



FRANCHISE DISCLOSURE DOCUMENT

Mac and Cheese Franchise Operations, LLC
a Delaware limited liability company
621 N.W. 53 Street, #165
Boca Raton, Florida 33487
561-300-5343

www.iheartmacandcheese.com
kayers@iheartmacandcheese.com

We offer qualified individuals and entities a franchise for the right to independently own and operate a family friendly quick serve restaurant specializing in the sale of customizable, made-to-order macaroni and cheese and grilled cheese sandwiches, as well as tomato soup, all of which are made in accordance with our proprietary recipes and/or ingredients, as well as any other items that we authorize (each, a “Restaurant” or “Franchised Business”). Each Restaurant is licensed to use our proprietary business operating system and our proprietary marks, including the mark “I Heart Mac and Cheese and more”. We also offer qualified parties the right to own and operate multiple Restaurants within a development area that we designate.

The total investment necessary to begin operation of an I Heart Mac and Cheese and more franchise ranges from \$330,000 - \$808,500, which includes \$44,800 you must pay to us or our affiliates for an initial Restaurant prior to opening that includes the initial franchise fee, initial inventory and grand opening supplies.

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

You may wish to receive your Disclosure Document in another format by contacting Kevin D. Ayers, c/o Mac and Cheese Operations, LLC at 621 N.W. 53 Street, #360, Boca Raton, Florida, 33487, or at phone number (561) 300-5343.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read your entire 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-FTCHELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

The Issue Date of this Franchise Disclosure Document is: April 24, 2023.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit H.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit D 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 I Heart Mac & Cheese business 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 an I Heart Mac & Cheese 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 restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About This Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and development agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Florida. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Florida than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
4. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
5. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.

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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Exhibits:

- Exhibit A – List of State Administrators and List of Agents for Service of Process
- Exhibit B – Franchise Agreement
- Exhibit C – Financial Statements
- Exhibit D – State Specific Addenda
- Exhibit E – Manual Table of Contents
- Exhibit F – Sample Termination and Release Agreement
- Exhibit G – List of Franchisees
- Exhibit H – List of Franchisees that Left the System in the Past Year or That Have Failed to Communicate with Us in the 10 Weeks Preceding the Issue Date
- Exhibit I – Compliance Certification
- Exhibit J – Copy of Maryland Bond
- Exhibit K - Receipts

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language of this Disclosure Document, Mac and Cheese Franchise Operations, LLC (the “Franchisor”) is sometimes referred to in this Disclosure Document as “we,” “us” or “our.” We refer to the person interested in buying the franchise as “franchisee,” “you” or “your.” If you are a corporation, partnership, limited liability company or other business entity, the terms “franchisee,” “you” and “your” also refer to your owners.

The Franchisor

We were organized under the laws of Delaware as a limited liability company on April 27, 2017. Our principal business address is at 621 N.W. 53 Street, Suite 165, Boca Raton, Florida 33487, and our telephone number for purposes of this Disclosure Document is 561-300-5343. We only do business under our corporate name and our proprietary marks, including the marks “I Heart Mac & Cheese” and “I Heart Mac & Cheese and more”. Our agents for service of process are listed in Exhibit A to this Disclosure Document.

We first began offering franchises for the right to operate a Franchised Business in the United States as of April 27, 2017. We do not offer or sell franchises in any other line of business and, except as described in this Item, we are not otherwise engaged in any other business activity. Through our affiliates, we have operated Franchised Businesses since 2017 and continue to operate Franchised Businesses temporarily until we agree to transfer to a franchisee.

Our Parents, Predecessors, and Affiliates

Our immediate parent company is Mac and Cheese Franchise Group, LLC, which has a principal place of business at 621 N.W. 53 Street, #165, Boca Raton, Florida 33487. Mac and Cheese Restaurant Holdings, LP, is the parent company of Mac and Cheese Franchise Group, LLC, and has a principal place of business at 621 N.W. 53 Street, #165, Boca Raton, Florida 33487. Mac and Cheese Franchise Management, LLC is the sole Manager of us and Mac and Cheese Franchise Group, LLC. Mac and Cheese Franchise Management, LLC has a principal place of business at 621 N.W. 53 Street, #165, Boca Raton, Florida 33487.

Since May 2023, our affiliate, RIT Operations, LLC (“RIT”), has offered franchises which sells ice cream, frozen yogurt, Italian ice, and similar frozen desserts with some offering coffee under the names RUSH ICED TREATS and PILAR COFFEE BAR & ICED TREATS. RIT maintains its principal place of business at 621 N.W. 53 Street, #165, Boca Raton, Florida 33487. RIT has never conducted business of the type described in this Disclosure Document.

Other than as stated above, our affiliates have not and do not offer franchises in this line or any other line of business. Other than as disclosed above, we do not have any predecessors and/or affiliates that are required to be disclosed.

The Franchised Business

We grant qualified parties a franchise for the right to independently establish, develop, own and operate a restaurant that offer and sells a variety of unique and customizable macaroni and cheese dishes and grilled cheese sandwiches, cooked in our state of the art quick cooking ovens that deliver a quality hot product in a matter of a few minutes, as well as tomato soup and any other menu items, beverages, and/or merchandise that we authorize for sale as disclosed more fully in this Disclosure Document (collectively, the “Approved Products”).

