees your notes, leases or obligations.

You may be eligible for expedited and streamlined SBA loan processing through the SBA's Franchise Registry Program, www.franchiseregistry.com. If you may be using SBA financing, you will sign an SBA Loan Addendum (Attachment 7 to franchise agreement).

## Item 11

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

A. FRANCHISE AGREEMENT

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

Before you open your business, we will provide you with:

(1) Initial materials for establishing a FOSTER'S GRILLE restaurant (Section 10.1(a)). Currently, the initial materials include a pre-opening manual, checklists, construction and build-out specifications, and an approved vendor list.

(2) Initial training for you and your original manager, if any. (Sections 10.1(c) and 11). (See "Training" below).

(3) For each individual attending initial training, 1 set of our manuals. In the future, we also may provide you with read-only disk copies of, or give you Intranet access to, our manuals. (Sections 10.1(c) and 10.1(i)) (See "Manuals" below).

(4) Specifications for equipment, supplies and services to be used under the FOSTER'S GRILLE system (Sections 10.1(e) and 14).

(5) Samples of initial advertising and marketing materials (Section 10.1(f)).

(6) Design and sign specifications for your premises, assistance with space planning, and a preliminary layout for your premises (Sections 5.2 and 15).

(7) Assistance with site selection (Section 10.1(j)).

(8) Advice concerning construction, set-up and opening (Section 10.1(j)).

(9) Guidance in organizing your business (Section 10.1(k)).

(10) Our standard pricing schedule for products and services offered by your FOSTER'S GRILLE restaurant. We encourage you to charge the prices in the standard pricing schedule as it is revised periodically, but normally you will have the right to sell your products and services at any prices you determine. We retain the right to establish minimum or maximum prices for certain products and services, in our sole discretion on 30 days' prior written notice, to the fullest extent permitted by applicable law, on a nationwide or advertising market basis, or on a limited-time-

only or longer-term basis. To date, we have not exercised this right. We do not expect to exercise this right, for example, unless unusually low or high prices being charged by particular franchisees are causing customers to be confused or irritated with the FOSTER'S GRILLE system. If we establish any minimum or maximum prices for any products or services, you will have the right to charge any prices above the minimum prices or below the maximum prices, but will not have the right to charge prices below the minimum prices or above the maximum prices. (Sections 8.1 and 10.1(b)).

During the operation of your business, we may:

(1) Provide reviews and analyses of your operations (Section 10.1(l)).

(2) At our option, offer annual regional or national conferences designed to encourage the exchange of information and new ideas between us and our franchisees. You may be required to pay us fees for these conferences based on proportionate shares of our out-of-pocket costs to hold the conferences (Sections 10.1(b) and 11.2(c)).

(3) Distribute to you reports of improvements in administrative, bookkeeping, accounting, marketing and other operating procedures, as they are developed (Section 10.1(g)).

(4) Update our manuals to incorporate improvements and new developments in the FOSTER'S GRILLE system, including improvements in products and services you offer to your customers. These revisions may be made at any time (Section 12.2).

(5) Provide periodic telephone and electronic mail assistance on daily operations, marketing, advertising, financial management and other operating issues that you encounter (Section 10.1(h)).

(6) Make available to you initial training of replacement managers at a location that we determine. You must pay us fees for this training only if we provide replacement manager training to you more than once per calendar year (Sections 10.1(b) and 11.2(b)).

(7) Make reasonable efforts to negotiate, enter into and maintain, through volume purchasing, contracts for equipment, supplies and services that we make available for your purchase (Section 14.3).

(8) Review proposed equipment, supplies or service contracts to determine if they meet specifications under the FOSTER'S GRILLE system (Section 14.2).

(9) At our option, administer a system-wide advertising and promotional fund. (Section 16.2) (See "Advertising and Promotional Fund ("APF")" below).

(10) At our option, provide Intranet access to our manuals, franchisee resources and company news (Section 10.1(m)).

(11) Maintain a website (or multiple websites), and provide you with a standard listing on our primary website in accordance with our manuals (Section 10.3). (You may not establish your own website.)

Advertising and Promotion

**Advertising and Promotional Fund ("APF")**

We may, on 60 days' prior notice to you, require you to contribute up to 3% of your Gross Sales to an advertising and promotion fund ("APF"). All franchised and company-owned businesses (if any) will contribute on an equal basis to the APF.

The APF primarily will be used for media development, public relations and advertising that generally will be placed in regional media, and involve periodicals and newspapers. We may use an independent regional advertising agency to prepare marketing materials.

We will administer the APF and, on your written request, make an annual unaudited financial statement available for your review about 90 days after fiscal year end. Other than reimbursement for reasonable costs and overhead incurred in activities for the administration or direction of the APF (up to 15%), neither we nor any affiliate will receive any payment for providing products or services to the APF. We will not use the APF to solicit prospective franchisees. If we spend more than the contributions accumulated in the APF during any fiscal year, we may receive, on demand, reimbursement in later years to the extent of the excess expenditure.

We will not be required to spend any amount from the APF on advertising or promotions in your area. If any contributions to the APF, including any associated earnings, are not spent in the fiscal year in which they accrue, they will remain in the APF for use in following years. We may terminate the APF at any time, but we will not do so until all monies in the APF have been spent for the purposes described in the franchise agreement or returned to contributors on a prorated basis. If we terminate the APF at any time, we may later re-instate the APF at any time.

In our fiscal year ended December 31, 2025, we did not require contributions to be paid to the APF, and we did not expend any monies from the APF.

**Franchisee Advertising Council**

We may form an advertising council of franchisees. The council will advise us on advertising and promotional policies. Franchisees will elect some or all of the members of the council. The council will serve in an advisory capacity only and have no operational or decision-making power. The council will operate under its own bylaws, but we will have the right to change or dissolve the council.

**Grand Opening Advertising**

You must advertise and promote the opening of your business according to a grand opening marketing program we approve. Your grand opening expenditures will be for items such as balloons, banners and cooperative coupons mailed to households in your territory. See Items 6, 7 and 8 for more information.

**Local Advertising**

You must submit to us, for our approval, all media and materials to be used for local advertising, unless the media and/or materials have been approved before or unless we provided the materials. All materials containing our proprietary marks must include the designation we specify. If you do not receive written or oral disapproval of any materials submitted within 10 days

from the date we receive the materials, the materials are approved. We may require you to withdraw and/or discontinue the use of any promotional materials or advertising, even if previously approved. We must make this requirement in writing, and you have 5 days after receipt of our notice to withdraw and/or discontinue use of the materials or advertising.

You must include in any significant display advertisements and in marketing materials for your FOSTER'S GRILLE restaurant, in conformance with standards in our manuals, a notice that your FOSTER'S GRILLE restaurant is individually owned and operated. Subject to any legal restrictions, you also must display or make available in your FOSTER'S GRILLE restaurant reception area marketing materials that we provide to you about the purchase of FOSTER'S GRILLE franchises, but you have no responsibility or authority to act for us in franchise sales.

You must spend at least 1% of your annual Gross Sales on local advertising. If other FOSTER'S GRILLE restaurants are located in your area, you must participate in any local advertising cooperative that we establish or cause to be formed, if we require your participation. You may not solicit business outside your territory through the use of a toll-free number, direct mail, a website, electronic communications or other advertising methods without our prior written approval.

You may have as many telephone numbers and telephone directory listings for your business as you choose, and we will assign "fostersgrille" email addresses for your franchised business ("listings"). We will own all rights to the listings, and you must transfer them to us on the expiration, termination, repurchase or transfer of the franchise, at your expense. You must sign an authorization that grants us the right to change, transfer or terminate your listings on your behalf on expiration, termination, repurchase or transfer of the franchise (see Attachment 2 to the franchise agreement).

On our primary website, we will provide you with a standard listing for your business in accordance with our manuals. You may not establish your own website.

We may establish a cooperative advertising program for the benefit of all franchisees within a particular region. We have the right to (a) allocate any portion of the APF to the cooperative advertising program; and (b) collect and designate all or a portion of the expenditures for local advertising required in Section 16.3 of the franchise agreement for the cooperative advertising program. We will determine the geographic territory and market area for any cooperative advertising program. You must participate in any cooperative advertising program established in your region if we require your participation. If a cooperative advertising program is implemented in a particular region, we may establish a cooperative marketing committee for franchisees in that region to self-administer the program.

Incentive or Convenience Programs

Because customer incentive or convenience programs may be effective methods to spur customer visits, you must offer for sale, and honor for purchases by customers, any incentive or convenience programs that we may periodically establish. You must follow our standards and specifications for the programs as described in our manuals or otherwise in writing. We may require you to participate in a system-wide gift card or loyalty card incentive program from our approved supplier (see Item 8).

Computer Hardware and Software

You must purchase and use computer hardware and software that we specify. Currently, you must purchase a POS system from Focus POS and a back office computer system that meets Focus POS and our specifications. The current specifications are:

POS System: 2 Focus POS Terminals with 15" touch screens all in one PC workstation, serial and network receipt printers, impact printer, 2 cash drawers, customer touch dynamics 8" display touchscreen, Focus POS workstation license, credit card software , online integration, Focus cloud services and multi-store gift card processing software. Back Office Computer System: 1 desktop computer (minimum of 2G RAM with flat panel display), 1 all-in-one printer, 2 UPS (APC CS-350), 1 network hub (4-port), Microsoft Office XP or higher, Quick Books Pro, and anti-virus software. You must also have DSL modem service and network cabling.

You will use the POS system as a cash register. It will be networked to the back office computer system and used for functions such as accounting, database and contact management, facilities management, food and beverage analysis reports, communications and word processing.

The POS system and back office computer system currently cost about $0 to $2,500. You must pay a maintenance fee for the POS system, which covers server hosting, software updates and 24-hour technical support. Currently, that fee is $500 per year for live support and $550 per year for cloud-base technical support.

The software we require you to use contains modules that support personnel-related functions, such as employee timekeeping, employee scheduling and payroll processing. Your use of those modules is non-mandatory. You may use those modules or alternate software to handle personnel-related functions, or you may handle personnel-related functions in any other manner that you choose.

We have established these specifications for all new FOSTER'S GRILLE restaurants, based on our research into currently available technology.

You may purchase any necessary installation and training for required software from suppliers of your choosing. You must carry a 1-year warranty. You must periodically upgrade or replace the software, and must install and regularly update anti-virus, anti-malware and any other protective software as we specify. You must ensure that such protective software is active at all times. We estimate that your annual cost for these upgrades will be no more than $1,000. There are no contractual limitations on the frequency or cost of this obligation.

We may assist you in obtaining computer hardware, software and related services, but we are not obligated to do so. We are not required to provide you with updates and support for any software, but we may provide you with mandatory and non-mandatory templates designed to be used with the software used in the operation of your business. In our sole discretion, in the future, we may provide you with proprietary software for reasonable fees.

Unless we expressly provide otherwise in writing, we do not warranty any required computer hardware or software, and we disclaim all implied warranties to the extent permitted by law. Neither we nor any affiliate is obligated to provide ongoing maintenance, repairs, upgrades or updates to any component of your computer system. You should determine for yourself whether or not any 3rd party supplier from whom you purchase any component of your computer system is

obligated to provide ongoing maintenance, repairs, upgrades or updates to any component of your computer system, and determine the additional cost for the services.

As a component of your POS system, you must subscribe to an online computer network on which we will have the ability to access your accounting and record-keeping data. There are no contractual limitations on our right to access this data. The online computer network permits the transfer of data throughout the FOSTER'S GRILLE system. Currently, the cost for an online computer network subscription is about $80 to $160 per month.

Manuals

As of December 31, 2025, our confidential pre-opening manual covered the following subjects:

| Section | Topic | Number of Pages in Section |
|---|---|---|
| I | Pre-Opening Checklist | 7 |
| II | Site Selection | 61 |
| III | Pre-Opening Business Procedures | 21 |
| IV | Starting Inventory Lists | 36 |
| V | Initial Staffing | 6 |
| VI | Appendix | 2 |
| | **TOTAL** | **133** |

As of December 31, 2025, our confidential operations manual covered the following subjects:

| Section | Topic | Number of Pages in Section |
|---|---|---|
| I | Introduction | 10 |
| II | Quality Assurance Review Procedures | 12 |
| III | Day-to-Day Operations | 23 |
| IV | Quality Control | 5 |
| V | Safety and Security | 14 |
| VI | Customer Service | 10 |
| VII | Marketing Compliance | 15 |
| VIII | Public Relations | 7 |
| IX | Staffing | 28 |
| X | Financial and Business Management | 12 |
| XI | Franchise Compliance | 4 |
| | **TOTAL** | **140** |

The pre-opening and operations manuals contain both mandatory standards, specifications, policies and procedures, and non-mandatory guidelines and recommendations, for the development and operation of your business.

Training

You will receive the following initial training before and during the opening of your new FOSTER'S GRILLE business:

## TRAINING PROGRAM

| Subject | Number of Hours | | Location |
|---|---|---|---|
| | Classroom | On-The-Job | |
| Introduction and Welcome | 1 | 1 | Haymarket, VA and your site |
| Day-to-Day Operations | 6 | 35 | Haymarket, VA and your site |
| Quality Control | 4 | 10 | Haymarket, VA and your site |
| Safety and Security | 1 | 1 | Haymarket, VA and your site |
| Customer Service Relations | 2 | 12 | Haymarket, VA and your site |
| Marketing | 2 | 3 | Haymarket, VA and your site |
| Public Relations | 2 | 2 | Haymarket, VA and your site |
| Scheduling and Staffing | 1 | 1 | Haymarket, VA and your site |
| Financial Management | 2 | 4 | Haymarket, VA and your site |
| Franchise Responsibilities and Procedures | 2 | 4 | Haymarket, VA and your site |
| **TOTAL** | 23 | 73 | |

The hours devoted to each subject are estimates only and may vary substantially based on how quickly trainees grasp the material, their prior experience with the subject, and scheduling. Much of the on-the-job training will be conducted at your location before and during the opening of your FOSTER'S GRILLE restaurant.

Our current instructors are Mike Cerny, who has more than 30 years of experience with the subject matter, and Cire Lo, who has more than 10 years of experience with the subject matter. We will use our manuals as the basis for instruction.

If you are an individual, you and your original manager must attend and successfully complete initial training to our satisfaction. If you are a legal entity, your managing shareholder, partner or member and your original manager must attend and successfully complete initial training to our satisfaction.

Initial training currently consists of the following: an initial session of up to 7 days of classroom and on-the-job training in Haymarket, Virginia before you open for business, and up to 7 days of on-site training before and during the opening of your FOSTER'S GRILLE restaurant. If needed, we may provide an advanced session of about 3 days of classroom and on-the-job training in Haymarket, Virginia, which generally will take place about 90 to 120 days after you open for business. The initial training generally begins 2 to 10 weeks before the projected opening of your business.

You or your trained original manager must train your other employees and independent contractors before the opening and during the operation of your business.

We will not charge you for initial training unless you send more than 3 trainees (see Item 6), but you must pay your trainees' travel, lodging and meal expenses, and their wages and benefits, during training.

Each year at our option, we may schedule a regional or national conference. You (or your managing shareholder, partner, or member) must attend this conference. The focus of the conference generally will be discussion and review of new business and marketing trends and

methods. At our option, we may charge you a fee based on a proportionate share of our out-of-pocket costs to hold each annual conference.

You (or your managing shareholder, partner, or member) and/or any previously trained manager must attend any refresher or follow-up training that we designate. We will not charge you for this training, but you must pay your trainees' travel, lodging and meal expenses, and their wages and benefits, during training (see Item 6).

Training for replacement managers is required and provided on the same terms as the initial training provided for you**,** except that there will be a fee for the training if we must provide it to you more than once per calendar year (see Item 6). Training for transferees of the franchised business will be required and provided on the same terms as the initial training provided for you. Training for replacement managers and transferees will occur at a time we schedule on a space-available basis, and may not be available immediately after the replacement manager is hired or the transferee assumes control.

Site Selection

Initially, we approve an interim reserved area within which you must locate a site for your business. We will assist you in evaluating proposed sites based on information that you provide to us and on other information that we consider relevant. We may, but we are not required to, visit proposed sites with you. You may not sign a lease for a proposed site until you have submitted a copy of the lease to us and received our written approval. We will accept or not accept a proposed site (within 30 days after you propose it in writing with appropriate documentation as stated in our manuals) based on factors such as neighborhood, traffic patterns, access, parking, size, layout, length of availability, the terms of any proposed lease, sublease or purchase contract, and other factors. If we do not accept a proposed site, you must locate another site. If you and we cannot agree on a site, we may terminate the franchise. Your acquisition of any proposed site before our acceptance of the site will be your sole risk and responsibility, and will not obligate us in any way to accept the site. Our acceptance of a proposed site is not in any way our warranty or representation as to the suitability of the site for a FOSTER'S GRILLE restaurant.

You must locate the site, obtain our approval and lease or purchase the site within 6 months after signing the franchise agreement. If you are delayed from leasing or purchasing a site within 6 months, you must provide us with a written request to extend the time. Your request must state: 1) that a delay is anticipated; 2) the reasons that caused the delay; 3) the efforts that you are making to proceed with a purchase or signing a lease; and 4) an anticipated date on which you will sign a lease or close on the purchase. In considering the request, we will not unreasonably withhold our consent to a delay, up to a maximum of 60 days, if you have been diligently pursuing locating a site and purchasing or signing a lease for the site. If, for any reason, you do not sign a lease or purchase an approved site within 6 months or any additional time to which we have consented, we may terminate the franchise.

Opening of Business

You must open for business within 12 months after signing your franchise agreement. However, if you are delayed from opening within 12 months, you must provide us with a written request to extend the time. Your request must state: 1) that a delay is anticipated; 2) the reasons that caused the delay; 3) the efforts that you are making to proceed with opening; and 4) an

anticipated date on which you will open. In considering the request, we will not unreasonably withhold our consent to a delay, up to a maximum of 60 days, if you have been diligently pursuing opening. If, for any reason you do not open 12 months or any additional time to which we have consented, we may terminate your franchise.

The typical length of time between the signing of a franchise agreement and the opening of a business is 12 months, subject to our opening schedule availability. Factors that may affect this time include your ability to obtain business licenses and permits and when you complete initial training, locate a site, negotiate a lease, sublease or purchase contract, and complete any construction or renovation of your facility.

B. AREA DEVELOPMENT AGREEMENT

Our Obligations

If you comply with the terms of your area development agreement, we may not franchise or license others, or ourselves directly or indirectly develop, own, lease, construct or operate, any FOSTER'S GRILLE restaurants in the geographic area covered by your area grant.

You will open each FOSTER'S GRILLE restaurant under an individual franchise agreement. Therefore, we have no pre-opening, training, opening or post-opening obligations under an area development agreement.

Area and Site Selection

We and you will agree on an area as described in Item 12 of this disclosure document. If we and you cannot agree on an area, we will not enter into an area development agreement with you.

As stated in 12.A, you will select the site of each FOSTER'S GRILLE restaurant in the area, subject to our written acceptance of each site. If we disapprove a site, you must locate another site.

## Item 12

## TERRITORY

A. FRANCHISE AGREEMENT

For each FOSTER'S GRILLE restaurant, we grant to you a protected territory. The protected territory generally will be defined by 5-digit ZIP codes, county or city boundaries, a radius, or fixed geographical boundaries such as rivers, streets or highways. We will generally identify the territory by attaching a map to the franchise agreement. A typical territory will contain about 30,000 to 50,000 population with average household income levels of $40,000 or higher. A downtown or dense suburban territory may be based on the level and concentration of commercial activity in an area, rather than on the population in a territory. We will determine the population or commercial activity in the territory by using information from the most recent census tracts available from the U.S. Census Bureau or from other sources.

We grant you a franchise for a specific accepted site within the territory. The site may not be changed without our written approval and compliance with our relocation procedures, and you may not operate out of any site other than the accepted site within the territory without our written

approval. All sales must be made from the accepted site. You may not solicit business outside your territory through the use of a toll-free number, direct mail, a website, electronic communications or other advertising methods without our prior written approval.

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

Your territorial rights restrict us from establishing or operating, or granting any person other than you the right to establish or operate, a FOSTER'S GRILLE restaurant at any traditional venue in your territory.

However, we and our affiliates, designees and assignees may, without offering you the right to participate: (a) establish and operate, and grant others the right to establish and operate, FOSTER'S GRILLE restaurants at locations anywhere outside your territory, including locations near the territory's boundaries; (b) in or outside your territory, offer and sell products and services that are the same as the products and services offered by FOSTER'S GRILLE restaurants, or different products and services, using FOSTER'S GRILLE trademarks or different trademarks; (c) in or outside your territory, establish and operate, and grant others the right to establish and operate, FOSTER'S GRILLE restaurants that are located within non-traditional venues, such as convention centers, airports, hotels, sports facilities, theme parks, hospitals, transportation facilities, venues in which master concessionaires provide foodservice, and similar captive market locations; (d) in or outside your territory, sell any products, using FOSTER'S GRILLE trademarks or different trademarks, through alternative channels of distribution, such as grocery stores, convenience stores, mobile food vans or trucks and the Internet; (e) acquire and continue to operate, directly or indirectly, any business operating under different trademarks in or outside your territory; (f) acquire and retain, directly or indirectly, the rights and obligations of any franchisor or licensor of any business operating under different trademarks in or outside your territory; (g) in or outside your territory, establish and promote other franchise systems involving different products or services using different trademarks, and establish company-owned or franchised outlets for those systems; (h) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by any other person, including a competing business, even if such person operates, franchises and/or licenses businesses in close proximity to your FOSTER'S GRILLE restaurant; and/or (i) engage in other activities not prohibited by the franchise agreement.

During the term of the franchise, your territory may not be modified except by a written agreement between you and us. On renewal or transfer of your franchise, the territory may be modified. Depending on the then-current demographics of the territory, and on our then-current standards for territories, if the territory is larger than our then-current standard territory, we may require you or the transferee to accept a renewal territory or a transfer territory smaller than the territory.

The protected territory is not dependent on the achievement of any stated sales volume or market penetration. As a single-unit franchisee, you do not receive the automatic right to acquire additional franchises.

B. AREA DEVELOPMENT AGREEMENT

We grant you an area that is based, in part, on population density and market demand for FOSTER'S GRILLE restaurant products and services. The area generally will be defined by 5-digit ZIP codes, county or city boundaries, or fixed geographical boundaries such as rivers, streets or highways, and will contain about 30,000 to 50,000 population with average household income levels of $40,000 or higher per FOSTER'S GRILLE restaurant to be developed.

You must develop franchised FOSTER'S GRILLE restaurants in your area according to a development schedule. This development schedule normally requires that you open 1 FOSTER'S GRILLE restaurant every 12 months. You must be in compliance with all previously executed franchise agreements for FOSTER'S GRILLE restaurants in order to be eligible to open new FOSTER'S GRILLE restaurants. If you do not comply with the development schedule, or if any of your franchises are terminated for any reason, we may do any or all of the following: (a) to terminate the area grant; (b) to terminate your area protection; or (c) to reduce the size of the area. We do not generally grant a right of first refusal to obtain additional area.

You will not receive an exclusive area, in that FOSTER'S GRILLE restaurants may operate within non-traditional venues (see below) in your area. You may face competition through these non-traditional venues from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, if you comply with the terms of the area development agreement, we may not establish or operate, or grant any person other than you the right to establish or operate, a FOSTER'S GRILLE restaurant at any traditional venue in your area.

We and our affiliates, designees and assignees may, without offering you the right to participate: (a) establish and operate, and grant others the right to establish and operate, FOSTER'S GRILLE restaurants at locations anywhere outside your area, including locations near the area's boundaries; (b) in or outside your area, offer and sell products and services that are the same as the products and services offered by FOSTER'S GRILLE restaurants, or different products and services, using FOSTER'S GRILLE trademarks or different trademarks; (c) in or outside your area, establish and operate, and grant others the right to establish and operate, FOSTER'S GRILLE restaurants that are located within non-traditional venues, such as convention centers, airports, hotels, sports facilities, theme parks, hospitals, transportation facilities, venues in which master concessionaires provide foodservice, and similar captive market locations; (d) in or outside your area, sell any products, using FOSTER'S GRILLE trademarks or different trademarks, through alternative channels of distribution, such as grocery stores, convenience stores, mobile food vans or trucks and the Internet; (e) acquire and continue to operate, directly or indirectly, any business operating under different trademarks in or outside your area; (f) acquire and retain, directly or indirectly, the rights and obligations of any franchisor or licensor of any business operating under different trademarks in or outside your area; (g) in or outside your area, establish and promote other franchise systems involving different products or services using different trademarks, and establish company-owned or franchised outlets for those systems; (h) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by any other person, including a competing business, even if such person operates, franchises and/or licenses businesses in close proximity to your FOSTER'S GRILLE restaurant; and/or (i) engage in other activities not prohibited by the area development agreement.

We currently do not operate or franchise, and do not have any plans to operate or franchise, businesses under different trademarks, where the businesses sell different products or services.

## Item 13

## TRADEMARKS

A. FRANCHISE AGREEMENT

We grant you the non-exclusive right and obligation to use the trademark, service mark and trade name FOSTER'S GRILLE, and other trademarks, service marks, trade names, logos, trade dresses, and commercial symbols ("trademarks") that we make available to you, for providing products and services under the FOSTER'S GRILLE system at your business. You may not use any of our trademarks as part of any legal entity name, website address, email address, domain name or other identification in any print, electronic or other medium, or with any prefix, suffix or other modifying word, term, symbol or design. You may not use our trademarks for the sale of unauthorized products or services or in any manner we have not authorized in writing. All rights in and good will from the use of our trademarks accrue solely to us.

Registrations and Applications

We own the following registrations on the Principal Register of the United States Patent and Trademark Office ("USPTO") for the following service marks:

| Mark | Registration Date | Registration Number |
|---|---|---|
|  | September 2, 2008 | 3,495,981 |
| FOSTER'S GRILLE | January 1, 2013 | 4,267,797 |
| HOME OF THE CHARBURGER | February 12, 2013 | 4,288,254 |

We intend to file Section 8 or 15 affidavits when due, and to renew the registrations when due.

Determinations

There are no currently effective material determinations of the USPTO, any Trademark Trial and Appeal Board, any state trademark administrator or any court, nor are there any pending interference, infringement, opposition or cancellation proceedings or material litigation, involving any of the trademarks in any manner that is material to the franchised business. There are no decided infringement, cancellation or opposition proceedings in which we unsuccessfully fought to prevent registration of another trademark to protect the trademark.

Agreements

There are no agreements currently in effect that significantly limit our rights to use or to license the use by franchisees of the trademarks in any manner that is material to the franchised business.

Protection of Rights

We will control any administrative proceedings or litigation involving the trademarks. You must notify us promptly of any use by any person or legal entity other than us or our franchisees, of any of our trademarks or any variation of any of our trademarks. We will decide the actions to be taken against the use of any of our trademarks by any persons or legal entities other than us or our franchisees. Our current intent is to take strong and progressive actions (that may include bringing litigation) against that use. Any actions that we take will be at our expense.

You must notify us promptly of any litigation brought against you involving any of our trademarks, and you must deliver to us copies of any documents for the litigation that we request. We will decide whether to settle or defend any trademark litigation brought against you. If we decide to take either action, we will do so at our expense, but you must cooperate with us. If the defense does not involve issues concerning the operation of your franchise, we will reimburse you for your out-of-pocket costs. If we decide not to defend or settle any trademark litigation brought against you, you must defend or settle the litigation at your expense.

Because your telephone listings, email addresses and domain names ("listings") will be associated with 1 or more of our trademarks, we will own all rights to the listings, and all goodwill generated from the use of the listings will inure to our benefit. See Items 9 and 11.

We may acquire or develop additional trademarks, and may use those trademarks ourselves, make those trademarks available for use by you and other FOSTER'S GRILLE restaurants, or make those trademarks available for use by other persons or entities. You may not directly or indirectly contest our rights in our trademarks.

Indemnification of You

We will indemnify you to the extent that litigation involves defending against infringement or unfair competition if you are using our trademarks in accordance with the franchise agreement and our manuals, you allow us sole control of the defense and settlement of any claim and if you give us notice of a claim within 30 days after you learn about the claim.

Modification of Trademarks

We may require you to modify or use a substitute for any trademark. If we do, you must pay your cost of compliance. We will allow you sufficient time to make the change in a cost-effective matter. We also may require you to use and display a notice in a form we approve that you are a franchisee under the FOSTER'S GRILLE system using the trademarks under a franchise agreement.

Superior Prior Rights or Infringing Uses

We do not know of any superior prior rights or infringing uses that could materially affect your use of the Marks.

B. AREA DEVELOPMENT AGREEMENT

You will not have the right to use our trademarks under an area development agreement. Your rights to use our trademarks are derived solely from the franchise agreements entered into for the operation of individual FOSTER'S GRILLE restaurants.

## Item 14

## PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

A. FRANCHISE AGREEMENT

Patents

No patents are material to the franchise.

Copyrights

We have not registered any copyrights with the United States Copyright Office (Library of Congress), but various marketing, sales, training, management and other materials that we have created are and will be protected under the U.S. Copyright Act, whether or not we have obtained registrations. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for the purpose of promoting your franchised business.

There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving the copyrighted materials that are relevant to their use by our franchisees.

There are no agreements currently in effect that significantly limit our right to use or license the use of our copyrighted materials in any manner material to the franchise. All of the provisions in Item 13 under the heading "Protection of Rights" also apply to copyrights; provided, however, that you must modify or discontinue use of any subject matter covered by a copyright if directed by us.

We do not know of any superior rights in or any infringing uses of our copyrighted materials that could materially affect your use of the copyrighted materials.

Proprietary Information

We have a confidential operations manual that is proprietary and copyrighted, and that contains both mandatory standards and specifications, and non-mandatory guidelines and recommendations, for the development and operation of your business. Item 11 describes the confidential operations manual. We also have other proprietary, copyrighted and confidential materials and product recipes, and may develop additional manuals, materials and product recipes, for the operation of your business. All confidential manuals, materials and product recipes provided to you are for your exclusive use during the term of the franchise, and may not be reproduced, copied, loaned to, used by or shown to any person outside the FOSTER'S GRILLE system without our permission.

You must have each employee or independent contractor sign an agreement before you grant him or her access to our manuals, or our confidential materials or product recipes, in which he or she agrees to the confidentiality of the FOSTER'S GRILLE system, agrees not to use any information about the FOSTER'S GRILLE system for his or her own benefit without an appropriate license, and agrees not to compete in certain respects with your business and other franchisees' businesses (see Exhibit E of this disclosure document).

B. AREA DEVELOPMENT AGREEMENT

Patents and Copyrights

We do not own any rights in or to any copyrights or patents that are material to an area grant.

Proprietary Information

We may provide you with proprietary information for an area grant. This information is for your exclusive use during the term of the area grant, and may not be reproduced, loaned or shown to any person outside the FOSTER'S GRILLE system.

## Item 15

## OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

A. FRANCHISE AGREEMENT

We strongly believe that the success of your franchised business will depend to a large extent on your personal and continued efforts, supervision and attention. If you are an individual, you and your original manager, or only your original manager, must attend and successfully complete initial training (see Item 11). If you are an individual, you or a trained manager must personally manage your business at all times.

If you are a legal entity, your managing shareholder, partner, or member and your original manager, or only your original manager, must attend and successfully complete initial training. If you are a legal entity, your managing shareholder, partner, or member, or a trained manager, must personally manage your business at all times. Any replacement manager must attend and successfully complete initial training. Neither an original manager nor a replacement manager needs to have an equity interest in your business.

You must have each manager, each management employee or independent contractor, and each person attending initial training, before you grant him or her access to our manuals or any other confidential information, sign an agreement in which he or she agrees to the confidentiality of the FOSTER'S GRILLE system, agrees not to use any information about the FOSTER'S GRILLE system for his or her own benefit without an appropriate license, and agrees not to compete in certain respects with your business and other franchisees' businesses. Our current form of this agreement is included as Exhibit E to this disclosure document.

If you are a legal entity, each shareholder, principal officer, partner, or member must personally guarantee your obligations under the franchise agreement and also agree to be personally bound by, and personally liable for breach of, the franchise agreement, by signing the guaranty agreement included as Attachment 5 to the franchise agreement. If a spouse is not a co-owner of a franchise, or is not a shareholder, principal officer, partner or member of a legal entity franchisee, he/she is not required to sign the guaranty agreement.

B. AREA DEVELOPMENT AGREEMENT

You (or if you are not an individual, your principal operating officer or partner) must personally oversee the selection of sites for franchised FOSTER'S GRILLE restaurants to be developed under an area development agreement and also the development of those businesses.

## Item 16

## RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

A. FRANCHISE AGREEMENT

You must offer for sale and sell only products and services that we have approved or authorized. You may not offer for sale or sell products or services that would detract from or be inconsistent with the FOSTER'S GRILLE system. You may use products or services not purchased from us, but those products or services must be of comparable quality and must be approved by us in writing before use to ensure maintenance of proper quality standards. You may not use or permit the use of your premises for any other purpose or activity at any time without first obtaining our written consent. Your FOSTER'S GRILLE restaurant must be a non-smoking facility.

You must offer for sale all approved products and services; must not deviate from our specifications for the approved products, services and suppliers without our written consent; and must discontinue offering any items that we disapprove in writing.

You must offer for sale and honor any incentive or convenience programs for customers that we may periodically institute, including any gift-card programs, in compliance with our standards and specifications for the programs (see Items 8 and 11 for more information). You must offer and honor any discounts that are part of any incentive or convenience program.

We will provide you with our standard pricing schedule for products and services offered by your FOSTER'S GRILLE restaurant. We encourage you to charge the prices in the standard pricing schedule as it is revised periodically, but you will have the right to sell your products and services at any prices you determine, except to the extent that we exercise our right to establish minimum or maximum prices for any products or services. If we establish minimum or maximum prices for any products or services, you will have the right to charge any prices above the minimum prices or below the maximum prices but will not be permitted to charge prices below the minimum prices or above the maximum prices.

We may change the types of products and services that we approve or authorize if the products and services are compatible with the FOSTER'S GRILLE system. There are no other limits on our right to make these changes.

You must be open for business each week for minimum hours and days as stated in our manuals, unless you are limited by local government regulation, or you obtain a written variance from us. All sales must occur at or from your premises. You must offer carry-out services. You may not offer catering or delivery services.

You are not restricted in the customers to whom you may sell approved products or services, but you may not solicit business outside your territory through the use of a toll-free

number, direct mail, a website, electronic communications or other advertising methods without our prior written approval.

B. AREA DEVELOPMENT AGREEMENT

The area development agreement does not restrict what you may sell. However, each franchise agreement contains restrictions on what may be offered by each FOSTER'S GRILLE restaurant established under the area development agreement.