Each Franchised Business operates pursuant to our proprietary operating system, the characteristics of which include: proprietary standards and specifications for food recipes and preparation; interior and exterior designs and décor; standard specifications for furniture, fixtures, equipment, wall and ceiling designs and displays; advertising techniques, merchandising, marketing, advertising, and inventory management systems; and procedures for operating and managing the Franchised Business, which may be modified from time to time (the “System”).

The décor of the Restaurant is family friendly with large and small tables and the ability to host parties of all sizes and offer take-out orders. You may operate your Restaurant from a location that is typically between 1,200 square feet to 2,000 square feet, which we must accept in writing before you lease or acquire the space (the “Accepted Location”). If you are granted the right to operate a Restaurant, we expect that it will typically be located in or near busy retail shopping centers, colleges and universities, family centers, or other commercial business areas. Once you have secured an Accepted Location that we accept, we will designate that Accepted Location in the data sheet (the “Data Sheet”) attached to your franchise agreement. After we have designated your Accepted Location, we will adjust your designated territory (the “Designated Territory”), which is afforded certain territorial protections as outlined in Item 12.

We identify the System by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited to, the mark “I Heart Mac and Cheese and more”, distinctive trade dress, and any other trade names, trademarks, and service marks we may now or in the future designate in writing for use in connection with the System (the “Proprietary Marks”). We continue to develop, use, and control the Proprietary Marks in order to identify for the public the source of products and services marketed under the System, and to represent the System’s high standards of quality, appearance, and service.

In the event we develop a catering program, we may authorize you to provide catering services from your Accepted Location, provided you: (i) complete any additional training that we establish in connection with the provision of such catering services; (ii) have a vehicle, bike or other appropriate method of transportation that (a) bears the Proprietary Marks in the manner we prescribe, and (b) is otherwise adequately insured as part of the Franchised Business operations and meets any other reasonably-imposed standards for vehicles used in connection with such catering services; and (iii) are otherwise in material compliance with the terms of your franchise agreement at the time you request the right to provide such catering services.

In order to own and operate a Restaurant, you must enter into our current form of franchise agreement that is attached as Exhibit B to this Disclosure Document (the “Franchise Agreement”).

Market and Competition

Your Restaurant will offer and sell the Approved Products to the general public, and such sales are not seasonal in nature. The Restaurant will compete primarily with local quick casual restaurants and other regional, national, and international chains offering similar menu items as a Franchised Business, as well as other fast food, quick serve and sit-down restaurants. The casual and quick serve dining industry is mature and highly competitive. Your Restaurant will offer its products to the general public, and sales are not seasonal in nature. Your competitive advantage in the marketplace will be based on your adherence to our standards and guidelines, as well as your entrepreneurial and managerial abilities and focus on customer service.

Industry-Specific Regulations

Your Restaurant will be subject to laws and regulations in your state, county, or municipality regarding the operation of a restaurant generally, including but not limited to laws and regulations relating to the preparation and dispensation of food products such as the Approved Products, as well as occupational hazards and health laws, sanitation laws, and consumer protection laws.

You will also be subject to laws or regulations that are not specific to the restaurant industry, but applicable to businesses in general, including zoning laws, labor laws and the Fair Labor Standards Act, workers’ compensation laws, business licensing laws, tax regulations, and the Americans with Disabilities Act.

We have not investigated the laws or regulations applicable to your Restaurant. You are solely responsible for investigating and adhering to all applicable federal, state, and local laws and regulations, and your cost to comply with such laws and regulations, and you should do so before purchasing a franchise from us. We strongly suggest that you consult with an attorney, consultant and/or financial advisor regarding such regulations prior to purchasing a franchise from us. Applicable laws and regulations are subject to change.