## Item 17

## RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

## THE FRANCHISE RELATIONSHIP

A. FRANCHISE AGREEMENT

**This table lists certain important provisions of the franchise agreement and its attachments. You should read these provisions in the agreements in Exhibit B in this disclosure document.**

| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| (a) Length of the franchise term | 3.1 | 10 years |
| (b) Renewal or extension of the term | 3.2 | You have the right to renew for successive 10-year terms, if you meet the requirements for renewal. |
| (c) Requirements for franchisee to renew or extend | 3.2 | Notice, solvency, right to remain in possession of premises, no ceasing to do business, no danger to public, no repeated defaults or misrepresentations to us, timely submission of reports, no felonies or illegal conduct, signing of the then-current agreement, renewal fee, remodeling (if we require).<br><br>If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights. |
| (d) Termination by franchisee | Not applicable | Not applicable |
| (e) Termination by franchisor without cause | Not applicable | Not applicable |
| (f) Termination by franchisor with cause | 26.1, 26.2 & 26.3 | We may only terminate the franchise with cause. |

| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| (g) "Cause" defined – curable defaults | 26.3 | 10 Days to Cure: failure to pay us or any affiliate any sum owing when due; failure to submit any information when due; failure to submit proof of insurance when due.<br><br>30 Days to Cure: Failure to start or complete training on schedule, failure to comply with franchise agreement or our manuals, including: failure to maintain any standard or specification; unauthorized product or service offer; failure to obtain our prior written acceptance, approval or consent; misuse or unauthorized use of our system or trademarks; failure to pay personal attention to business; failure to maintain books and records; failure to pay any 3rd party (including any major supplier or taxing or licensing authority) any amount owing when due; failure to satisfy any other material obligation relating to your business. |
| (h)"Cause" defined – non-curable defaults | 26.1<br><br>26.2 | Automatic Termination: general assignment for creditors, involuntary bankruptcy petition not dismissed within 60 days, filing of voluntary bankruptcy petition, adjudication of bankruptcy, court-appointed receivership, foreclosure suit not dismissed within 30 days, premises or equipment sold after levy.<br><br>Termination on Notice: insolvency; ceasing to operate business; criminal conviction; harmful improper activity; danger to public; repeated defaults; material misrepresentation; transfer, or failure to transfer, in violation of franchise agreement; violation of noncompetition or confidentiality provisions; tax lien, levy or enforcement suit; failure to purchase or lease a site on schedule; failure to submit a lease for approval before execution; underpayment or under-reporting of any amount due us by 5% or more for any 3-month period; termination of another franchise for a restaurant; failure to comply with U.S. anti-terrorism laws. |
| (i) Franchisee's obligations on termination/non-renewal | 27 | Fulfillment of continuing obligations under franchise agreement; de-identification; no use of our system, trademarks, confidential information, materials; delivery to us of our manuals, other materials received from us and customer data, and all copies of the same; assignment to us of telephone number(s); assignment to us of email addresses, etc.; cancellation of assumed name or equivalent registrations containing our trademarks; final accounting; sale to us of assets and transfer to us of lease (at our option); see also (r). |
| (j) Assignment of contract by franchisor | 25.1 | There are no restrictions on our right to assign our interest in your franchise agreement. |

| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| (k) "Transfer" by franchisee – defined | 25.2 | Includes the conveyance or pledge of any interest in you (if you are a legal entity), franchise agreement or any related agreement, the franchise, or your business. |
| (l) Franchisor approval of transfer by franchisee | 25.2 | We have the right to approve all transfers. Our consent will not be unreasonably withheld. |
| (m) Conditions for franchisor approval of transfer | 25.2(b), 25.3, 25.5(a) & 25.6 | Substantial compliance with franchise agreement; transferee qualification; payments current; general release; written transfer agreement; transferee's signing of then-current franchise agreement; transferee's agreement to complete training; transfer fee; no exercise of our right of first refusal; equipment and premises updated to our then-current specifications; our consent to material terms of transfer; and subordination of obligations of transferee to transferor. |
| (n) Franchisor's right of first refusal to acquire franchisee's business | 25.5 | We may match any offer. |
| (o) Franchisor's option to purchase franchisee's business | 25.6 & 27.3 | On your death, disability or dissolution, your interest in the franchise must be transferred to an approved person within 240 days. Otherwise, we have the right (but not the duty) to purchase the assets of your business and obtain a transfer of your lease to us. Also, on expiration or termination of the franchise, we have the right (but not the duty) to purchase the assets of your business and obtain a transfer of your lease to us. |
| (p) Death or disability of franchisee | 25.6 & 25.7 | We have the right (but not the duty) to appoint a manager for your business pending transfer. See also (o). |
| (q) Non-competition covenants during the term of the franchise | 21.2, 21.3, 21.4(a) & 21.10 | No diversion of business, customers or personnel; no involvement in Competitive Business anywhere in the U.S. |
| (r) Non-competition covenants after the franchise is terminated or expires | 21.3, 21.4(b), 21.10 | No diversion of personnel for 1 year.<br><br>No involvement for 2 years in Competitive Business in your territory, in the territory of any FOSTER'S GRILLE restaurant operating or in planning at time of expiration or termination, within a 25-mile radius of any of any FOSTER'S GRILLE restaurant operating or in planning at time of expiration or termination, or in the area of any FOSTER'S GRILLE area developer operating at the time of expiration or termination (subject to state law). |
| (s) Modification of the agreement | 28.3 | Your franchise agreement may not be modified without your and our consent, but we may change the contents of our manuals; we may modify our system; and a court may modify any provision of the franchise agreement under applicable law. |

| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| (t) Integration/merger clause | 28.1 | Only terms of franchise agreement, including its attachments are binding (subject to state law). Any representations or promises outside of this disclosure document and the franchise agreement may not be enforceable. |
| (u) Dispute resolution by arbitration or mediation | 29.6 & 32 | Except for certain claims, all disputes must be arbitrated in the county or city in which our home office is located at the time (subject to state law). |
| (v) Choice of forum | 32.2 & 32.6 | Litigation in courts nearest our home office at the time (subject to state law). |
| (w) Choice of law | 29.6 | Federal Arbitration Act and Virginia law apply, except the law of the state where the largest geographic portion of your territory is located applies to non-competition covenants (subject to state law). |

B. AREA DEVELOPMENT AGREEMENT

This table lists certain important provisions of the area development agreement and its related agreement. You should read these provisions in the agreements in Exhibit C in this disclosure document.

| Provision | Section in Area Development or Related Agreement | Summary |
|---|---|---|
| (a) Length of the area grant term | 2 | Based on number of locations agreed to be developed, stated in Development Addendum |
| (b) Renewal or extension of the area grant | Not applicable | Not applicable. |
| (c) Requirements for area developer to renew or extend | Not applicable | Not applicable. |
| (d) Termination by area developer | Not applicable | Not applicable. |
| (e) Termination by franchisor without cause | Not applicable | We may only terminate the area grant with cause. |
| (f) Termination by franchisor with cause | 15.1 to 15.3 | With cause (automatic termination); with cause and notice; with cause, notice and 30 days to cure. |
| (g) "Cause" defined – curable defaults | 15.3 | Failure to properly maintain books and records, to pay personal attention to business, to obtain prior approvals, etc., to provide required information or amounts when due or to satisfy any other material obligation to us or 3rd parties; misuse or unauthorized use of our system or trademarks; failure to comply with development schedule; 30-day cure for listed defaults. |

| Provision | Section in Area Development or Related Agreement | Summary |
|---|---|---|
| (h) "Cause" defined – non-curable default | 15.1 | Automatic Termination: general assignment for creditors; involuntary bankruptcy petition not dismissed within 60 days; filing of voluntary bankruptcy petition; adjudication of bankruptcy; court-appointed receivership; foreclosure suit not dismissed within 30 days; premises or equipment sold after levy. |
| "Cause" defined –non-curable defaults | 15.2 | Termination on Notice: insolvency; criminal conviction; harmful improper activity; repeated defaults; material misrepresentation; underpayment or underreporting of any amount due us or any affiliate by 5% or more for any 3-month period; transfer, or failure to transfer, in violation of area development agreement; violation of confidentiality provisions; tax lien, levy or enforcement suit; termination of any franchise for a restaurant. |
| (i) Area developer's obligations on termination/non-renewal | 16 | No use of our materials, designations (including our trademarks), system or confidential information; return or destruction of materials; cancellation of assumed name or equivalent registrations containing our trademarks; final accounting; see also (r). |
| (j) Assignment of contract by franchisor | 14.1 | No restriction on our right to assign. |
| (k) "Transfer" by area developer – defined | 14.2 | Includes the conveyance or pledge of any interest in you (if you are a legal entity), the area development agreement or any related agreement, the area grant, or any franchised business. |
| (l) Franchisor's approval of transfer by area developer | 14.2(a) | We have the right to approve all transfers, but our consent will not be unreasonably withheld. |
| (m) Conditions for franchisor's approval of transfer | 14.2(b) | Substantial compliance with area development agreement and franchise agreements; transferee qualification; payments current; general release; written transfer agreement; transferee's signing of then-current area development agreement; transferee training; transfer fee; no exercise of our right of first refusal; our consent to material terms of transfer; subrogation of transferee's rights in assets for amounts financed to our rights; see also (n). |
| (n) Franchisor's right of first refusal to acquire area developer's business | 14.5 | We may match any offer. |
| (o) Franchisor's option to purchase area developer's business | Not applicable | Not applicable. |
| (p) Area developer's death or disability | 14.6 | Area grant must be transferred to an approved person within 240 days of representative's appointment. |
| (q) Non-competition covenants during the term of the area grant | Not applicable | Not applicable. |

| Provision | Section in Area Development or Related Agreement | Summary |
|---|---|---|
| (r) Non-competition covenants after the franchise is terminated or expires | Not applicable e | Not applicable. |
| (s) Modification of the agreement | 17.3 | Your area development agreement may not be modified without your and our consent, but we may change the contents of our manuals; we may modify the FOSTER'S GRILLE system; and a court may modify any provision of the area development agreement under applicable law. |
| (t) Integration/merger clause | 17.1 | Only terms of area development agreement, including its attachments are binding (subject to state law). Any representations or promises outside of this disclosure document and the area development agreement may not be enforceable. |
| (u) Dispute resolution by arbitration or mediation | 18.6 & 21 | Except for certain claims, all disputes must be arbitrated in the county or city in which our home office is located at the time (subject to state law). |
| (v) Choice of forum | 21.2 & 21.6 | Litigation in courts nearest our home office at the time (subject to state law). |
| (w) Choice of law | 18.6 | Federal Arbitration Act and Virginia law apply (subject to state law). |

## Item 18

## PUBLIC FIGURES

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

## Item 19

## FINANCIAL PERFORMANCE REPRESENTATIONS

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

This Item 19 contains the following 2025 and 2024 historical sales, cost and income information: (A) the average, median, high and low Gross Sales of the 4 franchised FOSTER'S GRILLE restaurants and the 7 affiliate-owned FOSTER'S GRILLE restaurants in operation during the entire 2025 calendar year; (B) the average, median, high and low Gross Sales of the 5 franchised FOSTER'S GRILLE restaurants and the 7 affiliate-owned FOSTER'S GRILLE restaurants in operation during the entire 2024 calendar year; and (C) the actual Gross Sales, costs and incomes of the 7 affiliate-owned FOSTER'S GRILLE restaurants in operation during the entire 2025 and 2024 calendar years.

In 2025, 1 franchised FOSTER'S GRILLE restaurant ceased operations, 0 franchised FOSTER'S GRILLE restaurants both began and ceased operations, 0 affiliate-owned FOSTER'S GRILLE restaurants ceased operations, and 0 affiliate-owned FOSTER'S GRILLE restaurants both began and ceased operations.

In 2024, no franchised FOSTER'S GRILLE restaurants ceased operations, no franchised FOSTER'S GRILLE restaurants both began and ceased operations, no affiliate-owned FOSTER'S GRILLE restaurants ceased operations, and no affiliate-owned FOSTER'S GRILLE restaurants both began and ceased operations.

### (A) Average and Median Gross Sales of 4 Franchised and 7 Affiliate-Owned FOSTER'S GRILLE Restaurants in 2025

Franchisees operated 4 FOSTER'S GRILLE restaurants, and our affiliates operated 7 FOSTER'S GRILLE restaurants, during the entire 2025 calendar year.

The following tables show, for the entire 2025 calendar year, the average, median, high and low Gross Sales of: (i) the 2 franchised and 3 affiliate-owned FOSTER'S GRILLE restaurants with the highest Gross Sales; (ii) the 2 franchised and 4 affiliate-owned FOSTER'S GRILLE restaurants with the lowest Gross Sales; and (iii) all 11 FOSTER'S GRILLE restaurants.

| | | |
|---|---|---|
| **2 FRANCHISED FOSTER'S GRILLE RESTAURANTS WITH HIGHEST GROSS SALES (1)**<br>**2025** | **AVERAGE GROSS SALES (2)**<br>**(1 restaurant, or 50%, exceeded the average)** | **$1,092,029** |
| | **MEDIAN GROSS SALES (3)** | **$1,092,029** |
| | High Gross Sales | $1,296,435 |
| | Low Gross Sales | $887,623 |
| **3 AFFILIATE-OWNED FOSTER'S GRILLE RESTAURANTS WITH HIGHEST GROSS SALES**<br>**2025** | **AVERAGE GROSS SALES**<br>**(2 restaurants, or 67%, exceeded the average)** | **$1,265,670** |
| | **MEDIAN GROSS SALES** | **$1,283,155** |
| | High Gross Sales | $1,315,580 |
| | Low Gross Sales | $1,198,277 |
| **ALL 5 FOSTER'S GRILLE RESTAURANTS WITH HIGHEST GROSS SALES**<br>**2025** | **AVERAGE GROSS SALES**<br>**(2 restaurants, or 40%, exceeded the average)** | **$1,196,214** |
| | **MEDIAN GROSS SALES** | **$1,283,155** |
| | High Gross Sales | $1,315,580 |
| | Low Gross Sales | $887,623 |

| | | |
|---|---|---|
| **2 FRANCHISED FOSTER'S GRILLE RESTAURANTS WITH LOWEST GROSS SALES**<br>**2025** | **AVERAGE GROSS SALES**<br>**(1 restaurant, or 50%, exceeded the average)** | **$719,473** |
| | **MEDIAN GROSS SALES** | **$719,473** |
| | High Gross Sales | $761,463 |
| | Low Gross Sales | $677,483 |

| | | |
|---|---|---|
| **4 AFFILIATE-OWNED FOSTER'S GRILLE RESTAURANTS WITH LOWEST GROSS SALES 2025** | **AVERAGE GROSS SALES (2 restaurants, or 50%, exceeded the average)** | **$809,337** |
| | **MEDIAN GROSS SALES** | **$795,876** |
| | High Gross Sales | $991,926 |
| | Low Gross Sales | $653,673 |
| **ALL 6 FOSTER'S GRILLE RESTAURANTS WITH LOWEST GROSS SALES 2025** | **AVERAGE GROSS SALES (2 restaurants, or 33%, exceeded the average)** | **$779,382** |
| | **MEDIAN GROSS SALES** | **$764,568** |
| | High Gross Sales | $991,926 |
| | Low Gross Sales | $653,673 |

| | | |
|---|---|---|
| **ALL 11 FOSTER'S GRILLE RESTAURANTS 2025** | **AVERAGE GROSS SALES (6 restaurants, or 55%, exceeded the average)** | **$968,851** |
| | **MEDIAN GROSS SALES** | **$887,623** |
| | High Gross Sales | **$1,315,580** |
| | Low Gross Sales | **$653,673** |

Notes:

1. "Gross Sales" mean all receipts, including all amounts received on a cash, charge or time basis, and including the value of all products or services received for products or services provided, without reserve or deduction for inability to collect, and including any proceeds from any business interruption or similar insurance applicable to any revenue loss of the business, but excluding: excise, sales and use taxes; gross receipts taxes or similar taxes separately stated to and collected from customers for transmittal to appropriate taxing authorities; refunds to customers; and any receipts from vending machines located in the business, except for any amounts representing affiliates' shares of the receipts. Gift cards generate receipts that are included in "Gross Sales" when they are redeemed by customers, not when they are sold. All percentages in the tables above are based on "Gross Sales."

2. An "average" is calculated by adding the numerical values of all data points in a set, and dividing by the number of data points in the set.

3. A "median" is the numerical value of the data point in the middle of all data points in a set. If a set contains an even number of data points, the median is calculated by identifying the 2 data points in the middle of the set, adding their numerical values, and dividing by 2.

**(B) Average and Median Gross Sales of 5 Franchised and 7 Affiliate-Owned FOSTER'S GRILLE Restaurants in 2024**

Franchisees operated 5 FOSTER'S GRILLE restaurants, and our affiliates operated 7 FOSTER'S GRILLE restaurants, during the entire 2024 calendar year.

The following tables show, for the entire 2024 calendar year, the average, median, high and low Gross Sales of: (i) the 3 franchised and 4 affiliate-owned FOSTER'S GRILLE restaurants with the highest Gross Sales; (ii) the 2 franchised and 3 affiliate-owned FOSTER'S GRILLE restaurants with the lowest Gross Sales; and (iii) all 12 FOSTER'S GRILLE restaurants.

| | | |
|---|---|---|
| **3 FRANCHISED FOSTER'S GRILLE RESTAURANTS WITH HIGHEST GROSS SALES (1)**<br>**2024** | **AVERAGE GROSS SALES (2)**<br>**(1 restaurant, or 33%, exceeded the average)** | **$1,013,608** |
| | **MEDIAN GROSS SALES (3)** | **$889,092** |
| | High Gross Sales | $1,292,178 |
| | Low Gross Sales | $859,554 |
| **4 AFFILIATE-OWNED FOSTER'S GRILLE RESTAURANTS WITH HIGHEST GROSS SALES**<br>**2024** | **AVERAGE GROSS SALES**<br>**(2 restaurant, or 50%, exceeded the average)** | **$1,267,749** |
| | **MEDIAN GROSS SALES** | **$1,310,563** |
| | High Gross Sales | $1,410,580 |
| | Low Gross Sales | $1,039,289 |
| **ALL 7 FOSTER'S GRILLE RESTAURANTS WITH HIGHEST GROSS SALES**<br>**2024** | **AVERAGE GROSS SALES**<br>**(4 restaurants, or 57%, exceeded the average)** | **$**1,158,831 |
| | **MEDIAN GROSS SALES** | **$**1,216,692 |
| | High Gross Sales | $1,410,580 |
| | Low Gross Sales | $859,554 |

| | | |
|---|---|---|
| **2 FRANCHISED FOSTER'S GRILLE RESTAURANTS WITH LOWEST GROSS SALES**<br>**2024** | **AVERAGE GROSS SALES**<br>**(1 restaurant, or 50%, exceeded the average)** | **$755,337** |
| | **MEDIAN GROSS SALES** | **$**755,337 |
| | High Gross Sales | $854,975 |
| | Low Gross Sales | $655,699 |
| **3 AFFILIATE-OWNED FOSTER'S GRILLE RESTAURANTS WITH LOWEST GROSS SALES**<br>**2024** | **AVERAGE GROSS SALES**<br>(1 **restaurant, or 33%, exceeded the average)** | **$794,425** |
| | **MEDIAN GROSS SALES** | **$776,677** |
| | High Gross Sales | $848,620 |
| | Low Gross Sales | $757,979 |
| **ALL 5 FOSTER'S GRILLE RESTAURANTS WITH LOWEST GROSS SALES**<br>**2024** | **AVERAGE GROSS SALES**<br>**(2 restaurant, or 40%, exceeded the average)** | **$**778,790 |
| | **MEDIAN GROSS SALES** | **$**776,677 |
| | High Gross Sales | $854,975 |
| | Low Gross Sales | $655,699 |

| | | |
|---|---|---|
| **ALL 12 FOSTER'S GRILLE RESTAURANTS**<br>**2024** | **AVERAGE GROSS SALES**<br>**(5 restaurants, or 42%, exceeded the average)** | $1,000,481 |
| | **MEDIAN GROSS SALES** | **$**874,323 |
| | High Gross Sales | $1,410,580 |
| | Low Gross Sales | $655,699 |

Notes:

1. "Gross Sales" mean all receipts, including all amounts received on a cash, charge or time basis, and including the value of all products or services received for products or services provided, without reserve or deduction for inability to collect, and including any proceeds from any business interruption or similar insurance applicable to any revenue loss of the business, but excluding: excise, sales and use taxes; gross receipts taxes or similar taxes separately stated to and collected from customers for transmittal to appropriate taxing authorities; refunds to customers; and any receipts from vending machines located in the business, except for any amounts representing affiliates' shares of the receipts. Gift cards generate receipts that are included in "Gross Sales" when they are redeemed by customers, not when they are sold. All percentages in the tables above are based on "Gross Sales."

2. An "average" is calculated by adding the numerical values of all data points in a set, and dividing by the number of data points in the set.

3. A "median" is the numerical value of the data point in the middle of all data points in a set. If a set contains an even number of data points, the median is calculated by identifying the 2 data points in the middle of the set, adding their numerical values, and dividing by 2.

## (C) Gross Sales, Costs, and Gross and Net Incomes of 7 Affiliate-Owned FOSTER'S GRILLE Restaurants in 2025 and 2024

Our affiliates operated 7 FOSTER'S GRILLE restaurants during the entire 2025 and 2024 calendar years in Virginia. The restaurants were located in suburban communities within the Washington, DC metropolitan area: 1 in Marshall, 1 in Old Town Manassas, 1 in Vienna, 1 in Warrenton, 1 in Haymarket, 1 in Bristow, and 1 in South Riding.

The following tables show the actual Gross Sales, costs (cash disbursements), and gross and net incomes of those restaurants in 2025 and 2024, before certain costs such as interest, depreciation, taxes, etc., and both before and after assumed continuing franchise fees and APF contributions, based on financial statements prepared by our management affiliate.

We do not have financial statements for franchised FOSTER'S GRILLE restaurants on which we have a reasonable basis to present cost, gross income, and net income information for those restaurants.

| | Outlet 1 | | Outlet 1 | |
|---|---|---|---|---|
| | Marshall, VA | | Marshall, VA | |
| | 2025 | | 2024 | |
| **Gross Sales (1)** | **$767,673** | **100%** | **$776,677** | **100%** |
| Less Cash Disbursements for Goods Sold (2) | 239,061 | 31% | 229,626 | 30% |
| **Gross Income** | **528,611** | **69%** | **547,051** | **70%** |
| Less Labor Costs (3) | 220,350 | 29% | 237,221 | 31% |
| Less Rent Costs | 68,365 | 9% | 69,295 | 9% |
| Less Utility Costs (4) | 41,318 | 5% | 40,106 | 5% |
| Less Other Costs (5) | 79,034 | 10% | 78,160 | 10% |
| **Net Income, Before Certain Costs, Continuing Franchise Fees and APF Contributions (6)** | 119,545 | **16%** | **122,269** | **16%** |
| **Net Income, Before Certain Costs, But After Continuing Franchise Fees (7)** | **81,162** | **11%** | **83,435** | **11%** |
| **Net Income, Before Certain Costs, But After Continuing Franchise Fees and Maximum APF Contributions (8)** | **58,132** | **8%** | **60,135** | **8%** |

| | Outlet 2 | | Outlet 2 | |
|---|---|---|---|---|
| | Old Town Manassas, VA | | Old Town Manassas, VA | |
| | 2025 | | 2024 | |
| **Gross Sales (1)** | **$991,926** | **100%** | **$1,039,289** | **100%** |
| Less Cash Disbursements for Goods Sold (2) | 285,551 | 29% | 300,285 | 29% |
| **Gross Income** | **706,375** | **71%** | **739,003** | **71%** |
| Less Labor Costs (3) | 285,190 | 29% | 305,670 | 29% |
| Less Rent Costs | 74,831 | 8% | 74,027 | 7% |
| Less Utility Costs (4) | 28,179 | 3% | 25,201 | 2% |
| Less Other Costs (5) | 115,502 | 12% | 126,041 | 12% |
| **Net Income, Before Certain Costs, Continuing Franchise Fees and APF Contributions (6)** | **202,673** | **20%** | **208,063** | **20%** |
| **Net Income, Before Certain Costs, But After Continuing Franchise Fees (7)** | **153,077** | **15%** | **156,099** | **15%** |
| **Net Income, Before Certain Costs, But After Continuing Franchise Fees and Maximum APF Contributions (8)** | **123,319** | **12%** | **124,920** | **12%** |

| | Outlet 3 | | Outlet 3 | |
|---|---|---|---|---|
| | Vienna, VA | | Vienna, VA | |
| | 2025 | | 2024 | |
| **Gross Sales (1)** | **$824,079** | **100%** | **$848,620** | **100%** |
| Less Cash Disbursements For Goods Sold (2) | 237,760 | 29% | 244,887 | 29% |
| **Gross Income** | **586,319** | **71%** | **603,733** | **71%** |
| Less Labor Costs (3) | 247,823 | 30% | 234,494 | 28% |
| Less Rent Costs | 192,153 | 23% | 181,239 | 21% |
| Less Utility Costs (4) | 32,373 | 4% | 31,461 | 4% |
| Less Other Costs (5) | 108,887 | 13% | 110,022 | 13% |
| **Net Income, Before Certain Costs, Continuing Franchise Fees and APF Contributions (6)** | **5,082** | **1%** | **46,518** | **5%** |
| **Net Income, Before Certain Costs, But After Continuing Franchise Fees (7)** | **(36,121)** | **(4%)** | **4.087** | **1%** |
| **Net Income, Before Certain Costs, But After Continuing Franchise Fees and Maximum APF Contributions (8)** | **(60,844)** | **(7%)** | **(21,372)** | **(3%)** |

| | Outlet 4 | | Outlet 4 | |
|---|---|---|---|---|
| | Warrenton, VA | | Warrenton, VA | |
| | 2025 | | 2024 | |
| **Gross Sales (1)** | **$1,315,580** | **100%** | **$1,404,433** | **100%** |
| Less Cash Disbursements for Goods Sold (2) | 378,441 | 29% | 399,676 | 28% |
| **Gross Income** | **937,139** | **71%** | **1,004,757** | **72%** |
| Less Labor Costs (3) | 361,357 | 27% | 357,296 | 25% |
| Less Rent Costs | 109,557 | 8% | 109,100 | 8% |
| Less Utility Costs (4) | 50,869 | 4% | 46,946 | 3% |
| Less Other Costs (5) | 176,967 | 13% | 165,644 | 12% |
| **Net Income, Before Certain Costs, Continuing Franchise Fees and APF Contributions (6)** | **238,390** | **18%** | **325,771** | **23%** |
| **Net Income, Before Certain Costs, But After Continuing Franchise Fees (7)** | **172,611** | **13%** | **255,549** | **18%** |
| **Net Income, Before Certain Costs, But After Continuing Franchise Fees and Maximum APF Contributions (8)** | **133,144** | **10%** | **213,416** | **15%** |

| | Outlet 5 Haymarket, VA 2025 | | Outlet 5 Haymarket, VA 2024 | |
|---|---|---|---|---|
| **Gross Sales (1)** | **$1,283,155** | **100%** | **$1,410,580** | **100%** |
| Less Cash Disbursements for Goods Sold (2) | 373,339 | 29% | 408,162 | 29% |
| **Gross Income** | **909,816** | **71%** | **1,002,417** | **71%** |
| Less Labor Costs (3) | 357,907 | 28% | 384,660 | 27% |
| Less Rent Costs | 77,525 | 6% | 77,525 | 5% |
| Less Utility Costs (4) | 30,812 | 2% | 29,490 | 2% |
| Less Other Costs (5) | 134,996 | 11% | 141,637 | 10% |
| **Net Income, Before Certain Costs, Continuing Franchise Fees and APF Contributions (6)** | **308,576** | **24%** | **369,106** | **26%** |
| **Net Income, Before Certain Costs, But After Continuing Franchise Fees (7)** | **244,419** | **19%** | **298,577** | **21%** |
| **Net Income, Before Certain Costs, But After Continuing Franchise Fees and Maximum APF Contributions (8)** | **205,924** | **16%** | **256,260** | **18%** |

| | Outlet 6 | | Outlet 6 | |
|---|---|---|---|---|
| | Bristow, VA | | Bristow, VA | |
| | 2025 | | 2024 | |
| **Gross Sales (1)** | **$1,198,277** | **100%** | **$1,216,692** | **100%** |
| Less Cash Disbursements for Goods Sold (2) | 343,163 | 29% | 351,667 | 29% |
| **Gross Income** | **855,115** | **71%** | **865,024** | **71%** |
| Less Labor Costs (3) | 300,536 | 25% | 312,684 | 26% |
| Less Rent Costs | 153,529 | 13% | 151,340 | 12% |
| Less Utility Costs (4) | 32,275 | 3% | 32,461 | 3% |
| Less Other Costs (5) | 123,900 | 10% | 131,385 | 11% |
| **Net Income, Before Certain Costs, Continuing Franchise Fees and APF Contributions (6)** | **244,875** | **20%** | **237,155** | **19%** |
| **Net Income, Before Certain Costs, But After Continuing Franchise Fees (7)** | **184,957** | **15%** | **176,320** | **15%** |
| **Net Income, Before Certain Costs, But After Continuing Franchise Fees and Maximum APF Contributions (8)** | **149,013** | **12%** | **139,820** | **12%** |

| | Outlet 7 | | Outlet 7 | |
|---|---|---|---|---|
| | South Riding, VA | | South Riding, VA | |
| | 2025 | | 2024 | |
| **Gross Sales (1)** | **$653,673** | **100%** | **$757,979** | **100%** |
| Less Cash Disbursements for Goods Sold (2) | 185,300 | 28% | 210,397 | 28% |
| **Gross Income** | **468,373** | **72%** | **547,582** | **72%** |
| Less Labor Costs (3) | 248,821 | 38% | 277,783 | 37% |
| Less Rent Costs | 117,964 | 18% | 114,505 | 15% |
| Less Utility Costs (4) | 26,566 | 4% | 25,644 | 3% |
| Less Other Costs (5) | 95,928 | 15% | 129,813 | 17% |
| **Net Income, Before Certain Costs, Continuing Franchise Fees and APF Contributions (6)** | **(20,906)** | **(3%)** | **(163)** | **0%** |
| **Net Income, Before Certain Costs, But After Continuing Franchise Fees (7)** | **(54,589)** | **(8%)** | **(38,062)** | **(5%)** |
| **Net Income, Before Certain Costs, But After Continuing Franchise Fees and Maximum APF Contributions (8)** | **(73,199)** | **(11%)** | **(60,801)** | **(8%)** |

Notes:

1 "Gross Sales" mean all receipts, including all amounts received on a cash, charge or time basis, and including the value of all products or services received for products or services provided, without reserve or deduction for inability to collect, and including any proceeds from any business interruption or similar insurance applicable to any revenue loss of the business, but excluding: excise, sales and use taxes; gross receipts taxes or similar taxes separately stated to and collected from customers for transmittal to appropriate taxing authorities; refunds to customers; and any receipts from vending machines located in the business, except for any amounts representing affiliates' shares of the receipts. Gift cards generate receipts that are included in "Gross Sales" when they are redeemed by customers, not when they are sold. All percentages in the tables above are based on "Gross Sales."

2. "Cash Disbursements for Goods Sold" cover food, janitorial products, paper products, beverages (including beer and wine), and miscellaneous supplies.

3. "Labor Costs" cover wages and overtime paid to all management and non-management employees working in the FOSTER'S GRILLE restaurant, management bonuses, training costs, payroll taxes, workers' compensation costs, and employee benefit costs for items such as health insurance, holidays, vacation days and sick days. If you are the on-site manager of your FOSTER'S GRILLE restaurant, your wages and bonuses would be covered by this item. Wage expenses for district managers, who supervise multiple store-level managers, have been excluded from these amounts.

4. "Utility Costs" cover gas, cable or satellite television, electric, telephone, water, and sewage.

5. "Other Costs" cover refunds to customers, bank charges, cleaning, contributions, dues and subscriptions, insurance, licenses and permits, office expenses, office supplies, penalties, printing and reproduction, professional fees, repairs and maintenance, taxes (but not income taxes), tee shirts, training/education, local advertising, and other miscellaneous items. We currently do not require our franchisees to make APF contributions, but if we establish an APF, you must contribute up to 3% of Gross Sales to the APF.

6. "Net Income, Before Certain Costs, Continuing Franchise Fees and APF Contributions" is before certain costs, such as debt service, interest, income taxes, depreciation, automobile or vehicle expenses, out-of-state travel expenses, intracompany management fees, and assumed continuing franchise fees of 5% of Gross Sales and assumed APF contributions of 1%-3% of Gross Sales. You must pay us continuing franchise fees of 5% of Gross Sales, but currently are not required to make any APF contributions.

7. "Net Income, Before Certain Costs, But After Continuing Franchise Fees" is before certain costs, such as debt service, interest, income taxes, depreciation, automobile or vehicle expenses, out-of-state travel expenses, and intracompany management fees, but after assumed continuing franchise fees of 5% of Gross Sales. "Labor Costs" would cover your wages and bonuses if you are the on-site manager of your FOSTER'S GRILLE restaurant. You must pay us continuing franchise fees of 5% of Gross Sales.

8. "Net Income, Before Certain Costs, But After Continuing Franchise Fees and Maximum APF Contributions" is before certain costs, such as debt service, interest, income taxes, depreciation, automobile or vehicle expenses, out-of-state travel expenses, and intracompany management fees, but after assumed continuing franchise fees of 5% of Gross Sales and assumed maximum 3% APF contributions. "Labor Costs" would cover your wages and bonuses if you are the on-site manager of your FOSTER'S GRILLE restaurant. You must pay us continuing franchise fees of 5% of Gross Sales. We currently do not require you to make APF contributions, but if we establish an APF, you must make APF contributions of up to 3% of Gross Sales.

General:

The Gross Sales information shown in the tables above for franchised FOSTER'S GRILLE restaurants is compiled from information submitted to us by the franchisees in their unaudited sales reports. The reports submitted to us were not audited, and we have not undertaken to independently verify the accuracy of the information in the reports or determine whether the reports were prepared in accordance with generally accepted accounting principles. However, we are not aware of any instance in which any franchised FOSTER'S GRILLE restaurant overstated Gross Sales in any report.

The Gross Sales, cost, and gross and net income information shown in the tables above for affiliate-owned FOSTER'S GRILLE restaurants is substantiated by unaudited financial statements prepared on an accrual basis by our management affiliate in accordance with generally accepted accounting principles.

We are not aware of any material differences between the franchised and affiliate-owned FOSTER'S GRILLE restaurants for which information is shown in this Item 19, and the franchised FOSTER'S GRILLE restaurants described in this disclosure document.

Written substantiation for the financial performance representations will be made available to you on reasonable request. We urge you to consult with your financial, business and legal advisors in connection with the sales, cost and income information shown in this Item 19.

**Some restaurants have sold and earned this amount. Your individual results may differ. There is no assurance that you'll sell or earn as much.**

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 Cire Lo, 4432 Costello Way, Haymarket, Virginia 20169, (703) 754-6220, the Federal Trade Commission, and the appropriate state regulatory agencies.

## Item 20

## OUTLETS AND FRANCHISEE INFORMATION

**Table 1**
**System-wide Outlet Summary for Years 2023 to 2025**

| Outlet Type | Year | Outlets At Start Of Year | Outlets At End Of Year | Net Change |
|---|---|---|---|---|
| Franchised | 2023 | 5 | 5 | 0 |
| | 2024 | 5 | 5 | 0 |
| | 2025 | 5 | 5 | 0 |
| Company-Owned | 2023 | 7 | 7 | 0 |
| | 2024 | 7 | 7 | 0 |
| | 2025 | 7 | 8 | +1 |
| **Total Outlets** | **2023** | **12** | **12** | **0** |
| | **2024** | **12** | **12** | **0** |
| | **2025** | **12** | **13** | **+1** |

**Table 2**
**Transfers of Outlets From Franchisees to New Owners (Other than Franchisor or an Affiliate) For Years 2023 to 2025**

| State | Year | Number Of Transfers |
|---|---|---|
| All states | 2023 | 0 |
| | 2024 | 0 |
| | 2025 | 0 |
| **Total** | **2023** | **0** |
| | **2024** | **0** |
| | **2025** | **0** |

**Table 3**
**Status of Franchised Outlets**
**For Years 2023 to 2025**

| State | Year | Outlets At Start Of Year | Outlets Opened | Termina-tions | Non-Renewals | Reacquired By Franchisor | Ceased Operations For Other Reasons | Outlets At End Of Year |
|---|---|---|---|---|---|---|---|---|
| FL | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2025 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| MD | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2025 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| VA | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2025 | 2 | 0 | 0 | 0 | 1 | 0 | 1 |
| **Total** | **2023** | **5** | **0** | **0** | **0** | **0** | **0** | **5** |
| | **2024** | **5** | **0** | **0** | **0** | **0** | **0** | **5** |
| | **2025** | **5** | **1** | **0** | **0** | **1** | **0** | **5** |

**Table 4**
**Status of Company-Owned Outlets**
**For Years 2023 to 2025**

| State | Year | Outlets At Start Of Year | Outlets Opened | Outlets Re-Acquired From Franchisees | Outlets Closed | Outlets Sold To Franchisees | Outlets At End Of Year |
|---|---|---|---|---|---|---|---|
| VA | 2023 | 7 | 0 | 0 | 0 | 0 | 7 |
| | 2024 | 7 | 0 | 0 | 0 | 0 | 7 |
| | 2025 | 7 | 0 | 1 | 0 | 0 | 8 |
| **Total** | **2023** | **7** | **0** | **0** | **0** | **0** | **7** |
| | **2024** | **7** | **0** | **0** | **0** | **0** | **7** |
| | **2025** | **7** | **0** | **1** | **0** | **0** | **8** |

**Table 5**
**Projected Openings Projected Openings as of December 31, 2025**

| State | Franchise Agreements Signed But Outlets Not Opened As Of December 31, 2025 | Projected New Franchised Outlets As Of December 31, 2025 (In 2026) | Projected New Company-Owned Outlets As Of December 31, 2025 (In 2026) |
|---|---|---|---|
| MD | 0 | 0 | 0 |
| VA | 0 | 0 | 1 |
| **Total** | **0** | **0** | **1** |

Exhibit H contains a list of the names, outlet business addresses and outlet business telephone numbers of our franchisees as of December 31, 2025, and a list of affiliate-owned restaurants as of December 31, 2025.

Exhibit I is a list of the names, cities and states and current business telephone numbers (or if unknown, last known home telephone numbers) of franchisees who had franchises terminated, cancelled, not renewed or reacquired by us (1 franchises); who transferred their franchises (0 franchises); who otherwise voluntarily or involuntarily ceased to do business under their franchise agreements during our most recent fiscal year (0 franchise); or who had not communicated with us within 10 weeks of the issuance date of this disclosure document (0 franchises).

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

No current or former franchisees have signed confidentiality clauses with us during the last 3 fiscal years which would restrict them from speaking openly with you about their experience with us.

## Item 21

## FINANCIAL STATEMENTS

Exhibit G includes our audited financial statements as of December 31, 2023 and 2024, and as of December 31, 2024 and 2025.

## Item 22

## CONTRACTS

Exhibit B includes the franchise agreement and all attachments, as follows:

Attachment 1A – Reserved Area Addendum
Attachment 1B – Site Addendum
Attachment 1C – Territory Addendum
Attachment 2 – Telephone and Internet Service Transfer Consent and Authorization
Attachment 3 – ACH Origination Authorization
Attachment 4 – Legal Entity Information Sheet

Attachment 5 – Guaranty Agreement
Attachment 6 – Lease Addendum
Attachment 7 – SBA Loan Addendum

Exhibit C includes the area development agreement, state riders and all attachments, as follows:

Attachment 1 – Area Addendum
Attachment 2 – Development Addendum
Attachment 3 – Legal Entity Information Sheet
Attachment 4 – Guaranty Agreement

Exhibit D includes the Franchisee Questionnaire.

Exhibit E includes the suggested form of Manager/Supervisor Confidentiality and Non-Competition Agreement.

Exhibit F includes the sample form of General Release to be signed on transfer or renewal.

## Item 23

## RECEIPTS

Exhibit K includes detachable documents acknowledging your receipt of this disclosure document.

## MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

(1) Item 5 of this disclosure document is modified to include the following paragraph:

> The Maryland Office of the Attorney General, Securities Division, requires us to defer payment of the initial franchise fee, the area development fee and other initial payments owed by you to us until we have completed our pre-opening obligations under the first franchise agreement.

(2) Item 17(h) is modified to state that provisions allowing termination on bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. § 101 et seq.).

(3) Item 17(m) is modified to state that the general release required as a condition of transfer will not apply to any claim arising under the Maryland Franchise Registration and Disclosure Law.

(4) Item 17(v) of this disclosure document is amended to include the following:

The Virginia venue provision will not supersede your right to bring claims under the Maryland Franchise Registration and Disclosure Law in a Maryland court.

(5) Item 17(w) is modified to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

(6) The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

(7) The Franchisee Questionnaire does not apply to Maryland franchisees, and Maryland franchisees should not answer the Franchisee Questionnaire.

## STATE ADDENDUM TO DISCLOSURE DOCUMENT FOR VIRGINIA

(1) Regarding any franchise agreement offered or entered into on or after July 1, 2026 that relates to a franchise the performance of which contemplates or requires the franchisee to establish or maintain a place of business in Virginia:

Under subsection A 4 of § 13.1-563 of the Virginia Retail Franchising Act ("Act"), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale. The franchise agreement is revised to conform to subsections A 4 and B of § 13.1-563 of the Act.

(2) The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

# EXHIBIT A

## AGENCIES/AGENTS FOR SERVICE OF PROCESS

# AGENCIES/AGENTS
# FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for enforcing franchise disclosure/registration laws, and state agencies serving as our agents for service of process if we are registered under the franchise disclosure/registration laws of their states.

In states and territories not listed, we do not have agents for service of process under franchise disclosure/registration laws, but we may have agents for service of process for other purposes.

| State | State Agency | Agent for Service of Process |
|---|---|---|
| CALIFORNIA | Commission of the Department of Financial Protection and Innovation<br>320 West 4th Street, Suite 750<br>Los Angeles, CA 90013<br>(213) 576-7505<br>Toll-free (866-275-2677) | Commissioner of the Department of Financial Protection and Innovation |
| HAWAII | Business Registration Division<br>Department of Commerce and Consumer Affairs<br>335 Merchant Street, Room 203<br>Honolulu, HI 96813<br>(808) 586-2722 | Commissioner of Securities of the State of Hawaii |
| ILLINOIS | Office of Attorney General<br>Franchise Division<br>500 South Second Street<br>Springfield, IL 62706<br>(217) 782-4465 | Illinois Attorney General |
| INDIANA | Indiana Secretary of State<br>Securities Division<br>302 West Washington St., Room E-111<br>Indianapolis, IN 46204<br>(317) 232-6681 | Indiana Secretary of State<br>201 State House<br>Indianapolis, IN 46204 |
| MARYLAND | Office of the Attorney General<br>Division of Securities<br>200 St. Paul Place<br>Baltimore, MD 21202-2020<br>(410) 576-6360 | Maryland Securities Commissioner<br>200 St. Paul Place<br>Baltimore, MD 21202-2020<br>(410) 576-6360 |
| MICHIGAN | Michigan Department of Attorney General<br>Consumer Protection Division<br>Antitrust and Franchise Unit<br>670 Law Building<br>Lansing, MI 48913<br>(517) 373-7117 | Michigan Department of Commerce, Corporations and Securities Bureau |
| MINNESOTA | Minnesota Department of Commerce<br>85 7th Place East, Suite 500<br>St. Paul, MN 55101-2198<br>(651) 296-4026 | Minnesota Commissioner of Commerce |

| State | State Agency | Agent for Service of Process |
|---|---|---|
| NEW YORK | NYS Department of Law<br>Investor Protection Bureau<br>28 Liberty Street, 21st Floor<br>New York, NY 10005<br>(212)-416-8222 | Attn: New York Secretary of State<br>New York Department of State<br>One Commerce Plaza,<br>99 Washington Avenue, 6th Floor<br>Albany, NY 11231-0001<br>(518) 473-2492 |
| NORTH DAKOTA | North Dakota Insurance & Securities Department<br>600 East Boulevard Avenue, Dept. 401<br>Bismarck, North Dakota 58505<br>Phone 701-328-2910 | Insurance Commissioner<br>North Dakota Insurance & Securities Department<br>600 East Boulevard Avenue, Dept. 401<br>Bismarck, North Dakota 58505<br>Phone 701-328-2910 |
| RHODE ISLAND | Department of Business Regulation<br>Division of Securities<br>1511 Pontiac Avenue, Building 69-1<br>Cranston, RI 02920<br>(401) 462-9585 | Director of Rhode Island Department of Business Regulation |
| SOUTH DAKOTA | Department of Labor and Regulation<br>Division of Insurance<br>Securities Regulation<br>124 South Euclid Suite 104<br>Pierre, SD 57501-3185<br>(605) 773-3563 | Director of South Dakota Division of Insurance |
| VIRGINIA | State Corporation Commission<br>Division of Securities and Retail Franchising<br>1300 East Main Street, 9th Floor<br>Richmond, VA 23219<br>(804) 371-9051 | Clerk of State Corporation Commission<br>1300 East Main Street, 1st Floor<br>Richmond, VA 23219<br>(804) 371-9733 |
| WASHINGTON | Department of Financial Institutions<br>Securities Division<br>P.O. Box 41200<br>Olympia, WA 98504-1200 | Director of Department of Financial Institutions<br>Securities Division<br>150 Israel Road SW<br>Tumwater, WA 98501<br>(360) 902-8760 |
| WISCONSIN | Wisconsin Securities Commissioner<br>Securities and Franchise Registration<br>345 W. Washington Avenue<br>Madison, WI 53703<br>(608) 266-8559 | Commissioner of Securities of Wisconsin |

# EXHIBIT B

## FRANCHISE AGREEMENT, STATE RIDERS AND ATTACHMENTS

**FRANCHISE AGREEMENT AND ATTACHMENTS**

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**Attachments:**

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3 ACH Origination Authorization
4 Legal Entity Information Sheet
5 Guaranty Agreement
6 Lease Addendum
7 SBA Loan Addendum

# FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Agreement") is entered into between Foster's Franchise Concepts, LLC, a Virginia limited liability company with its principal office at 4432 Costello Way, Haymarket, Virginia 20169 ("we", "us" or "our") and _____ _____ whose address is _____ _____ ("you" or "your").