ITEM 2

BUSINESS EXPERIENCE

Chief Executive Officer— Stephen Giordanella

Stephen Giordanella has served as our CEO since April 2017 and Mac and Cheese Franchise Group, LLC's CEO since January 2017. Mr. Giordanella has also served as the Manager of Mac and Cheese Franchise Management, LLC since March 2013. Mr. Giordanella has served as a Manager of SGNC, LLC for the purpose of creating the company since January 2006, but he has not performed any significant duties for this company. Mr. Giordanella has served as a Manager of Cabo Flats Doral, LLC for the purpose of creating the company since April 2014, but he has not performed any significant duties for this company. Mr. Giordanella has served as a Manager of Mac and Cheese FLL LLC for the purpose of creating the company since June 2016, but he has not performed any significant duties for this company. Mr. Giordanella served as Manager of Mac and Cheese Coral Springs, LLC from October 2016 to September 2020 for the purpose of creating the company, but he did not perform any significant duties for the company. Mr. Giordanella served as Manager of Mac and Cheese Parkland, LLC from November 2016 to September 2020 for the purpose of creating the company, but he did not perform any significant duties for the company. Mr. Giordanella served as Manager of Mac and Cheese Bayside NY, LLC from January 2018 to September 2020 for the purpose of creating the company, but he did not perform any significant duties for the company. Mr. Giordanella has served as a Manager of Mac and Cheese Jupiter, LLC for the purpose of creating the company since February 2017, but he has not performed any significant duties for this company. Mr. Giordanella has served as a Manager of Mac and Cheese Boca FAU, LLC for the purpose of creating the company since July 2017, but he has not performed any significant duties for this company. Mr. Giordanella has served as a Manager of Mac and Cheese Tallahassee, LLC for the purpose of creating the company since March 2018, but he has not performed any significant duties for this company. Mr. Giordanella served as Manager of Mac and Cheese Syracuse NY, LLC from July 2018 to September 2020 for the purpose of creating the company, but he did not perform any significant duties for the company. Mr. Giordanella has served as a Manager of Mac and Cheese Jones Crossing, LLC since December 2021 for the purpose of creating the company, but he has not performed any significant duties for this company. Mr. Giordanella has served as a Manager of Mac and Cheese Century Square, LLC since December 2021 for the purpose of creating the company, but he has not performed any significant duties for this company. Mr. Giordanella has served as a Manager of Mac and Cheese Scottsdale, LLC since April 2022 for the purpose of creating the company, but he has not performed any significant duties for this company. Mr. Giordanella has served as a Manager of SG Fla Enterprises LLC (formerly named Mac and Cheese Restaurant Management, LLC) since March 2019 for the purpose of creating the company, but he has not performed any significant duties for this company. Mr. Giordanella has served as a Manager of SG Gifts LP (formerly named Mac and Cheese Restaurant Holdings LP) since April 2021 for the purpose of creating the company, but he has not performed any significant duties for this company. Mr. Giordanella has served as a Manager of Giordanella Holdings, LLC since June 2013 for the purpose of creating the company, but he has not performed any significant duties for this company. Mr. Giordanella has served as Managing Manager of NHPI, LLC based in New York since August 2004. Mr. Giordanella has served as a Manager of Mac and Cheese Pines, LLC since August 2016 for the purpose of creating the company, but he has not performed any significant duties for this company. Mr. Giordanella has served as a Manager of Mac and Cheese Patchogue NY, LLC since February 2018 for the purpose of creating the company, but he has not performed any significant duties for this company. Mr. Giordanella served as Manager of Cabo Delray, LLC from June 2012 to April 2022 for the purpose of creating the company, but he did not perform any significant duties for the company. Mr. Giordanella served as Manager of Cabo West Palm, LLC from May 2015 to September 2020 for the purpose of creating the company, but he did not perform any significant duties for the company. Mr. Giordanella served as Manager of Cabo Pembroke Pines, LLC from August 2015 to April 2022 for the purpose of creating the company, but he did not perform any significant duties for the company. Mr. Giordanella served as Manager of Mac and Cheese Web Sales, LLC from prior to January 2019 to September 2020 for the purpose of creating the company, but he did not perform any significant duties for the company. Mr. Giordanella served as Manager of Cabo Flats Jupiter, LLC from February 2015 to September 2020 for the purpose of creating the company, but he did not perform any

significant duties for the company. Mr. Giordanella served as Manager of Cabo Doral City Place, LLC from January 2015 to September 2020 for the purpose of creating the company, but he did not perform any significant duties for the company. Mr. Giordanella has served as a Manager of Mac and Cheese Athens GA, LLC since May 2018 for the purpose of creating the company, but he has not performed any significant duties for this company. Mr. Giordanella has served as a Manager of Mac and Cheese Holdings, LLC since January 2016 for the purpose of creating the company, but he has not performed any significant duties for this company. Mr. Giordanella has served as a Manager of Cowberry Holdings, LLC since April 2023 for the purpose of creating the company, but he has not performed any significant duties for this company. Mr. Giordanella has served as the CEO for Cowberry Franchise Operations, LLC and Cowberry Franchise Group, LLC since April 2023. Except as otherwise noted, these companies are based in Boca Raton, Florida.

Vice President and General Counsel – Kevin D. Ayers

Kevin D. Ayers has served as our Vice President and General Counsel since January 2020. Mr. Ayers has served as the Vice President and General Counsel for Cowberry Franchise Operations, LLC since April 2023. Mr. Ayers has also served as Vice President and General Counsel of YCA Franchising, Inc. from May 2014 to April 2020 and as a partner to Schmidt & Ayers, LLC since August 2013. Mr. Ayers served as Manager of Executive Business Consulting, LLC from prior to 2017 to 2020.

Vice President of Franchise Development – Joseph Amodio

Joseph Amodio has served as the VP of Franchise Development for Mac and Cheese Franchise Group, LLC's Restaurant Concept since December 2018. Mr. Amodio has served as the Vice President of Franchise Development for Cowberry Franchise Operations, LLC since April 2023. Prior to his current service, Mr. Amodio was the VP of Franchise Development for Dickey's BBQ Franchise from June 2016 to August 2018. Mr. Amodio has also served as the President of Fransales, Inc. since May 1990.

Director of Finance – Delia Valles

Delia Valles has served as our Director of Finance since May 2017 and the Direct of Finance for Mac and Cheese Franchise Group, LLC since April 2017. Since February 2010, Ms. Valles has also served as the Director of Finance and Manager of C51 Management, located in Boca Raton, Florida. Ms. Valles has served as a Manager of Cabo Flats Doral, LLC for the purpose of creating the company since April 2014, but she has not performed any significant duties for this company. Ms. Valles has served as a Manager of Mac and Cheese FLL LLC for the purpose of creating the company since June to 2016, and she handles financial duties for this company. Ms. Valles served as Manager of Mac and Cheese Coral Springs, LLC from October 2016 to September 2020 for the purpose of creating the company, and she handled financial duties for this company. Ms. Valles served as Manager of Mac and Cheese Parkland, LLC from November 2016 to September 2020 for the purpose of creating the company, and she handled financial duties for this company. Ms. Valles served as Manager of Mac and Cheese Bayside NY, LLC from January 2018 to September 2020 for the purpose of creating the company, but she did not perform any significant duties for the company. Ms. Valles has served as a Manager of Mac and Cheese Jupiter, LLC for the purpose of creating the company since February 2017, and she handles financial duties for this company. Ms. Valles has served as a Manager of Mac and Cheese Franchise Management, LLC for the purpose of creating the company since July 2017, and she handles financial duties for this company. Ms. Valles has served as a Manager of Mac and Cheese Boca FAU, LLC for the purpose of creating the company since July 2017, and she handles financial duties for this company. Ms. Valles has served as a Manager of Mac and Cheese Tallahassee, LLC for the purpose of creating the company since March 2018, and she handles financial duties for this company. Ms. Valles served as Manager of Mac and Cheese Syracuse NY, LLC from July 2018 to September 2020 for the purpose of creating the company, but she did not perform any significant duties for the company. Ms. Valles has served as a Manager of Mac and Cheese Jones Crossing, LLC since December 2021 for the purpose of creating the company, and she handles financial duties for this company. Ms. Valles has served as a Manager of Mac and Cheese Century Square, LLC since December 2021 for the purpose of creating the company, but she has not performed any significant duties for this company. Ms. Valles has served as a Manager of Mac and Cheese

Scottsdale, LLC since April 2022 for the purpose of creating the company, but she has not performed any significant duties for this company. Ms. Valles has served as a Manager of SG Fla Enterprises LLC (formerly named Mac and Cheese Restaurant Management, LLC) since March 2019 for the purpose of creating the company, but she has not performed any significant duties for this company. Ms. Valles has served as a Manager of SG Gifts LP (formerly named Mac and Cheese Restaurant Holdings LP) since April 2021 for the purpose of creating the company, but he has not performed any significant duties for this company. Ms. Valles has served as a Manager of Giordanella Holdings, LLC since June 2013 for the purpose of creating the company, and she handles financial duties for this company. Ms. Valles has served as a Manager of Mac and Cheese Pines, LLC since August 2016 for the purpose of creating the company, and she handled financial duties for this company. Ms. Valles has served as a Manager of Mac and Cheese Patchogue NY, LLC since February 2018 for the purpose of creating the company, and she handled financial duties for this company. Ms. Valles served as Manager of Cabo Delray, LLC from June 2012 to April 2022 for the purpose of creating the company, and she handled financial duties for this company. Ms. Valles served as Manager of Cabo West Palm, LLC from May 2015 to September 2020 for the purpose of creating the company, and she handled financial duties for this company. Ms. Valles served as Manager of Cabo Pembroke Pines, LLC from August 2015 to April 2022 for the purpose of creating the company, and she handled financial duties for this company. Ms. Valles served as Manager of Mac and Cheese Web Sales, LLC from prior to January 2019 to September 2020 for the purpose of creating the company, but she did not perform any significant duties for the company. Ms. Valles served as Manager of Cabo Flats Jupiter, LLC from August 2015 to September 2020 for the purpose of creating the company, and she handled financial duties for this company. Ms. Valles served as Manager of Cabo Doral City Place, LLC from January 2015 to September 2020 for the purpose of creating the company, and she handled financial duties for this company. Ms. Valles has served as a Manager of Mac and Cheese Athens GA, LLC since May 2018 for the purpose of creating the company, and she handles financial duties for this company. Ms. Valles has served as a Manager of Mac and Cheese Holdings, LLC since January 2016 for the purpose of creating the company, and she handles financial duties for this company. Ms. Valles has served as a Manager of Mac and Cheese Syosset NY, LLC from January 2018 to September 2020 for the purpose of creating the company, and she handled financial duties for this company. Ms. Valles served as Manager of Cabo Fresh Express, LLC from April 2015 to September 2020 for the purpose of creating the company, but she did not perform any significant duties for the company. Ms. Valles has served as Manager of CJR Mac Pompano, LLC since November 2021 for the purpose of creating the company, but she does not perform any significant duties for the company. Ms. Valles has served as Manager of CJR Mac Springs, LLC since June 2020 for the purpose of creating the company, but she does not perform any significant duties for the company. Ms. Valles served as Manager of Life's Moments, LLC from April 2015 to September 2020 for the purpose of creating the company. Ms. Valles has served as Manager of PGA Mexx, LLC since October 2009 for the purpose of creating the company, and she handles financial duties for this company. Ms. Valles has served as a Manager of Cowberry Holdings, LLC since April 2023 for the purpose of creating the company, and she handles financial duties for this company. Ms. Valles has served as the Director of Finance for Cowberry Franchise Operations, LLC and Cowberry Franchise Group, LLC since April 2023. Except as otherwise noted, these companies are based in Boca Raton, Florida.

Director of Operations – Carlos “Max” Gonzalez

Carlos “Max” Gonzalez has served as our Director of Operations since April 2017. Mr. Gonzalez has served as the Director of Operations for Cowberry Franchise Operations, LLC since April 2023. He served as Director of Operations for the Cabo Flat entities from October 2016 to March 2020 located in South Florida.

Director of Marketing - Larry Brayman

Larry Brayman has served as our Director of Marketing since April 3, 2023. Mr. Brayman has served as the Director of Marketing for Cowberry Franchise Operations, LLC since April 2023. Mr. Brayman served as Territory Director for Luxottica retail managing North America, Caribbean and Puerto Rico from September 2014 to March 2023 located in Fort Lauderdale, Florida.