RECITALS

A. We have expended time, skill, money and effort to develop a system for establishing and operating FOSTER'S GRILLE® restaurant that offers chargrilled hamburgers, fresh hand-cut french fries, hot dogs, chicken, turkey, veggie burgers, buffalo wings, daily specials, kid's menu, salads, sides, fresh-squeezed lemonade, milkshakes, soft drinks, beer and wine (if permitted), and video games for kids (the "System").

B. We also have expended time, skill, money and effort in publicizing the System and the products and services offered under the System. We have developed and will continue to develop valuable goodwill in the service mark, trademark and trade name FOSTER'S GRILLE, and in its trade dress; and have or may develop or acquire other service marks, trademarks, trade names and trade dresses for use under the System, all of which marks, names and dresses are or will be our sole property (the "Marks").

C. We franchise others to use the System and the Marks, and provide to you continuing advice on the establishment and operation of a FOSTER'S GRILLE business.

D. You desire to establish and operate a FOSTER'S GRILLE business, to use the Marks and all other elements of the System, and to derive the benefits of the System as developed by us. You acknowledge that it is essential to the maintenance of the high standards which the public has come to expect of FOSTER'S GRILLE products and services, and to the preservation of the integrity and goodwill of the Marks, that you adhere to the standards for the establishment and operation of a FOSTER'S GRILLE business.

In consideration of the recitals above and of the terms below, we and you agree:

## 1. GRANT OF FRANCHISE

1.1 Subject to the terms of this Agreement, we grant to you the right, and you undertake the duty, to establish and operate a FOSTER'S GRILLE business (the "Franchised Business") for the term described in Section 3 (the "Franchise").

1.2 The Franchise includes the right and obligation to sell FOSTER'S GRILLE products and services.

1.3 The Franchise includes the right and obligation to use the complete System, as it exists or may be supplemented or modified during the term of the Franchise. You agree that the System will continue to evolve to reflect changing market conditions and to meet new and changing consumer demands, and that variations and additions to the System may be required to preserve and enhance the public image of the System and to ensure the continuing operational efficiency of FOSTER'S GRILLE businesses generally. Accordingly, you agree that we may, on notice and acting reasonably, add to, modify, upgrade and change the System, including the

adoption and use of new and modified, upgraded or changed service marks, trademarks, trade names, trade dresses, equipment, techniques and methodologies relating to the preparation, marketing, promotion and sale of FOSTER'S GRILLE products and services, but any additions, modifications, upgrades or changes may not unreasonably increase your obligations under this Agreement or place an excessive economic burden on the Franchised Business. You further agree to promptly accept, implement, use and display in the operation of the Franchised Business all of those additions, modifications, upgrades and changes at your expense.

## 2. RESERVED AREA, SITE, TERRITORY AND OUR RESERVATIONS OF RIGHT

2.1 Reserved Area. If you have not located a site for the business by the time of execution of this Agreement, you agree that you will seek to locate the business only at a site acceptable to us within the geographic area ("Reserved Area") identified in the Reserved Area Addendum (Attachment 1A).

2.2 Site. When you have located a site for the business acceptable to us, the site will be identified in the Site Addendum (Attachment 1B). If the possession or ownership of or lease for the site of the business expires or terminates without fault of you, or if the site is destroyed, condemned or otherwise rendered unusable, or if in our judgment there is a change in character of the site of the business sufficiently detrimental to its business potential to warrant its relocation, we may grant you permission to relocate the business to another site acceptable to us within the Territory. Any relocation will be at your sole expense.

2.3 Territory. The territory for your site ("Territory") will be identified in the Territory Addendum (Attachment 1C). You acknowledge that the Territory may be different from the Reserved Area. During the term of the Franchise, we will not establish or operate, or grant any person other than you the right to establish or operate, a FOSTER'S GRILLE business at any traditional venue in the Territory.

2.4 Our Reservations of Right. We, on behalf of ourselves and our affiliates, designees and assignees, reserve the sole and absolute right, without offering you the right to participate:

(a) to establish and operate, and to grant to others the right to establish and operate, FOSTER'S GRILLE businesses at locations anywhere outside the Territory, including locations near the Territory's boundaries;

(b) in or outside the Territory, to offer and sell products and services that are the same as the products and services offered by FOSTER'S GRILLE businesses, or different products and services, using FOSTER'S GRILLE trademarks or different trademarks;

(c) in or outside the Territory, to establish and operate, and to grant others the right to establish and operate, FOSTER'S GRILLE businesses that are located within non-traditional venues, such as convention centers, airports, hotels, sports facilities, theme parks, hospitals, transportation facilities, venues in which master concessionaires provide foodservice, and similar captive market locations;

(d) in or outside the Territory, to sell any products or services, using FOSTER'S GRILLE trademarks or different trademarks, through alternative channels of distribution, such as grocery stores, convenience stores, mobile vans or trucks and the Internet;

(e) to acquire and continue to operate, directly or indirectly, any business operating under different trademarks in or outside the Territory;

(f) to acquire and retain, directly or indirectly, the rights and obligations of any franchisor or licensor of any business operating under different trademarks in or outside the Territory;

(g) in or outside the Territory, to establish and promote other franchise systems involving different products or services using different trademarks, and to establish company-owned or franchised outlets for those systems;

(h) to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by any other person, including a competing business, even if such person operates, franchises and/or licenses businesses in close proximity to the Franchised Business; and/or

(i) to engage in other activities not expressly prohibited by this Agreement.

## 3. TERM OF FRANCHISE

3.1 Initial Term. The Franchise will begin on the date we execute this Agreement, will continue for an initial term of 10 years unless sooner terminated under Section 26, and will expire at the end of the initial term or any renewal term unless renewed under Section 3.2.

3.2 Renewal Terms. You will have the right to renew the Franchise for successive 10-year terms, if:

(a) You have given us written notice, not more than 1 year and not less than 180 days before the expiration of the prior term, of your intention to renew;

(b) You are solvent (are able to pay your debts as they come due and have assets that are greater than your debts), have not lost the right to remain in possession of the premises where the Franchised Business is located, have not abandoned the Franchised Business, are not operating the Franchised Business in a manner that endangers public health or safety, have not repeatedly committed defaults of this Agreement during the prior term, have not repeatedly failed to submit timely reports to us during the prior term, and have not repeatedly submitted false or incomplete reports to us during the prior term;

(c) You, or any of your principal officers, partners, or members if you are a legal entity have not been convicted of a felony or a crime involving moral turpitude, consumer fraud or any other offense that is reasonably likely, in our sole judgment, to have an adverse effect on the Marks, the System, the goodwill associated with the Marks or System, or our interest in the Marks or System;

(d) You have signed our then-current franchise agreement for the renewal term and paid us a renewal fee equal to 10% of our then-current initial franchise fee for a

comparable 1st franchise. You acknowledge that our then-current franchise agreement may contain terms substantially different from those in this Agreement, including different fees, advertising contributions, training requirements and territory. Depending on the then-current demographics of the Territory, and on our then-current standards for territories, if the Territory is larger than our then-current standard territory, we may require you to accept a renewal territory smaller than the Territory; and

(e) At our option, you remodel the Franchised Business to conform it to our then-current requirements, except that you will not be required to expend more than 5% of your prior year's Gross Sales to accomplish any required remodeling.

## 4. PERSONAL ATTENTION OF FRANCHISEE OR MANAGER TO BUSINESS

4.1 You (or if you are not an individual, your principal operating officer, partner or member), or a Manager who has successfully completed all required initial training, must personally manage the Franchised Business at all times.

4.2 The Franchised Business will require the personal, continued and full-time attention of you, your principal operating officer, partner or member, or your Manager. Personal, continued and full-time attention will include at least: availability during normal and peak business periods; participation in the development and implementation of management and operational policies; and involvement in the training and supervision of employees and independent contractors to ensure that the System is followed.

## 5. ESTABLISHMENT AND MAINTENANCE OF BUSINESS

5.1 Selection of Site. You represent that you own or will purchase or sign a lease for the site of the Franchised Business in accordance with our requirements. For purposes of this Agreement, the term "lease" includes a sublease. If the site of the Franchised Business has not been located by you and accepted by us before execution of this Agreement, it is your obligation to locate and lease or purchase a site suitable for the operation of the Franchised Business and acceptable to us in the Reserved Area within 6 months after execution of this Agreement. If you are delayed from completing the purchase or signing a lease for the site within 6 months, you must immediately provide us with a written request to extend the time to complete the purchase or sign the lease. The request must state: (1) that a delay is anticipated; (2) the reasons which caused the delay; (3) the efforts that you are making to proceed with the purchase or lease; and (4) an anticipated date that you will close on the purchase or sign the lease. In considering the request, we will not unreasonably withhold our consent to a delay, up to a maximum of 60 days, if you have been diligently pursuing locating a site and closing on a purchase or signing a lease for the site. We will not unreasonably withhold acceptance of any site that meets our minimum standards for size and layout. We will give you written notice of acceptance or rejection of the proposed site within a reasonable time after receiving written notice of your proposed site and letter of intent or other evidence satisfactory to us confirming your favorable prospects of obtaining the proposed site. We agree to expend time and effort as may reasonably be required to evaluate the site proposed by you.

5.2 Ownership of or Lease for Site. Any lease or replacement lease for the site, or any lease for acceptable substitute site, must include the Lease Addendum attached to this

Agreement as Attachment 6 or equivalent provisions in place of the addendum that we approve. You agree to provide us with a copy of the lease before execution, and you agree not to sign the lease until you have received our written approval. You agree not to modify the lease in any way that would adversely affect our rights without our written approval. Your execution of a lease or purchase agreement for the site of the Franchised Business will constitute acceptance by you of the site and of the terms of the lease or purchase agreement, and a waiver of any claim or right against us relating to the choice of the site or the terms of the lease or purchase agreement. You acknowledge that our acceptance of any site does not constitute any assurance that a FOSTER'S GRILLE business will be profitable at that site or more profitable at that site in comparison to other sites. Our acceptance is only an indication that the particular site meets our minimum criteria.

5.3 Development of Business. You agree to develop the business in accordance with our specifications. You will, promptly after obtaining possession of the site of the Franchised Business, and before opening, do or cause to be done all of the following:

(a) Before building out the site of the Franchised Business, prepare and submit to us for acceptance, which will not be unreasonably withheld, plans for the Franchised Business (or any deviations from the plans) (including, but not limited to, plans for construction, dimensions, exterior design, materials, interior layout, equipment installation, fixtures, furniture, signs and decorating), which plans will comply with our specifications for a FOSTER'S GRILLE business. In connection with the preparation and any modification of the plans, we will provide you with assistance regarding the design and layout of the Franchised Business (including a preliminary layout for the premises), and the selection of equipment and supplies. After being accepted, the plans may be further modified only to the extent necessary to comply with applicable ordinances and building codes, and applicable permits, lease and deed requirements and restrictions. All plans and modifications will be subject to our prior written acceptance.

(b) Obtain all required building, driveway, utility, sign and business permits and licenses, and any other required permits and licenses necessary for the establishment and operation of the business, including a liquor license if required by us.

(c) Construct all required improvements to the premises, decorate the premises in compliance with plans and specifications accepted by us and otherwise conform the premises to all applicable ordinances and building codes, and all applicable permit, lease and deed requirements and restrictions and our specifications, as modified by you with our prior written approval to fit the particular site, and obtain all customary contractors' sworn statements and partial and final waivers of liens for construction, remodeling, decorating and installation services.

(d) Purchase, lease and install all equipment, fixtures, furniture and signs required for the business as listed in our specifications.

5.4 Equipment, Fixtures, Furniture and Signs. You agree to use in the operation of the Franchised Business only those brands and models of equipment, fixtures, furniture and signs that we have approved for FOSTER'S GRILLE businesses as meeting our standards and specifications. Specifications may include minimum standards for design, appearance, function, performance, serviceability and warranties. You further agree to place or display at the premises of the Franchised Business (interior and exterior) only the signs, emblems, lettering, logos and display materials that we approve in writing. You may purchase approved brands and models of

equipment, fixtures, furniture and signs from any supplier, including us or our affiliates, where applicable. If you propose to purchase any brand and/or model of equipment, fixture, furniture or sign which is not then approved by us, you will first notify us and will submit to us, on our request, sufficient written specifications, photographs, drawings and/or other information or samples for a determination by us of whether the brand and/or model of equipment, fixture, furniture or sign complies with our standards and specifications, which determination will be made and communicated to you within a reasonable time. We will have the right to charge you a reasonable amount to cover the actual costs incurred by us for any testing or inspection. See Section 14.2.

5.5 Business Opening. You agree to complete improvements and open for business within 12 months after signing the franchise agreement, subject to our opening schedule availability. If you are delayed from opening within 12 months, you must immediately provide us with a written request to extend the time to open. The request must state: (1) that a delay is anticipated; (2) the reasons which caused the delay; (3) the efforts that you are making to proceed with opening; and (4) an anticipated date that you will open. In considering the request, we will not unreasonably withhold our consent to a delay, up to a maximum of 60 days, if you have been diligently pursuing opening.

5.6 Grand Opening. You agree to conduct a grand opening marketing program that we approve for the Franchised Business. This marketing program will be in addition to marketing conducted under Sections 16.2 and 16.3 of this Agreement, and will use marketing and public relations programs and media and advertising materials that we approve. We will furnish advice and guidance to you as to the grand opening marketing program. On our request, you will participate in a joint grand opening program with other franchisees whose facilities are located in the same advertising market and who are opening FOSTER'S GRILLE businesses at about the same time.

## 6. CONTINUOUS OPERATION OF BUSINESS

6.1 You must operate the Franchised Business on a continuous basis throughout the year, and must be open for business each week for the minimum hours and minimum days stated in our manuals, unless you are limited by local government regulation or you obtain a written variance from us.

## 7. LIMITATIONS ON ACTIVITIES OF BUSINESS

7.1 In order to preserve the System and the identification of FOSTER'S GRILLE franchisees operating under the Marks, you agree that the Franchised Business will not engage in activities other than those approved under the System. You further agree that you must obtain our prior written consent to offer or sell any products or services other than those approved under the System.

7.2 You may not engage in any deceptive or unfair trade practice or other activity, or offer any service or product which is harmful to the goodwill or reputation of you, us, our franchisees generally, the System or the Marks.

7.3 You must maintain the menu for the Franchised Business in the form provided or specified by us. We may require you to modify the menu on reasonable written notice. You may modify the menu only with our prior written consent, which we may not arbitrarily withhold, subject to the following procedures:

(a) You must submit to us, in writing, any proposed menu modifications;

(b) You must submit to us, if we request, samples of any proposed new or modified menu items;

(c) Within 60 days, we will notify you, in writing, whether any proposed menu modifications, or any proposed new or modified menu items, items have been approved or disapproved and, if disapproved, the reasons for the disapproval; and

(d) You must reimburse us for any actual costs we incur in reviewing or testing any proposed menu modifications, or any proposed new or modified menu items.

7.4 You may not maintain your own website in connection with the Franchised Business on the Internet, or on any comparable electronic network of computers or other devices.

7.5 You may participate in electronic communications in connection with the Franchised Business, on the Internet or on any comparable electronic network of computers or other devices, through emails, social media platforms or other means, only in accordance with our manuals and our written instructions particular to the communications.

## 8. PRICING; GIFT CARDS; INCENTIVE OR CONVENIENCE PROGRAMS

8.1 Pricing. We will provide you with our standard pricing schedule for products and services offered by the Franchised Business. We encourage you to charge the prices in the standard pricing schedule as it is in effect and as it may be revised from time to time, but you will have the right to sell your products and services at any prices you determine, except to the extent that we exercise our right to establish minimum or maximum prices for any products or services, as described below. If you sell your products and services at the prices in the standard pricing schedule, you acknowledge that we have made no guarantee or warranty that offering the products or services at those prices will enhance your sales or profits. We retain the right to establish minimum or maximum prices for certain products and services, in our sole discretion on 30 days' prior written notice, to the fullest extent permitted by applicable law, on a nationwide or advertising market basis, or on a limited-time-only or longer-term basis. If we establish any minimum or maximum prices for any products or services, you will have the right to charge any prices above the minimum prices or below the maximum prices, but will not have the right to charge prices below the minimum prices or above the maximum prices.

8.2 Gift Cards. We reserve the right to establish policies regarding the use of gift cards, stored value cards, courtesy cards, coupons, loyalty cards and other comparable marketing items for you and others. You agree that the Franchised Business will offer for sale only the gift cards, stored value cards, courtesy cards, coupons, loyalty cards and other comparable marketing items that we may authorize and/or require. You will not sell or otherwise issue gift cards, stored value cards, courtesy cards, coupons, loyalty cards or comparable marketing items without our express written authorization and we will have the right to withdraw or modify our authorization at any time. You will honor all validly issued gift cards, stored value cards, courtesy cards, coupons, loyalty cards or other comparable marketing items and will strictly follow all policies and procedures that we may periodically establish in this regard.

8.3 Incentive or Convenience Programs. You acknowledge and agree that incentive or convenience programs may be effective methods to encourage customer visits to the Franchised Business. You must offer for sale and honor any incentive or convenience programs for customers that we periodically institute, and must do so in compliance with any standards and specifications that we establish for such programs in our manuals or otherwise in writing.

## 9. FEES PAYABLE TO US

9.1 Initial Franchise Fee. If this Agreement is not being signed as part of a renewal or transfer of the Franchise, you must pay us on signing, an initial franchise fee of $40,000. If you have signed an area development agreement with us, the initial franchise fee for your second and additional FOSTER'S GRILLE businesses to be developed under your area development agreement is $35,000. Except as stated below, the fee or any portion of the fee is non-refundable and fully earned by us when paid. If, during initial training, we decide, in our sole discretion, that you should not operate a FOSTER'S GRILLE business, we may cancel this Agreement. If we cancel this Agreement, we will deduct our out-of-pocket costs, including any broker referral fees, and will refund up to 50% of the initial franchise fee if you agree to terms substantially similar to those in Sections 19.1, 19.9, 20, 21.3, 21.4(b), 21.5 to 21.8, 27.1 to 27.2, and 32.

9.2 Continuing Franchise Fees. You must pay us continuing franchise fees of 5% of Gross Sales (as defined in Section 9.11). This fee is due and payable weekly, for the preceding week's sales, by electronic transfer. We will initiate the draft from your bank account. Each month, we require you to send us the "Monthly Franchise Report" then-specified in our manuals. During any period of business disruption, you must continue to pay us this fee weekly based on your average weekly payments during the 12-week period immediately preceding the period of business disruption.

9.3 Advertising and Promotional Contributions. See Section 16.

9.4 Training Fees. See Sections 11.2(b) and (d), 11.4 and 11.5.

9.5 Annual Conference Fee. See Section 11.2(c).

9.6 Audit Fee. See Section 13.7.

9.7 Renewal Fee. See Section 3.2(d).

9.8 Transfer Fee. See Section 25.2(b)(viii).

9.9 Interest and Late Fees. If any sum you must pay us under this Agreement is not actually received by us by the due date, that sum will bear interest calculated daily after the due date until paid at the lesser of a rate equal to 10% per annum or the highest rate of interest allowed by law. If the due date for a sum is not stated in this Agreement, generally it will be the 30th day after the billing date. Any payment received toward an overdue sum will first be applied to the interest due and will be applied to the overdue sum only after all outstanding interest is paid. You also must pay a late fee of $100 for each past due payment or late report. Interest and late fees will be in addition to any other rights or remedies that we have under this Agreement or otherwise. Regardless of your designation, we, in our sole discretion, may apply your payments to any of your past due indebtedness to us or our affiliates. See also Section 13.7.

9.10 Reimbursements and Penalty Fees. You must reimburse us for any charges that we incur on your returned checks, declined charges, or similar financial defaults. You also must pay us penalty fees for such defaults and for unpaid invoices to you for products or services, as outlined in our manuals.

9.11 Gross Sales. For purposes of this Agreement, "Gross Sales" mean all receipts of the Franchised Business, including all amounts received on a cash, charge or time basis, and including the value of all products or services received for products or services provided, without reserve or deduction for inability to collect, and including any proceeds from any business interruption or similar insurance applicable to any revenue loss of the Franchised Business, but excluding: excise, sales and use taxes; gross receipts taxes or similar taxes separately stated to and collected from customers for transmittal to appropriate taxing authorities; refunds to customers; and receipts from pre-approved vending machines located in the Franchised Business, except for any amounts representing your share of the receipts. Our current policy on gift cards is that they generate receipts that are included in "Gross Sales" when they are redeemed by customers, not when they are sold. We may change this policy on reasonable written notice to you.

9.12 Withholding of Sums Payable. You agree that you will not, on grounds of the alleged non-performance by us of any of our obligations under this Agreement, withhold payment of any fee or other sum payable to us under this Agreement, or of any other sum payable to us or our affiliates.

9.13 Equipment, Supplies or Supplier Testing or Inspection, and Grant or Approval of Equipment, Supplies or Suppliers. See Section 14.2.

9.14 Electronic Payment Authorization. You must pay all on-going or periodic fees to us by automatic bank draft or electronic funds transfer on the due date that we specify for each fee. If the due date specified for any fee is not a business day, we will draft your account on the next business day. You agree to execute Attachment 3 or any comparable documentation necessary for us to effect an automatic bank draft or electronic funds transfer.

9.15 Prohibited Product or Service Fee. If you offer any product or service that we have not authorized or approved, following written notice from us, you must: (i) cease and desist offering or providing the unauthorized or unapproved product or service; and (ii) pay us on demand, a prohibited product or service fee of $250 per day for each day such unauthorized or unapproved product or service is offered by you. This fee will be in addition to all other remedies available to us under this Agreement or at law.

## 10. PRODUCTS AND SERVICES FURNISHED BY US

10.1 During the term of the Franchise, we provide the following:

(a) At no charge to you beyond the initial franchise fee, within 30 days of the signing of this Agreement, our initial materials for establishing a FOSTER'S GRILLE business;

(b) Our standard pricing schedule for products and services offered by the Franchised Business (see Section 8.1);

(c) Training programs and assistance as described in Section 11;

(d) A Confidential Operations Manual (paper copy or Intranet access) as described in Section 12;

(e) Updates to the Confidential Operations Manual (paper copy or Intranet access) as described in Section 12;

(f) Specifications for fixtures, equipment, inventory, supplies and services used under the System, and continued efforts to negotiate purchasing agreements with suppliers for equipment, supplies and services, as described in Section 14;

(g) Samples of initial advertising and promotional materials and assistance in implementing an initial advertising and promotional program;

(h) Periodic efforts to report improvements in the System to you as they are developed or acquired by us in our sole discretion;

(i) Continuing assistance by telephone, electronic mail, voice mail, facsimile, mail, newsletters, or other methods, that we, in our sole discretion, deem reasonable under the circumstances;

(j) Manuals and related materials other than the Confidential Operations Manual, and updates to those manuals and related materials, that we, in our sole and absolute judgment, select (paper copies or Intranet access);

(k) Assistance with site selection, construction, set-up and opening;

(l) Guidance in initially organizing your business;

(m) In connection with the operation of the Franchised Business, provide reviews and analyses of your operations; and

(n) At our option, Intranet access to franchisee resources and company news.

10.2 If you request, we will furnish special guidance and assistance relative to the operation of the business, other than continuing assistance provided at no charge, at per diem charges we establish (currently $200 per day, plus our out-of-pocket costs). If you request special training of your personnel or other assistance in operating the business that must take place at the location of the Franchised Business, you must pay all expenses for training, including our then-current per diem charges and all reasonable transportation, meal and lodging expenses incurred by our personnel supplying the additional assistance.

10.3 We will maintain a website (or multiple websites) on the Internet, or on comparable electronic networks of computers or other devices, to advertise and promote the FOSTER'S GRILLE system, and products and services marketed by us and our franchisees. We will permit you to maintain a standard listing on our primary website so long as you are in compliance with this Agreement and our manuals, and we may charge a reasonable fee for providing this access. We may link our website(s) to other websites, to social media platforms and in other manners we choose, in our sole discretion. Any representations and warranties of any kind whatsoever, express or implied, regarding our website(s), including representations and warranties as to the operation, functionality, lack of interruption or resources of our website(s), are expressly excluded. Without limiting the foregoing, we disclaim any implied warranties of

merchantability and fitness for a particular purpose as to our website(s). As to any malfunctioning of our website(s), we will not be liable to you for any consequential, incidental, indirect, economic, special, exemplary or punitive damages, such as, but not limited to, loss of revenue or anticipated profits or lost business, even if you have advised us that these damages are possible as a result of any breach of warranty or malfunction.

10.4 Our obligations under this Agreement are to you. We may delegate our obligations to a third party of our choosing. No other person or entity, directly, indirectly or by subrogation, may rely on, enforce or obtain relief under this Agreement for any default by us or our designated representatives.

## 11. TRAINING

11.1 You and your employees and independent contractors must maintain the standards of skill, efficiency and quality associated with the System.

11.2 To assist you in establishing and maintaining those standards, we will provide training as follows:

(a) We will provide you (or if you are not an individual, your principal operating officer, partner or member) and your original Manager and assistant Manager, if any, initial training for the operation of a FOSTER'S GRILLE business, at locations we designate. You (or if you are not an individual, your principal operating officer, partner or member) and your original Manager, if any, must successfully complete initial training to our satisfaction before opening the Franchised Business. We will bear the cost of providing initial training, including the cost of basic materials and instructors, but you must pay your trainees' travel, lodging and meal expenses, and their wages and benefits, during the training.

(b) If the original or any succeeding Manager leaves your employ, a replacement Manager must successfully complete initial training at a location we designate, subject to our scheduling, within 8 weeks of the date of replacement. You must pay your replacement Manager's travel, lodging and meal expenses, and his or her wages and benefits, during the training. You must pay us our then-current training fee (currently $200 per person per day) as to that training, if we provide replacement Manager training to you more than once per calendar year.

(c) At our option, we may conduct an annual conference for our franchisees to discuss and review new business and marketing. The conference may be held on a regional or national basis. We will provide you with notice of the time and place of the conference, which time and place we will determine. You (or if you are not an individual, your principal operating officer, partner or member) or your Manager must attend the conference. For each of your representatives attending the conference, you must pay to us a non-refundable per-attendee fee equal to a proportionate share of our out-of-pocket costs to hold the conference, and you also must pay your attendees' travel, lodging and meal expenses, and their wages and benefits, during the conference.

(d) You (or if you are not an individual, your principal operating officer partner or member) and your Manager, if any, must successfully complete remedial or follow-up training if, in our sole and absolute judgment, that training is necessary. We will bear the cost of

providing remedial or follow-up training, but you must pay your Manager's travel, lodging and meal expenses, and his or her wages and benefits, during the training.

11.3 Except as provided in this Section 11, you, your trained Manager (if any) or your other trained personnel are responsible for training your other employees and independent contractors.

11.4 If you request our trainers to give any initial, remedial or follow-up field assistance at your location, you must pay us our per diem charges (currently $200 per person per day) for those trainers, and must reimburse us for the reasonable travel, lodging and meal expenses of those trainers.

11.5 We may require you to make reservations for trainees or attendees in advance of any training or conference. You must pay your trainees' and attendees' travel, lodging and meal expenses, and their wages and benefits, during the any training or conference.

## 12. CONFIDENTIAL OPERATIONS MANUAL; ADDITIONAL MANUALS AND MATERIALS

12.1 We have developed a copyrighted Confidential Operations Manual containing both mandatory standards and specifications, and non-mandatory guidelines and recommendations, for the operation of the Franchised Business. The mandatory standards include mandatory policies and procedures. The Confidential Operations Manual is and will remain our exclusive property. You will merely be lent paper or read-only disk copies of, or be given Intranet access to, the Confidential Operations Manual during the term of the Franchise. We also may lend you paper copies or read-only disk copies of, or give you Intranet access to, additional manuals and materials we develop for aspects of the System. In order to protect our reputation and goodwill, the System and the Marks, you must operate the Franchised Business in strict conformance with the Confidential Operations Manual and any additional manuals or materials we develop that are lent to you.

12.2 You agree that we may modify the System, and that modifications to the System may require modifications to our manuals, including the Confidential Operations Manual. You agree to operate the Franchised Business in strict conformance with any modifications to our manuals. Modifications will be effective on receipt by you, unless we otherwise state. You agree that we will not be liable to you for any expenses, losses or damages sustained as a result of any such modifications, that you will not commence or join in any litigation or other proceeding against us complaining about any such modifications, and that you expressly waive any claims, demands or damages arising from or related to any such modifications.

12.3 The mandatory standards and specifications in our manuals, and any modifications to them that we make, are provisions of this Agreement as if fully stated in this Agreement. All references in this Agreement to the "Confidential Operations Manual" or "our manuals" mean to the mandatory standards and specifications in those manuals, including all modifications to them as of the time they are in effect.

12.4 You must at all times ensure that any paper or read-only disk copies of our manuals are up-to-date and kept in a secure place. If there is any dispute as to their contents, the master copies of our manuals maintained at our headquarters will be controlling.

12.5 You must treat the Confidential Operations Manual, and the other manuals and materials we develop and provide to you, as confidential, and must take all reasonable precautions to maintain the manuals' and materials' confidentiality. You may not, without our written consent, copy, duplicate, record or otherwise reproduce the Confidential Operations Manual, or the other manuals or materials we develop and provide to you, in whole or in part, or otherwise make the same available to any person who is not bound by the confidentiality terms of this Agreement, or who has not signed a separate confidentiality agreement substantially similar to our approved form (see Section 20.2).

## 13. ACCOUNTING PROCEDURES

13.1 You must use computerized record-keeping and accounting systems as we require.

13.2 You recognize the importance of financial and statistical analysis, and agree to provide us with weekly and monthly reports in the forms and at the times and places required in our manuals. All financial information you provide to us must be prepared in accordance with accounting methods we accept.

13.3 You must provide us annually, within 3 months after your fiscal year end, with a statement of revenue, expenses and income (or loss) for the year, and a statement of assets and liabilities as of the end of the year, which statements must be prepared in accordance with accounting methods we accept. At our option, we may require this statement to be prepared by an independent certified public accountant in accordance with the standards for a compilation or review. Simultaneously with this statement, you must provide us with copies of all tax returns you file for the year as to the Franchised Business, including federal and state income tax returns.

13.4 You must submit to us any other financial or statistical reports, records, statements or information that we reasonably deem to be required or desirable, in the forms and at the times and places we reasonably state, in our manuals or otherwise in writing.

13.5 All financial or statistical information you provide to us must be accurate and correct in all material respects.

13.6 We have the right to use any financial or statistical information you provide as we deem appropriate. We will not identify you as the source of that information, and will not disclose any information shown in any of your tax returns (other than information disclosed in other documents submitted to us) except: (i) with your permission; (ii) as required by law or compulsory order; or (iii) in connection with audits or collections under this Agreement.

13.7 During and for 5 years after the term of the Franchise, we or our designated agents have the right, at all reasonable times, to examine, copy and audit your and the Franchised Business' books, records and tax returns. If an examination or audit discloses any underpayment of any fee, you must promptly pay the deficient amount plus interest and a late fee as described in Section 9.9. If an examination or audit discloses an underpayment or understatement of any amount due us by 3% or more for any 3-month period, or if the examination or audit is made necessary by your failure to furnish required information or documents to us in a timely manner, you must, in addition, reimburse us for the actual costs we incur to have your books examined or audited. If an examination or audit discloses an underpayment or understatement of any amount due us by 5% or more for any 3-month period, we will have the right to terminate the Franchise

under Section 26.2(n). These rights will be in addition to any other rights or remedies we have under this Agreement or otherwise.

13.8 During and for 5 years after the term of the Franchise, you must maintain and preserve all books, records and accounts of the Franchised Business for at least 5 years after the close of the fiscal year to which the books, records and accounts relate.

## 14. EQUIPMENT, SOFTWARE, SUPPLIES, PRODUCTS AND SERVICES

14.1 You may obtain your equipment, software, supplies, products and services from whomever you decide, except that:

(a) You will subscribe to an online computer network as we require;

(b) You will obtain from our exclusive or non-exclusive designated suppliers certain equipment, software, supplies, products and services as we require in our manuals. The purpose of these designations is to achieve and maintain quality and consistency in the System;

(c) You will obtain all other equipment, software, supplies, products and services that meet specifications listed in our manuals. The purpose of these specifications is to protect and maintain the goodwill of the System and the Marks; and

(d) You will participate in any purchasing or distribution cooperatives that we may establish, if we require your participation.

14.2 We reserve the right to inspect and re-inspect the products, supplies and facilities of your suppliers, to determine their conformity with this Section 14. We will maintain and make available to you a list of certain equipment, software, supplies and services that meet our specifications. We may modify this list. If you desire to use equipment or supplies not on the list, you will so notify us in writing before using the equipment or supplies and, if we so request, will provide us samples of the equipment or supplies and any relevant data. At our option, we will test any equipment or supply to determine whether it meets the required specifications and will notify you accordingly within a reasonable time. If we determine that any equipment or supply does not meet the required specifications, you agree that you will not use the equipment or supply in the Franchised Business. The supplier of any equipment or supply proposed for your use under this Section may be required to demonstrate to our reasonable satisfaction that:

(a) the supplier meets our specifications, including our quality, quantity, warranty, variety, service and safety specifications, for the equipment or supply and for the facilities used in the production and distribution of the equipment or supply;

(b) the supplier has the capacity to supply franchisee requirements;

(c) the supplier has a sound financial condition and business reputation; and

(d) the supplier will supply equipment or supplies to a sufficient number of our franchisees to enable us to economically monitor compliance by the supplier with our specifications.

14.3 We or an affiliate of ours may be an exclusive or non-exclusive designated supplier of a product or service, or may offer to sell to you products or services used in operating a FOSTER'S GRILLE business that you may purchase at your option. We or our affiliates will endeavor, to the extent we are able to do so based on total purchases by our franchisees, to negotiate volume purchasing arrangements for products and services, and to offer them to our franchisees at prices not otherwise generally available to the franchisees.

14.4 To the extent we are not the manufacturer of any equipment or supply that we may sell or provide to you, unless specifically stated otherwise in writing, we do not provide any warranty or guarantee to you or any third party, and you may not make any representation to the contrary to any third party. If we are able to secure from any manufacturer any warranty, guarantee or assumption of liability that we are authorized to convey to you, we will so notify you.

14.5 Security deposits or advance payments may be required by us or our affiliates as to your purchases of fixtures, equipment or supplies by you. You agree to pay all invoices rendered by us or our affiliates for equipment or supplies within 30 days after the dates of the invoices.

14.6 You agree to obtain licenses to use and to use all software that we require in the operation of the Franchised Business, and to comply with all standards and specifications that we require regarding proprietary software. Proprietary software may be developed and integrated into the System in our sole discretion. We or our designee will provide any initial issuances, upgrades or updates of proprietary software to you for reasonable fees. To the extent required software contains modules for personnel-related functions, such as employee timekeeping, employee scheduling or payroll processing, you will have the option to use those modules, to use alternate software to handle those functions, or to handle those functions in any other manner that you choose.

## 15. DESIGN AND APPEARANCE OF BUSINESS

15.1 Condition and Appearance of Business. The condition and appearance of a FOSTER'S GRILLE business is part of our trade dress. You agree to maintain the condition and appearance of the Franchised Business consistent with our trade dress and the image of the business as a clean, attractive, modern, sanitary, convenient and efficiently operated facility selling high quality products and services. If at any time, in our reasonable judgment, the general state of repair, appearance or cleanliness of the premises of the Franchised Business or its equipment, fixtures, furniture, signs or decor does not meet our standards or specifications, we will so notify you, specifying the action to be taken by you to correct the deficiency. If you fail or refuse to initiate, within 30 days after receipt of notice, and then continue, a bona fide program to undertake and complete any required maintenance within the timetable set by us, your failure or refusal will be considered a default for which we may terminate the Franchise. In addition, we will have the right, but will not be obligated, to enter the premises of the Franchised Business and effect required repairs, painting, decorating and/or replacements of equipment, fixtures, furniture, signs or decor on behalf of you, and you will have the obligation to reimburse us on demand for the actual costs we incur to effectuate required maintenance. Your obligation to initiate and continue any required maintenance will be suspended during any period in which the maintenance is impractical due to war, civil disturbance, natural disaster, labor dispute or other event beyond your reasonable control.

15.2 You may make no change to your facility design or appearance without our prior written consent, and must maintain and renovate periodically, at your expense, the interior and exterior of the facility in the manner we reasonably require so as to maintain standards of design and appearance consistent with the image of the System. We will have the right to require remodeling changes to the facility at your expense no more often than once every 2 years, but you will not be required to expend more than 5% of your prior year's Gross Sales to accomplish any particular required remodeling and will not be required to do any particular required remodeling if it would occur within 1 year of the expiration date of any term of the Franchise. Costs associated with the repair, maintenance or upkeep of your facility, including repairs needed because of unusual wear and tear, do not apply toward the timing or cost limitations of remodeling.

15.3 You agree to purchase or lease, and to display at the Franchised Business, only signs, emblems, logos, lettering and pictorial materials that are in accordance with specifications required by us in our manuals or otherwise in writing, subject to changes for which we have given our prior written consent. We have the right to revise the specifications for signs, emblems, logos, lettering and pictorial materials, and you must promptly alter your signs, etc., at your location to conform to the revised specifications. The alterations will be at your expense if revisions are required no more often than once every 3 years. Costs associated with the repair, maintenance or upkeep of your signs, etc. do not apply toward the timing or cost limitations of alterations.

15.4 You must maintain your facility and all adjacent areas in good, clean, attractive and safe condition at all times. You must, at your expense, undertake all maintenance and make all repairs, replacements, alterations and additions as required for that purpose, including periodic cleaning, repainting, repairs and replacement of obsolete fixtures, equipment, and furnishings as we reasonably require.