Director of Construction and Site Development - Mike Patch

Mike Patch has served as our Director of Construction and Site Development since September 2021. Prior to serving that time, Mr. Patch served as our VP of Design and Construction from October 2018 to August 2020. Mr. Patch served as the Area Developer and Construction Coordinator for H & P Wings, Inc. (Hurricane Wings) from April 2006 to October 2018. He also works as a construction management consultant for PatchWork, LLC and has done so since December 2013. Mr. Patch has served as the Director of Construction and Site Development for Cowberry Franchise Operations, LLC since April 2023.

Finance Manager - Alex Kennedy

Alex Kennedy has served as our Finance Manager since November 2022. Mr. Kennedy has served as the Finance Manager for Cowberry Franchise Operations, LLC since April 2023. From March 2022 to November 2022, Mr. Kennedy served as the Regional Controller for ABA Centers of America in West Palm, Florida. He was the Financial Controller and on the Business Leader Board for Retina Group of Florida from March 2021 to November 2021 in Fort Lauderdale, Florida. Mr. Kennedy served as Financial Controller for Vision Integrated Partners in Boyton Beach, Florida starting in September 2018 to February 2021. From May 2016 to August 2018, he served as Senior Accountant for Integrated Dermatology.

Corporate Training Manager - Luis Cetina

Luis Cetina has served as our Corporate Training Manager since November 2022. Prior to serving that time, Mr. Cetina served as People and Talent Executive Director at Chick-fil-a in Delray Beach, FL from September 2019 to August 2022. He also served as a Corporate Trainer for Chick-fil-a Corporate from December 2020 to November 2022 in the United States, Canada and Puerto Rico. Mr. Cetina served as a Director of Operations for BurgerFi (Weston Burger LLC) from April 2018 to August 2019 in Wellington and Weston, FL.

ITEM 3 LITIGATION

Melissa Beth Krokson, Bentley Krokson and BMD Mac & Cheese, LLC v. Mac and Cheese Franchise Operations, LLC (General Court of Justice, Superior Court, File Number 20-CVS-2807). On November 16, 2020, Melissa Beth Krokson, Bentley Krokson and BMD Mac & Cheese, LLC (collectively referred to as “Krokson”), a former franchisee of Mac and Cheese Franchise Operations, LLC (“MACFO”), commenced a civil action against MACFO asserting claims for (i) fraud in the inducement, (ii) negligent misrepresentation, (iii) violation of the North Carolina Unfair and Deceptive Trade Practices Act, (iv) violation of the Delaware Deceptive Trade Practices Act, and (v) declaratory judgment pursuant to North Carolina and Delaware statutory law. Krokson bought two franchises and did not open any of them. MACFO denied all allegations. This case was settled on March 9, 2021 in which MACFO agreed to refund to Krokson a little over half of the initial fees that Krokson had paid to MACFO.

G5 Services, LLC v. Mac and Cheese Franchise Group, LLC, Mac and Cheese Athens, GA, LLC, Mac and Cheese Franchise Operations, LLC, Stephen Giordanella, Joseph Amodio, Delia Valles, and Giordanella Holdings, LLC (Circuit Court of The 15th Judicial Circuit in and for Palm Beach County, Florida, Case No.: 502020CA003100XXXXMB). On March 16, 2020, G5 Services, LLC (“G5”), a former franchisee of Mac and Cheese Franchise Operations, LLC, commenced a civil action against Mac and Cheese Franchise Group, LLC. On July 22, 2020, G5 amended its complaint to include the other parties listed as defendants above (“Defendants”). The amended civil complaint against the Defendants asserts claims for (i) violation of Florida Deceptive and Unfair Trade Practices Act (ii) violation of the Florida Franchise Act (iii) breach of contract (iv) fraud in the inducement (for Mac and Cheese Franchise Group, LLC), (v) rescission of asset purchase agreement (for Mac and Cheese Franchise Group, LLC), (vi) declaratory judgment (for Mac and Cheese Franchise Group, LLC). The Defendants deny the allegations. Giordanella Holdings, LLC has been released from all claims. This case remains pending.

RQ Management, LLC v. Mac and Cheese Franchise Operations, LLC, (Circuit Court of the Fifteenth Judicial Circuit in and for Palm Beach County, Florida; Case no. 50-2018-CA-015959-XXXX-MB). On December 20, 2018, RQ Management (“RQ”), a franchisee of Mac and Cheese Franchise Operations (“MACFO”), commenced a civil action against MACFO, Stephen Giordanella, Michael Blum and Marci Rubin asserting claims for (i) fraud in the inducement, (ii) violation of the Florida Franchise Act, (iii) violation of the Florida Unfair and Deceptive Trade Practices Act, and (iv) negligent misrepresentation, seeking damages and rescission. The defendants deny the allegations. An Order for Dismissal settling this case was filed on August 24, 2021 in which MACFO agreed to remit a little over half of an initial franchise fee to RQ.

Mac and Cheese Franchise Operations, LLC v. Fredrick Leaf and Michael Miller (Fifteenth Judicial Circuit in and for Palm Beach County, Florida; Case no. 50 2023 CA 009227 XXXX MB Div. AJ). On April 5, 2023, Mac and Cheese Franchise Operations, LLC (“MACFO”) commenced a civil action against Fredrick Leaf and Michael Miller (“Defendants”) asserting claims for breach of contract for not opening franchises pursuant to franchise agreements. As of the date of this Disclosure Document, this case remains pending.

ITEM 4 BANKRUPTCY

No bankruptcy information must be disclosed in this Item.

ITEM 5 INITIAL FEES

Franchise Agreement - Initial Franchise Fee

You must pay us a lump sum initial franchise fee of \$35,000 for the right to operate a single Restaurant (the “Initial Franchise Fee”). You will pay the Initial Franchise Fee in full at the time you sign your Franchise Agreement, and the fee is deemed fully earned upon receipt and non-refundable under any circumstances. Additional Restaurants would have initial franchise fees in the amount of \$30,000.

Other Payments

You must purchase initial inventory in the amount of at least \$5,000 from us or our approved suppliers of food and beverages, including macaroni, cheese, bread, poultry and produce, smallware, paper goods, cleaning supplies. You must pay us for grand opening supplies in the amount of at least \$3,000 that may include our trademark on them including, but not limited to, posters, marketing supplies and giveaways. Uniforms for your staff will cost an additional amount of up to \$1,800. All of these fees are not refundable.

Uniformity

Except as otherwise disclosed in this Item, all fees described herein are calculated and imposed uniformly on franchisees.

ITEM 6 OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fee	5% of Gross Sales of your Franchised Business with a weekly minimum of \$175	Deducted weekly on or before the Friday of each week via EFT	Your royalty fee (“Royalty Fee”) will begin once your Franchised Business opens or 12 months from the date of your Agreement (in which case the Minimum Weekly Royalty Fee would be due until your franchise actually opens), whichever occurs first. Please note that “EFT” means Electronic Funds Transfer program. The weekly Royalty Fee will be based on the Gross Sales of your Franchised Business during the preceding calendar week. See Notes 1, 2, and 3

Brand Fund Contribution	3% of Gross Sales of your Franchised Business with a weekly minimum of \$100	Deducted weekly on or before the Friday of each week via EFT	We have established a brand development fund (the “Brand Fund” or “Fund”), to promote our Proprietary Marks, System and/or brand generally. Your brand fund contribution (“Brand Fund Contribution”) will begin once your Franchised Business opens or 12 months from the date of your Agreement (in which case the Minimum Weekly Brand Fund Contribution would be due until your franchise actually opens), whichever occurs first. The weekly Brand Fund Contribution will be based on the Gross Sales of your Franchised Business during the preceding calendar week. See Notes 1, 2, and 3
Local Advertising	At least 3% of Gross Sales of your Franchised Business over the preceding calendar month	Must be expended monthly	All advertising materials must be approved by us prior to use/publication. This is the minimum amount you must expend each week on local advertising and promotion of your Franchised Business within your Territory (the “Local Advertising Requirement”), but we encourage you expend additional amounts as you and your business advisors deem appropriate. The Local Advertising Requirement is in addition to the Brand Fund Contribution and Grand Opening Advertising. By the 5th day of each month, you must provide us receipts of expenditures for local advertising for at least the Local Advertising Requirement for the previous month along with any additional information required by us. If you do not provide the receipts or if you do not meet the Local Advertising Requirement at any time, then we will automatically withdraw any delinquent amounts and all future Local Advertising Requirement payments will be automatically withdrawn every week through the EFT Program. If the Local Advertising Requirement is automatically withdrawn, then you must provide us with invoices for local advertising preapproved by us for reimbursement.
Regional Cooperative Advertising	3% of Gross Sales of your Franchised Business	As directed.	We have the right, in our discretion, to designate any geographic area for purposes of establishing a regional advertising and promotional cooperative (“Cooperative”). Any or all of the Fund Contributions plus any or all of the Local Advertising Requirement may be re-designated for Cooperative advertising. All franchisees in the designated geographical area must participate in the respective Cooperative. If you are required to participate in a Cooperative, you must contribute 3% of your Gross Sales to the Cooperative, unless a majority of the Cooperative’s members vote to increase the required contribution. The Cooperative contributions will be credited towards your Local Marketing Requirement and will not exceed the Local Marketing Requirement unless a majority of the Cooperative’s members vote to spend an amount greater than the Local Marketing Requirement on advertising. If there is an affiliate-owned Restaurant in your Cooperative, then our affiliate will be able to vote on all matters that you and the other Cooperative members have the right to vote on.