15.5 You, at your or your employees' and independent contractors' expense, will cause your employees and independent contractors to present themselves to customers, in terms of general appearance, dress and accessories, in accordance with the standards and specifications in our manuals or otherwise communicated to you in writing.

## 16. ADVERTISING AND PROMOTION

16.1 Recognizing the value of marketing and the importance of the standardization of promotions and public relations programs to the furtherance of the goodwill and public image of the System and the Marks, at our option, you agree to contribute to a system-wide advertising and promotional fund ("APF") during the term of the Franchise and on a weekly basis, an amount we determine that will not exceed 3% of your Gross Sales.

16.2 If we activate the APF on 60 days' prior written notice to you, the APF will be maintained and administered as follows:

(a) You will contribute to the APF weekly, based on your Gross Sales in the preceding week. This fee is payable weekly by electronic transfer. We will initiate the draft from your bank account. Each month, we require you to send us the "Monthly Franchise Report" then-specified in our manuals. During any period of business disruption, you must continue to pay us this fee weekly based on your average weekly payments during the 12-week period immediately preceding the period of business disruption.

(b) Any company-owned FOSTER'S GRILLE business will make contributions to the APF on a basis at least equal to that described in Section 16.1.

(c) We will direct all advertising and promotional programs, with the sole discretion of approval over agencies, spokespersons, creative concepts, materials, and media placements and allocations used in the programs. The APF will establish and maintain an online presence. You agree that the APF is intended to maximize general public recognition and acceptance of the Marks for the benefit of the System, and that we and our designees undertake no obligation in administering the APF to make expenditures for you that are equivalent or proportionate to your contributions, or to ensure that you benefit directly or pro rata from the placement of advertising.

(d) You agree that the APF may be used to meet the costs of researching, preparing, maintaining, administering and directing advertising and promotional materials and programs (including the costs of conducting secret shopper programs; preparing and conducting television, radio, magazine, newspaper, direct mail and coupon advertising campaigns and other public relations activities; employing advertising agencies; and providing promotional brochures and other marketing materials to franchisees in the FOSTER'S GRILLE system). All sums contributed to the APF will be maintained in a separate account from our general funds and will not be used to defray our general operating expenses, except for reasonable administrative costs and overhead incurred in activities related to the administration or direction of the APF (up to 15%).

(e) If we spend less than the total of all contributions to the APF during any fiscal year, we have the right to retain those contributions for use in subsequent years. If we spend more than the contributions accumulated in the APF during any fiscal year, we will have the right to receive from the Fund, reimbursement or credit during the same or subsequent years to the extent of the excess expenditure.

(f) An unaudited summary report on the operation of the APF will be prepared annually and will be made available to you on request 90 to 120 days after fiscal year end.

(g) Although the APF is intended to be of perpetual duration, we retain the right to terminate the APF. The APF will not be terminated, however, until all contributions have been used for the purposes described above or returned to contributors on a prorated basis. If we have terminated the APF, we may later reinstate the APF at any time.

(h) We may establish an advertising council of franchisees. The council will advise us on advertising policies. Franchisees will elect the members of the council. The council will be advisory and have no operational or decision-making power. The council will operate under its own bylaws, but we will have the right to change or dissolve the council.

(i) We may establish a cooperative advertising program for the benefit of all FOSTER'S GRILLE businesses located within a particular region. We have the right to (a) allocate any portion of the APF to a cooperative advertising program; and (b) collect and designate all or a portion of the expenditures for local advertising required in Section 16.3 for a cooperative advertising program. We will determine the geographic area for each cooperative advertising program. You must participate in any cooperative advertising program established in your region

if we require your participation. If a cooperative advertising program is implemented in a particular region, we may establish a cooperative marketing committee for franchisees in that region to self-administer the program.

16.3 Local Advertising and Use of Advertising Materials.

(a) You must spend at least 1% of your annual Gross Sales on local advertising. You may not solicit business outside the Territory through the use of a toll-free number, direct mail, a website, electronic communications or other advertising methods without our prior written approval.

(b) You must submit to us, for our approval, all materials to be used for local advertising, unless they have been approved before or they consist only of materials we provided. All materials containing our proprietary marks must include the designation ™ (trademark), SM (service mark), ® (registered trademark), © (copyright), or any other designation we specify. If you do not receive written or oral disapproval of any materials submitted within 10 days from the date we receive the materials, the materials are approved. We may require you to withdraw and/or discontinue the use of any promotional materials or advertising, even if previously approved. We must make this requirement in writing, and you have 5 days after receipt of our notice to withdraw and/or discontinue use of the materials or advertising. You must include in any significant display advertisements, and in marketing materials for the Franchised Business, in conformance with standards and specifications in our manuals, a notice that the Franchised Business is individually owned and operated. Subject to any legal restrictions, you also must display or make available, in the reception area of the Franchised Business, marketing materials that we provide to you about the purchase of FOSTER'S GRILLE franchises, but you have no responsibility or authority to act for us in franchise sales.

16.4 You acknowledge and agree that we will own all rights to and interest in each telephone number, telephone directory listing, email address, domain name and comparable electronic identity used by you that is associated in any manner with the Franchised Business and/or with any Mark ("Listing"). You acknowledge and agree that all goodwill arising from or in connection with the use of each Listing will inure to our benefit. Promptly after the expiration, termination, repurchase or transfer of the Franchise, and at your own expense, you will notify all telephone companies and Internet service providers or comparable Internet authority with whom you have any Listing and direct them to transfer the Listing to us, or any person(s) we designate; and you will execute any and all documents necessary to complete these transfer(s). On the execution of this Agreement, you will sign a telephone and Internet service transfer consent and authorization, in a form substantially similar to Attachment 2, granting us the authority to change, transfer or terminate your Listing(s), on your behalf. We will use this authorization for your Listing(s) only if you do not comply fully with this Section 16.4 after the expiration, termination, repurchase or transfer of the Franchise.

## 17. INSURANCE

17.1 You must secure before opening the Franchised Business, and then must continuously maintain during the term of the Franchise, insurance at your expense, as follows:

(a) Workers' compensation insurance as required by the law of the state or jurisdiction in which you are engaged in business. This insurance must be maintained for trainees, as well as for those employed or engaged in the operation of the Franchised Business.

(b) Comprehensive general liability insurance with limits of at least $1,000,000 per person per occurrence (and $2,000,000 aggregate for bodily injury) and at least $25,000 for property damage per occurrence.

(c) "All risk" insurance on the premises, equipment (except portable equipment) and supplies, for loss or damage by fire, windstorm, flood, casualty, theft and other risks usually insured against by the owners or landlords of similar property. The insurance must be for at least 90% of the replacement cost of the property. Unless you obtain a written waiver from us, any FOSTER'S GRILLE business sustaining loss or damage must be repaired, restored or rebuilt within 60 days after the date of the loss or damage.

(d) Dram Shop/Host Liquor Liability Insurance with limits of at least $1,000,000 per occurrence, if alcohol is served in operation of the Franchised Business

(e) Business interruption insurance for a period of at least 12 months.

(f) Such insurance and types of coverage as may be required by your landlord or by the terms of any lease for the premises of the Franchised Business or by the municipality, county, state or other local jurisdiction in which the Franchised Business is located.

(g) Comprehensive commercial automobile liability insurance for any vehicle operated by, or on behalf of, the Franchised Business, including owned, hired and non-owned vehicle coverage of at least $500,000.

(h) Crime insurance for employee dishonesty in the amount of $10,000 combined single limit.

(i) Cyber liability insurance with a limit of at least $100,000 per occurrence.

(j) Employment practices liability insurance (EPLI) with a limit of at least $100,000 per occurrence.

17.2 If circumstances require for the protection of you and us, we, in our sole discretion, may increase or modify the insurance limits noted above and may require additional types of insurance. If we determine that any required insurance is not generally available to you at a cost that we, in our sole and absolute judgment, deem to be reasonable, then we may modify the insurance requirements to provide for lower limits until the insurance becomes available at a reasonable cost.

17.3 Each insurance policy you maintain for the Franchised Business, except the workers' compensation and employment practices liability policies, must: name us, and our affiliates, successors, assigns, shareholders, partners, officers, directors, employees and agents as additional insureds; require the insurer to defend each person or entity if there is a claim; provide that any liability coverage afforded applies separately to each person or entity against whom a claim is brought as though a separate policy had been issued to that person or entity; contain no provision that limits or reduces coverage if there is a claim by 1 or more additional insured, or by

reason of any insurance that we maintain; and provide coverage for your indemnification obligation under Section 24.2 of this Agreement. Coverage for additional insureds will apply on a primary basis irrespective of any other insurance, whether collectable or not. All insurance policies must be issued by insurance companies with performance ratings of at least A+ as rated in the then-most-recent edition of Best's Insurance Reports or comparable publication.

17.4 At least 10 days before you open the Franchised Business or begin any construction, you must furnish us with certificates of insurance issued by insurance companies showing compliance with the insurance requirements in Section 17.1 and paid receipts showing the certificate numbers. Each certificate of insurance must include a statement by the insurance company that the policy will not be canceled, subject to non-renewal or materially altered without at least 30 days' written notice to us. Annually, when you provide us with your annual financial statements, you must furnish us with then-current certificates of insurance and paid receipts showing the certificate numbers. On our request, you must provide us with copies of your insurance policies and proof of payment for the policies.

17.5 You may not reduce any insurance limit, restrict any insurance coverage, or cancel, alter or amend any insurance policy without our prior written consent. If you fail to obtain or maintain any required insurance, you agree that we may, but are not obligated, to obtain the insurance and that you will reimburse us for the cost of the insurance, interest on the monies we advance, and our reasonable administrative costs in procuring the insurance, within 30 days of the date of our invoice. You expressly waive any objection to our purchase of insurance under this Section.

## 18. LEGAL COMPLIANCE, TAXES, LICENSES, UTILITIES AND OTHER OBLIGATIONS

18.1 You must comply with all laws and regulations applicable to the operation of the Franchised Business, including federal laws such as the Fair Labor Standards Act, National Labor Relations Act and Americans with Disabilities Act, and laws and regulations governing matters such as occupational hazards, the preparation and dispensing of food products, menu labeling. zoning, construction, business licensing, fictional business names, health, sanitation, safety, minimum wages, overtime, working conditions, workers' compensation insurance, unemployment insurance, consumer protection, trade regulation, data protection and data breaches, environmental protection, and the withholding and payment of income, social security, sales, use, property and other taxes. You must notify us immediately of any suspected data breach at or in connection with the Franchised Business. Each payment to us required under this Agreement will be made free and clear and without deduction for any such taxes.

18.2 You must promptly satisfy any other indebtedness that you incur in operating the Franchised Business.

18.3 You must promptly notify us of the commencement of any action, suit or proceeding, or of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality that may adversely affect the operation of the Franchised Business.

18.4 If there is any bona fide dispute as to any liability for taxes assessed or other indebtedness, you may contest the validity of the amount of the tax or indebtedness in accordance

with procedures of the taxing authority or applicable law; however, you may not permit a tax sale or seizure by levy of signing or similar writ or warrant, or attachment by a creditor to occur against the premises of the Franchised Business or any of its improvements.

## 19. PROPRIETARY MARKS

19.1 The Marks are our exclusive property. You agree that your use of the Marks is a temporary authorized use under franchise and that we retain all ownership interests in the Marks. You acknowledge and agree that all goodwill arising from or in connection with the use of the Marks will inure to our benefit. You agree to use the Marks only in accordance with the terms of this Agreement and agree that the use of the Marks outside the scope of the terms of this Agreement without our prior written consent, is an infringement of our exclusive right, title and interest in and to the Marks. You agree that during the term of the Franchise, and after the expiration, termination, repurchase or transfer of the Franchise, you will not, directly or indirectly, commit an act of infringement or contest or aid others in contesting the validity, distinctiveness, secondary meaning, ownership or enforceability of the Marks, or take any other action in derogation of the Marks, and that no monetary amount will be assigned as attributable to any goodwill associated with your use of the System or the Marks.

19.2 You must provide products and services to the public under the service mark, trademark and trade name "FOSTER'S GRILLE," but may not use any Mark, any derivation or modified version of any Mark, or any confusingly similar mark: as part of any corporate, partnership, firm or other business name, website address, email address, domain name or other identification in any print, electronic or other medium; or with any prefix, suffix or other modifying word, term, symbol or design. You may not use any Mark in connection with the offer or sale of unauthorized products or services or in any manner that we have not authorized in writing. You agree to execute, during or after the term of the Franchise, at our request, any consents necessary for the registration of our corporate name in the state where you conduct the Franchised Business.

19.3 You agree that when any Mark is affixed to any packaging or point of sale display, or is used in advertising or promotional materials, the Mark will be accompanied either by an appropriate notice immediately following the Mark (™ if on a product package and SM if advertising a service) or by an asterisk immediately following the Mark and the legend "FOSTER'S GRILLE is a service mark or trademark of Foster's Franchise Concepts, LLC (or other appropriate corporate name)" printed on or in the package, display, advertisement or material. A suitably abbreviated form of the legend, approved by us, may be used where space restrictions so require. If we receive a Certificate of Registration from the United States Patent and Trademark Office for any Mark, the symbol ® will be substituted for the notices described above, and the word "Registered" will precede the word "service" in the legend described above, as required by written notice from us to you.

19.4 If it becomes advisable at any time, in our sole and absolute judgment, for the business to modify or discontinue use of any Mark and/or to use 1 or more additional or substitute service marks, trademarks, trade names or trade dresses, you agree to comply with our directions to modify or otherwise discontinue the use of the Mark, and/or to use 1 or more additional or substitute service marks, trademarks, trade names or trade dresses, within a reasonable time after receiving notice from us. You will be responsible for the costs of modifying or discontinuing the use of any trademark, service mark or trade name, or using 1 or more

substitute trademarks, service marks or trade names. We will not be responsible for reimbursing you for any loss of goodwill in connection with the modification or discontinuation of any trademark, service mark or trade name.

19.5 During the term of the Franchise, in conjunction with the use of any Mark, you must identify yourself as the operator of the Franchised Business on letterhead sheets, invoices, order forms, receipts, contracts and similar documents, and, where we require, on signs. The form and content of the identification must comply with specifications in our manuals.

19.6 During the term of the Franchise, you must file and maintain requisite trade name or fictitious name registrations, and must execute any documents deemed necessary by us or our counsel to obtain protection for the Marks or maintain their continued validity and enforceability.

19.7 You must promptly notify us of any use of any Mark or any name or mark confusingly similar to any Mark by any person or entity other than us or another of our franchisees.

19.8 You agree to promptly notify us of any litigation brought or threatened by any person or entity against you, involving any Mark. If we, in our sole and absolute judgment, undertake the defense or settlement of that litigation or claim, we will do so at our own expense, but you agree to execute any documents, and to render any assistance (excluding financial assistance) as may, in the sole discretion of our counsel, be reasonably necessary to carry out the defense or settlement. If the defense does not involve issues concerning the operation of your business, we will reimburse you for all reasonable out-of-pocket costs you incur in connection with assisting in the defense or settlement.

19.9 You agree that the use of any Mark contrary to any term of this Agreement is an act of infringement, and that the use will cause irreparable injury to us and entitle us to an order of specific performance and/or a temporary, preliminary or permanent injunction, without bond, from a court or agency of competent jurisdiction, court costs, reasonable expenses of litigation, reasonable attorneys' fees, and any other appropriate relief.

## 20. TRADE SECRETS AND CONFIDENTIAL INFORMATION

20.1 You acknowledge that the System involves trade secrets we own and that, during your relationship with us, you will acquire knowledge of confidential information, including:

(a) site selection criteria;

(b) training, operational knowledge, manuals and materials, including the Confidential Operations Manual and product recipes;

(c) System standards and specifications, including know-how, methods, formats, policies, procedures, techniques, knowledge and experience, used in developing, promoting and operating the Franchised Business;

(d) market research, and promotional, marketing and advertising programs;

(e) knowledge of suppliers and specifications for products and supplies used in the operation of the Franchised Business;

(f) software or similar technology which is proprietary to us, our affiliates or the System; and

(g) customer data and customer lists.

20.2 You agree that, without our prior written consent, you will never either during or after the term of the Franchise, use or allow the use of any trade secret or confidential information except in connection with the operation of the Franchised Business by persons actively involved in the operation of the business. You further agree that you will not disclose the contents of any manuals, plans, records or other documents relating to the Franchised Business to any third party, except a party who is actively involved in the operation of the business and who has a valid need for disclosure. Any employee or independent contractor to whom a trade secret or confidential information is disclosed will be informed that the trade secret or confidential information is confidential and proprietary to us, and that it may not be used except under a franchise agreement with us. You must have each Manager, each management employee or independent contractor and each person attending initial training enter into a Manager/Supervisor Confidentiality and Non-Competition Agreement substantially similar to our approved form.

20.3 You agree to promptly reveal to us discoveries, inventions, innovations or improvements made by you, or by any of your Managers, employees or independent contractors, relating to materials, devices, methods or processes in any way connected with the System, and further agree that all proprietary interests in the information, materials, devices, methods, techniques, know-how and processes utilizing those discoveries, inventions, innovations and improvements will be our property.

20.4 You agree that use of any trade secret or confidential information contrary to any term of this Agreement is an act of infringement, and that the use will cause irreparable injury to us and entitle us to an order of specific performance and/or a temporary, preliminary or permanent injunction, without bond, from a court or agency of competent jurisdiction, court costs, reasonable expenses of litigation, reasonable attorneys' fees, and any other appropriate relief. You agree that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, on due hearing, and expressly waive all claims for damages caused by the wrongful issuance of any injunction.

## 21. NON-COMPETITION

21.1 Unless otherwise stated in this Agreement, the word "you" in this Section 21 includes, collectively and individually, each shareholder, member, partner, officer and director, and each direct or indirect holder (and each shareholder, member, partner, officer or director of each holder) of any beneficial interest in you, if you are a legal entity.

21.2 You agree that during the term of the Franchise, you will not, directly or indirectly, for yourself, or through, on behalf of or in conjunction with any person or entity, divert or attempt to divert any business or customer of the Franchised Business to any other business by direct or indirect inducement or otherwise, but this Section 21 will not prevent you from referring customers in good faith to other businesses, including competing businesses, that may be able to provide those customers with products or services not available from the Franchised Business.

21.3 You agree that during the term of the Franchise, and for an uninterrupted period of 1 year after expiration, termination, repurchase or transfer of the Franchise, regardless of the cause of expiration, termination, repurchase or transfer, you will not, without our prior written consent, directly or indirectly, for yourself, or through, on behalf of or in conjunction with any person or entity, employ, engage as an independent contractor, or seek to employ or engage as an independent contractor, any person who, within the prior 6 months, has been an employee or independent contractor of us or any of our franchisees, or induce or seek to induce any person who is an employee or independent contractor of us or any of our franchisees, to leave his or her employment or engagement. If you fail to comply with this paragraph 21.3, you agree to pay us an amount equal to 200% of the annual salary of such person.

21.4 You acknowledge: that certain methods of doing business and other elements comprising the System are unique and distinctive, and have been developed by us at great effort, skill, time and expense; that you will have regular and continuing access to valuable trade secrets, confidential information and valuable training regarding the System; and that you recognize your continuing obligation to promote the Franchised Business. You accordingly agree as follows:

(a) During the term of the Franchise, you will not, without our prior written consent, directly or indirectly, for yourself, or through, on behalf of or in conjunction with any other person or entity, own, operate, engage in, have any interest in, be employed by or perform any service for any business located in the United States which operates one or more Competitive Businesses, or which franchises or licenses others to operate Competitive Businesses. A "Competitive Business" is any business which offers, or which franchises or licenses others to offer, products or services that are the same as or substantially similar to products or services that are or could be offered by you under this Agreement.

(b) You agree that, for an uninterrupted period of 2 years after the expiration or termination of the Franchise, regardless of the cause of expiration or termination, you will not, without our prior written consent, directly or indirectly, for yourself, or through, on behalf of or in conjunction with any other person or entity, own, operate, engage in, have any interest in, be employed by or perform any service for any business which operates one or more Competitive Businesses, or which franchises or licenses others to operate Competitive Businesses, and which operates: (1) within the Territory, (2) within the territory of any other FOSTER'S GRILLE business operating or in planning at the time of expiration or termination, (3) within a 25-mile radius of any FOSTER'S GRILLE restaurant operating or in planning at time of expiration or termination, or (4) within the area of any FOSTER'S GRILLE area developer operating at the time of expiration or termination. If you violate any covenant in this Section 21.4(b) during the 2-year period immediately after the effective date of the expiration or termination of the Franchise, you agree to comply with such covenant during a subsequent 2-year period, and you further agree that an arbitrator or judge may order compliance with such covenant during any subsequent 2-year period.

21.5 You agree that your violation of any term of this Section 21 will cause irreparable injury to us for which no adequate remedy at law is available. You accordingly consent to the issuance of an order of specific performance and/or a temporary, preliminary or permanent injunction, without bond, prohibiting any conduct by you in violation of any term of this Section 21.

21.6 Each provision and subpart of a provision of this Section 21 is independent of each other provision and subpart of a provision of this Agreement. If a provision or subpart of a provision of this Section 21 is held unreasonable or unenforceable by any court, agency or other tribunal of competent jurisdiction, you agree to be bound by any lesser provision or subpart that imposes the maximum duty permitted by law, as if the resulting lesser provision or subpart were separately stated in this Section 21, and also agree to be bound by each other subpart of a provision of this Agreement.

21.7 You agree that we may, in our sole discretion, reduce the scope of any provision or subpart of any provision in this Section 21 without your consent, effective immediately on written notice from us, and you agree that you will promptly comply with any provision or subpart so modified, which will be fully enforceable notwithstanding any other provision or subpart of this Agreement.

21.8 You agree that any claim you may have against us, whether or not related to the Franchised Business, will not be a defense to the enforcement by us of any provision of this Section 21. You further agree that we will be entitled to set off any amounts we owe to you against any loss or damage to us arising from your breach of this Agreement, including this Section 21.

21.9 This Section 21 will not apply to any ownership by you of less than a 5% beneficial interest in the outstanding equity securities of any publicly-held corporation.

## 22. INSPECTION BY US

22.1 Our field representative or designee may make an announced or unannounced inspection of the Franchised Business at any reasonable time to ensure compliance with all terms of this Agreement, which inspection may include photographs of the premises and interviews of your Manager, employees and independent contractors to ascertain their knowledge of and compliance with the System, as well as interviews with your customers to determine their level of satisfaction. Your acknowledge that any feedback, coaching or recommendations given by our field representative or designee to any personnel of the Franchised Business during any such inspection will be informational and non-mandatory, but that you may be required to communicate with, give instructions to, train or retrain those personnel during or after the inspection in order to bring the operation of the Franchised Business into compliance with the System. You agree that the field representative or designee will be allowed to take a reasonable number of samples of food or non-food items from the Franchised Business, without payment, for testing by us or an independent laboratory to determine whether such samples meet our then-current standards and specifications. You agree that we may require you to bear the actual cost of such testing if the samples taken from the Franchised Business fail to meet our then-current standards and specifications. You further agree that the field representative or designee will be allowed to take a physical inventory of the assets of the Franchised Business, and to inspect any records of the Franchised Business, including your books and financial accounts, at any time during normal business hours. Any inspection will be made at the expense of us or our designee, but if we or our designee must make 2 inspections concerning your repeated or continuing failure to comply with this Agreement, we will have the right to charge you for the actual costs of making all further inspections concerning your failure to comply, including our field representative's or designee's reasonable travel, lodging and meal expenses, and his or her wages and benefits, during any further inspection. At the conclusion of his or her inspection, the field representative or designee will prepare a written report. You (or if you are not an individual, your principal operating officer,

partner or member), if present, or your Manager, will be given a copy of the report and will sign a second copy to be sent to us, on which he or she may agree with or contest the field representative's or designee's conclusions and observations.

22.2 During any inspection, you agree to cooperate fully and to give any assistance reasonably requested. Promptly after receiving notice of any deficiencies detected in an inspection, you agree to take steps necessary to correct the deficiencies, including if necessary the temporary closing of the Franchised Business. Without limiting our other rights and remedies, we will have the right but not the obligation, if you fail or refuse to act promptly, to make or cause to be made any required corrections and to charge the actual costs of correction to you.

## 23. FRANCHISEE AS INDEPENDENT CONTRACTOR

23.1 Relationship of Parties. Under this Agreement, you are an independent contractor with entire control and direction of the Franchised Business, subject only to the terms of this Agreement and its attachments. This Agreement is not intended to, and does not create a fiduciary or other special relationship between the parties, or make any party a principal, agent, legal representative, parent, affiliate, subsidiary, joint venturer, partner, employer, joint employer, employee or servant of any other party for any purpose. In that regard:

(a) We have no right or duty to operate the Franchised Business, and disclaim any liability under this Agreement for any damages arising out of the operation of the Franchised Business.

(b) You are solely responsible for recruiting, interviewing, hiring, determining the terms of employment of, compensating, keeping the time of, processing the payroll of, providing work resources to, scheduling, supervising, disciplining and firing your personnel, and your personnel are not our employees, independent contractors or agents. We have no right or duty to supervise, or to exercise control over, your personnel in the operation of the Franchised Business, and disclaim any rights or responsibilities as to your personnel. To the extent that we provide you with guidelines, recommendations, materials and other resources related to functions such as recruiting, interviewing, hiring, determining the terms of employment of, compensating, keeping the time of, processing the payroll of, providing work resources to, scheduling, supervising, disciplining or firing personnel, you may use those resources, or may choose to use alternate resources. You are solely responsible for consulting with your own third party human resources ("HR") service provider and/or legal counsel concerning compliance with personnel laws and regulations that are applicable within the Territory, and for complying with those laws and regulations.

(c) Except as provided in this Agreement, you are solely responsible for training your personnel. To the extent that we provide you with materials and other resources related to training your management and non-management personnel on food handling, food preparation, health and sanitation matters, in the interest of protecting and maintaining the goodwill of the System and the Marks, and not in order to give us control the day-to-day operation of the Franchised Business, you must use those resources as we direct. To the extent that we provide you with guidelines, recommendations, materials and other resources related to training your management and non-management personnel on other matters, you may use those resources,

or may choose to use alternate resources, so long as your personnel are trained to operate the Franchised Business in a System-compliant, legal and safe manner.

(d) You are solely responsible for establishing and enforcing your own policies related to personnel practices and labor relations. To the extent that we provide you with guidelines, recommendations and materials related to personnel practices and labor relations, you may use those resources, or may choose to use alternate resources. You are solely responsible for consulting with your own third party HR service provider and/or legal counsel concerning compliance with personnel and labor relations laws and regulations that are applicable within the Territory, and for complying with those laws and regulations.

23.2 Notices to Public, Etc. During the term of the Franchise, you agree to hold yourself out, to the public, public officials, your suppliers, your independent contractors and others, as an independent contractor operating the Franchised Business pursuant to rights granted by us, but not jointly with us. You agree to take any reasonable action that we consider necessary to that end, including exhibiting notices of the parties' relationship in a conspicuous manner at the Franchised Business, and on websites, letterhead, forms, business cards, electronic communications, advertisements, and other materials we designate. We reserve the right to specify and change the content and form of these notices.

23.3 Statements to and Acknowledgements by Employees. During the term of the Franchise, you shall hold yourself out to your prospective employees, and to your employees, as an independent contractor operating the Franchised Business pursuant to rights granted by us, but not jointly with us. You shall take any reasonable action that we consider necessary to that end, including (i) stating conspicuously on each employment application that the prospective employee is applying to be your employee and not an employee of ours, (ii) stating your entire business name, rather than just using our brand name and/or logo, on your payroll checks and/or payroll-related communications to employees, and (iii) requiring employees to sign acknowledgements that they are not employees of ours, even though they are selling products and services identified by our brand name and/or logo, are receiving payroll checks and other communications that contain our brand name and/or logo, may have applied for jobs through our website(s), or may communicate with or receive non-mandatory feedback, coaching or recommendations from our representatives in emails or other electronic or written communications, or during telephone calls, meetings or inspections. We reserve the right to specify and change the content and form of these statements and acknowledgements.

23.4 Contracts, Etc. Under this Agreement, no party is responsible for any obligations, debts or expenses of any other party. Nothing in this Agreement authorizes you to make any contract, agreement, warranty or representation on our behalf; to incur any obligation, debt or expense in our name; or to make any representation to any third party tending to indicate a business relationship with us beyond that created under this Agreement. We disclaim any liability for, and will not be liable under this Agreement for any claim or judgment arising as a result of, any such action.

## 24. INDEMNIFICATION

24.1 We must indemnify you, your affiliates, successors and assigns, and your partners, shareholders, officers, directors, employees and agents, for any expenses arising out of

any claim for copyright or trademark infringement or unfair competition directly or indirectly related to your authorized use of our materials or the Marks under this Agreement and our manuals, if you notify us in writing within 30 days, or within any shorter period necessary to avoid prejudice, after learning of the claim, and also if we are given the opportunity, if we so choose, in our sole discretion, to control the settlement or defense of the claim. You may not settle any claim to which this Section 24.1 applies without our prior written consent.

24.2 You must indemnify us, our affiliates, successors and assigns, and our partners, shareholders, officers, directors, employees and agents, for any expenses arising out of any claim directly or indirectly related to your operation of the Franchised Business or performance or lack of performance under this Agreement, if the claim does not arise from our negligent or wrongful conduct. You acknowledge (i) that we do not have any reserved or general right to exercise control over, and do not exercise any indirect or direct control over, the day-to-day operation of the Franchised Business (including operations-related functions such as safety and security, the use of equipment and motor vehicles, and the delivery of products and services to customers, and personnel-related functions such as recruiting, interviewing, hiring, determining terms of employment, compensating, timekeeping, payroll processing, providing work resources, scheduling, supervising, disciplining and firing), (ii) that all liability arising out of the operation of the Franchised Business is therefore your responsibility, and (iii) that your indemnification obligation under this Section 24.2 covers any "joint employer," "agency," "ostensible agency" or similar claims by third parties based on the establishment or operation of the Franchised Business. You must promptly notify us of any claim by or against you directly or indirectly related to your operation of the Franchised Business and, on request, must furnish us with copies of any filings in any proceeding involving the claim.

24.3 As used in this Section 24, the word "expenses" includes all losses, compensatory, exemplary or punitive damages, fines, charges, costs, lost profits, attorneys' fees, accountants' fees, expert witness fees, expenses, court costs, settlement amounts, judgments, compensation for damages to reputation or goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting or replacing the same, and costs of recall, refunds, compensation and public notices.

24.4 The indemnification obligations of us and you will survive the expiration or termination of the Franchise for as long as any potential for liability under any applicable law, rule, ordinance, statute or judicial decision remains. In this regard, to the maximum extent permitted by law, we and you each waive the effect of any statute of limitation which would, by lapse of time, limit our indemnification obligations.

## 25. TRANSFERS OF INTEREST

25.1 Transfer by Us. We may sell, assign, transfer, convey, give away, pledge, hypothecate, mortgage or otherwise encumber ("transfer") all or any part of our rights, interests or obligations in this Agreement to any person or entity in our sole discretion. Specifically, and without limitation, we (or any affiliate, as applicable) may sell our assets, the Marks or any other elements of the System to any person or entity; may offer securities privately or publicly; may merge with, spin off or acquire other entities, or be acquired by another person or entity, including a competing or non-competitive franchise system or business, regardless of the locations of the franchise system or business; or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any or all of the above sales,

assignments or dispositions, you expressly and specifically waive any claims, demands or damages against us and our affiliates arising from or related to the transfer of the Marks (or any variation thereof) or the System to any other person or entity. If we transfer or assign this Agreement, we will be released from all further liability under this Agreement. Nothing contained in this Agreement will require us to offer to you any products or services, whether or not bearing the Marks, if we transfer or assign this Agreement.

25.2 Transfer by Franchisee.

(a) Your rights and obligations under this Agreement are personal to you, and we have granted the Franchise in reliance on your and/or your principals' business skill, financial capacity, personal character, and reputation for honesty, integrity and fair dealing. Accordingly, you and your successors, assigns, shareholders, partners and members, may not transfer any interest in you, in this Agreement or any related agreement, in the Franchise or the Franchised Business, without our prior written consent. Any purported transfer not having our prior written consent will be void.

(b) We will not unreasonably withhold our consent to a transfer of any interest in you, this Agreement, any related agreement, the Franchise or the Franchised Business, but if a transfer, alone or together with other previous, simultaneous or proposed transfers, would have the effect of transferring either a controlling interest in or operating control of you, this Agreement, any related agreement, the Franchise or the Franchised Business, we may, in our sole discretion, require as conditions to our consent that:

(i) You must be in substantial compliance with the terms of this Agreement;

(ii) The transferee (including any person with a beneficial interest in the transferee if it is a legal entity) has demonstrated to our satisfaction that it meets the then-current standards which we would normally apply to any prospective franchisee. The transferee, for example, has demonstrated that it meets our educational, personal, managerial and business standards; possesses a good moral character and a good business reputation; has the aptitude and ability to conduct the Franchised Business (as may be shown by prior related experience); has adequate financial resources and capital to operate the Franchised Business; is financially responsible and has a good credit rating; has the ability to obtain a liquor license in its name; will be likely in our sole and absolute judgment to comply with the terms of this Agreement, our then-current standard franchise agreement and our then-current manuals; and has no direct or indirect connection with any actual or potential competitor of us or any of our franchisees;

(iii) Your debts to us and others relating to the Franchised Business have been satisfied;

(iv) You and the transferor have signed a general release, in a form satisfactory to us, of any claims against us and our partners, shareholders, officers, directors, employees and agents, in their corporate and individual capacities;

(v) The transferee (including any person with a beneficial interest in the transferee if it is a legal entity) has entered into a written transfer agreement, in a form satisfactory to us, assuming and agreeing to discharge your and/or the transferor's obligations under this Agreement and any attachments;

(vi) The transferee (including any person with a beneficial interest in the transferee if it is a legal entity) executes our then-current standard franchise agreement (excluding any requirement to pay an initial franchise fee) and attachments (including any guaranty agreements). The then-current franchise agreement will have the same term expiration date of this Agreement, but may contain terms substantially different from those in this Agreement, including different fees, advertising contributions, training requirements and territory. Depending on the then-current demographics of the Territory, and on our then-current standards for territories, if the Territory is larger than our then-current standard territory, we may require the transferee to accept a Transfer Territory smaller than the Territory.

(vii) The transferee and its Manager, if any, have agreed to successfully complete (at the transferee's expense and to our satisfaction) any then-current initial training programs;

(viii) You or the transferor has paid, in lieu of paying the initial franchise fee specified in Section 9.1, a transfer fee of 25% of our then-current initial franchise fee for a comparable 1st franchise, plus full reimbursement for any reasonable travel, lodging and meal expenses incurred by us in connection with the transfer;

(ix) We have decided not to exercise our right of first refusal, if any, under Section 25.5;

(x) You have updated your equipment and premises to our then-current specifications in our manuals;

(xi) We have consented to the material terms of the transfer, including the price and terms of payment, which will not be so burdensome as to adversely affect the operation of the Franchised Business by the transferee; and

(xii) If any part of the sale price of any transferred interest is to be financed, the transferor will have agreed that all obligations of the transferee under any promissory notes, agreements or security interests reserved by the transferor in the assets of the Franchised Business will be subordinate to the obligations of the transferee to pay continuing franchise fees, advertising contributions and other amounts due to us and our affiliates, or otherwise to comply with this Agreement or the franchise agreement signed by the transferee.

(c) Except as stated below, the transfer fee stated in Section 25.2(b)(viii) is non-refundable and fully earned by us when paid. If, the transferee is unable to successfully complete initial training, we, in our sole discretion, may cancel this Agreement or the transferee's then-current franchise agreement. If we so cancel this Agreement or the transferee's then-current franchise agreement, we will refund the transfer fee, less out-of-pocket costs incurred, if the transferee agrees to terms substantially similar to those in Sections 19.1, 19.9, 20, 21.3, 21.4(b), 21.5-21.8, 27.1-27.2, and 32.

(d) No transfer in the nature of a grant of a security interest in you, this Agreement, any related agreement, the Franchise or the Franchised Business will be permitted without our prior written consent. If we consent to a transfer in the nature of a grant of a security interest, and if the holder of the security interest later seeks to exercise your right or assume the interest of you in the Franchise, this Agreement, any related agreement, you or the Franchised Business due to a default under any documents related to the security interest, we will have the

option to purchase the rights of the secured party by paying all sums then due to the secured party, and the secured party will sign an agreement to that effect before any transfer takes place.

25.3 Transfer to Franchisee's Legal Entity. If a proposed transfer is to a legal entity you control which is formed solely for the convenience of ownership, our consent to the transfer may, in our sole discretion, be conditioned on the following requirements:

(a) The legal entity's activities will be confined exclusively to operating the Franchised Business;

(b) You will own a majority stock interest, partnership or membership interest in the legal entity, and will act as its principal operating officer, partner or member;

(c) Each stock certificate or certificate of interest in the legal entity will have conspicuously endorsed on its face a statement in a form satisfactory to us that it is held subject to, and that further transfer is subject to, all restrictions on transfers in this Agreement;

(d) All shareholders, partners, or members will jointly and severally guarantee the legal entity's performance and will bind themselves to the terms of this Agreement and any attachments;

(e) You will maintain a then-current list of all partners, members or shareholders and beneficial owners of any class of stock, and furnish the list to us on request; and

(f) Copies of the transferee's Certificate and Articles of Incorporation, Certificate and Articles of Organization, Certificate and Agreement of Partnership, By-Laws, resolution authorizing entry into this Agreement and any other significant governing documents, promptly will be furnished to us.

25.4 Transfer and Issuance of Securities. If you are a legal entity, you will maintain stop transfer instructions against the transfer of any stock certificate, certificate of interest, or evidence of ownership contrary to the terms of this Section 25, and will issue no certificate on the face of which the following statement does not legibly and conspicuously appear:

> The transfer of this {insert type of ownership interest} is subject to the terms of a Franchise Agreement dated {insert date} between Foster's Franchise Concepts, LLC and {insert name of legal entity}.

25.5 Our Right of First Refusal.

(a) If you or any other person or entity at any time determines to sell an interest in you, the Franchise or the Franchised Business, a true and complete copy of the offer (and any proposed ancillary agreements) will immediately be submitted to us by you or the other person or entity involved. The offer must apply only to an interest in you, the Franchise or the Franchised Business. It must not include the purchase of any of your other property or rights (or those of your shareholder, partner, or member), but if the offeror proposes to buy any other of your property or rights (or those of shareholder, partner or member) under a separate, contemporaneous offer, the price and terms of purchase offered to you (or to your shareholder, partner or member) for the interest in you, the Franchise or the Franchised Business will reflect the bona fide price offered and will not reflect any value for any other property or rights. We will have the right,

exercisable by written notice delivered to you, or the person or entity involved, within 30 days after receipt of the copy of the offer, to purchase the interest for the price and on the terms in the offer, but we may substitute cash, a cash equivalent or marketable securities of equal value for any form of payment proposed in the offer. Our credit will be deemed equal to the credit of any proposed purchaser, and we will have not less than 60 days to prepare for closing. If the parties cannot agree on a cash equivalent within a reasonable time, they will either jointly select 1 appraiser, or 3 appraisers will be selected (1 by us, 1 by you, and 1 jointly by the first 2 appraisers), and his, her or their determination will be binding. The parties will share equally the fees and expenses of any appraiser jointly selected, but each must pay any separately selected appraiser individually. We will be entitled to purchase the interest subject to all customary representations and warranties given by the seller of the assets of a business or voting stock of an incorporated business, as applicable, including representations and warranties as to ownership, condition and title to stock and/or assets, liens and encumbrances relating to the stock and/or assets, validity of contracts, and liabilities, contingent or otherwise, of any corporation whose stock is purchased. If we do not exercise our right of first refusal, you or the person or entity involved may complete the sale to the purchaser under the terms of the offer subject to our consent to the transfer under Section 25.2(b), but if the sale to the purchaser is not completed within 120 days after receipt of the offer by us, or if there is a material change in the terms of the sale, we will have an additional right of first refusal for 30 days on the same terms as were applicable to the initial right of first refusal.

(b) If a proposed transferee is the spouse, child or parent of the proposed transferor, or is a person or entity already holding an equity interest in you or the Franchised Business, as of the date of this Agreement, that has been disclosed to us, we will not have any right of first refusal as provided in Section 25.5(a), unless the proposed transferee has a direct or indirect connection with any actual or potential competitor of us or any of our franchisees. However, written notification of this type of transfer must be provided to us by the transferor at least 30 days before consummation of that transfer.

25.6 Transfer On Death, Permanent Incapacity or Dissolution. On the death or permanent incapacity of any person with an interest in you, this Agreement, any related agreement, the Franchise or the Franchised Business, or on your dissolution if you are a legal entity, the executor, administrator, personal representative or trustee ("personal representative") of that person or entity will transfer his, her or its interest to a third party acceptable to us within 180 days after assuming that capacity. Any transfer of this type, including a transfer by devise or inheritance, will be subject to the same requirements as other transfers under this Agreement, but if the transfer is to a spouse, child or parent, the fee required under Section 25.2(b)(viii) will not be required. If the personal representative is unable to meet these conditions, the personal representative of that deceased person will have an additional 60 days to dispose of the interest, which disposition will be subject to the requirements for transfers in this Agreement, including the requirements of this Section 25. If the interest is not disposed of within 60 days, we may terminate this Agreement, or may exercise an option to purchase or have transferred from you the assets of the Franchised Business in accordance with the procedures specified in Section 27.3, by giving you written notice of the exercise of the option at any time during those additional 60 days.

25.7 Interim Operation of Business on Death or Permanent Disability. Pending transfer on your death or permanent incapacity (or your principal operating officer, partner or member, if you are a legal entity), we will have the option to appoint a general manager to operate the Franchised Business for your account until an approved transferee is able to assume the

operation of the Franchised Business, for up to 12 months without your consent, your personal representative, or your successor in interest. All funds from the operation of the Franchised Business during the period of operation by our appointed general manager will be kept in a separate fund, and all expenses incurred, including our appointed general manager's wages and benefits, and his or her reasonable traveling, lodging and meal expenses (the "Management Expenses"), will be charged to the fund. As compensation for services provided, we will charge the fund the full amount of the Management Expenses incurred during the period of our operation. We will only have a duty to use reasonable efforts in operating the Franchised Business, and will not be liable to you or your principals for any debts, losses or obligations incurred by the Franchised Business, or to any creditor for any equipment, inventory, products, services or supplies purchased for the Franchised Business during any period in which it is operated by our appointed general manager.

25.8 Non-Waiver of Claims. Our consent to a transfer of any interest in you, this Agreement, any related agreement, the Franchise or the Franchised Business will not be a waiver of any claims we may have against the transferring party, nor will it be a waiver of our right to demand the transferee's compliance with the terms of this Agreement.

## 26. DEFAULT AND TERMINATION

26.1 Automatic Termination. Except as may be prohibited by federal bankruptcy law or applicable state law, you will be deemed to be in default under this Agreement, and the Franchise will automatically terminate without notice to you, if you make a general assignment for the benefit of creditors, suffer the filing of an involuntary bankruptcy petition which is not dismissed within 60 days after filing, file a voluntary bankruptcy petition, are adjudicated a bankrupt, or suffer temporary or permanent court-appointed receivership of substantially all of your property; if suit to foreclose any lien or mortgage against the premises or equipment of your business is instituted and not dismissed within 30 days; or if the premises or equipment of your business is sold after levy thereon by any sheriff, marshal or constable.

26.2 Termination On Notice. Except as may be prohibited by federal bankruptcy law or applicable state law, you will be in default and we may, in our sole discretion, terminate the Franchise, without giving you any opportunity to cure the default, effective immediately on giving written notice of termination to you, if:

(a) You are insolvent (are unable to pay your debts as they come due or have debts that are greater than your assets) and not otherwise subject to automatic termination under Section 26.1;

(b) You, without our prior written consent, cease to operate the Franchised Business;

(c) You (or your principal officer, shareholder, partner or member, if you are a legal entity) are convicted of a felony, a crime involving consumer fraud, or any other crime that is reasonably likely, in our sole and absolute judgment, to have an adverse effect on the System, the Marks, the goodwill associated with the System or the Marks, or our interest in the System or the Marks;

(d) You (or your principal officer, shareholder, partner or member, if you are a legal entity) participate in an activity, such as an unfair trade practice or another improper

business or personal activity, that is having, or that has had within the past 60 days, in our sole and absolute judgment, a significant adverse effect on the System, the Marks, the goodwill associated with the System or the Marks, or our interest in the System or the Marks;

(e) The operation of the Franchised Business is creating a threat or danger to public health or safety;

(f) You have repeatedly failed to make timely payments of any fees or other amounts owed to us, or have repeatedly committed defaults of this Agreement, within 12 months of any prior default for which we have given you written notice;

(g) You knowingly make a material false or incomplete statement in any report submitted to us;

(h) We discover that you knowingly made a material false or incomplete statement to us to obtain the Franchise;

(i) You or any other person or entity purportedly transfer any interest contrary to Section 25;

(j) You participate in in-term competition contrary to Section 21;

(k) You improperly disclose the contents of our manuals or any other information learned or received under this Agreement and designated as "Confidential," contrary to Section 12 or 20;

(l) An approved transfer is not effected following death, permanent incapacity or dissolution as required by Section 25.6;

(m) You suffer any federal, state or local tax lien, levy or suit to enforce the same brought against you or your property;

(n) You fail to identify, lease or purchase a site within the period stated in Section 5.1 of this Agreement, or you fail to submit a proposed lease for approval before execution as stated in Section 5.2 of this Agreement, or you fail to open for business within the period stated in Section 5.5 of this Agreement;

(o) You underpay or under-report any amount due us by 5% or more for any 3-month period;

(p) Any other franchise for a restaurant granted to you (or any affiliate of yours) by us is terminated for any reason; or

(q) You (or any officer, shareholder, partner or member, if you are a legal entity) violate any U.S. anti-terrorism law, ordinance, regulation or Executive Order.

26.3 Termination After Notice and Opportunity to Cure. You will have 30 days, or any lesser period specified below, or any greater period permitted by us or required by law, to cure any default for which we have given written notice of termination to you under this Section 26.3, and to provide us with evidence of the cure. If a default is not cured within that period, the Franchise will terminate without the need for further notice to you, effective immediately on the expiration of the cure period. We may give written notice of termination under this Section 26.3

for any failure by you to comply with any term of this Agreement or any requirement in our manuals. Defaults may include, for example, if:

(a) You fail to initiate and/or successfully complete initial training;

(b) You fail, refuse or neglect to pay us or any affiliated company any sum owing when due under this Agreement or any other agreement, or to submit to us any required information when due under this Agreement, and do not cure such default within 10 days after notice from us (or such other cure period specified in another agreement, unless no cure period is specified, in which case, the 10-day cure period will apply);

(c) You fail to maintain any standard or specification required to be maintained or followed by this Agreement or our manuals;

(d) You offer any unauthorized or unapproved product or service;

(e) You fail, refuse or neglect to obtain our prior written acceptance, approval or consent as required by this Agreement;

(f) You misuse or make any unauthorized use of the System or the Marks, or otherwise materially impair the goodwill associated with or our rights in the System or the Marks;

(g) You or your Manager fail to comply with the requirement of personal attention in Section 4;

(h) You fail to maintain books and records as stated in our manuals, and in a manner that permits an accurate determination of Gross Sales;

(i) You fail, refuse or neglect to pay any third party, including any major supplier, or government taxing or licensing authority, any amount owing when due, or to satisfy any other material obligation relating to the Franchised Business; or

(j) You fail to provide proof of insurance and do not cure such default within 10 days after notice from us.

We disclaim any right under this Agreement to terminate the Franchise based on any decision or action by you regarding recruiting, interviewing, hiring, determining the terms of employment of, compensating, keeping the time of, processing the payroll of, providing work resources to, scheduling, supervising, disciplining or firing your personnel.

26.4 Management Option. We have the right (but not the obligation), in our sole discretion, under the circumstances described below, to enter the premises and assume management of the Franchised Business (or to appoint a designated representative to assume its management) for any period of time we deem appropriate. If we or our designated representative assume management of the Franchised Business under Sections 26.4 (a) or (b), you agree to pay us, in addition to all other amounts due under this Agreement, an amount equal to 10% of Gross Sales, plus our (or our designated representative's) out-of-pocket costs. If we or our designated representative assume management of the Franchised Business, you acknowledge that we or our designated representative will have a duty to use only reasonable efforts, and will not be liable to you for any debts, losses or obligations that the Franchised Business incurs to any of your vendors or creditors for any products, services or supplies purchased for the operation of the Franchised

Business, while we or our designated representative manage it. We or our designated representative may assume the management of the Franchised Business under the following circumstances:

(a) if you abandon or fail to actively operate the Franchised Business;

(b) if you fail to comply with any provision of this Agreement, or any mandatory standard or specification in our manuals, and do not cure the default within the time specified in this Agreement; or

(c) if the Franchise expires or is terminated and we are in the process of deciding whether to exercise our option to purchase the assets of the Franchised Business under Section 27. 3.

We will keep in a separate account all monies generated by the operation of the Franchised Business, less the expenses of the Franchised Business, including all amounts described in this Section 26.4 and other amounts owed under this Agreement. Nothing contained herein will prevent us from exercising any other right which we may have under this Agreement, including, our right to terminate this Agreement under Sections 26.2 or 26.3.

## 27. OBLIGATIONS ON REPURCHASE, EXPIRATION OR TERMINATION

27.1 On repurchase, expiration or termination of the Franchise, in addition to fulfilling your other continuing obligations under this Agreement:

(a) You promptly will surrender to us or our designee, or, if directed by us, destroy and immediately discontinue the use of, any materials or designations indicating or intending to indicate in any way that you are our franchisee;

(b) You immediately and permanently will discontinue use of the System and any information received under this Agreement and designated as "Confidential";

(c) You promptly will deliver to us or our designee: the Confidential Operations Manual; all other manuals, bulletins, instruction sheets, forms, devices, proprietary software and other materials that you received from us; all customer data (including customer lists) related to the Franchised Business; and all copies of the same;

(d) You promptly will pay all charges due for telephone services, and FOSTER'S GRILLE telephone directory listings and will assign to us or our designee, or will cancel, those telephone listings as we direct and as provided in Section 16.4 of this Agreement, and will discontinue any radio, newspaper or other advertising which may in any way identify you with our products or services;

(e) You promptly will pay all Internet service providers all charges due for online computer network services, and cause any appropriate Internet service provider or comparable authority to cancel or assign to us or our designee, as we direct, any email address, domain name or other comparable electronic identity used in connection with the Franchised Business.

(f) You promptly will take any action necessary to cancel any assumed name or equivalent registration that contains the mark FOSTER'S GRILLE or any other Mark,

and submit to us proof of compliance with this obligation within 30 days after repurchase, termination or expiration;

27.2 On expiration or termination of the Franchise, you and we will make a prompt and final accounting. Any sums owed under this Agreement, any sums related to the Franchised Business owed to third parties, and any other sums related to the Franchised Business owed for judgments or otherwise, promptly will be paid by the owing party.

27.3 On expiration of the Franchise, or on termination of the Franchise under Sections 26.1, 26.2 or 26.3, we will have the option, exercisable by giving you written notice within 60 days after the date of expiration or termination, to purchase or have transferred to us the assets of the Franchised Business. Those assets will include the leasehold improvements, equipment, furniture, fixtures, signs and inventory of the Franchised Business, and the lease for the site of the Franchise Business. We will have the unrestricted right to assign this option. If we exercise this option, the purchase and transfer will be completed on the following terms:

(a) We or our assignee will be entitled to all customary deeds, releases of lien, bills of sale, assignments, and such other documents and instruments that we deem necessary in order to perfect our title and possession in and to the property being purchased or assigned, as well as all warranties and representations concerning the assets, including representations and warranties as to ownership, condition and title to the assets, liens and encumbrances on the assets, validity of contracts and agreements, and liabilities affecting the assets, contingent or otherwise. If, at the time of closing, we have not received all of these documents and instruments, we may, in our sole discretion, place the purchase price in escrow pending the receipt of any required documents or instruments;

(b) The purchase price for the assets of the Franchised Business will be their fair market value, determined in a manner consistent with reasonable depreciation of the owned leasehold improvements, equipment, furniture, fixtures, signs and inventory of the Franchised Business. The purchase price will not contain any factor or increment for any trademark, service mark or other commercial symbol used in the operation of the Franchised Business, or for the goodwill or "going concern" value of the Franchised Business. We will be permitted to exclude from the assets purchased and valued any equipment, furniture, fixtures, signs and inventory that do not meet the quality standards for FOSTER'S GRILLE businesses. Also, the lease for the site of the Franchised Business will not be considered in determining the fair market value of the assets. If you and we are unable to agree on the fair market value of the assets, the fair market value will be determined by an independent appraiser jointly selected by you and us, and if we are unable to agree on an appraiser, you and we will each select 1 appraiser, who will jointly select a third appraiser, and the fair market value will be deemed to be the average of the 3 independent appraisals, so long as the highest appraisal is no more than 30% greater than the middle appraisal. If the highest appraisal is more than 30% greater than the middle appraisal, the fair market value will be deemed to be the average of the lowest appraisal and the middle appraisal. You and we will share equally the fees and expenses of any appraiser jointly selected, but will pay for any separately selected appraiser individually.

(c) The closing of the purchase and transfer will take place no later than 90 days after your receipt of our notice of the exercise of this option. We or our assignee will have the option of paying the purchase price at the closing, or in 12 equal monthly installments of principal and interest calculated at the rate of 0.5% over the base rate of the then-current prime, as

published in the Wall Street Journal, with the first installment due at the closing. If the purchase price is paid at the closing (in cash, cash equivalents or marketable securities of equal value), at the closing, you will deliver instruments transferring to us or our assignee:

(i) good and merchantable title to the purchased assets free and clear of all liens and encumbrances (other than liens and security interests acceptable to us or our assignee), with all sales and other transfer taxes paid by you;

(ii) all licenses and permits for the Franchised Business which may be transferred; and

(iii) the lease for the site of the Franchised Business (if we have not negotiated a new lease for the site with the landlord).

If the purchase price is paid in installments (in cash, cash equivalents or marketable securities of equal value), at the closing, you will deliver the same instruments to us or our assignee as those described above, except that the documents may reserve liens and encumbrances for your benefit relating to the installments.

(d) We will have the right to set off against and reduce the purchase price of the assets by any and all amounts owed by you to us and our affiliates, and by the amount of any liens or encumbrances against the assets or any other obligations related to the assets that we assume;

(e) If we or our assignee exercise this option, pending the closing, we will have the right to appoint a general manager to maintain the operation of the Franchised Business. If we do, the procedures, duties and limitations specified in Section 25.7 will apply to the operation of the Franchised Business by the general manager. Alternatively, we may require you to close the Franchised Business pending the closing without removing any assets from the premises; and

(f) You will maintain in force all insurance policies required under this Agreement pending the closing.

27.4 On termination of the Franchise under Section 26.2 or 26.3, you agree to pay us within 15 days after the effective date of termination, in addition to other amounts owed hereunder, liquidated damages equal to the average monthly continuing franchise fees paid during the 12 months of operation preceding the effective date of termination multiplied by the lesser of : (a) 24 (the number of months in 2 full years), or (b) the number of months remaining in the term of the Franchise had it not been terminated. You acknowledge that it would be impracticable to determine precisely the damages we would incur from the termination of the Franchise and the loss of cash flow from continuing franchise fees, due to, among other reasons, the difficulties in determining what costs, if any, we might have saved and how much the continuing franchise fees would have grown over what would have been the remaining term of the Franchise. You and we consider the liquidated damages specified in this Section 27.4 to be a reasonable, good faith estimate of those damages. This liquidated damages provision only covers our damages from the loss of cash flow from continuing franchise fees and does not cover any other damages, including damages to our reputation with the public and landlords, and damages arising from any violation of any other provision of this Agreement. You agree that this liquidated damages provision does

not give us an adequate remedy at law for any default under or for the enforcement of, any provision of this Agreement other than the continuing franchise fees provision.

## 28. ENTIRE AGREEMENT; EXECUTION DATE; MODIFICATION

28.1 This Agreement and the attachments are the entire agreement of the parties, superseding all prior written or oral agreements of the parties concerning the same subject matter, and superseding all prior written or oral representations made to you except the representations made in our Franchise Disclosure Document (including its exhibits and any quarterly updates or amendments). Nothing in this Agreement or in any related agreement is intended to disclaim the representations made in our Franchise Disclosure Document. The terms of this Agreement are binding on the parties, and on their heirs, executors, administrators, successors and assigns.

28.2 The execution date of this Agreement is the date it is countersigned by us.

28.3 Except as otherwise stated in this Agreement, this Agreement may not be modified except in a written agreement of at least equal formality signed by the parties.

## 29. INTERPRETATION

29.1 The caption headings of this Agreement are for convenience only and should in no way affect the manner in which any term of this Agreement is interpreted.

29.2 Whenever the context requires, the singular includes the plural, the plural includes the singular, the whole includes any part, and any gender includes all other genders.

29.3 The following words have the following meanings in this Agreement and any attachments: "including" means "including but not limited to"; "will" means "shall"; and "repeatedly" means "at least 3 times".

29.4 Whenever this Agreement gives us the right to perform an act in the future, that act may be performed "from time to time", when we choose, in our sole discretion, unless stated otherwise in this Agreement.

29.5 If 2 or more parties sign this Agreement for you or as your guarantors, their liability is joint and several.

29.6 This Agreement is governed by the Federal Arbitration Act (9 U.S.C. § 1 et seq.) and the laws of Virginia; but if any term of this Agreement not governed by the Federal Arbitration Act is not enforceable under the laws of Virginia, that term is governed by the laws of the state in which the largest portion of your Territory is located.

## 30. PARTIAL INVALIDITY

30.1 If any Section of this Agreement is determined to be wholly invalid, that determination will not be deemed to affect the validity of any other Section. The parties agree that the remaining Sections will be deemed to be in full effect as if they had been executed by the parties after removal of the invalid Section. If any Section is determined to be partially invalid, the remainder of that Section will continue to be enforceable if in accordance with the intent of the parties.

30.2 If any applicable and binding law or rule of any jurisdiction requires greater prior notice of the termination of or refusal to renew the Franchise than is required by this Agreement or the taking of some other action not required by this Agreement, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any mandatory standard or specification in our manuals is invalid or unenforceable, the notice and/or action required by the law or rule will be substituted for the notice or action requirements of this Agreement, or the invalid or unenforceable provision, standard or specification will be modified to the extent required to be valid and enforceable. The modifications to this Agreement and our manuals will be effective only in the jurisdiction requiring them, and this Agreement and our manuals will be enforced as originally entered into or issued in all other jurisdictions.

## 31. WAIVER AND ESTOPPEL; FORCE MAJEURE

31.1 Our failure to exercise any right reserved to us under this Agreement, or to insist on compliance by you with any term of this Agreement, and no custom or practice of the parties at variance with any term of this Agreement, will constitute a waiver of our right to demand compliance with any term of this Agreement. Our waiver of any default will not affect or impair our rights as to any subsequent default of the same or a different nature; nor will any delay, forbearance or omission by us to exercise any right as to any default of any term of this Agreement affect, impair or be our waiver of any right as to any subsequent default. Our rights and remedies under this Agreement are cumulative, and our exercise or enforcement of any right or remedy under this Agreement will not preclude us from exercising or enforcing any other right or remedy to which we are entitled.

31.2 The parties to this Agreement will not be considered to be in default of any obligations hereunder, other than the obligation of a party to make payment of amounts due to the other party, if the failure of performance is due to a Force Majeure, including drought, flood, earthquake, storm, fire, lightening, epidemic, war, riot, civil disturbance, sabotage, strike or labor difficulty, or casualty to equipment. If any party is affected by a Force Majeure event, such party will give 14 days' notice to the other party stating the nature of the event, its anticipated duration and any action being taken to avoid or minimize its effect. The suspension of performance will be of no greater scope and no longer duration than is required, and the non-performing party will use its best efforts to remedy its inability to perform. The obligation to pay any amount in a timely manner is absolute and will not be subject to these Force Majeure provisions (Section 31.2), except to the extent prohibited by governmental rule or regulation.

## 32. ARBITRATION; ENFORCEMENT

32.1 Except as otherwise stated in this Agreement, the parties agree that any dispute between them, or any claim by 1 or more of them, concerning this Agreement, any related agreement, the Franchise or the Franchised Business that cannot be settled through negotiation or voluntary mediation, will be resolved solely and exclusively by binding arbitration, unless agreed otherwise by the parties.

32.2 Arbitration will be supervised by the American Arbitration Association ("AAA") and conducted under the then-prevailing commercial arbitration rules of the AAA, before 1 arbitrator. Any arbitration hearing will take place in the county or city in which our home office is located at the time, and will be conducted on an individual, not a class-wide, basis. No arbitration award will have any preclusionary or collateral estoppel effect in any other arbitration

or adjudicatory proceeding. Judgment on an arbitration award may be entered in any court of competent jurisdiction, and will be binding, final and non-appealable.

32.3 If any dispute or claim cannot be the subject of arbitration, the parties agree that the dispute or claim will be separated from all other disputes and claims, which other disputes and claims will first be resolved by arbitration, after which any dispute or claim which cannot be the subject of arbitration will be brought before any court stated in Section 32.6. If the parties are unable to separate out these matters, their allegations and positions on them will be brought before the arbitrator(s), who will rule separately on the matters, and that ruling will be subject to appropriate judicial review on the petition of a party.

32.4 Nothing in this Section 32 will prevent us from obtaining temporary, preliminary or permanent injunctive relief, without bond, from a court or agency of competent jurisdiction against actual or threatened conduct causing loss or damage that can be remedied under usual equity rules.

32.5 In any arbitration, any action for any dispute or claim which cannot be the subject of arbitration, or any action for injunctive relief is started concerning this Agreement, any related agreement, the Franchise or the Franchised Business, the party which substantially prevails in that arbitration or action will be entitled to a judgment against the other party for the costs of the arbitration or action, including reasonable attorneys' fees, reasonable expenses of arbitration or litigation, and arbitration or court costs.

32.6 **You and we each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other, and agree that if there is a dispute with the other, each party will be limited to the recovery of actual damages sustained by it. You and we each irrevocably waive trial by jury in any court action, whether at law or equity, brought by either party. You and we each also agree that any action brought by either party relating to this Agreement, any related agreement, the Franchise or the Franchised Business will be brought in a state or federal court of general jurisdiction in the county or city in which our home office is located at the time. You irrevocably submit to the jurisdiction of these courts and waive any objections you may have to the venue of these courts.**

32.7 **You and we each agree that any claims between the parties must be commenced within 1 year after the date on which the party asserting the claim knew or should have known of the facts giving rise to the claim, or the claim will be barred.**

32.8 As security for the performance of your obligations under this Agreement, including payments owed to us for purchases by you, you hereby collaterally assign to us the lease and grant us a security interest in all of the operating assets of the Franchised Business, including but not limited to inventory, accounts, supplies, contracts and proceeds and products of all of those assets. You agree to execute such documents as we may reasonably request in order to perfect and record our security interest. If you default in any of your obligations under this Agreement, we may exercise all rights of a secured creditor granted to us by law, in addition to our other rights under this Agreement. If a third party lender requires that we subordinate our security interest in the assets of the Franchised Business as a condition of lending you working capital for the construction and/or operation of the Franchised Business, we will agree to subordinate pursuant to terms and conditions determined by us in our sole discretion.

## 33. NOTICES

33.1 Any notice required to be given under this Agreement will be deemed to be given when delivered: by certified mail; by fax; by receipted courier or delivery service; by email; or personally. If delivery has not occurred after at least 2 of these methods have been used, any notice required to be given under this Agreement will be deemed to be given 3 days after being posted by first-class mail, postage prepaid.

33.2 Notices to us will be sent to our address as stated in this Agreement or to any other address we may specify to you in writing. Notices to you will be sent to the address of the Franchised Business as stated in this Agreement or any other address you may specify to us in writing.

## 34. ACCEPTANCES, APPROVALS AND CONSENTS

34.1 Acceptances, approvals and consents required by this Agreement will not be unreasonably withheld or delayed.

34.2 Whenever this Agreement requires our prior acceptance, approval, or consent, you will make a timely written request to us for the acceptance, approval or consent, which will be obtained in writing.

34.3 We assume no liability or obligation to you by providing any acceptance, approval, consent or recommendation to you, or by delaying action on or denying any request for an acceptance, approval or consent.

34.4 Notwithstanding anything otherwise contained in this Agreement, if you do not execute and deliver any documents or other assurances so required of you pursuant to this Agreement, or if we our designated representative take over the management or operation of the Franchised Business on your behalf for any reason, you hereby irrevocably appoint us as your lawful attorney with full power and authority to execute and deliver, in your name, any documents and assurances, and/or to manage or operate the Franchised Business on your behalf, and to do all other acts and things, in our sole discretion, and you agree to ratify and confirm all of our acts as your lawful attorney and to indemnify and hold us harmless from all claims, liabilities, losses or damages suffered in so doing.

## 35. ACKNOWLEDGMENTS BY FRANCHISEE

35.1 You acknowledge that:

(a) You have represented to us that neither you nor any of your owners have been designated as suspected terrorists as set forth on the list of Specially Designated Nationals as promulgated by the Office for Asset Control under the U.S. Department of Treasury.

(b) Complete and detailed uniformity among our franchisees under varying conditions may be inadvisable, impractical or impossible, and accordingly agree that we, in our sole discretion, may modify or vary aspects of the System as to any franchisee or group of franchisees based on, for example, local sales potential, demographics, competition, business practices or other conditions. You further acknowledge that we will have no obligation to disclose or offer the same or similar variances to you. You are aware that other FOSTER'S GRILLE

franchisees may operate under different agreements and, consequently, that our obligations and rights as to those franchisees may differ materially in certain circumstances.

Each of the undersigned agrees to the terms of this Agreement.

| FRANCHISEE ("YOU") | FOSTER'S FRANCHISE CONCEPTS, LLC ("WE") |
|---|---|
| By: _____ | By: _____ |
| Printed Name: _____ | Printed Name: _____ |
| Its: _____ | Its: _____ |
| Date Signed: _____ | Date Signed: _____ |

## RIDER TO FRANCHISE AGREEMENT FOR USE IN MARYLAND

For use in Maryland, this Agreement is modified as follows:

(a) Section 9.1 is modified by the addition of the following language:

The Maryland Office of the Attorney General, Securities Division, requires us to defer payment of the Initial Franchise Fee and other initial payments owed by you to us until we have completed our pre-opening obligations under the franchise agreement.

(b) Section 25.2(b)(iv) is replaced with the following:

(iv) You and the transferor have signed a general release, in a form satisfactory to us, of any claims against us and our partners, shareholders, officers, directors, employees and agents, in their corporate and individual capacities, except for any claims arising under the Maryland Franchise Registration and Disclosure Law.

(c) Section 32.6 is replaced with the following:

**32.6 You and we each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other, and agree that if there is a dispute with the other, each party will be limited to the recovery of actual damages sustained by it. You and we each irrevocably waive trial by jury in any court action, whether at law or equity, brought by either party. You and we each also agree that any action brought by either party relating to this Agreement, any related agreement, the Franchise or the Franchised Business will be brought in a state or federal court of general jurisdiction in the county or city in which our home office is located at the time, but you and we each agree that any action based on any claim arising under the Maryland Franchise Registration and Disclosure Law may be brought in a court in Maryland. You irrevocably submit to the jurisdiction of these courts and waive any objections you may have to the venue of these courts.**

(d) The following Section 32.7 is added:

32.7 Franchisee and Franchisor understand that any claim arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the Franchise.

(e) This Agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each of the undersigned agrees to the terms of this Rider.

| FRANCHISEE ("YOU")<br>("WE") | FOSTER'S FRANCHISE CONCEPTS, LLC |
|---|---|
| _____ | By: _____ |
| Printed Name: _____ | Printed Name: _____ |
| | Its: _____ |
| Date Signed: _____ | Date Signed: _____ |

## RIDER TO FRANCHISE AGREEMENT FOR USE IN VIRGINIA

For use in Virginia, this Agreement is modified as follows:

(a) Regarding any franchise agreement offered or entered into on or after July 1, 2026 that relates to a franchise the performance of which contemplates or requires the franchisee to establish or maintain a place of business in Virginia:

Under subsection A 4 of § 13.1-563 of the Virginia Retail Franchising Act ("Act"), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale. This Agreement is revised to conform to subsections A 4 and B of § 13.1-563 of the Act.

(b) This Agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each of the undersigned agrees to the terms of this Rider.

| FRANCHISEE ("YOU")<br>("WE") | FOSTER'S FRANCHISE CONCEPTS, LLC |
|---|---|
| _____ | By: _____ |
| Printed Name: _____ | Printed Name: _____ |
| | Its: _____ |
| Date Signed: _____ | Date Signed: _____ |

## Attachment 1A

## RESERVED AREA ADDENDUM

**This RESERVED AREA ADDENDUM** is attached to and made a part of the Agreement between you and us as of the Effective Date of the Agreement.

1. We have not yet accepted a proposed site for your FOSTER'S GRILLE business.

2. Your Reserved Area under Section 2.1 of the Agreement is:

_____
_____
_____
_____

The undersigned hereby agree to the terms of this Addendum.

| FRANCHISEE ("YOU") | FOSTER'S FRANCHISE CONCEPTS, LLC ("WE") |
|---|---|
| _____ | By: _____ |
| Printed Name: _____ | Printed Name: _____ |
| | Its: _____ |
| Date Signed: _____ | Date Signed: _____ |

## Attachment 1B

## SITE ADDENDUM

**This SITE ADDENDUM** is attached to and made a part of the Agreement between you and us as of the Effective Date of the Agreement.

In accordance with Section 2.2, you will locate the Franchised Business at the following site within the Reserved Area:

_____

The undersigned hereby agree to the terms of this Addendum.

| FRANCHISEE ("YOU") | FOSTER'S FRANCHISE CONCEPTS, LLC ("WE") |
|---|---|
| _____ | By: _____ |
| Printed Name: _____ | Printed Name: _____ |
| | Its: _____ |
| Date Signed: _____ | Date Signed: _____ |

## Attachment 1C

## TERRITORY ADDENDUM

**This TERRITORY ADDENDUM** is attached to and made part of the Agreement between you and us as of the Effective Date of the Agreement.

1. In accordance with Section 2.3, the Territory for the Franchised Business is:

   _____

2. Exceptions (if any) within the Territory are:

   _____

   _____

3. If the U.S. Postal Service alters the boundary(ies) or number(s) of any assigned ZIP code(s), we will reassign to you the redesignated ZIP code(s) that most correspond to any previously held ZIP code(s).

| FRANCHISEE ("YOU") | FOSTER'S FRANCHISE CONCEPTS, LLC ("WE") |
|---|---|
| _____ | By: _____ |
| Printed Name: _____ | Printed Name: _____ |
| | Its: _____ |
| Date Signed: _____ | Date Signed: _____ |

## Attachment 2

## TELEPHONE AND INTERNET SERVICE TRANSFER CONSENT AND AUTHORIZATION

On the expiration, termination, repurchase or transfer of the Franchise for any reason whatsoever, you hereby irrevocably appoint and designate Foster's Franchise Concepts, LLC as your attorney-in-fact to direct the telephone company to change, transfer and/or terminate any listed telephone numbers relating to the Franchised Business, and to direct any Internet service provider or comparable Internet authority to change, transfer and/or terminate any email addresses, domain names or other comparable electronic identities relating to the Franchised Business. You also hereby agree that Foster's Franchise Concepts, LLC may execute any legal document on your behalf to carry out the intent of this consent and authorization.

_____ _____

Date Printed Name: _____

_____ _____

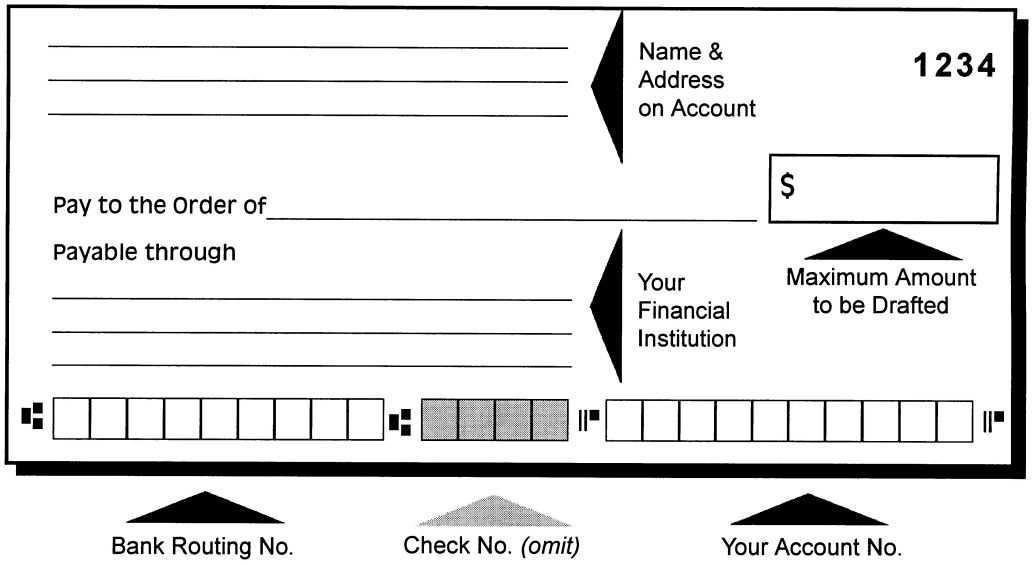
Date Printed Name: _____

## Attachment 3

## ACH ORIGINATION AUTHORIZATION

ACH Origination services will not be considered until this application is
FILLED OUT COMPLETELY

Please complete the following with your banking information and attach a voided check:




I hereby authorize Foster's Franchise Concepts, LLC ("Franchisor") and the financial institution named above to initiate entries to my checking or savings accounts as identified above in accordance with the sales analysis submitted by me to Franchisor and, if necessary, to initiate adjustments for any transactions credited in error. This authority will remain in effect until I notify either Franchisor or the above-named financial institution in writing to cancel it in such time as to afford a reasonable opportunity to act on such instructions. I can stop payment of any entry by notifying the above-named financial institution at least 3 days before my account is scheduled to be charged. I can have the amount of an erroneous charge immediately credited to my account for up to 15 days following issuance of my statement by the above-referenced financial institution or up to 60 days after deposit, whichever occurs first.

Signature: _____

Printed Name and Title (if any) of Person Signing: _____

Application Date: _____ Telephone Number: _____

Contact Person (if different from person signing): _____

Applicant's Printed Name (Individual or Company): _____

Applicant's Address (if different from check): _____

_____

**Attachment 4**

**LEGAL ENTITY INFORMATION SHEET**

Legal Entity Name/Type: _____

State/Date of Formation: _____

Shareholders/Partners/Members:

| _____ | _____ | _____ |
|---|---|---|
| % Interest | Class/General or Limited Partner | Name |
| _____ | _____ | _____ |
| % Interest | Class/General or Limited Partner | Name |
| _____ | _____ | _____ |
| % Interest | Class/General or Limited Partner | Name |
| _____ | _____ | _____ |
| % Interest | Class/General or Limited Partner | Name |
| _____ | _____ | _____ |
| % Interest | Class/General or Limited Partner | Name |

| **Documents:** | **Not Required** | **Provided to Us** | **To Be Provided to Us Within 30 Days** |
|---|---|---|---|
| Certificate and Articles of Incorporation | ☐ | ☐ | ☐ |
| Certificate and Agreement of Partnership | ☐ | ☐ | ☐ |
| Certificate and Agreement of Membership | ☐ | ☐ | ☐ |
| By-Laws | ☐ | ☐ | ☐ |
| Resolution Authorizing Franchise | ☐ | ☐ | ☐ |
| Agreement | ☐ | ☐ | ☐ |
| Other: _____ | ☐ | ☐ | ☐ |

**Conditions:**

The legal entity's activities must be confined exclusively to operating the Franchise.

_____ (or another person with our written consent) must act as the legal entity's principal operating officer, partner or member.

Each principal officer of the legal entity, and each shareholder, member, partner, spouse or other beneficial owner with at least a 5% ownership interest in the legal entity, must personally guarantee Franchisee's obligations under the Franchise Agreement, and also must agree to be personally bound by, and personally liable for breach of, every term of the Franchise Agreement (Attachment 5).

The legal entity must maintain stop transfer instructions against transfer on its records of any stock certificate or certificate of interest contrary to the terms of the franchise agreement.

Each stock certificate of the corporation or certificate of interest of the partnership or membership must include the statement specified in the franchise agreement.

The legal entity must maintain a current list of all shareholders, partners or members and other beneficial owners, and must furnish the list to us on request.

## Attachment 5

## GUARANTY AGREEMENT

In consideration of, and as an inducement to, the signing by Foster's Franchise Concepts, LLC ("we", "us" or "our") of the franchise agreement dated _____ between us and _____ ("Franchisee") (the "Agreement"), each undersigned Guarantor ("you or "your") personally and unconditionally (1) guarantees to us and our successors and assigns, for the term of the Franchise and thereafter as provided in the Agreement, that Franchisee will punctually pay or perform each obligation in the Agreement, and (2) agrees to be personally bound by, and personally liable for the default of, each term of the Agreement. Each of you waives:

(1) our acceptance and notice of acceptance of these undertakings;

(2) notice of demand for payment of any indebtedness or non-performance of any obligation guaranteed;

(3) protest and notice of default to any party as to any indebtedness or non-performance of any obligation guaranteed;

(4) any right you may have to require that an action be brought against Franchisee or any other person as a condition of liability; and

(5) any other notices and legal or equitable defenses to which you may be entitled.

Each of you agrees that:

(1) your direct and immediate liability under this guaranty is joint and several;

(2) you will render any payment or performance required under the Agreement on demand if Franchisee fails or refuses to do so punctually;

(3) your liability will not be contingent or conditioned on our pursuit of any remedies against Franchisee or any other person; and

(4) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claim, none of which will in any way modify or amend this guaranty, that will be continuing and irrevocable for as long as any obligation in the Agreement remains in effect.

Each of you affixes your signature to this guaranty as of the same date as the date of signing of the Agreement.

_____
GUARANTOR

Name: _____

Address: _____
_____

Percentage Ownership in Franchise _____

_____
GUARANTOR

Name: _____

Address: _____
_____

Percentage Ownership in Franchise _____

## Attachment 6

## LEASE ADDENDUM

THIS LEASE ADDENDUM is entered into this ___ day of _____, 20__, among Foster's Franchise Concepts, LLC ("Franchisor"); _____ _____("Lessor"); and _____ ("Lessee").

RECITALS:

A. Lessor has agreed to lease to Lessee certain premises located at _____ _____ ("premises") within a center known as _____ _____ ("center') for use by Lessee as a FOSTER'S GRILLE business ("Franchised Business") operated under Franchisor's system and proprietary marks under a written franchise agreement dated _____ between Franchisor and Lessee as franchisee ("Franchise Agreement");

B. Under the terms of the Franchise Agreement, all right, title and interest in the lease and this Addendum ("Lease") must be transferred to Franchisor, if Franchisor, in its sole and absolute right, exercises any option to purchase the assets of the Franchised Business contained in the Franchise Agreement.