Anniversary Marketing Fee	\$6,000	Two months prior to the one-year anniversary of the opening of your Franchised Business	We will automatically withdraw from your account this fee for marketing the one-year anniversary of the opening of your Franchised Business (“Anniversary Marketing Fee”) through EFT. We will withdraw the Anniversary Marketing Fee two months prior to the one-year anniversary of the opening of your Franchised Business.
Approval of Products or Suppliers	Our then-current alternative product or supplier evaluation fee (“Evaluation Fee”), plus our costs and expenses associated with approving an unapproved product or supplier. Currently, our Evaluation Fee is \$500	As incurred	If you request us to test an unapproved product or service or evaluate an unapproved supplier, you must pay our then-current Evaluation Fee, plus any out of pocket costs we incur in researching and approving the proposed product, service, or supplier, regardless of whether we subsequently approve the product or supplier.
Insurance Policies	Cost of Insurance	As required by insurer or broker	If you fail to obtain required insurance, we may obtain such insurance at your expense (but are not required to do so) and charge you a service fee to do so. Otherwise, these payments are made directly to your third-party insurance provider. You must name us and any additional parties we designate as an additional insured.
Transfer Fee (Franchise Agreement)	50% of then-current Initial Franchise Fee	Upon transfer	There are other conditions that you and the proposed transferee must meet in order for us to approve any proposed transfer/assignment.
Renewal fee	\$5,000	Upon renewal	You must also satisfy certain conditions enumerated in the Franchise Agreement in order to renew.
Relocation Assistance	Costs and expenses associated with relocation assistance	Time of assistance	We will charge you for relocation assistance if you request it and we agree to provide it.
Initial Training Fees	Our then-current initial training fee. Currently, \$10,000 per person, per training program	Time of training	We do not charge an initial training fee for you and one additional person to receive additional training, unless you are purchasing an already operating franchise in which case the fee is \$10,000. If you desire or are required to have additional persons trained, you must pay our then-current initial training fee for each additional person. You must pay our expenses and your expenses as well as your employees’ expenses in attending.
Additional Training	Our then current additional training fee (“Additional Training Fee”). Currently, our Additional Training Fee is \$1,000 per trainee per day	At time of additional training	You may request additional training from us, or we may require you to attend additional training if you are not meeting required standards or performance requirements at your Restaurant. These services will be provided by us as we deem appropriate in our sole discretion, and you will be charged our then-current training/service fee, plus any expenses that we incur including, among other things, lodging, travel, and meals. See Note 4

Annual Conference	Then-current registration fee	As incurred	We may, in our discretion, hold an annual conference at a location to be selected by us ("Annual Conference"). We may require you and your employees to attend the Annual Conference and pay our then-current registration fee. All expenses, including you and your employees' transportation to and from the Annual Conference, and lodging, meals, and salaries during the Annual Conference, are your sole responsibility. See Note 5
Audit Expenditures	Actual cost of our audit	As required.	See Note 6
Insufficient Funds, Late Reporting Fee, Interest, and Collection Costs	\$100, plus interest at 1.5% per month or highest lawful interest rate for commercial transactions	As incurred.	See Note 7
Indemnification	Amount of claim or judgment	As incurred.	You must reimburse us for our attorneys' fees and other costs that we incur in connection with any third-party claims brought against us that arise out of, or are related to, the operation of your Franchised Business.
Post-Termination and Post-Expiration Expenses	Costs and expenses associated with ceasing operations and de-identifying yourself with the System	When incurred	Upon termination of the Franchise Agreement by either us or you, regardless of the cause, and upon expiration and nonrenewal or transfer of the Franchise Agreement, you must pay all costs and expenses you incur in ceasing operation of the Restaurant and de-identifying yourself with the System.
Technology Fee	Then-current fees to third-party suppliers and \$150 per month to us	Deducted monthly on the 15th.	We charge a \$150 fee in connection with required technology needed to operate your Restaurant and have the right to increase this amount upon notice to you. See Note 8
Brand Compliance Fee	\$500 each week	On demand.	Only assessed if you do not comply with the requirements we establish for the operation of your franchise.
Non-Compliance Damages	Last 12 months of Royalty multiplied by 3 or \$100,000, whichever is greater	On demand	Only assessed if your Franchise Agreement is terminated due to a breach by you.

Explanatory Notes

Generally. Except as otherwise stated in this Item, all fees listed in this Item 6 Chart are imposed by, and payable to, us and are uniformly imposed on all of the franchisees in our System. These fees are payable in U.S. dollars and are non-refundable unless otherwise stated in this Item. Unless otherwise stated, the fees outlined in the Chart above apply to the Franchise Agreement only (and not the Development Agreement).

1. **Royalty Fee and Other Fees.** Your Royalty Fee, as well as any other fees payable to us or our affiliates under the Franchise Agreement, may be collected by us via EFT from the bank account you are required to designate solely for use in connection with your Franchised Business (your "EFT Account"). You must provide us with the details of your EFT Account upon execution of your Franchise Agreement and execute all documents necessary to authorize us to make withdrawals from this account throughout the term of your Franchise Agreement, including our then-current EFT Withdrawal Authorization form that is attached as an Exhibit to your Franchise Agreement. You must provide us with advance written notice of any change to the information related to your EFT Account.
2. **Collection Interval.** We currently require our franchisees to pay us on or before the Friday of each week based on the Gross Sales of the Franchised Business from the immediately preceding calendar week. We reserve the right to

change the interval at which we collect your Royalty Fee, Fund Contribution and other recurring fees payable to us or our affiliates under the Franchise Agreement upon written notice to you. You are required to provide us with a weekly Gross Sales report detailing your Gross Sales from the immediately preceding calendar week, along with your calculated Royalty Fee, Fund Contribution (if appropriate) and other information that we reasonably require (the “Gross Sale Report”) on or before the Friday of each week, in the manner and form we prescribe.