C. It is the intent of the parties to provide Franchisor with the opportunity to preserve the premises as a Franchised Business in case of any expiration or termination of the franchise granted in the franchise agreement and to assure Lessor that any defaults under the Lease will be cured before Franchisor takes possession of the premises; and

D. Lessee and Franchisor wish to preserve their rights under the Franchise Agreement as to the premises, including Franchisor's right to enter and/or take possession of the premises to enforce Franchisor's rights on Lessee's default under the Lease or the Franchise Agreement.

In consideration of the recitals above and of the terms below, the parties agree:

1. Default of Lessee under Lease. Lessor will give Franchisor notice of any default or termination of the Lease concurrently with giving notice to Lessee. If Lessee fails to cure any default within the period provided in the Lease, Lessor will give Franchisor immediate written notice of the failure to cure and Lessor will offer to Franchisor and Franchisor will have the sole and absolute right (but not the obligation), either to cure the default and preserve Lessee's interest in the premises and in the Lease, or to accept an assignment of the Lease or a new lease containing the same terms of the Lease, as Franchisor elects. If Franchisor elects to continue the use of the premises under an assignment of the Lease or a new lease, it will so notify Lessor in writing within 30 days after it has received written notice from Lessor specifying the default(s) Lessee has failed to cure within the period specified in the Lease. On receipt of that notice from Franchisor, Lessor will promptly execute and deliver to Franchisor an assignment of the Lease or a new lease, whichever Franchisor requests, and will promptly deliver to Franchisor possession of the premises, free and clear of any rights of Lessee or any third party. Franchisor, before taking possession of the premises, will cure the default(s) specified by Lessor in its notice to Franchisor and will execute and deliver to Lessor its acceptance of the assignment of Lease or of a new lease, as the case may be.

2. Repurchase, Termination or Expiration of Franchise. If Franchisor repurchases the franchise from Lessee, or if the franchise between Franchisor and Lessee expires or is terminated for any reason during the term or any extension of the Lease, Lessee, on the written request of Franchisor, will assign to Franchisor all of its right, title and interest in the Lease. If Franchisor elects to accept the assignment of the Lease from Lessee, it will give Lessee and Lessor written notice of its election to acquire the leasehold interest. Lessor consents to the assignment of the Lease from Lessee to Franchisor, subject to Lessee's and/or Franchisor's curing any default(s) of Lessee under the Lease before Franchisor takes possession of the premises. Alternatively, in case of repurchase, expiration or termination of the franchise, Franchisor may elect to enter into a new lease with Lessor containing the same terms as the Lease. On Lessor's receipt of written notice from Franchisor advising Lessor that Franchisor elects to enter into a new lease, Lessor will execute and deliver the new lease to Franchisor for its acceptance. Lessor and Lessee will deliver possession of the premises to Franchisor, free and clear of all rights of Lessee or third parties, subject to Franchisor curing any default(s) of Lessee under the Lease and executing an acceptance of the assignment of Lease or the new lease, as the case may be. If Franchisor does not accept assignment of the Lease or a new lease after expiration or termination of the franchise, or if Franchisor determines that it must enter the premises to enforce any of its rights under the Franchise Agreement, Lessor consents to Franchisor's or its agent's entry onto the premises to enforce Franchisor's rights under the Franchise Agreement, including the removal of signs, materials, fixtures, equipment and other items identifying Lessee with Franchisor or belonging to Franchisor. Lessor agrees that, in exercising these rights, Franchisor will not be guilty of trespass or any other tort as to Lessor. Franchisor agrees to repair any damage to the premises caused by its entry and activity on the premises.

3. Relationship to Franchise Agreement. Lessor acknowledges that the Lease and/or any new or amended lease executed by the parties will be subject to and not inconsistent with the Franchise Agreement. For example, Lessor must permit Franchisor's entry onto the premises for the purpose of enforcing Franchisor's rights under the Franchise Agreement or for routine visits.

4. Use or Assignment of Premises. The parties agree that the premises must only be used for the operation of the Franchised Business, and that Lessee may not sublease or assign all or any part of its occupancy rights without Franchisor's prior written approval.

5. Exclusivity. Lessor agrees not to negotiate with or lease space within the center to any other tenant that will operate a business primarily serving hamburgers, fresh-cut french-fries or chicken wings. Such other businesses include but are not limited to 5-Guys, Boardwalk Fries, Buffalo Wild Wings, Cheeburger, Fuddruckers, Johnny Rockets, Red Robin and Wingstop.

6. Obligations of Franchisor. The parties acknowledge that the Lease does not create any rights against or obligations of Franchisor unless specifically stated in this Addendum.

7. Display of Marks. Lessor agrees that Lessee and/or Franchisor may display Franchisor's and/or its licensor's marks according to Franchisor's specifications in the Confidential Operations Manual provided to Lessee under the Franchise Agreement, as modified from time to time by Franchisor in its sole and absolute right, subject to the provisions of applicable law and community standards.

8. Right to Information. Lessor agrees to provide to Franchisor, on request, information regarding the Franchised Business or the Lease, including any information furnished to Lessor by Lessee.

9. Delivery of Lease; Franchisor's Prior Written Approval. Lessor and Lessee agree to deliver the Lease in executed form to Franchisor within 5 days after execution.

10. Waiver. Failure of Franchisor to enforce or exercise any of its rights under this Addendum will not constitute a waiver of those rights or a waiver of any subsequent enforcement or exercise of its rights under this Addendum.

11. Execution of Documents. The parties agree to execute all documents or agreements and to take all action as may be necessary or desirable to effectuate the terms of this Addendum.

12. Amendment of Lease. Lessor and Lessee agree not to amend, modify or waive the terms of the Lease in any respect that would adversely affect Franchisor's rights without the prior written consent of Franchisor.

13. Vacation of Premises. Lessee agrees to peaceably and promptly vacate the premises and to remove its personal property on the repurchase, termination or expiration of the franchise or on Lessee's failure to timely cure defaults under the Lease. Any property not so removed within 10 days after Lessee vacates the premises will be deemed abandoned.

14. Delivery of Possession. If it becomes necessary for Lessor to pursue legal action to evict Lessee in order to deliver possession of the premises to Franchisor, Franchisor will, at the written request of Lessor, pay into escrow amounts necessary to cure any default(s) by Lessee, pending delivery of the premises to Franchisor. If Lessor is unable to deliver the premises to Franchisor within 6 months after the date Franchisor notifies Lessor of its election to continue the use of the premises, Franchisor will have the right at any time to withdraw its election to acquire a leasehold interest in the premises, at which time all amounts deposited by Franchisor in escrow plus interest earned will be returned immediately to Franchisor. Franchisor will not be required to cure defaults and/or begin paying rent until delivery to it of possession of the premises, free and clear of any of Lessee's rights or the rights of any third parties.

15. Lessee's Liability. Lessee will remain liable for all of its obligations under the Lease regardless of the assignment of the Lease to Franchisor or the execution of a new lease between Franchisor and Lessor, and Franchisor will be entitled to recover from Lessee all amounts it has paid to Lessor to cure any default(s) by Lessee under the Lease.

16. Notices. All notices will be sent by certified mail and by email to the following addresses or to such other addresses as the parties may, by written notice, designate. Such notices will be deemed to be given 3 days after being sent by certified mail.

If to Franchisor:

Foster's Franchise Concepts, LLC
Attention: Cire Lo, President
4432 Costello Way
Haymarket, VA 20169
clo@fostersgrille.com

If to Lessor: Attention:

If to Lessee: Attention:

17. Binding Effect. This Addendum will be binding on the parties, their heirs, executors, successors, assigns and legal representatives.

18. Severability. If any provision of this Addendum or any part is declared invalid by any court of competent jurisdiction, the provision will not affect the validity of this Addendum and the remainder of this Addendum will remain in effect according to the terms of the remaining provisions or parts of provisions of this Addendum.

19. Remedies. The rights and remedies created under this Addendum will be deemed cumulative and no 1 of the rights or remedies will be exclusive at law or in equity of the rights and remedies which Franchisor may have under this Addendum or any other agreement to which Franchisor and Lessee are parties.

20. Attorneys' Fees. If any action is instituted by any party to enforce any provision of this Addendum, the prevailing party will be entitled to recover all attorneys' fees and costs incurred in the action.

21. Effective Date. Each of the undersigned agrees to the terms of this Addendum, effective the day and year first above written.

**LESSOR:** _____

By: _____
Printed Name: _____
Its: _____

**LESSEE:** _____

By: _____
Printed Name: _____
Its: _____

**FRANCHISOR:** FOSTER'S FRANCHISE CONCEPTS, LLC

By: _____
Printed Name: _____
Its: _____

## Attachment 7

## SBA LOAN ADDENDUM

This SBA Loan Addendum ("Addendum") is entered into as of _____ ("Effective Date") by Foster's Franchise Concepts, LLC ("Franchisor") and _____ ("Franchisee").

WHEREAS, the parties have entered into a franchise agreement dated as of _____ ("Agreement") for the operation of the franchised business identified therein ("Franchised Business").

WHEREAS, Franchisee may apply for an SBA-guaranteed loan ("SBA Loan"), and the parties wish to amend the Agreement to reflect SBA-mandated requirements if an SBA Loan is granted.

NOW, THEREFORE, in consideration of the recitals above and the terms below, the parties acknowledge and agree:

1. Franchisor may exercise any option to purchase or right of first refusal (ROFR) with respect to a partial interest in the Franchised Business, only if the proposed transferee is not a current owner or family member of a current owner of Franchisee.

2. If Franchisor's consent is required for any transfer (full or partial) of the Franchised Business, Franchisor will not unreasonably withhold such consent.

3. If Franchisee owns the real estate where the Franchised Business is operating, Franchisee will not be required to sell the real estate upon default or termination of the Agreement, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional renewals) for fair market value.

4. If Franchisee owns the real estate where the Franchised Business is operating, Franchisor has not and will not during the term of the Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants, or environmental indemnification, control or use restrictions. If any such restrictions are currently recorded against Franchisee's real estate, they must be removed in order for Franchisee to obtain SBA financial assistance.

5. If Franchisee owns the real estate where the Franchised Business is operating, the right of Franchisor to assume Franchisee's lease has not and will not during the term of the Agreement be recorded against the real estate and may not include any attornment language unless it is subordinated to any SBA financial assistance.

6. For other than regularly scheduled payments and payments otherwise authorized in the Agreement, Franchisor does not have the authority to unilaterally share, commingle, or withdraw funds from Franchisee's bank account.

7. The Agreement does not prevent Franchisee from having meaningful oversight over the operations of the Franchised Business by requiring Franchisee to comply with quality, marketing, and operations standards that govern Franchisee's use of Franchisor's system of operations. Meaningful oversight includes the authority to:

i. Approve the annual budget;

ii. Have control over the bank accounts; AND

iii. Have oversight over the employees of Franchisee operating the Franchised Business (who must be employees of Franchisee).

8. If Franchisor's brand is removed from the SBA Franchise Directory, Franchisee acknowledges that it will not be eligible to apply for SBA financial assistance after such removal. Any such removal will not affect the validity of any SBA financial assistance to Franchisee already funded.

9. This Addendum is effective and incorporated into the Agreement only if Franchisee obtains an SBA Loan for the Franchised Business. If Franchisee does not obtain an SBA Loan for the Franchised Business, this Addendum is of no force or effect.

10. Miscellaneous.

(a) If any provision of this Addendum conflicts with the Agreement or any related agreement, this Addendum controls, but only to the extent necessary to establish SBA financial assistance eligibility.

(b) Except as expressly amended by this Addendum, all terms and conditions of the Agreement remain unchanged and in full force and effect.

(c) This Addendum may be executed in counterparts, including by electronic signature, each of which is an original and all of which together constitute one instrument.

IN WITNESS WHEREOF, the parties have duly signed and delivered this Addendum as of the Effective Date.

| FRANCHISEE ("YOU") | FOSTER'S FRANCHISE CONCEPTS, LLC ("WE") |
|---|---|
| By: _____ | By: _____ |
| Printed Name: _____ | Printed Name: _____ |
| Its: _____ | Its: _____ |
| Date Signed: _____ | Date Signed: _____ |

# EXHIBIT C

## AREA DEVELOPMENT AGREEMENT, STATE RIDERS AND ATTACHMENTS

**FOSTER'S GRILLE**
**AREA DEVELOPMENT AGREEMENT, STATE RIDERS AND ATTACHMENTS**

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3 Legal Entity Information Sheet
4 Guaranty Agreement

# AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT ("Agreement") is entered into by FOSTER'S FRANCHISE CONCEPTS, LLC ("Franchisor") and _____ _____ ("Area Developer").

RECITALS

WHEREAS, Franchisor has expended time, skill, money and effort to develop a system for establishing and operating FOSTER'S GRILLE restaurants that offers chargrilled hamburgers, fresh hand-cut french fries, hot dogs, chicken, turkey, veggie burgers, buffalo wings, daily specials, kid's menu, salads, sides, fresh-squeezed lemonade, milkshakes, soft drinks, beer and wine (if permitted), and video games for kids, using formats, signs, equipment layouts, systems, methods, procedures and designs specified by Franchisor ("System").

WHEREAS, Franchisor has also expended time, skill, money and effort in publicizing the System and the services and products offered under the System, and has developed and will continue to develop valuable goodwill in the service mark, trademark and trade name FOSTER'S GRILLE, and in its trade dress; and may develop or acquire other service marks, trademarks, trade names and trade dresses for use under the System ("Marks"), all of which Marks will be the sole property of Franchisor.

WHEREAS, Franchisor grants designated geographic areas to others within which they may establish and operate franchised FOSTER'S GRILLE businesses using the System and Marks, and provides to those area developers continuing advice on the establishment and operation of their FOSTER'S GRILLE businesses.

WHEREAS, Area Developer desires to obtain the exclusive right to establish and operate 3 or more franchised FOSTER'S GRILLE restaurants ("Franchised Businesses") within a designated geographic area under the System and Marks, as well as to receive relevant training and other assistance provided by Franchisor to its area developers.

NOW, THEREFORE, in consideration of the recitals above and of the terms below, Franchisor and Area Developer agree:

## 1. AREA GRANT

1.1 Subject to the terms of this Agreement, Franchisor grants to Area Developer the right, and Area Developer undertakes the duty, to establish and operate _____ Franchised Businesses under the System and Marks in the area described in Section 3 (the "Area"). This right is referred to in this Agreement as the "Area Grant." Each Franchised Business will be operated under the terms of an individual Franchise Agreement executed by Area Developer and Franchisor.

1.2 If Area Developer complies with the terms of this Agreement, then Franchisor will not franchise or license others, nor will it directly or indirectly develop, own, lease, construct or operate in any manner, any FOSTER'S GRILLE business at any traditional venue in the Area.

1.3 Franchisor, on behalf of itself and its affiliates, designees and assignees, reserves the sole and absolute right, without offering Area Developer the right to participate:

(a) to establish and operate, and to grant to others the right to establish and operate, FOSTER'S GRILLE businesses at locations anywhere outside the Area, including locations near the Area's boundaries;

(b) in or outside the Area, to offer and sell products and services that are the same as the products and services offered by FOSTER'S GRILLE businesses, or different products and services, using FOSTER'S GRILLE trademarks or different trademarks;

(c) in or outside the Area, to establish and operate, and to grant others the right to establish and operate, FOSTER'S GRILLE businesses that are located within non-traditional venues, such as convention centers, airports, hotels, sports facilities, theme parks, hospitals, transportation facilities, venues in which master concessionaires provide foodservice, and similar captive market locations;

(d) in or outside the Area, to sell any products or services, using FOSTER'S GRILLE trademarks or different trademarks, through alternative channels of distribution, such as grocery stores, convenience stores, mobile vans or trucks and the Internet;

(e) to acquire and continue to operate, directly or indirectly, any business operating under different trademarks in or outside the Area;

(f) to acquire and retain, directly or indirectly, the rights and obligations of any franchisor or licensor of any business operating under different trademarks in or outside the Area;

(g) in or outside the Area, to establish and promote other franchise systems involving different products or services using different trademarks, and to establish company-owned or franchised outlets for those systems;

(h) to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by any other person, including a competing business, even if such person operates, franchises and/or licenses businesses in close proximity to the Franchised Business; and/or

(i) to engage in other activities not expressly prohibited by this Agreement.

## 2. TERM

2.1 The term of the Area Grant will commence on the execution of this Agreement and will continue for the period of time specified in the Development Addendum (Attachment 2) as required to develop the number of Franchised Businesses designated in Section 1.1 of this Agreement, unless sooner terminated under Section 15.

2.2 Area Developer will not have the right to extend the term of the Area Grant, although Franchisor and Area Developer may mutually agree to extend the term of the Area Grant.

2.3 If Area Developer complies with the terms of this Agreement, for 2 years after the expiration of the term of the Area Grant, Area Developer will have a right of 1st refusal as to any additional Franchised Businesses proposed to be developed within the Area, which Area Developer will be required to exercise by signing a franchise agreement and paying the initial franchise fee for the Franchised Business within 30 days after being offered the right.

## 3. AREA

3.1 Area Developer may locate Franchised Businesses only at sites within the geographic area designated in the Area Addendum (Attachment 1).

## 4. PERSONAL ATTENTION OF AREA DEVELOPER

4.1 Area Developer (or if Area Developer is not an individual, Area Developer's principal operating officer, partner or member) or a Manager who has successfully completed all required Franchisor training, will personally manage the selection of sites for, and the establishment of, Franchised Businesses in the Area.

## 5. AREA DEVELOPMENT FEE

5.1 An Area Development Fee equal to $17,500 per Franchised Business (other than Area Developer's 1st Franchised Business) to be developed under this Agreement will be paid by Area Developer to Franchisor on execution of this Agreement. The Area Development fee is $_____.

5.2 The Area Development Fee is non-refundable and fully earned by Franchisor when paid, except as follows: if Area Developer is unable to successfully complete initial training under the 1st franchise agreement executed concurrently with this Agreement, or Franchisor otherwise decides that Area Developer should not operate a Franchised Business, Franchisor may cancel the 1st franchise agreement. If Franchisor cancels the 1st franchise agreement, Franchisor may cancel this Agreement. If Franchisor cancels this Agreement, Franchisor will deduct out-of-pocket costs, including any broker referral fees, and will refund up to 50% of the area development fee if Area Developer agrees to terms substantially similar to those in Sections 11, 16 and 21.

## 6. INITIAL FRANCHISE FEES

6.1 Concurrently with the execution of this Agreement, Area Developer must execute a franchise agreement for Area Developer's 1st Franchised Business and must pay Franchisor the Initial Franchise Fee of $40,000 for that business.

6.2 Area Developer will pay Franchisor an Initial Franchise Fee for each additional Franchised Business (other than Area Developer's 1st Franchised Business) developed under this Agreement, to be paid when the franchise agreement for each additional Franchised Business is signed. The Initial Franchise Fee for each additional Franchised Business will be $35,000. Area Developer will receive a credit of $17,500 against each additional Initial Franchise Fee.

## 7. DEVELOPMENT SCHEDULE

7.1 Area Developer will establish and operate Franchised Businesses according to the Development Addendum (Attachment 2). Area Developer must be in compliance with all of its previously executed franchise agreements for FOSTER'S GRILLE businesses in order to be eligible to open new FOSTER'S GRILLE businesses.

7.2 If Area Developer is unable to comply with the Development Schedule due to strike, riot, civil disorder, war, failure of supply, fire, natural catastrophe or any other similar

event beyond its control, then on notice delivered to Franchisor, the Development Schedule and the term of the Area Grant will be extended for a corresponding period not to exceed 120 days.

7.3 Area Developer agrees to submit to Franchisor monthly reports of its activities and progress in selecting sites for and establishing Franchised Businesses under this Agreement. Each monthly report will be submitted on the 5th day of the month for the prior month.

## 8. SITES OF FRANCHISED BUSINESSES

8.1 The site of each Franchised Business within the Area will be selected by Area Developer, subject to Franchisor's prior written acceptance, which acceptance will take into account a site report and other information provided by Area Developer, and other factors described more fully in the applicable franchise agreement and Confidential Operations Manual.

8.2 The lease or acquisition of any proposed site by Area Developer without Franchisor's prior written acceptance will be the sole risk and responsibility of Area Developer, and will not obligate Franchisor in any way to accept the site. The acceptance of a proposed site by Franchisor will not in any way constitute a warranty or representation by Franchisor as to the suitability of the site for a Franchised Business.

## 9. FRANCHISE AGREEMENTS

9.1 Area Developer will open a Franchised Business only if a then-current form of franchise agreement for the Franchised Business has been executed by Franchisor and the Initial Franchise Fee for the Franchised Business has been paid by Area Developer to Franchisor.

## 10. LEGAL COMPLIANCE, TAXES, LICENSES, UTILITIES AND OTHER OBLIGATIONS

10.1 Area Developer must comply with all laws applicable to the operation of its business, including all administrative and governmental regulations relating to fictional business names, occupational hazards, health, consumer protection, and unfair or deceptive practices, securing and promptly paying for all licenses, permits and inspections, and promptly paying all withholding, unemployment, occupational, privilege, license, sales, use and income taxes and the like, including all taxes and fees levied and asserted on Area Developer's business property, and all water, sewer, gas, telephone, electric, power and other utility charges assessed or charged to any Franchised Business.

10.2 Area Developer must promptly satisfy any other indebtedness that it incurs in its business.

10.3 Area Developer must promptly notify Franchisor of the commencement of any action, suit or proceeding, or of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, that may adversely affect the operation or financial condition of its business.

## 11. TRADE SECRETS AND CONFIDENTIAL INFORMATION

11.1 Area Developer acknowledges that the System involves trade secrets owned by Franchisor and that, during its relationship with Franchisor, Area Developer will acquire knowledge of confidential information, including know-how, sales, organizational, operational and other information concerning the System.

11.2 Area Developer agrees that, without Franchisor's prior written consent, it will never either during or after the term of the Area Grant, use or allow the use of any trade secret or confidential information except in connection with the operation of its business or the Franchised Businesses by persons actively involved in the operation of the business(es). Area Developer further agrees that it will not disclose the contents of any manuals, plans, records or other documents relating to its business or to the Franchised Businesses to any third party, except a party who is actively involved in the operation of the business(es) and who has a valid need for disclosure. Any employee or independent contractor to whom a trade secret or confidential information is disclosed will be informed that the trade secret or confidential information is confidential and proprietary to Franchisor, and that it may not be used except under an area development or franchise agreement with Franchisor.

11.3 Area Developer must not disclose confidential information and/or financial information as to Franchisor or the Franchised Business to any competitor or potential competitor of Franchisor or of any FOSTER'S GRILLE franchisee or area developer. Franchisee must keep records, subject to inspection by Franchisor, identifying all persons to whom Franchisee reveals the financial information.

11.4 Area Developer agrees to promptly reveal to Franchisor discoveries, inventions, innovations or improvements made by Area Developer, or by any of Area Developer's Managers, employees or independent contractors, relating to materials, devices, methods or processes in any way connected with the System, and further agrees that all proprietary interests in the information, materials, devices, methods, techniques, know-how and processes utilizing those discoveries, inventions, innovations and improvements will be the property of Franchisor.

11.5 Area Developer agrees that use of any trade secret or confidential information contrary to any term of this Agreement is an act of infringement, and that the use will cause irreparable injury to Franchisor and entitle Franchisor to an order of specific performance and/or a temporary, preliminary or permanent injunction, without bond, from a court or agency of competent jurisdiction, court costs, reasonable expenses of litigation, reasonable attorneys' fees, and any other appropriate relief. Area Developer agrees that its only remedy if an injunction is entered against Area Developer will be the dissolution of that injunction, if warranted, upon due hearing, and expressly waives all claims for damages caused by the wrongful issuance of any injunction.

## 12. AREA DEVELOPER AS INDEPENDENT CONTRACTOR

12.1 Relationship of Parties. Under this Agreement, Area Developer is an independent contractor with entire control and direction of the area development business, subject only to the terms of this Agreement and its attachments. This Agreement is not intended to, and does not create a fiduciary or other special relationship between the parties, or make any party a principal, agent, legal representative, parent, affiliate, subsidiary, joint venturer, partner, employer, joint employer, employee or servant of any other party for any purpose. In that regard:(a) Franchisor has no right or duty to operate the area development business, and disclaim any liability under this Agreement for any damages arising out of the operation of the area development business.

(b) Area Developer is solely responsible for recruiting, interviewing, hiring, determining the terms of employment of, compensating, keeping the time of, processing

the payroll of, providing work resources to, scheduling, supervising, disciplining and firing its personnel, and Area Developer's personnel are not Franchisor's employees, independent contractors or agents. Franchisor has no right or duty to supervise, or to exercise control over, Area Developer's personnel in the operation of the area development business, and disclaims any rights or responsibilities as to Area Developer's personnel. To the extent that Franchisor provides Area Developer with guidelines, recommendations, materials and other resources related to functions such as recruiting, interviewing, hiring, determining the terms of employment of, compensating, keeping the time of, processing the payroll of, providing work resources to, scheduling, supervising, disciplining or firing personnel, Area Developer may use those resources, or may choose to use alternate resources. Area Developer is solely responsible for consulting with its own third party human resources ("HR") service provider and/or legal counsel concerning compliance with personnel laws and regulations that are applicable within the Area, and for complying with those laws and regulations.

(c) Except as provided in this Agreement, Area Developer is solely responsible for training its personnel. To the extent that Franchisor provides Area Developer with guidelines, recommendations, materials and other resources related to training Area Developer's management and non-management personnel, Area Developer may use those resources, or may choose to use alternate resources, so long as its personnel are trained to operate the area development business in a System-compliant, legal and safe manner.

(d) Area Developer is solely responsible for establishing and enforcing its own policies related to personnel practices and labor relations. To the extent that Franchisor provides Area Developer with guidelines, recommendations and materials related to personnel practices and labor relations, Area Developer may use those resources, or may choose to use alternate resources. Area Developer is solely responsible for consulting with its own third party HR service provider and/or legal counsel concerning compliance with personnel and labor relations laws and regulations that are applicable within the Area, and for complying with those laws and regulations.

12.2 Notices to Public, Etc. During the term of the Area Grant, Area Developer agrees to hold itself out, to the public, public officials, its suppliers, its independent contractors and others, as an independent contractor operating the area development business pursuant to rights granted by Franchisor, but not jointly with Franchisor. Area Developer agrees to take any reasonable action that Franchisor considers necessary to that end, including exhibiting notices of the parties' relationship in a conspicuous manner at any premises of the area development business, and on websites, letterhead, forms, business cards, electronic communications, advertisements, and other materials Franchisor designates. Franchisor reserves the right to specify and change the content and form of these notices.

12.3 Statements to and Acknowledgements by Employees. During the term of the Area Grant, Area Developer shall hold itself out to its prospective employees, and to its employees, as an independent contractor operating the area development business pursuant to rights granted by Franchisor, but not jointly with Franchisor. Area Developer shall take any reasonable action that Franchisor considers necessary to that end, including (i) stating conspicuously on each employment application that the prospective employee is applying to be Area Developer's employee and not an employee of Franchisor, (ii) stating Area Developer's

entire business name, rather than just using Franchisor's brand name and/or logo, on Area Developer's payroll checks and/or payroll-related communications to employees, and (iii) requiring employees to sign acknowledgements that they are not employees of Franchisor, even though they are selling products and services identified by Franchisor's brand name and/or logo, are receiving payroll checks and other communications that contain Franchisor's brand name and/or logo, may have applied for jobs through Franchisor's website(s), or may communicate with or receive non-mandatory feedback, coaching or recommendations from Franchisor's representatives in emails or other electronic or written communications, or during telephone calls, meetings or inspections. Franchisor reserves the right to specify and change the content and form of these statements and acknowledgements.

12.4 Contracts, Etc. Nothing in this Agreement authorizes Area Developer to make any contract, agreement, warranty or representation on Franchisor's behalf; to incur any obligation, debt or expense in Franchisor's name; or to make any representation to any third party tending to indicate a business relationship with Franchisor beyond that created under this Agreement. Franchisor disclaims any liability for, and will not be liable under this Agreement for any claim or judgment arising as a result of, any such action. Under this Agreement, no party is responsible for any obligations, debts or expenses of any other party.

## 13. INDEMNIFICATION

13.1 Area Developer must indemnify Franchisor, Franchisor's affiliates, successors and assigns, and Franchisor's partners, shareholders, officers, directors, employees and agents, for any expenses arising out of any claim directly or indirectly related to Area Developer's establishment or operation of any Franchised Business or performance or lack of performance under this Agreement, if the claim does not arise from the gross negligence or wrongful conduct of Franchisor. Area Developer acknowledges (i) that Franchisor does not have any reserved or general right to exercise control over, and do not exercise any indirect or direct control over, the day-to-day operation of the area development business (including operations-related functions such as safety, security, the use of equipment or the use of motor vehicles, and personnel-related functions such as recruiting, interviewing, hiring, determining the terms of employment, compensating, timekeeping, payroll processing, providing work resources, scheduling, supervising, disciplining and firing), (ii) that all liability arising out of the operation of the area development business is therefore Area Developer's responsibility, and (iii) that Area Developer's indemnification obligation under this Section 13.1 covers any "joint employer," "agency," "ostensible agency" or similar claims by third parties based on the establishment or operation of the area development business. Area Developer must promptly notify Franchisor of any claim by or against Area Developer directly or indirectly related to Area Developer's establishment or operation of any Franchised Business and, on request, must furnish Franchisor with copies of any filings in any proceeding involving the claim.

13.2 As used in this Section 13, the word "expenses" includes all losses, compensatory, exemplary or punitive damages, fines, charges, costs, lost profits, attorneys' fees, accountants' fees, expert witness fees, expenses, court costs, settlement amounts, judgments, compensation for damages to reputation or goodwill, costs of or resulting from delays or financing, costs of advertising material and media time/space and costs of changing, substituting or replacing the same, and costs of recall, refunds, compensation and public notices.

13.3 The indemnification obligations of Area Developer will survive the expiration or termination of the Area Grant for as long as any potential for liability under any applicable law, rule, ordinance, statute or judicial decision remains. In this regard, to the maximum extent permitted by law, Area Developer waives the effect of any statute of limitation which would, by lapse of time, limit its indemnification obligations.

## 14. TRANSFERS OF INTEREST

14.1 Transfer by Franchisor. Franchisor may sell, assign, transfer, convey, give away, pledge, hypothecate, mortgage or otherwise encumber ("transfer") all or any part of its rights, interests or obligations under this Agreement to any person or entity.

14.2 Transfer by Area Developer.

(a) Area Developer acknowledges that the rights and obligations under this Agreement are personal to Area Developer, and that Franchisor has granted the Area Grant in reliance on Area Developer's business skill, financial capacity, personal character and reputation for honesty, integrity, and fair dealing. Accordingly, Area Developer, any immediate or remote successor to any part of Area Developer's interest in Area Developer, this Agreement, any attachments, the Area Grant or the Franchised Businesses, any shareholder if Area Developer is a corporation, or any general or limited partner (including any person or entity which controls, directly or indirectly, any general or limited partner) if Area Developer is a partnership, any member if Area Developer is a limited liability company, may not transfer any interest in Area Developer, this Agreement, any related agreement, the Area Grant or any Franchised Business, without the prior written consent of Franchisor. Any purported transfer not having the prior written consent of Franchisor, including any purported transfer to a creditor, will be null and void.

(b) Franchisor will not unreasonably withhold its consent to a transfer of any interest in Area Developer, this Agreement, any related agreement, the Area Grant or any Franchised Business, but if a transfer, alone or together with other previous, simultaneous or proposed transfers, would have the effect of transferring either a controlling interest in or operating control of Area Developer, this Agreement, any related agreement, the Area Grant or any Franchised Business, Franchisor may, in its sole and absolute right, require as conditions to its consent that:

(i) Area Developer is in substantial compliance with the terms of this Agreement and any franchise agreements;

(ii) The transferee (including any person with a beneficial interest in the transferee if it is a legal entity) has demonstrated to Franchisor's satisfaction that it meets the then-current standards which Franchisor would normally apply to any prospective Area Developer. The transferee, for example, has demonstrated that it meets Franchisor's educational, personal, managerial and business standards; possesses a good moral character and a good business reputation; has the aptitude and ability to establish and operate Franchised Businesses (as may be shown by prior related experience); has adequate financial resources and capital to establish and operate the Franchised Businesses; is financially responsible and has a good credit rating; will be likely in Franchisor's sole and absolute judgment to comply with the terms of this Agreement or Franchisor's then-current standard area development agreement, the franchise agreement(s) and Franchisor's then-current standard franchise agreement and manuals; and has no direct or indirect

connection with any actual or potential competitor of Franchisor or of any FOSTER'S GRILLE franchisee or area developer;

(iii) Area Developer's debts to Franchisor and others relating to the Area Grant and the Franchised Businesses have been satisfied;

(iv) Area Developer and the transferor have executed a general release, in a form satisfactory to Franchisor, of any claims against Franchisor and its partners, shareholders, officers, directors, employees and agents, in their corporate and individual capacities;

(v) The transferee (including any person with a beneficial interest in the transferee if it is a legal entity) has entered into a written transfer agreement, in a form satisfactory to Franchisor, assuming and agreeing to discharge Area Developer's and/or the transferor's obligations under this Agreement and any attachments;

(vi) The transferee (including any person with a beneficial interest in the transferee if it is a legal entity) has executed Franchisor's then-current standard area development agreement (excluding any requirement to pay an initial area development fee) and attachments (including any guaranty agreements) for a term ending on the same date as the expiration date of Area Developer's then-current term;

(vii) The transferee and its Manager, if any, have agreed to successfully complete (at the transferee's expense and to Franchisor's satisfaction) any training programs then in effect for area developers;

(viii) Area Developer or the transferor has paid a transfer fee of $2,500 per undeveloped site;

(ix) Franchisor has decided not to exercise its right of first refusal, if any, under Section 14.5;

(x) Franchisor has consented to the material terms and conditions of the transfer, including the price and terms of payment, which will not be so burdensome as to adversely affect the establishment and operation of Franchised Businesses by the transferee; and

(xi) If any part of the sale price of any transferred interest is to be financed, the transferor will have agreed that all obligations of the transferee under any promissory notes, agreements or security interests reserved by the transferor in the assets of the Franchised Businesses will be subordinate to the obligations of the transferee to pay continuing franchise fees, advertising contributions and other amounts due to Franchisor and its affiliates, or otherwise to comply with this Agreement or the area development agreement executed by the transferee.

(c) Except as specified below, the transfer fee specified in Section 14.2(b)(viii) is non-refundable and fully earned by Franchisor when paid. If transferee is unable to successfully complete initial training, in its sole and absolute discretion, Franchisor may cancel this Agreement or the transferee's then-current area development agreement. If Franchisor so cancels this Agreement or the transferee's then-current area development agreement, Franchisor

will refund the transfer fee, less out-of-pocket costs incurred, if the transferee agrees to terms substantially similar to those in Sections 11, 16 and 21.

(d) No transfer in the nature of a grant of a security interest in Area Developer, this Agreement, any related agreement, the Area Grant or any Franchised Business will be permitted without Franchisor's prior written consent, which consent will be granted or withheld in Franchisor's sole and absolute right. If Franchisor consents to a transfer in the nature of a grant of a security interest, and if the holder of the security interest later seeks to exercise the rights of Area Developer or assume the interest of Area Developer in this Agreement, any related agreement, the Area Grant or any Franchised Business due to a default under any documents related to the security interest, Franchisor will have the option to purchase the rights of the secured party by paying all sums then due to the secured party, and the secured party will sign an agreement to that effect before any transfer takes place.

14.3 Transfer to Area Developer's Legal Entity. If the proposed transfer is to a legal entity controlled by Area Developer which is formed solely for the convenience of ownership, Franchisor's consent to the transfer may, in its sole and absolute right, be conditioned on the following requirements:

(a) The legal entity's activities will be confined exclusively to establishing and operating FOSTER'S GRILLE businesses;

(b) Area Developer will own a majority stock interest, membership interest or partnership interest in the transferee legal entity, and will act as its principal operating officer, member or partner;

(c) Each stock certificate of a corporation, certificate of interest of a partnership or membership will have conspicuously endorsed on its face a statement in a form satisfactory to Franchisor that it is held subject to, and that further transfer is subject to, all restrictions on transfers in this Agreement;

(d) All shareholders, partners, or members jointly and severally guarantee the legal entity's performance and will bind themselves to the terms of this Agreement and any attachments, but the terms of this Section 14.3(d) will not apply to any corporation registered under the Securities Exchange Act of 1934 as a publicly held corporation;

(e) Area Developer will maintain a current list of all partners, members or shareholders and beneficial owners of any class of stock, and furnish the list to Franchisor on request; and

(f) Copies of the transferee legal entity's organizing documents and any other significant governing documents, promptly will be furnished to Franchisor.

14.4 Transfer and Issuance of Securities. If Area Developer is a legal entity, it will maintain stop transfer instructions against the transfer of any stock certificate or certificate of interest contrary to the terms of this Section 14, and will issue no certificate on the face of which the following statement does not legibly and conspicuously appear:

> The transfer of this {insert type of ownership interest} is subject to the terms of an Area Development Agreement dated {insert date} between Foster's Franchise Concepts, LLC and {insert name of legal entity}.

14.5 Franchisor's Right of First Refusal.

(a) If Area Developer or any other person at any time determines to sell an interest in Area Developer, this Agreement, any related agreement, the Area Grant or any Franchised Business, a true and complete copy of the offer (and any proposed ancillary agreements) will immediately be submitted to Franchisor by Area Developer or the other person or entity involved. The offer must apply only to an interest in Area Developer, this Agreement, any related agreement, the Area Grant or any Franchised Business. It must not include the purchase of any other property or rights of Area Developer (or its shareholder, partner or member), but if the offeror proposes to buy any other property or rights of Area Developer (or its shareholder, partner, or member) under a separate, contemporaneous offer, the price and terms of purchase offered to Area Developer (or its shareholder, partner, or member) for the interest in Area Developer, this Agreement, any related agreement, the Area Grant or any Franchised Business will reflect the bona fide price offered and will not reflect any value for any other property or rights. Franchisor will have the right, exercisable by written notice delivered to Area Developer or the person or entity involved within 30 days after receipt of the copy of the offer, to purchase the interest for the price and on the terms and conditions contained in the offer, provided that Franchisor may substitute cash or a cash equivalent for any form of payment proposed in the offer, Franchisor's credit will be deemed equal to the credit of any proposed purchaser, and Franchisor will have not less than 60 days to prepare for closing. If the parties cannot agree on a cash equivalent within a reasonable time, three appraisers will be designated (1 by Franchisor, 1 by Area Developer, and 1 jointly by the first 2 appraisers), and their determination will be binding. The parties will equally share the fees and expenses of any appraiser jointly selected, but each will pay separately for any appraiser it independently selects. Franchisor will be entitled to purchase the interest subject to all customary representations and warranties given by the seller of the assets of a business or voting stock of an incorporated business, as applicable, including representations and warranties as to ownership, condition and title to stock and/or assets, liens and encumbrances relating to the stock and/or assets, validity of contracts, and liabilities, contingent or otherwise, of the corporation whose stock is purchased. If Franchisor does not exercise its right of first refusal, Area Developer or the person or entity involved may complete the sale to the purchaser under the terms of the offer subject to Franchisor's consent to the transfer under Section 14.2(b), but if the sale to the purchaser is not completed within 120 days after receipt of the offer by Franchisor, or if there is a material change in the terms of the sale, Franchisor will have an additional right of first refusal for 30 days on the same terms and conditions as were applicable to the initial right of first refusal.

(b) If a proposed transferee is the spouse, child or parent of the proposed transferor, or is a person or entity already holding an equity interest in Area Developer, this Agreement, any related agreement, the Area Grant or any Franchised Business as of the date of this Agreement that has been disclosed to Franchisor, Franchisor will not have any right of first refusal as provided in Section 14.5(a), unless the proposed transferee has a direct or indirect connection with any actual or potential competitor of Franchisor or of any FOSTER'S GRILLE area developer or franchisee. Written notification of this type of transfer must be provided to Franchisor by the transferor at least 30 days before consummation of the transfer.

14.6 Transfer On Death, Permanent Incapacity or Dissolution. On the death or permanent incapacity of any person with an interest in Area Developer, this Agreement, any related agreement, the Area Grant or any Franchised Business, or on the dissolution of Area

Developer if it is a legal entity, the executor, administrator, personal representative or trustee ("personal representative") of that person or entity will transfer his, her or its interest to a third party acceptable to Franchisor within 180 days after assuming that capacity. Any transfer of this type, including a transfer by devise or inheritance, will be subject to the same requirements as other transfers under this Agreement, but if the transfer is to a spouse, child or parent, the fee required under Section 14.2(b)(viii) will not be required. If the personal representative is unable to meet these conditions, the personal representative will have an additional 60 days to dispose of the interest, which disposition will be subject to the requirements for transfers in this Agreement, including the requirements of this Section 14. If the interest is not disposed of within 60 days, Franchisor may terminate this Agreement.

14.7 Interim Operation of Business on Death or Permanent Disability. Pending transfer on the death or permanent incapacity of Area Developer (or the principal operating officer, partner or member of Area Developer, if it is a legal entity), Franchisor will have the option to appoint a general manager to operate Area Developer's business and the Franchised Businesses for the account of Area Developer until an approved transferee is able to assume the operation of Area Developer's business and the Franchised Businesses, for a period of up to 12 months without the consent of Area Developer, the personal representative of Area Developer, or Area Developer's successor in interest. All funds from the operation of the Area Developer's business and the Franchised Businesses during the period of operation by a Franchisor-appointed general manager will be kept in a separate fund, and all expenses incurred, including the Franchisor-appointed appointed general manager's wages and benefits, and his or her reasonable traveling, lodging and meal expenses (the "Management Expenses"), will be charged to the fund. As compensation for services provided, Franchisor will charge the fund the full amount of the Management Expenses incurred during the period of operation by Franchisor. Franchisor will only have a duty to utilize reasonable efforts in operating Area Developer's business and the Franchised Businesses, and will not be liable to Area Developer or its principals for any debts, losses or obligations incurred by Area Developer's business or the Franchised Businesses, or to any creditor for any equipment, inventory, products, services or supplies purchased for Area Developer's business or the Franchised Businesses during any period in which they are operated by the Franchisor-appointed general manager.

14.8 Non-Waiver of Claims. Franchisor's consent to a transfer of any interest in Area Developer, this Agreement or any related agreement, the Area Grant or the Franchised Businesses will not be a waiver of any claims it may have against the transferring party, nor will it be a waiver of Franchisor's right to demand the transferee's compliance with the terms of this Agreement.

14.9 Public or Private Offering. Securities of Area Developer or an entity owning a direct or indirect equity interest in Area Developer, this Agreement, any related agreement, the Area Grant or any Franchised Businesses may be offered to the public in a private or public offering only with the prior written consent of Franchisor (whether or not Franchisor's consent is required under Section 14.2(b)), which consent will not be unreasonably withheld. The terms of this Section 14.9 are subject to Section 11, including Section 11.3. No offering will imply (by use of the Marks or otherwise) that Franchisor is participating in an underwriting, issuance or offering of securities. Area Developer will reimburse Franchisor for its reasonable expenses incurred in connection with the offering or proposed offering (including attorneys' fees). The prospectus or

other literature utilized in any offering must contain the following language in bold-face type on its first textual page:

> **"NEITHER FOSTER'S FRANCHISE CONCEPTS, LLC NOR ANY AFFILIATE IS DIRECTLY OR INDIRECTLY THE ISSUER OF THE SECURITIES OFFERED, AND NEITHER FOSTER'S FRANCHISE CONCEPTS, LLC NOR ANY AFFILIATE ASSUMES ANY RESPONSIBILITY AS TO THIS OFFERING AND/OR THE ADEQUACY OR ACCURACY OF THE INFORMATION GIVEN, INCLUDING ANY STATEMENTS MADE WITH RESPECT TO THAT CORPORATION. NEITHER FOSTER'S FRANCHISE CONCEPTS, LLC NOR ANY AFFILIATE ENDORSES OR MAKES ANY RECOMMENDATION AS TO THE INVESTMENT CONTEMPLATED BY THIS OFFERING."**

Area Developer agrees to indemnify, defend and hold harmless Franchisor and its affiliates, and their respective officers, directors, employees and agents, from all claims, demands, liabilities, and from all costs (including reasonable attorneys' fees) incurred in the defense of any claims, demands or liabilities, arising from the offer or sale of the securities, whether asserted by a purchaser of any securities or by a governmental agency. Franchisor will have the right, but not the obligation, at the expense of Area Developer, to defend any claim or demand and/or to participate in the defense of any action to which it is named as a party.

## 15. DEFAULT AND TERMINATION

15.1 Automatic Termination. Except as may be prohibited by federal bankruptcy law or applicable state law, Area Developer will be deemed to be in default under this Agreement, and the Area Grant will automatically terminate without notice to Area Developer, if Area Developer makes a general assignment for the benefit of creditors, files a voluntary bankruptcy petition, suffers the filing of an involuntary bankruptcy petition which is not dismissed within 60 days after filing, is adjudicated a bankrupt, or suffers temporary or permanent court-appointed receivership of substantially all of its property; if suit to foreclose any lien or mortgage against all or part of Area Developer's business is instituted and not dismissed within 30 days; or if all or part of Area Developer's business is sold after levy by any sheriff, marshal or constable.

15.2 Termination On Notice. Except as may be prohibited by federal bankruptcy law or applicable state law, Area Developer will be in default and Franchisor may, in its sole and absolute right, terminate the Area Grant, without giving Area Developer any opportunity to cure the default, effective immediately on giving written notice of termination to Area Developer, if:

(a) Area Developer is insolvent (is unable to pay its debts as they come due or has debts that are more than its assets) and not otherwise subject to automatic termination under Section 15.1;

(b) Area Developer (or a principal officer, shareholder, partner or member of Area Developer, if Area Developer is a legal entity) is convicted of a felony, a crime involving consumer fraud, or any other crime that is reasonably likely, in the sole and absolute judgment of Franchisor, to have an adverse effect on the System, the Marks, the goodwill associated with the System or the Marks, or Franchisor's interest in the System or the Marks;

(c) Area Developer (or a principal officer, shareholder, partner or member of Area Developer, if Area Developer is a legal entity)participates in an activity, such as an unfair trade practice or another improper business or personal activity, that is having, or that has had within the past 60 days, in Franchisor's sole and absolute judgment, a significant adverse effect on the System, the Marks, the goodwill associated with the System or the Marks, or Franchisor's interest in the System or the Marks;

(d) Area Developer has repeatedly failed to make timely payments of any amounts owed to Franchisor, or has repeatedly committed defaults of this Agreement, within 12 months of any prior default for which Franchisor has given Area Developer written notice;

(e) Area Developer knowingly makes a material false or incomplete statement, including the underpayment or underreporting by 5% or more for any 3-month period, of any amount owed to Franchisor or any affiliate or subsidiary of Franchisor, in any report submitted to Franchisor;

(f) Franchisor discovers that Area Developer knowingly made a material false or incomplete statement to Franchisor to obtain the Area Grant;

(g) Area Developer or any other person or entity purportedly transfers any interest contrary to Section 14;

(h) Area Developer improperly discloses any information learned or received under this Agreement and designated as "Confidential", contrary to Section 11;

(i) An approved transfer is not effected following death, permanent incapacity or dissolution as required by Section 14.6; or

(j) Area Developer suffers any federal, state or local tax lien or levy or suit to enforce the same, brought against Area Developer or Area Developer's property.

(k) Any franchise for a restaurant granted to Area Developer (or any affiliate of Area Developer) by Franchisor (whether or not granted under this Agreement) is terminated for any reason.

15.3 Termination After Notice and Opportunity to Cure. Area Developer will have 30 days, or any lesser period specified below, or any greater period permitted by Franchisor or required by law, to cure any default for which Franchisor has given written notice of termination to Area Developer under this Section 15.3 and to provide Franchisor with evidence of the cure. If a default is not cured within that period, the Area Grant will terminate without the need for further notice to Area Developer, effective immediately on the expiration of the cure period. Franchisor may give written notice of termination under this Section 15.3 for any failure by Area Developer to comply with any term of this Agreement. Defaults may include, for example, if:

(a) Area Developer fails, refuses or neglects to pay Franchisor or any affiliated company any sum owing when due under this Agreement or any other agreement, or to submit to Franchisor any required information when due under this Agreement, and does not cure such default within 10 days after notice from Franchisor (or such other cure period specified in another agreement, unless no cure period is specified, in which case, the 10-day cure period will apply);

(b) Area Developer fails, refuses or neglects to obtain Franchisor's prior written acceptance, approval or consent as required by this Agreement;

(c) Area Developer misuses or makes any unauthorized use of the System or the Marks, or otherwise materially impairs the goodwill associated with Franchisor's rights in the System or the Marks;

(d) Area Developer or its Manager fails to comply with the requirement of personal attention under Section 4;

(e) Area Developer fails to maintain books and records in a manner which permits an accurate determination of amounts owing to Franchisor or its affiliates;

(f) Area Developer fails, refuses or neglects to pay any third party, including any major supplier or any governmental taxing or licensing authority, any amount owing when due, or to satisfy any other material obligation under this Agreement; or

(g) Area Developer fails to comply with the Development Schedule.

Franchisor disclaims any right under this Agreement to terminate the Area Grant based on any decision or action by Area Developer regarding recruiting, interviewing, hiring, determining the terms of employment of, compensating, keeping the time of, processing the payroll of, providing work resources to, scheduling, supervising, disciplining or firing its personnel.

15.4 Termination With Cause by Area Developer. Area Developer may terminate the Area Grant with cause, if Franchisor has materially defaulted in the performance of any material obligation under this Agreement, and if:

(a) Area Developer has given Franchisor written notice of termination; and

(b) Franchisor has failed to cure a noticed default within 60 days after the notice is given; but if Franchisor will be delayed, hindered in or prevented from the performance of any act required by the notice because of strike, labor trouble, inability to procure materials, restrictive governmental law or regulation, riot, insurrection, war or act of war, default of another party, or other reason beyond its control, then performance of the act will be excused for the period of delay, and the period of performance of the act will be extended for a period equivalent to the period of the delay.

15.5 In lieu of terminating the Area Grant under this Section 15, Franchisor may, in its sole and absolute right, either or both of the following:

(a) Terminate any Area protection granted to Area Developer; or

(b) Reduce the size of the Area granted to Area Developer.

15.6 Any franchise agreement issued by Franchisor to Area Developer before any action by Franchisor under this Section 15 will not be affected by the action and will remain in effect until it expires or is terminated according to its terms.

15.7 For purposes of this Agreement, any franchise or area grant granted by Franchisor to Area Developer or any legal entity in which Area Developer, or any stockholder, partner, or member of Area Developer, has any direct or indirect beneficial interest, will be deemed a franchise or area grant granted by Franchisor to Area Developer.

## 16. OBLIGATIONS ON REPURCHASE, EXPIRATION OR TERMINATION

16.1 On repurchase, expiration or termination of the Area Grant, in addition to meeting its other continuing obligations under this Agreement:

(a) Area Developer immediately and permanently will discontinue use of any materials or designations (including the Marks) indicating or tending to indicate that Area Developer is in any way a FOSTER'S GRILLE area developer;

(b) Area Developer immediately and permanently will discontinue use of the System and any information received under this Agreement and designated as "Confidential";

(c) Area Developer promptly will return to Franchisor or its designee, or, if directed by Franchisor, destroy, all manuals, bulletins, instruction sheets, forms, devices and other materials, and all copies of the same, received by Area Developer under this Agreement; and

(d) Area Developer promptly will take any action necessary to cancel any assumed name or equivalent registration that contains the mark FOSTER'S GRILLE or any other Mark, and submit to Franchisor proof of compliance with this obligation within 30 days after repurchase, termination or expiration.

16.2 On repurchase, expiration or termination of the Area Grant, Area Developer and Franchisor will make a prompt and final accounting. Any amounts owed under this Agreement, any amounts related to Area Developer's business owed to third parties, and any other amounts related to Area Developer's business owed for judgments or otherwise, promptly will be paid by the owing party.

16.3 Area Developer will be relieved of its obligations under this Section 16 only to the extent necessary to permit Area Developer to perform its obligations as to any franchises which have not expired or been repurchased or terminated.

## 17. ENTIRE AGREEMENT; EXECUTION DATE; MODIFICATION

17.1 This Agreement and the attachments are the entire agreement of the parties, superseding all prior written or oral agreements of the parties concerning the same subject matter, and superseding all prior written or oral representations made to Area Developer, except the representations made to Area Developer in Franchisor's Franchise Disclosure Document (including its exhibits and any quarterly updates or amendments). The terms of this Agreement are binding on the parties, and on their heirs, executors, administrators, successors and assigns.

17.2 The execution date of this Agreement is the date it is countersigned by Franchisor.

17.3 Except as otherwise specified in this Agreement, it may not be modified except in a written agreement of at least equal formality signed by the parties.

## 18. INTERPRETATION

18.1 The caption headings of this Agreement are for convenience only and should in no way affect the manner in which any term of this Agreement is interpreted.

18.2 Whenever the context requires, the singular includes the plural, the plural includes the singular, the whole includes any part, and any gender includes all other genders.

18.3 The following words have the following meanings in this Agreement and any attachments: "including" means "including but not limited to"; and "repeatedly" means "at least 3 times".

18.4 Whenever this Agreement gives Franchisor the right to perform an act in the future, that act may be performed "from time to time," when Franchisor chooses, in its sole and absolute right, unless stated otherwise in this Agreement.

18.5 If two or more parties sign this Agreement for Area Developer or as guarantors for Area Developer, their liability is joint and several.

18.6 This Agreement is governed by the Federal Arbitration Act (9 U.S.C. § 1 et seq.) and the laws of Virginia; but if any term of this Agreement not governed by the Federal Arbitration Act is not enforceable under the laws of Virginia, that term is governed by the laws of the state in which the largest portion of Area Developer's Area is located.

## 19. PARTIAL INVALIDITY

19.1 If any Section of this Agreement is determined to be wholly invalid, that determination will not be deemed to affect the validity of any other Section. The parties agree that the remaining Sections will be deemed to be in full force and effect as if they had been executed by the parties after removal of the invalid Section. If any Section is determined to be partially invalid, the remainder of that Section will continue to be enforceable if in accordance with the intent of the parties.

19.2 If any applicable and binding law or rule of any jurisdiction requires greater prior notice of the termination of the Area Grant than is required by this Agreement, or the taking of some other action not required by this Agreement, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any mandatory standard or specification in our manuals is invalid or unenforceable, the notice and/or action required by the law or rule will be substituted for the notice or action requirements of this Agreement, or the invalid or unenforceable provision, standard or specification will be modified to the extent required to be valid and enforceable. The modifications to this Agreement and our manuals will be effective only in the jurisdiction requiring them, and this Agreement and our manuals will be enforced as originally entered into or issued in all other jurisdictions.

## 20. WAIVER AND ESTOPPEL

20.1 No failure of Franchisor to exercise any right reserved to it under this Agreement, or to insist on compliance by Area Developer with any term of this Agreement, and no custom or practice of the parties at variance with any term of this Agreement, will not constitute a waiver of Franchisor's right to demand compliance with any term of this Agreement. Waiver by Franchisor of any default will not affect or impair Franchisor's rights as to any

subsequent default of the same or a different nature; nor will any delay, forbearance or omission by Franchisor to exercise any right as to any default of any term of this Agreement affect, impair or be a waiver by Franchisor of any right as to any subsequent default. Franchisor's rights under this Agreement are cumulative, and Franchisor's exercise or enforcement of any right or remedy under this Agreement will not preclude Franchisor from exercising or enforcing any other right or remedy to which it is entitled.

## 21. ARBITRATION; ENFORCEMENT

21.1 Except as otherwise specified in this Agreement, the parties agree that any dispute between them, or any claim by one or more of them, concerning this Agreement or any related agreement, the Area Grant or the Franchised Businesses that cannot be settled through negotiation, will be resolved solely and exclusively by binding arbitration, unless agreed otherwise by the parties.

21.2 Arbitration will be supervised by the American Arbitration Association ("AAA") and conducted under the then-prevailing commercial arbitration rules of the AAA, before 1 arbitrator. Any arbitration hearing will take place in the AAA office nearest to the home office of Franchisor at the time, and will be conducted on an individual, not a class-wide, basis. No arbitration award will have any preclusionary or collateral estoppel effect in any other arbitration or adjudicatory proceeding. Judgment on an arbitration award may be entered in any court of competent jurisdiction, and will be binding, final and non-appealable.

21.3 If any dispute or claim cannot be the subject of arbitration, the parties agree that the dispute or claim will be separated from all other disputes and claims, which other disputes and claims will first be resolved by arbitration, after which any dispute or claim which cannot be the subject of arbitration will be brought before any court specified in Section 21.6. If the parties are unable to separate out these matters, their allegations and positions on them will be brought before the arbitrator, who will rule separately on the matters, and that ruling will be subject to appropriate judicial review on the petition of a party.

21.4 Nothing in this Section 21 will prevent Franchisor from obtaining temporary, preliminary or permanent injunctive relief, without bond, from a court or agency of competent jurisdiction against actual or threatened conduct causing loss or damage that can be remedied under usual equity rules.

21.5 If any arbitration, any action for any dispute or claim which cannot be the subject of arbitration, or any action for injunctive relief is started concerning this Agreement or any related agreement, the Area Grant or the Franchised Businesses, the party which substantially prevails in that arbitration or action will be entitled to a judgment against the other party for the costs of the arbitration or action, including reasonable attorneys' fees, reasonable expenses of arbitration or litigation, and arbitration or court costs.

21.6 Area Developer and Franchisor each waives, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other, and agrees that if there is a dispute with the other, each will be limited to the recovery of actual damages sustained by it. Area Developer and Franchisor each irrevocably waives trial by jury in any action, whether at law or equity, brought by either of them. Area Developer and Franchisor each also agrees that any action brought by either of them relating to this Agreement or any related

agreement, the Area Grant or the Franchised Businesses will be brought in a state or federal court of general jurisdiction in the county or city in which the home office of Franchisor is located at the time. Area Developer irrevocably submits to the jurisdiction of these courts and waives any objections it may have to the venue of these courts.

## 22. NOTICES

22.1 Any notice required to be given under this Agreement will be deemed to be given when delivered: by certified mail; by fax; by receipted courier or delivery service; by email; or personally. If delivery has not occurred after at least two of these methods have been used, any notice required to be given under this Agreement will be deemed to be given 3 days after being posted by first-class mail, postage prepaid.

22.2 Notices to Franchisor will be sent to the address of Franchisor as stated in this Agreement or to any other address Franchisor may specify to Area Developer in writing. Notices to Area Developer will be sent to the address of Area Developer as stated in this Agreement or any other address Area Developer may specify to Franchisor in writing.

## 23. ACCEPTANCES, APPROVALS AND CONSENTS

23.1 Acceptances, approvals and consents required by this Agreement will not be unreasonably withheld or delayed.

23.2 Whenever this Agreement requires the prior acceptance, approval or consent of Franchisor, Area Developer will make a timely written request to Franchisor for the acceptance, approval or consent, which will be obtained in writing.

23.3 Franchisor assumes no liability or obligation to Area Developer by providing any acceptance, approval, consent or recommendation to Area Developer, or by delaying action on or denying any request for an acceptance, approval or consent.

## 24. ACKNOWLEDGMENTS BY AREA DEVELOPER

24.1 Area Developer acknowledges that:

(a) **Area Developer has represented to us that neither you nor any of your owners have been designated as suspected terrorists as set forth on the list of Specially Designated Nationals as promulgated by the Office for Asset Control under the U.S. Department of Treasury.**

(b) **Complete and detailed uniformity among FOSTER'S GRILLE area developers under varying conditions may be inadvisable, impractical or impossible, and accordingly agrees that Franchisor, in its sole and absolute right, may modify or vary aspects of the System as to any area developer or group of area developers based on, for example, local sales potential, demographics, competition, business practices or other conditions. It further agrees that Franchisor will have no obligation to disclose or offer the same or similar variances to Area Developer. It is aware that other FOSTER'S GRILLE area developers may operate under different agreements and, consequently, that Franchisor's obligations and rights as to those area developers may differ materially in certain circumstances.**

(c) **It is aware and fully understands that it has no right to cure some defaults under this Agreement and that Franchisor's right to terminate under certain**

**conditions could render valueless Area Developer's substantial investment of money and time and Area Developer's substantial good will.**

Each of the undersigned agrees to the terms of this Agreement.

**AREA DEVELOPER**

By: _____
Printed Name: _____
Title: _____
Date: _____

**FRANCHISOR:**

FOSTER'S FRANCHISE CONCEPTS, LLC

By: _____
Printed Name: _____
Title: _____
Date: _____

## RIDER TO AREA DEVELOPMENT AGREEMENT FOR USE IN MARYLAND

For use in Maryland, this Agreement is modified as follows:

(a) Sections 5.1 and 6.1 are modified by the addition of the following language:

The Maryland Office of the Attorney General, Securities Division, requires us to defer payment of the Area Development Fee, the Initial Franchise Fee and other initial payments owed by you to us until we have completed our pre-opening obligations under the first franchise agreement.

(b) Section 14.2(b)(iv) is replaced with the following:

(iv) Area Developer and transferor have signed a general release, in a form satisfactory to Franchisor, of any claims against Franchisor and its partners, shareholders, officers, directors, employees and agents, in their corporate and individual capacities, except for any claims arising under the Maryland Franchise Registration and Disclosure Law.

(c) Section 21.6 is replaced with the following:

21.6 Area Developer and Franchisor each waives, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other, and agrees that if there is a dispute with the other, each will be limited to the recovery of actual damages sustained by it. Area Developer and Franchisor each irrevocably waives trial by jury in any action, whether at law or equity, brought by either of them. Area Developer and Franchisor each also agrees that any action brought by either of them relating to this Agreement or any related agreement, the Area Grant or the Franchised Businesses will be brought in a state or federal court of general jurisdiction in the county or city in which the home office of Franchisor is located at the time, but Area Developer and Franchisor each agree that any action based on any claim arising under the Maryland Franchise Registration and Disclosure Law may be brought in a court in Maryland. Area Developer irrevocably submits to the jurisdiction of these courts and waives any objections it may have to the venue of these courts.

(d) The following Section 21.7 is added:

21.7 Area Developer understands that any claim arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the Franchise.

(e) The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each of the undersigned agrees to the terms of this Rider.

**AREA DEVELOPER**

By: _____
Printed Name: _____
Title: _____
Date : _____

**FRANCHISOR:**

FOSTER'S FRANCHISE CONCEPTS, LLC

By: _____
Printed Name: _____
Title: _____
Date: _____

## RIDER TO AREA DEVELOPMENT AGREEMENT FOR USE IN VIRGINIA

The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

> 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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each of the undersigned agrees to the terms of this Rider.

**AREA DEVELOPER**

By: _____
Printed Name: _____
Title: _____
Date : _____

**FRANCHISOR:**

FOSTER'S FRANCHISE CONCEPTS, LLC

By: _____
Printed Name: _____
Title: _____
Date: _____

# Attachment 1

# AREA ADDENDUM

# Attachment 2

# DEVELOPMENT ADDENDUM

**Attachment 3**

**LEGAL ENTITY INFORMATION SHEET**

**Legal Entity Name/Type:** _____

**State/Date of Formation:** _____

**Shareholders/Partners/Members:**

| | | |
|---|---|---|
| _____ | _____ | _____ |
| % Interest | Class/General or Limited Partner | Printed Name |
| _____ | _____ | _____ |
| % Interest | Class/General or Limited Partner | Printed Name |
| _____ | _____ | _____ |
| % Interest | Class/General or Limited Partner | Printed Name |
| _____ | _____ | _____ |
| % Interest | Class/General or Limited Partner | Printed Name |
| _____ | _____ | _____ |
| % Interest | Class/General or Limited Partner | Printed Name |

| **Documents:** | **Not Required** | **Provided to Us** | **To Be Provided to Us Within 30 Days** |
|---|---|---|---|
| Certificate and Articles of Incorporation | ☐ | ☐ | ☐ |
| Certificate and Agreement of Partnership | ☐ | ☐ | ☐ |
| Certificate and Agreement of Membership | ☐ | ☐ | ☐ |
| By-Laws | ☐ | ☐ | ☐ |
| Resolution Authorizing Franchise | ☐ | ☐ | ☐ |
| Agreement | ☐ | ☐ | ☐ |
| Other: _____ | ☐ | ☐ | ☐ |

**Conditions:**

The legal entity's activities must be confined exclusively to operating the Business.

_____ (or another person with our written consent) must act as the legal entity's principal operating officer, partner or member.

Each shareholder, partner, spouse, or member who has or have more than a 5% interest must sign the Guaranty Agreement (Attachment 1).

The legal entity must maintain stop transfer instructions against transfer on its records of any stock certificate or certificate of interest contrary to the terms of the area development agreement.

Each stock certificate of the corporation or certificate of interest of the partnership or membership must include the statement specified in the area development agreement.

The legal entity must maintain a current list of all shareholders, partners or members and other beneficial owners, and must furnish the list to us on request.

## Attachment 4

## GUARANTY AGREEMENT

In consideration of, and as an inducement to, the execution by FOSTER'S FRANCHISE CONCEPTS, LLC ("Franchisor") of the Area Development Agreement between Franchisor and _____ ("Area Developer") executed on _____ (the "Agreement") each undersigned personally and unconditionally (1) guarantees to Franchisor and its successors and assigns, for the term of the Area Grant and thereafter as provided in the Agreement, that Area Developer will punctually pay or perform each obligation in the Agreement, and (2) agrees to be personally bound by, and personally liable for the default of, each term of the Agreement. Each of the undersigned waives:

(1) acceptance and notice of acceptance by Franchisor of these undertakings;

(2) notice of demand for payment of any indebtedness or non-performance of any obligation guaranteed;

(3) protest and notice of default to any party as to any indebtedness or non-performance of any obligation guaranteed;

(4) any right he or she may have to require that an action be brought against Area Developer or any other person as a condition of liability;

(5) any other notices and legal or equitable defenses to which he or she may be entitled; and

(6) any modification, waiver or changes to the franchise agreement to which this guaranty is attached, or to any attachments.

Each of the undersigned agrees that:

(1) his or her direct and immediate liability under this guaranty is joint and several;

(2) he or she will render any payment or performance required under the Agreement on demand if Area Developer fails or refuses to do so when due, or within any applicable cure period;

(3) his or her liability will not be contingent or conditioned on pursuit by Franchisor of any remedies against Area Developer or any other person;

(4) his or her liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to Area Developer or any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claim, none of which will in any way modify or amend this guaranty, which will be continuing and irrevocable for as long as any obligation in the Agreement remains in effect;

(5) in a legal action for breach of this guaranty or to enforce the terms of this guaranty, whether for damages, injunctive relief, the return of property or any other legal or equitable remedy, he or she will pay Franchisor's reasonable attorneys' fees, court costs and reasonable out-of-pocket costs related to the action if Franchisor substantially prevails in the action;

(6) he or she waives, and assigns to Franchisor, all exemptions which he or she may have under any law as against any obligation in this guaranty; and

(7) any action brought by him or her or by Franchisor relating to this guaranty will be brought in a state or federal court of general jurisdiction in the county or city in which the home office of Franchisor is located at the time, and he or she irrevocably submits to the jurisdiction of these courts and waives any objections he or she may have to the venue of these courts.

Each of the undersigned affixes his or her signature to this guaranty as of the same date as the date of execution of the Agreement.

_____
GUARANTOR

Name:_____
Address:_____
_____

_____
GUARANTOR

Name:_____
Address:_____
_____

# EXHIBIT D

# FRANCHISEE QUESTIONNAIRE

# FRANCHISEE QUESTIONNAIRE

**IMPORTANT NOTE: If you are domiciled in Maryland, the Franchised Business will be located in Maryland or you have been in Maryland while communicating with Franchisor, or if the Franchised Business will be located in Virginia and you have been in Virginia while communicating with Franchisor, do not answer any of the questions in this Questionnaire. If the foregoing situations apply and you answer any of the questions in this Questionnaire, your answers will not act as a release, estoppel or waiver of any liability incurred by Franchisor under the Maryland Franchise Registration and Disclosure Law, or the Virginia Retail Franchising Act.**

Foster's Franchise Concepts, LLC ("Franchisor") and you are preparing to enter into a franchise agreement for the establishment and operation of a franchised FOSTER'S GRILLE business. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please understand that your responses to these questions are important to us and that we will rely on them. Please review each of the following questions and statements carefully, and provide an honest and complete response to each. By signing this Questionnaire, you are representing that you have responded truthfully to the following questions.

1. I had my first face-to-face meeting with a FOSTER'S GRILLE representative on _____.

2. I received and personally reviewed the FOSTER'S GRILLE Franchise Disclosure Document ("disclosure document") that was provided to me.

   Yes _____ No _____

3. Did you sign a receipt for the disclosure document indicating the date you received it?

   Yes _____ No _____

4. Do you understand all of the information in the disclosure document and any state-specific addendum to the disclosure document?

   Yes _____ No _____

   If No, what parts of the disclosure document and/or addendum do you not understand? (Attach additional pages, if necessary.)

   _____

   _____

   _____

   _____

   _____

_____

_____

5. Have you received and personally reviewed the franchise agreement, any area development agreement, and each addendum and related agreement attached to either of them?

   Yes _____ No _____

6. Do you understand all of the information in the franchise agreement, any area development agreement, and each addendum and related agreement provided to you?

   Yes _____ No _____

   If no, what parts of the franchise agreement, any area development agreement, or any addendum or related agreement do you not understand? (Attach additional pages, if necessary.)

_____

_____

_____

_____

_____

_____

_____

7. Have you entered into any binding agreement with Franchisor for the purchase of the franchise or any area development rights before today?

   Yes _____ No _____

8. Have you paid any money to Franchisor for the purchase of the franchise or any area development rights before today?

   Yes _____ No _____

9. Have you discussed the benefits and risks of establishing and operating a franchised FOSTER'S GRILLE business with your counsel or advisor?

   Yes _____ No _____

   If No, do you wish to have more time to do so?

   Yes _____ No _____

10. Do you understand that the success or failure of your FOSTER'S GRILLE franchised business depends in large part on your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

Yes _____ No _____

Except as disclosed in Item 19 of the disclosure document, Franchisor does not make information available to prospective franchisees concerning actual, average, projected or forecasted sales, profits or earnings. Franchisor does not furnish, or authorize its salespersons to furnish, any oral or written information concerning the actual, average, projected, forecasted sales, costs, income or profits of a franchised business. Franchisor specifically instructs its sales personnel, agents, employees and other officers that they are not permitted to make any claims or statements as to the earnings, sales, profits, prospects or chances of success, nor are they authorized to represent or estimate dollar figures as to a franchisee's operation. Actual results vary from franchise to franchise and are dependent on a variety of internal and external factors, some of which neither Franchisor nor you can estimate. To ensure that Franchisor's policies have been followed, please answer the following questions:

11. Has any employee of Franchisor, or any other person speaking for Franchisor, made any statement or promise to you regarding the total revenue a franchised FOSTER'S GRILLE business will generate that is contrary to the information in the disclosure document?

Yes _____ No _____

12. Has any employee of Franchisor, or any other person speaking for Franchisor, made any statement or promise of the amount of money or profit you may earn in operating a franchised FOSTER'S GRILLE business that is contrary to the information in the disclosure document?

Yes _____ No _____

13. Has any employee of Franchisor, or any other person speaking for Franchisor, made any statement or promise regarding the operating costs you may incur in operating a franchised FOSTER'S GRILLE business that is contrary to the information in the disclosure document?

Yes _____ No _____

14. Has any employee of Franchisor, or any other person speaking for Franchisor, made any statement or promise of the likelihood of success that you should or might expect to achieve from operating a franchised FOSTER'S GRILLE business?

Yes _____ No _____

15. Has any employee of Franchisor, or any other person speaking for Franchisor, made any statement, promise or agreement of the advertising, marketing, training, support service or

assistance that Franchisor will furnish to you that is contrary to, or different from, the information in the disclosure document?

Yes _____ No _____

16. If you have answered "Yes" to any 1 of questions 11-15, please provide a full explanation of each "Yes" answer. (Attach additional pages, if necessary, and refer to them below.) If you have answered "No" to each of questions 11-15, please leave the following lines blank.

_____

_____

_____

_____

_____

_____

_____

17. I signed the franchise agreement, any area development agreement, and any addenda and attachments on _____, and acknowledge that no agreement or addendum is effective until signed and dated by Franchisor.

I certify that my answers to the foregoing questions are true, correct and complete.

**FRANCHISEE**

_____

Name:_____

Date:_____

**FRANCHISEE**

_____

Name:_____

Date:_____

# EXHIBIT E

## MANAGER/SUPERVISOR CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

**MANAGER/SUPERVISOR CONFIDENTIALITY**
**AND NON-COMPETITION AGREEMENT**

THIS AGREEMENT is entered into by _____ _____ ("we," "us," or "our"), a franchisee of Foster's Franchise Concepts, LLC ("Foster's Grille"), and _____ ("you," "your" or "yourself").

RECITALS

A. We desire to engage you; and

B. You desire to be engaged or employed by us, in connection with our FOSTER'S GRILLE business.

In consideration of the recitals above and the terms below, the parties agree:

1. Covenants Not to Disclose; Covenants Not to Compete. You agree that certain methods of doing business and other elements comprising the FOSTER'S GRILLE system are distinctive and have been developed by Foster's Grille and us at great effort, skill, time and expense; that you will have regular and continuing access to valuable trade secrets, confidential information and valuable training regarding the FOSTER'S GRILLE system; and that you recognize your obligation to promote and develop our FOSTER'S GRILLE business. You accordingly agree as follows:

(a) Except as required in duties performed for us, you will never, either during or after the term or engagement or employment, either directly or indirectly, use, or disseminate or disclose to any person or entity, any trade secrets or confidential information, including customer names, other customer information and business methods, of Foster's Grille or us, and will always seek to preserve the confidentiality of those trade secrets and confidential information.

(b) During your engagement or employment, you will not, directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, divert or attempt to divert any business or customer of ours to any competitor or other person by direct or indirect inducement or otherwise, but this Section will not prevent you from referring customers in good faith to other businesses, including competitors' businesses, that may be able to provide those customers with products or services not available from our business.

(c) During your engagement or employment and for an uninterrupted period of 1 year after termination of your engagement or employment, regardless of the cause of termination, you will not, without the written consent of us and Foster's Grille, directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, engage or seek to engage as an independent contractor or employ or seek to employ any person who, within the preceding 6 months, has been an independent contractor or employee of Foster's Grille, us or any other FOSTER'S GRILLE franchisee.

(d) During your engagement or employment, you will not, without the written consent of us and Foster's Grille, directly or indirectly, for yourself, or through, on behalf of, or in

conjunction with any other person or entity, own, maintain, engage in, have any interest in or perform any service for any business other than us located in the United States that, offers or that franchises or licenses others to offer, products or services that are the same as or substantially similar to products and services offered by us or Foster's Grille.

(e) For 1 year after termination of his or her engagement or employment, regardless of the cause of termination, you will not, without the written consent of us and Foster's Grille, directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any other person or entity, own, maintain, engage in, have any interest in or perform any service for any business that offers, or that franchises or licenses others to offer, products or services that are the same as or substantially similar to the products or services that were or could have been offered by us or Foster's Grille when you were engaged or employed, and that operates: (1) within our Territory, or (2) within the Territory of any other franchisee's business operating or in planning at the time of termination.

2. You agree that we may, if we require in our sole discretion, reduce the scope of any term or subpart of any term in this Agreement without your consent, effective immediately on written notice from us, and you agree that you will promptly comply with any term or subpart so modified, that will be fully enforceable notwithstanding any other term or subpart of this Agreement.

3. Covenants As Independent, and As Conditions Precedent to Engagement or Employment. Your covenants in Section 1 are independent of any other terms of this Agreement, and are conditions precedent to engagement or employment. Any claim or cause of action against us or Foster's Grille, whether predicated on this Agreement or otherwise, will not be a defense to the enforcement by us or Foster's Grille of the covenants in Section 1.

4. Covenants Concerning Company Property. You agree that all our records, including records of our customers and all other records relating in any manner to our FOSTER'S GRILLE business, whether prepared by you or otherwise coming into your possession, are the exclusive property of us or Foster's Grille. Additionally, you agree that all files, records, documents, drawings, specifications and similar items for our FOSTER'S GRILLE business, including all copies of those items, whether prepared by you or otherwise coming into your possession, will not be removed by you from our premises without our written consent. Any records not at our premises will immediately be returned to us by you on termination of your engagement or employment, regardless of the cause of termination.

5. Severability. If a part of a covenant in this Agreement is held invalid, unreasonable or unenforceable by a court or agency, you agree to be bound by any lesser covenant subsumed within the terms of the covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in this Agreement. If an entire covenant in this Agreement is held invalid, unreasonable or unenforceable by a court or agency, the remaining covenants in this Agreement will continue in effect.

6. Injunctive Relief. We or Foster's Grille, in addition to other legal and equitable rights, will be entitled to temporary, preliminary or permanent injunctive relief, without bond, restraining your actual or threatened violation of any covenant in this Agreement.

7. Attorneys' Fees. In a legal action for damages, injunctive relief, the return of property or any other legal or equitable remedy, you agree to pay our or Foster's Grille's reasonable attorneys' fees, court costs and reasonable out-of-pocket costs for the action.

8. Governing Law This Agreement will be governed by the laws of the state in which our principal business office is located on the date of signing of this Agreement.

9. Binding Effect. This Agreement will be binding on the parties, and their heirs, executors, administrators, successors and assigns.

10. Modification. This Agreement may not be modified except in written agreement of at least equal formality signed by the parties.

The undersigned agree to the terms of this Agreement.

_____
INDEPENDENT CONTRACTOR OR EMPLOYEE

_____

Date: _____

COMPANY _____

Name: _____

Title: _____

Date: _____

**(Note: To be signed by each Manager, each management independent contractor or employee, and each person from Company attending Foster's Grille's initial training.)**

# EXHIBIT F

## SAMPLE GENERAL RELEASE

# GENERAL RELEASE

**This General Release** is made and executed by _____, individually ("you"), as of _____ ("Effective Date").

WHEREAS, Foster's Franchise Concepts, LLC, a Virginia limited liability company ("we") and you entered into a franchise agreement dated _____, and **DESCRIBE FACTS THAT APPLY AT TIME RELEASE IS TO BE SIGNED**.

NOW, THEREFORE, in consideration of good and valuable consideration, the receipt and sufficiency of which are acknowledged, you agree as follows:

You, for yourself and each of your past and present heirs, executors, administrators, representatives, successors and assigns, in their corporate and individual capacities (collectively "Releasor"), hereby release and forever discharge us and each of our predecessors, successors, affiliates, subsidiaries, assigns, officers, directors, shareholders, agents and employees, and their respective heirs, executors, administrators, representatives, successors and assigns, in their corporate and individual capacities (collectively "Releasees"), from, in respect of and in relation to any and all claims, demands, causes of action, suits, debts, obligations, sums of money, acts, omissions or refusals to act, damages, judgments and demands, of any kind whatsoever, joint or several, known or unknown, which against Releasees the Releasor ever had, now has or which Releasees hereinafter can, shall or may have, for, upon or by reason of any matter, cause or thing may whatsoever, through the Effective Date.

_____
Name, individually

STATE OF _____ §
§
COUNTY OF _____ §

I hereby certify that before me, a notary public, personally appeared **NAME** who made oath in due form of law that s/he was executing the foregoing General Release for the purposes therein contained.

As witness, my hand and Notarial Seal on _____, 20__.

_____
Notary Public
My Commission Expires:

# EXHIBIT G

## FINANCIAL STATEMENTS

CST GROUP

CPAs AND BUSINESS ADVISORS

March 23, 2026

**To the Board of Managers and Member**
**Foster's Franchise Concepts, LLC**
**Gainesville, VA**

We have audited the financial statements of Foster's Franchise Concepts, LLC for the year ended December 31, 2025, and will issue our report thereon dated March 23, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated December 1, 2025. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Matters**

***Qualitative Aspects of Accounting Practices***
You are responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Foster's Franchise Concepts, LLC are described in Note B to the financial statements. As described in Note B, the Company changed accounting policies related to credit losses by adopting FASB Accounting Standards Update No. 2025-05, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets in 2025.

We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements and are based on your knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. These include the collectability of accounts receivable, recognition of royalty and rebate income, the timing of revenue recognition for deferred franchise fees, and management's evaluation of going concern. These estimates are dependent on factors such as franchisee performance, vendor rebate finalizations, and future operating conditions, all of which are inherently uncertain.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements were those related to revenue recognition for royalty income and vendor rebates, the timing of recognition of deferred franchise fees, and the collectability of accounts receivable. These areas involve management judgment and are subject to variability based on franchisee performance, vendor rebate finalizations, and other future events that could differ from current assumptions.

The financial statement disclosures are neutral, consistent, and clear.

***Difficulties Encountered in Performing the Audit***
We encountered no difficulties in performing and completing our audit.

***Corrected and Uncorrected Misstatements***
Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. You have corrected all such misstatements.

***Disagreements with Management***
For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

This information is intended solely for the use of management of Foster's Franchise Concepts, LLC and is not intended to be, and should not be, used by anyone other than these specified parties.

CST Group, CPAs, PC

**Audited Financial Statements**

# FOSTER'S FRANCHISE CONCEPTS, LLC

## Gainesville, Virginia

**December 31, 2025 and 2024**

**Foster's Franchise Concepts, LLC**

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**AUDITED FINANCIAL STATEMENTS**


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CPAS AND BUSINESS ADVISORS

**INDEPENDENT AUDITOR'S REPORT**

**Board of Managers**
**Foster's Franchise Concepts, LLC**
**Gainesville, Virginia**

**Opinion**
We have audited the accompanying financial statements of Foster's Franchise Concepts, LLC (a Virginia limited liability company), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of income and member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Foster's Franchise Concepts, LLC as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

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

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

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

CST Group, CPAs, PC

March 23, 2026

Reston, Virginia

CSTGROUP
CPAS AND BUSINESS ADVISORS

## Foster's Franchise Concepts, LLC

**BALANCE SHEETS**
**as of December 31**

| | 2025 | 2024 |
|---|---|---|
| **CURRENT ASSETS** | | |
| Cash | $ 254,572 | 269,835 |
| Accounts receivable | 21,827 | 22,733 |
| Prepaid expenses | 0 | 7,675 |
| | **$ 276,399** | **$ 300,243** |
| **CURRENT LIABILITIES** | | |
| Accounts payable | $ 8,447 | $ 11,555 |
| Deferred franchise fees, current | 8,250 | 8,250 |
| | **16,697** | **19,805** |
| **LONG-TERM LIABILITIES** | | |
| Deferred franchise fees, long-term | **25,571** | **33,821** |
| **MEMBER'S EQUITY** | **234,131** | **246,617** |
| | **$ 276,399** | **$ 300,243** |

See independent auditor's report and notes to financial statements

## Foster's Franchise Concepts, LLC

**STATEMENTS OF INCOME AND MEMBER'S EQUITY**
**for Years Ended December 31**

| | 2025 | 2024 |
|---|---|---|
| **REVENUE** | | |
| Royalty income | $ 268,259 | $ 227,575 |
| Rebate income | 49,553 | 50,168 |
| Franchise fees | 8,250 | 8,250 |
| | **326,062** | **285,993** |
| **OPERATING EXPENSES** | | |
| Consulting and management fees | 114,757 | 76,264 |
| Marketing | 52,240 | 46,350 |
| Professional fees | 40,046 | 38,451 |
| Office expense | 22,001 | 17,479 |
| Rebate fees | 14,797 | 19,044 |
| Insurance | 7,675 | 7,389 |
| Other expenses | 7,395 | 5,600 |
| Telephone | 3,504 | 3,284 |
| Dues and subscriptions | 3,115 | 2,983 |
| Printing | 2,957 | 8,305 |
| | **268,487** | **225,149** |
| **INCOME FROM OPERATIONS** | **57,575** | **60,844** |
| **OTHER INCOME** | **939** | **1,098** |
| **NET INCOME** | **58,514** | **61,942** |
| **MEMBER'S EQUITY, BEGINNING OF YEAR** | **246,617** | **209,675** |
| Distributions to member | ( 71,000) | ( 25,000) |
| **MEMBER'S EQUITY, END OF YEAR** | **$ 234,131** | **$ 246,617** |

See independent auditor's report and notes to financial statements

## Foster's Franchise Concepts, LLC

**STATEMENTS OF CASH FLOWS**
**for Years Ended December 31**

| | 2025 | 2024 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net income | $ 58,514 | $ 61,942 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Accounts receivable | 906 | 3,607 |
| Prepaid expenses | 7,675 | ( 286) |
| Accounts payable | ( 3,108) | ( 2,663) |
| Deferred franchise fees | ( 8,250) | ( 8,250) |
| **NET CASH PROVIDED BY OPERATING ACTIVITIES** | **55,737** | **54,350** |
| **CASH FLOWS USED BY FINANCING ACTIVITIES** | | |
| Distributions to member | **( 71,000)** | **( 25,000)** |
| **NET (DECREASE) INCREASE IN CASH** | **( 15,263)** | **29,350** |
| Cash, beginning of year | 269,835 | 240,485 |
| **CASH, END OF YEAR** | **$ 254,572** | **$ 269,835** |

See independent auditor's report and notes to financial statements

## NOTE A – NATURE OF BUSINESS

Foster's Franchise Concepts, LLC (the Company), was organized as a limited liability company under the laws of the Commonwealth of Virginia on June 7, 2005. The Company does business as Foster's Franchise Concepts, LLC and is independent of, but affiliated with, the Foster's Grille Organization. The Foster's Grille Organization operates a family-friendly fast casual restaurant offering chargrilled hamburgers and a variety of other food and beverage items. Foster's Grille restaurants compete with local, regional, and national businesses (including other franchised businesses). Foster's Grille products appeal to all demographic groups but are most popular among 10-to-60-year-olds. The market for fast casual foods and beverages is well-developed in most areas of the United States. The Company's primary purpose is to seek out and develop franchise opportunities to operate restaurants. The Company also grants development rights under which area developers will develop a pre-agreed number of Foster's Grille restaurants. The Company is currently a registered franchisor and continues to market franchises throughout the United States.

## NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Basis of presentation***
The Company presents its financial statements in accordance with accounting principles generally accepted in the United States of America.

***Revenue Recognition***
The Company recognizes revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 606, Revenue from Contracts with Customers, when control of the promised goods or services is transferred to customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

The Company generates revenue from royalty income, vendor rebates, and franchise fees, as described below:

***Royalty Income***
Royalty income represents continuing franchise fees based on a percentage of franchisee gross sales, as defined in the underlying franchise agreements. Royalty revenue is recognized as the underlying franchisee sales occur, which corresponds to the period in which the Company satisfies its performance obligation of providing ongoing access to its brand, system, and support.

***Rebate Income***
Rebate income consists of amounts earned from approved vendors based on franchisee purchases and contractual arrangements with such vendors. The Company recognizes rebate income in the period in which the underlying franchisee purchases occur and the rebate is earned. Where vendor reports are not finalized at period end, rebate income is estimated based on available information.

***Franchise Fees***
Franchise fees represent initial fees received from franchisees in addition to renewal franchise fees in exchange for the right to operate under the Company's brand and access to the Company's systems and support. These fees are generally recognized over the period in which the related performance obligations are satisfied, which may include services such as training, site selection, and other pre-opening activities.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Disaggregation of revenue from contracts with customers***
Revenues for 2025 and 2024 are comprised of the following:

| | 2025 | 2024 |
|---|---|---|
| Performance obliations satisfied at a point in time | $ 317,812 | $ 277,743 |
| Performance obligations satisified over time | 8,250 | 8,250 |
| | **$ 326,062** | **$ 285,993** |

***Cash and cash equivalents***
For purposes of the statement of cash flows, the Company considers all highly liquid short-term investment with original maturities of three months or less at the date of purchase to be cash equivalents. There are no cash equivalents at December 31, 2025 and 2024.

***Accounts receivable***
Accounts receivable consists primarily of amounts due from franchisees for royalty income and from vendors for rebate income. Receivables are generally unsecured and are due within 60 days.

The Company evaluates accounts receivable for expected credit losses using a methodology based on historical loss experience, adjusted for current conditions and reasonable and supportable forecasts. The Company considers the aging of receivables, historical collection trends, and the financial condition of its franchisees and vendors in estimating expected credit losses.

Based on this assessment, management determined that no allowance for expected credit losses was necessary as of December 31, 2025 and 2024, as the composition of accounts receivable and related credit risk characteristics were consistent with historical experience, and no significant collection issues were identified.

Beginning balances as of January 1, 2024, for accounts receivable was $26,340.

***Prepaid expenses***
Prepaid expenses consist primarily of amounts prepaid by the Company for liability insurance.

***Property and equipment***
Total property and equipment of $2,228 are stated at cost. Depreciation of property and equipment is computed using the straight-line method of the estimated useful lives of the assets, generally five to seven years. Property and equipment were fully depreciated at both December 31, 2025 and 2024, respectively.

***Deferred Franchise Fees***
Deferred franchise fees consist of initial and renewal franchise fees received from franchisees for which the related performance obligations have not yet been fully satisfied. These fees are recognized as revenue over the term of the franchise agreement as the Company satisfies its performance obligations, which generally include providing access to the Company's brand, system, and ongoing support services.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The contract liability balance as of January 1, 2024 was $50,321. Revenue recognized during the years ended December 31, 2025 and 2024 from amounts included in the contract liability balance at the beginning of each year was approximately $8,250, respectively.

***Income taxes***
The Company is a single-member limited liability company, which is treated as a disregarded entity for federal and state income tax purposes. No provision or benefit for income taxes has been included in these financial statements because taxable income or loss passes through to, and is reportable by, the sole member on its respective partnership tax return.

Generally, the Company's income tax returns remain open for three years.

***Advertising costs***
The Company expenses advertising/marketing production costs as they are incurred, and advertising communication costs the first time the advertising takes place. Total advertising/marketing expense for the years ended December 31, 2025 and 2024 were $52,240 and $46,350, respectively.

***Use of estimates***
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual events and results could differ from these assumptions and estimates.

***Recently Issued Accounting Pronouncements***
In July 2025, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2025-05, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets. ASU 2025-05 provides a simplified measurement approach for expected credit losses related to trade accounts receivable and contract assets. The ASU is effective for fiscal years beginning after December 15, 2025, including interim periods within those fiscal years; early adoption is permitted.

The Company elected to early adopt ASU 2025-05 effective January 1, 2025, which represents the beginning of its fiscal year ended December 31, 2025. In accordance with the transition provisions of the ASU, the Company applied the guidance on a prospective basis from the date of adoption.

Upon adoption, the Company elected to apply the practical expedient permitted under ASU 2025-05 to estimate expected credit losses for accounts receivable using a simplified measurement approach that assumes that current conditions as of the balance sheet date do not change for the remaining life of the asset. The Company also elected the accounting policy permitting the consideration of subsequent cash collection activity after the balance sheet date when estimating expected credit losses. For the year ended December 31, 2025, the Company evaluated subsequent cash collections through March 23, 2026 for purposes of applying this accounting policy election.

The adoption of ASU 2025-05 and the related elections did not have a material impact on the Company's financial statements.

## NOTE C – FRANCHISING ACTIVITIES

The Company earns revenue from initial franchise fees, continuing franchise fees (royalty income), and fees for advertising and promotional services. Initial franchise fees are generally recognized over the term of the franchise agreement, which is typically 10 years, as the Company satisfies its performance obligations, including providing access to the brand, system, and ongoing support. Initial franchise fees are generally non-refundable, except under certain circumstances if the franchisee does not complete required training or the Company cancels the agreement.

Royalty income is based on a percentage of franchisee gross sales and are recognized as revenue in the period the underlying sales occur. Advertising and promotional fund contributions are recognized as revenue when received and expended for their intended purpose.

At December 31, 2025 and 2024, the Company had six and five operating franchises, respectively. Revenue concentrations from individual franchises exceeding 10% of royalty income are presented below:

| | 2025 | 2024 |
|---|---|---|
| Franchise A | $ 64,822 | $ 64,609 |
| Franchise B | 44,381 | 44,455 |
| Franchise C | 40,063 | 42,749 |
| Franchise D | 38,073 | 42,978 |
| Franchise E | 33,874 | 32,784 |
| Franchise F | 47,046 | 0 |
| | **$ 268,259** | **$ 227,575** |

In the event that a franchise is transferred from one owner to a new owner, the Company may receive a franchise transfer fee based on the terms of the transfer agreement. The Company received no franchise transfer fees for the years ended December 31, 2025 and 2024.

## NOTE D – REBATE AGREEMENTS

The Company has negotiated agreements on behalf of franchisees with approved suppliers. Under these agreements, the Company may earn rebates based on set amounts or the volume of supplies purchased by franchisees.

Rebate income is recognized when earned under the terms of the supplier agreements and includes amounts earned but not yet received, which are recorded as accounts receivable. Rebate income for the years ended December 31, 2025 and 2024 totaled $49,553 and $50,168, respectively.

Certain rebate income is shared with related parties in accordance with pre-existing agreements. Amounts payable to related parties and any receivables are disclosed in the related-party transactions footnote (see Note E).

## NOTE E – RELATED PARTIES

Foster's Franchise Concepts, LLC is owned 100% by Zeuss, LC, a Virginia limited liability company. The owners of Zeuss, LC also own Ares, LC, which owns 100% of nine active limited liability companies, which form the organization informally designated by management as the Foster's Grille Organization. Seven of the entities in the Foster's Grille Organization operate restaurants and two are management companies.

For the year ended December 31, 2025, the Company paid $1,500 to Foster's Grille of Haymarket, LLC and $1,600 to Foster's Grille of Warrenton, LLC for management services. No payments for management services were made in 2024.

The Company paid a total of $16,888 and $16,630, respectively, for the years ended December 31, 2025 and 2024, to Charburger, LC, a wholly owned subsidiary of Ares, LC, as reimbursement for rent expense. The Company and Charburger, LC have a verbal agreement whereby the Company reimburses Charburger, LC on a month-to-month basis for 50% of the rent amount paid each month. Rent is included in office expense on the statements of income and member's equity.

As of December 31, 2025 and 2024, the Company paid a total of $107,557 and $69,831, respectively, to Charburger, LC as a management fee. The management fee is calculated as 40% of the weekly franchise fees received. Amounts due to Charburger, LC for management fees at December 31, 2025 and 2024 were $880 and $420, respectively.

As of December 31, 2025 and 2024, the Company received $65 and $636, respectively, from Charburger, LC for various expense reimbursements ranging from advertising expense to various food agreements.

As of December 31, 2025 and 2024, the amounts due to Charburger, LC for rebate expenses were $6,047 and $9,610, respectively.

## NOTE F – CONCENTRATIONS OF CREDIT RISK

The Company maintains cash balances at financial institutions located in the Northern Virginia area. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to $250,000. From time to time, the cash balance in these institutions may exceed the insured amount. The Company's cash is deposited in institutions whose credit ratings are monitored by management. The Company has not experienced any losses in such accounts.

At December 31, 2025, two customers accounted for approximately 77% of accounts receivable. At December 31, 2024, two customers accounted for approximately 81% of accounts receivable.

## NOTE G – COMMITMENTS

On April 1, 2017, the Company entered into a Beverage Marketing Agreement with The Coca-Cola Company. The term of this agreement is five years. Under this agreement, franchised outlets may only serve Coca-Cola branded fountain beverages. On April 1, 2022, the agreement was extended for another 5 years.

**NOTE G – COMMITMENTS (continued)**

On July 9, 2021, the Company has executed a Broadline Distribution Agreement, on behalf of its affiliate Charburger, LC (see Note E), with Saval Foodservice (the "distributor") whereby the Company has agreed to purchase certain volumes of product from the distributor. The term of the agreement is August 21, 2023 through August 21, 2026. Under this agreement, the distributor may purchase proprietary products on behalf of the Company. After the three-year initial agreement period, the agreement shall roll over for one-year periods but either party may terminate the agreement with 60 days written notice. Under the agreement, proprietary products are defined as products the distributor has in inventory, in transit or for which orders have been placed, and that have been purchased, transferred, or consigned specifically to the Company's account. Products ordered on the Company's behalf that comprise 80% or more of the Company's total purchases of those products within a distribution center are also considered proprietary products. The Company is committed to purchase a minimum of 5 cases per week, for each proprietary product at each of the distributor's distribution centers servicing the Company. If the Company and Saval Foodservice cease doing business for any reason, the Company will purchase all remaining proprietary, special order, and dedicated inventory items at cost plus 12%.

At times, the Company may enter into other distribution or marketing agreements on behalf of franchisees for purposes of maintaining brand quality and consistency.

**NOTE H – FAIR VALUE**

Unless disclosed otherwise, the Company estimates that the fair value of all financial and non-financial instruments at December 31, 2025 and 2024 does not differ materially from the aggregate carrying values recorded in the accompanying balance sheets. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts the Company could realize in a current market exchange.

**NOTE I – SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through March 23, 2026, on which the financial statements were available to be issued and has determined that there are no subsequent events that require disclosure.

**Audited Financial Statements**

# FOSTER'S FRANCHISE CONCEPTS, LLC

## Gainesville, Virginia

**December 31, 2024 and 2023**

## Foster's Franchise Concepts, LLC

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CSTGROUP

CPAS AND BUSINESS ADVISORS

**INDEPENDENT AUDITOR'S REPORT**

**Board of Managers**
**Foster's Franchise Concepts, LLC**
**Gainesville, Virginia**

**Opinion**
We have audited the accompanying financial statements of Foster's Franchise Concepts, LLC (a Virginia limited liability company), which comprise the balance sheets as of December 31, 2024 and 2023 , and the related statements of income and member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Foster's Franchise Concepts, LLC as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

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

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

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

CST Group, CPAs, PC

March 4, 2025

## Foster's Franchise Concepts, LLC

**BALANCE SHEETS**
**as of December 31**

| | 2024 | 2023 |
|---|---|---|
| **CURRENT ASSETS** | | |
| Cash | $ 269,835 | 240,485 |
| Accounts receivable | 22,733 | 26,340 |
| Prepaid expenses | 7,675 | 7,389 |
| | **$ 300,243** | **$ 274,214** |
| **CURRENT LIABILITIES** | | |
| Accounts payable | $ 11,555 | $ 14,218 |
| Contract liabilities | 8,250 | 8,250 |
| | **19,805** | **22,468** |
| **LONG-TERM LIABILITIES** | | |
| Contract liabilities | **33,821** | **42,071** |
| **MEMBER'S EQUITY** | **246,617** | **209,675** |
| | **$ 300,243** | **$ 274,214** |

See notes to financial statements

## Foster's Franchise Concepts, LLC

### STATEMENTS OF INCOME AND MEMBER'S EQUITY
**for Years Ended December 31**

| | 2024 | 2023 |
|---|---|---|
| **REVENUE** | | |
| Continuing franchise fees | $ 227,575 | $ 233,043 |
| Rebate income | 50,168 | 55,559 |
| Franchise fees | 8,250 | 8,250 |
| | **285,993** | **296,852** |
| **OPERATING EXPENSES** | | |
| Consulting and management fees | 76,264 | 60,340 |
| Marketing | 46,350 | 57,309 |
| Professional fees | 38,451 | 48,630 |
| Rebate fees | 19,044 | 21,359 |
| Office expense | 17,479 | 17,056 |
| Printing | 8,305 | 7,805 |
| Insurance | 7,389 | 9,816 |
| Other expenses | 5,600 | 1,911 |
| Telephone | 3,284 | 4,975 |
| Dues and subscriptions | 2,983 | 2,708 |
| | **225,149** | **231,909** |
| **OPERATING INCOME** | **60,844** | **64,943** |
| **OTHER INCOME** | 1,098 | 707 |
| **NET INCOME** | **61,942** | **65,650** |
| **MEMBER'S EQUITY, BEGINNING OF YEAR** | **209,675** | **169,025** |
| Distributions to member | **( 25,000)** | **( 25,000)** |
| **MEMBER'S EQUITY, END OF YEAR** | **$ 246,617** | **$ 209,675** |

See notes to financial statements

## Foster's Franchise Concepts, LLC

### STATEMENTS OF CASH FLOWS
### for Years Ended December 31

| | 2024 | 2023 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net income | $ 61,942 | $ 65,650 |
| Adjustments to reconcile net cash provided from operating activities | | |
| (Increase) decrease in accounts receivable | 3,607 | ( 8,646) |
| (Increase) decrease in prepaid expenses | ( 286) | 2,427 |
| Increase (decrease) accounts payable | ( 2,663) | 1,593 |
| Increase (decrease) in contract liabilities | ( 8,250) | ( 8,250) |
| **NET CASH PROVIDED BY OPERATING ACTIVITIES** | **54,350** | **52,774** |
| **CASH FLOWS USED BY FINANCING ACTIVITIES** | | |
| Distributions to member | **( 25,000)** | **( 25,000)** |
| **NET INCREASE IN CASH** | **29,350** | **27,774** |
| **CASH, BEGINNING OF YEAR** | 240,485 | 212,711 |
| **CASH, END OF YEAR** | **$ 269,835** | **$ 240,485** |

See notes to financial statements

## NOTE A – NATURE OF BUSINESS

Foster's Franchise Concepts, LLC (the Company), was organized as a limited liability company under the laws of the Commonwealth of Virginia on June 7, 2005. The Company does business as Foster's Franchise Concepts, LLC and is independent of, but affiliated with, the Foster's Grille Organization. The Foster's Grille Organization operates a family-friendly fast casual restaurant offering chargrilled hamburgers and a variety of other food and beverage items. Foster's Grille restaurants compete with local, regional, and national businesses (including other franchised businesses). Foster's Grille products appeal to all demographic groups but are most popular among 10-to-60-year-olds. The market for fast casual foods and beverages is well-developed in most areas of the United States. The Company's primary purpose is to seek out and develop franchise opportunities to operate restaurants. The Company also grants development rights under which area developers will develop a pre-agreed number of Foster's Grille restaurants. The Company is currently a registered franchisor and continues to market franchises throughout the United States.

## NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Basis of presentation***
The Company presents its financial statements in accordance with accounting principles generally accepted in the United States of America.

***Revenue***
Franchise revenues consist of initial and renewal franchise fees. Revenues from franchise agreements are recognized over time, as control is continuously transferred to the franchisees over the term of each franchise agreement.

Royalties are calculated as a percentage of franchisees' sales over the term of the franchise agreement and are recognized as franchise sales occur.

Rebate agreements are based on the terms of each individual supply agreement and are either based on set quarterly amounts or based upon the volume of supplies ordered by each of the franchisees. Rebates are recognized as the usages occur while any signing bonus on a rebate agreement is recognized over time, as the Company fulfils the performance obligations in the agreement.

***Disaggregation of revenue from contracts with customers***
Revenues for 2024 and 2023 are comprised of the following:

| | 2024 | 2023 |
|---|---|---|
| Performance obliations satisfied at a point in time | 277,743 | 288,602 |
| Performance obligations satisified over time | 8,250 | 8,250 |
| | **$ 285,993** | **$ 296,852** |

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Performance obligations***
Under franchise agreements, the Company provide franchisees with (i) a franchise license, which includes a licenseto use the Company's intellectual property (ii) pre-opening services, such as training and inspections, and (iii) ongoing services, such as development of training materials, menu items, restaurant monitoring and inspections. The services the Company provide under franchise agreements are highly interrelated and dependent upon the franchise license and are treated as a single performance obligation.

***Variable considerations***
There is rarely variable consideration included in the Company's contract with customers.

***Cash equivalents***
For purposes of the statement of cash flows, the Company considers all highly liquid short-term investment whose maturity dates do not extend past three months from the date of purchase. There are no cash equivalents at December 31, 2024 and 2023.

***Accounts receivable***
Accounts receivable are billed to customers and due within 60 days. The Company uses historical loss information based on the aging of receivables as the basis to determine expected credit losses for receivables and believes that the composition of accounts receivable at year-end is consistent with historical conditions as credit terms and practices and the customer base has not changed significantly. Management determined no allowance for expected credit losses was necessary as of December 31, 2024 and 2023.

Beginning balances as of January 1, 2023, for accounts receivable was $17,694.

***Property and equipment***
Total property and equipment of $8,938 are stated at cost. Depreciation of property and equipment is computed using the straight-line method of the estimated useful lives of the assets, generally five to seven years. Property and equipment were fully depreciated at December 31, 2024 and 2023.

***Contract liabilities***
Contract liabilities are comprised of initial franchise fees and renewal franchise fees and are amortized over the life of the franchise agreement.

Beginning balance as of January 1, 2023, for contract liabilities was $58,571. Revenue recognized for the years ended December 31, 2024 and 2023 that was included in the contract liability balance at the beginning of the year was $8,250 and $8,250, respectively.

***Income taxes***
The Company is a single-member limited liability company, which is treated as a disregarded entity for federal and state income tax purposes. No provision or benefit for income taxes has been included in these financial statements because taxable income or loss passes through to, and is reportable by, the sole member on its respective partnership tax return.

Generally, the Company's income tax returns remain open for three years.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Advertising/Marketing***
The Company expenses advertising/marketing production costs as they are incurred, and advertising communication costs the first time the advertising takes place. Total advertising/marketing expense for the years ended December 31, 2024 and 2023 were $46,350 and $57,309, respectively.

***Estimates***
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual events and results could differ from these assumptions and estimates.

**NOTE C – FRANCHISING ACTIVITIES**

The standard franchise agreement provides for payment to the Company of an initial franchise fee of $40,000 per restaurant and a continuing franchise fee of 5% of gross sales (payable weekly) and up to 3% of gross sales for the advertising and promotional fund (also payable weekly). There were no charges for the advertising promotional fund for the years ended December 31, 2024 and 2023. The initial franchise fee is uniform. Initial franchise fees have been recognized as the Company satisfies the performance obligation over the franchise term which is generally 10 years. Once the franchise agreement is signed, the initial franchise fee is non-refundable, except if the franchisee does not successfully complete initial training, or the Company decides that the franchisee should not operate a Foster's Grille business. If either of these exceptions apply, the Company may cancel the franchise agreement. If the Company cancels the franchise agreement, the Company may deduct out-of-pocket expenses, including any broker referral fees, and will refund up to 50% of the initial franchise fee.

The standard area development agreement provides for payment to the Company of a development fee of $17,500 per Foster's Grille restaurant to be developed under the agreement, excluding the first restaurant. When the agreement is signed, an initial franchise fee of $40,000 is to be paid to the Company for the first restaurant, and a $17,500 area development fee is to be paid for each additional restaurant to be developed under the agreement. The initial franchise fee of $40,000 and $17,500 per additional franchise expected to be developed is due at the time the agreement is signed. A separate franchise agreement is required for each additional franchise restaurant opened under the agreement. Once the franchise agreement for each additional restaurant is signed, a $35,000 franchise fee will be due to the Company. The $17,500 area development fee per restaurant paid when the area development agreement was signed will be credited against each successive franchise fee. Therefore, for each additional franchise agreement signed (after the initial franchise agreement), a total of $17,500 ($35,000 franchise fee less credit of $17,500 area development fee) is due to the Company. It is expected that area development agreements generally will provide for the development of at least three Foster's Grille restaurants. The area development fee is non-refundable unless the Company cancels the first franchise agreement under the conditions set forth in the standard franchise agreement (see above). In the event that the first franchise agreement is canceled, the Company may also cancel the area development agreement. If the Company cancels the area development agreement, the Company will deduct out-of-pocket expenses, including any broker referral fees, and will refund up to 50% of the area development fee if the franchisee agrees to certain continuing obligations. When an area development agreement is signed, a franchise agreement for the first Foster's Grille restaurant must also be signed.

At December 31, 2024 and 2023, there were no area development agreements in effect.

**NOTE C – FRANCHISING ACTIVITIES (continued)**

At December 31, 2024 and 2023, there were 5 operating franchises. Revenue concentrations from locations making up over 10% of continuing franchise fees are as follows:

| | 2024 | 2023 |
|---|---|---|
| Franchise A | 64,609 | 65,120 |
| Franchise B | 44,455 | 46,109 |
| Franchise C | 42,749 | 42,103 |
| Franchise D | 42,978 | 45,506 |
| Franchise E | 32,784 | 34,205 |
| | **$ 227,575** | **$ 233,043** |

In the event that a franchise is transferred from one owner to a new owner, the Company may receive a franchise transfer fee based on the terms of the transfer agreement. The Company received no franchise transfer fees for the years ended December 31, 2024 and 2023.

**NOTE D – REBATE AGREEMENTS**

The Company has negotiated agreements on behalf of franchisees with approved suppliers. As part of these approved supplier agreements, the Company receives a rebate paid under the terms of each individual supply agreement. Rebates may be based on set quarterly amounts or may be based upon the volume of supplies ordered by each of the franchisees.

Rebate income generated for the years ended December 31, 2024 and 2023 from each supplier with whom the Company has an agreement is summarized below:

| | 2024 | 2023 |
|---|---|---|
| Coca-Cola | 30,692 | 34,619 |
| Saval Foods | 12,682 | 14,016 |
| Wells Enterprises | 4,000 | 4,000 |
| McCain Foods | 2,794 | 2,924 |
| | **$ 50,168** | **$ 55,559** |

Under the terms of the Coca-Cola agreement, rebate income is based on the number of gallons ordered by any outlets where beverages are served that are owned or operated by the Company, the franchises, or any other outlet that is owned or operated by the same ownership group as the Company. This includes all corporate stores owned by related parties (see Note E). Rebate income in the amount of $19,044 and $21,359, respectively, were generated under the Coca-Cola agreementwere remitted to Charburger, LC for income earned related to corporate owned stores for the years ended December 31, 2024 and 2023. December 31, 2024 and 2023, rebate expense payable to Charburger, LC was $9,610 and $10,671, respectively.

**NOTE D – REBATE AGREEMENTS (continued)**

As of December 31, 2024 and 2023, rebate income under the agreements identified above which had not been received by the balance sheet date amounted to $21,683 and $22,591, respectively. These amounts are included in accounts receivable on the accompanying balance sheets.

**NOTE E – RELATED PARTIES**

Foster's Franchise Concepts, LLC is owned 100% by Zeuss, LC, a Virginia limited liability company. The owners of Zeuss, LC also own Ares, LC, which owns 100% of nine active limited liability companies, which form the organization informally designated by management as the Foster's Grille Organization. Seven of the entities in theFoster's Grille Organization operate restaurants and two are management companies.

The Company paid a total of $16,630 and $16,503, respectively, for the years ended December 31, 2024 and 2023, to Charburger, LC, a wholly owned subsidiary of Ares, LC, as reimbursement for rent expense. The Company and Charburger, LC have a verbal agreement whereby the Company reimburses Charburger, LC on a month-to-month basis for 50% of the rent amount paid each month. Rent is included in office expense on the Statements of Income and Member's Equity.

As of December 31, 2024 and 2023, the Company paid a total of $69,831 and $57,468, respectively, to Charburger, LC as a management fee. The management fee is calculated as 40% of the weekly franchise fees received.

As of December 31, 2024 and 2023, the Company received $636 and $1,126, respectively, from Charburger, LC for various expense reimbursements ranging from advertising expense to various food agreements.

As of December 31, 2024 and 2023, the Company owed Charburger, LC $10,030 and $11,609, respectively, for rebates received by the Company under the Coca-Cola contract as a result of supplies purchased by Corporate owned stores. The amounts due to Charburger, LC are included in accounts payable on the accompanying balance sheets.

**NOTE F – CONCENTRATIONS OF CREDIT RISK**

The Company maintains cash balances at financial institutions located in the Northern Virginia area. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to $250,000. From time to time, the cash balance in these institutions may exceed the insured amount. The Company's cash is deposited in institutions whose credit ratings are monitored by management. The Company has not experienced any losses in such accounts.

At December 31, 2024, two customers accounted for approximately 81% of accounts receivable. At December 31, 2023, two customers accounted for approximately 76% of accounts receivable.

## NOTE G – COMMITMENTS

On April 1, 2017, the Company entered into a Beverage Marketing Agreement with The Coca-Cola Company. Theterm of this agreement is five years. Under this agreement, franchised outlets may only serve Coca-Cola branded fountain beverages. On April 1, 2022, the agreement was extended for another 5 years.

On July 9, 2021, the Company has executed a Broadline Distribution Agreement, on behalf of its affiliate Charburger, LC (see Note E), with Saval Foodservice (the "distributor") whereby the Company has agreed to purchase certain volumes of product from the distributor. The term of the agreement is August 21, 2023 through August 21, 2026. Under this agreement, the distributor may purchase proprietary products on behalf of the Company. After the three-year initial agreement period, the agreement shall roll over for one-year periods but either party may terminate the agreement with 60 days written notice. Under the agreement, proprietary products are defined as products the distributor has in inventory, in transit or for which orders have been placed, and that have been purchased, transferred, or consigned specifically to the Company's account. Products ordered on the Company's behalf that comprise 80% or more of the Company's total purchases of those products within a distribution center are also considered proprietary products. The Company is committed to purchase a minimum of 5 cases per week, for each proprietary product at each of the distributor's distribution centers servicing the Company. If the Company and Saval Foodservice cease doing business for any reason, the Company will purchase all remaining proprietary, special order, and dedicated inventory items at cost plus 12%.

At times, the Company may enter into other distribution or marketing agreements on behalf of franchisees for purposes of maintaining brand quality and consistency.

## NOTE H – FAIR VALUE

Unless disclosed otherwise, the Company estimates that the fair value of all financial and non-financial instruments at December 31, 2024 and 2023 does not differ materially from the aggregate carrying values recorded in the accompanying balance sheets. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts the Company could realize in a current market exchange.

## NOTE I – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 4, 2025, on which the financial statements were available to be issued and has determined that there are no subsequent events that require disclosure.

# EXHIBIT H

## FRANCHISEES AND AFFILIATE-OWNED RESTAURANTS

## FRANCHISEES AS OF DECEMBER 31, 2025

**Open Outlets:**

**Florida**

Don Kelly
Lighthouse Plaza, Unit 1
728 Pine Island Road
Cape Coral, FL 33990
239-573-4454

**Maryland**

Scott McKee and Jeremy Campbell
6390 Crain Hwy, Ste 105
La Plata, MD 20646
240-349-2479

Scott McKee, Mandy Knodle and Tara Campbell
Waldorf Marketplace
2975 Shasho Place
Waldorf, MD 20603
301-374-9474

Scott McKee and Jeremy Campbell
447 N. Solomons Island Road
Prince Frederick, MD 20678
443-295-8705

**Virginia**

Bruce & Lauren Catts
2004 Eisenhower Avenue
Alexandria, VA 22314
703-519-0055

At the close of our last fiscal year end, we had no area developers.

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

## AFFILIATE-OWNED RESTAURANTS AS OF DECEMBER 31, 2025

### Virginia

Foster's Grille – Bristow
10266 Bristow Center Drive
Bristow, VA 20136
703-396-8282

Foster's Grille – Chantily
5007-E Westone Plaza Drive
Route 28 & Westfields Boulevard
Chantilly, VA 20151
703-378-3797

Foster's Grille – Haymarket
4418 Costello Way
Haymarket, VA 20169
571-261-5959

Foster's Grille – Old Town Manassas
9417 West Street
Manassas, VA 20110
703-257-7272

Foster's Grille – Marshall
4199-A Winchester Road
Marshall, VA 20115
540-364-0470

Foster's Grille – South Riding
24995 Riding Plaza, #100
South Riding, VA 20152
703-957-3284

Foster's Grille – Vienna
138A West Maple Avenue
Vienna, VA 22180
703-281-2224

Foster's Grille – Warrenton
20 Broadview Avenue
Warrenton, VA 20186
540-349-5776

# EXHIBIT I

## FORMER FRANCHISEES

## FRANCHISEES WHO CEASED OPERATION IN 2025

### TRANSFERS

None

### TERMINATIONS

None

### NON-RENEWALS

None

### REACQUIRED BY FRANCHISOR

Jeremy Topper
Haymarket, VA 20151
202-497-1165

### CEASED OPERATIONS FOR OTHER REASONS

None

### HAVE NOT COMMUNICATED WITH US

None

# EXHIBIT J

## STATE EFFECTIVE DATES

## STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

| State | Effective Date |
|---|---|
| Maryland | [_____] |
| Virginia | [_____] |

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

# EXHIBIT K

## RECEIPTS

## RECEIPT
### (YOUR COPY)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Foster's Franchise Concepts, LLC ("we" or "us") offers you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

If Foster's Franchise Concepts, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise: Cirro Lo, 4432 Costello Way, Haymarket, Virginia 20169, (703) 754-6220; Mike Cerney, 4432 Costello Way, Haymarket, Virginia 20169, (703) 754-6220; and _____.

Date of Issuance: May 7, 2026

See Exhibit A for our registered agents authorized to receive service of process.

I have received a disclosure document dated May 7, 2026 that includes the following Exhibits:

| | | | |
|---|---|---|---|
| A | Agencies/Agents for Service of Process | F | Sample General Release |
| B | Franchise Agreement, State Riders and Attachments | G | Financial Statements |
| | | H | Franchisees and Affiliate-Owned Restaurants |
| C | Area Development Agreement, State Riders and Attachments | I | Former Franchisees |
| | | K | State Effective Dates |
| D | Franchisee Questionnaire | J | Receipts |
| E | Manager/Supervisor Confidentiality and Non-Competition Agreement | | |

| | | |
|---|---|---|
| _____ | _____ | _____ |
| Date | Signature | Printed Name |
| _____ | _____ | _____ |
| Date | Signature | Printed Name |

KEEP THIS COPY FOR YOUR RECORDS. This disclosure document is also available in PDF format by request to Cire Lo at clo@fostersgrille.com.

# RECEIPT
## (OUR COPY)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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| E | Manager/Supervisor Confidentiality and Non-Competition Agreement | J | State Effective Dates |
| | | K | Receipts |

| | | |
|---|---|---|
| Date | Signature | Printed Name |
| Date | Signature | Printed Name |

Please sign this copy of the Receipt, date your signature, and return it to us addressed as follows: Cire Lo, 4432 Costello Way, Haymarket, Virginia 20169. This disclosure document is also available in PDF format by request to Cire Lo at clo@fostersgrille.com.