3. **Definition of Gross Sales.** “Gross Sales” includes (i) all revenues you generate from all business conducted at or from your Accepted Location, including amounts received from the sale or delivery of products and services, merchandise, and tangible property of any nature whatsoever, whether in cash or for credit, and whether collected or uncollected, (ii) orders which originated at any place other than the Accepted Location but delivery is made at or from the Accepted Location, (iii) catering sales (if and as permitted by us), and (iv) the proceeds from any business interruption insurance related to the non-operation of your Franchised Business. The term “Gross Sales” does not include does not include the amount of any applicable sales tax imposed by any federal, state, municipal, or other governmental authority if the taxes are stated separately when the customer is charged, and you pay taxes when due to the appropriate taxing authority. Also excluded from Gross Sales is the amount of any documented refunds, chargebacks, credits, and allowances given to customers in good faith and in accordance with our operating procedures. All barter and exchange transactions for which you furnish services or products in exchange for goods or services to be provided to you by a vendor, supplier, or customer will be valued at the full retail value of the goods or services provided to you.
4. **Additional Training Fees.** You may be required to attend ongoing training programs and/or refresher courses that will be held tuition-free. However, you are responsible for all direct costs and expenses of you, your manager, and your employees, including transportation to and from the training site, lodging, and meals. You may request additional training from us, or we may require you to attend additional training if you are not meeting required standards or performance requirements at your Restaurant. These services will be provided by us as we deem necessary, and you will be charged our then-current training fee, plus any expenses that we incur including, among other things, lodging, travel, and meals. If you default under the Franchise Agreement, we also have the right, but not the obligation, to manage your Restaurant until you are in compliance. You must pay our then-current fee plus our expenses if we exercise our step-in rights.
5. **Annual Conference.** In the event we hold an Annual Conference, we will determine the topics and agenda, which may include, without limitation, updating franchisees on new developments affecting franchisees, exchanging information between franchisees and our personnel regarding Restaurant operations and programs, and recognizing franchisees for their achievements. We may use expenditures from the Brand Fund for purposes related to the Annual Conference, including costs related to production, programs, and materials.
6. **Audit/Inspection Costs.** You must maintain accurate business records, reports, accounts, books and data relating to the operation of your Restaurant. We, or our designee, have the right, at any time during normal business hours, to inspect and/or audit your business records, to determine whether you are current with suppliers and/or otherwise are operating in compliance with the terms of the Franchise Agreement or the Manual (as defined in Item 8 of this Disclosure Document). If any audit reveals that you have understated your Gross Sales by 2% or more, or if you have failed to submit timely reports and/or remittances for any 2 reporting periods within any 12-month period, you must pay the reasonable cost of the audit and/or inspection, including the cost of outside auditors and attorneys (if we incur these costs), together with amounts due for Royalty, Brand Fund Contributions and other fees as a result of such underreporting and/or failure to submit reports, along with all late fees and interest which may otherwise be due under the Franchise Agreement. If we conduct an inspection of your Accepted Location and we find that you are in default of our System standards, you will be responsible for our costs in conducting such inspection.
7. **Insufficient Funds Fee, Late Fee, Interest, and Collection Costs.** You must pay us a late fee of \$100 for any payment or report that is not received by its due date. In addition, any late payment or underpayment of the Royalty or Brand Fund Contribution, and any other charges or fees you owe us, will bear interest from the due date until paid at the lesser of 1.5% interest per month or the highest lawful interest rate which we may charge for commercial transactions in the state in which your Restaurant is located. If you are in breach or default of any monetary or non-monetary material obligation under the Franchise Agreement or any related agreement between you and us, and we engage an attorney to enforce our respective rights (whether or not we initiate formal judicial proceedings), you must pay all reasonable attorneys’ fees, court costs and litigation expenses we incur. If you institute any legal action to interpret or enforce the terms of the Franchise Agreement, and your claim is denied or the action is dismissed,

you must reimburse us our reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against the action. We are entitled, under the Franchise Agreement, to have this amount awarded as part of the judgment in the proceeding.

8. **Technology Fee.** You are required to pay all third-party fees associated with required computer software and other required technology associated with the operation of the Restaurant. You are also required to pay us a \$150 monthly Technology Fee. We may change the amount, scope, or manner of payment of any technology fee, including the party to whom payment is made, at any time upon providing reasonable notice. The current technology fees are paid to cover a point-of-sale software subscription, music source, inventory management, and internet service.

ITEM 7 YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM IS PAYMENT TO BE MADE
Franchise Fee ¹	\$35,000	Lump Sum	Upon Signing Franchise Agreement	Us
Real Estate/ Rent ²	\$4,000-\$7,000	As arranged	As arranged	Landlord
Utility Deposits ³	\$1,000-\$2,000	As arranged	As incurred	Third Parties
Leasehold Improvements / Build Out / Permits ⁴	\$90,000-\$500,000	As arranged	As incurred	Landlord/Contractor/ Licensing Authorities
Furniture, Fixtures and Equipment; POS ¹⁰	\$119,200 - \$147,700	As arranged	Before beginning operations	Third Party Suppliers
Architecture Expenses ⁵	\$7,600 - \$14,000	As arranged	As incurred	Architect
Insurance ⁶	\$2,500-\$6,000	As arranged	As arranged	Insurance Company or Broker
Office equipment and supplies ⁷	\$500-\$2,500	As arranged	Before beginning operations	Third Party Suppliers or us
Pre-Opening Training Expenses ⁸	\$1,000 -\$3,000	As arranged	Before beginning operations	Third Party Vendors
Signage ⁹	\$5,000-\$8,000	As arranged	As arranged	Third Party Suppliers
Initial Inventory ¹¹	\$5,000	As arranged	Before beginning operations	Approved Suppliers
Grand Opening Advertising ¹²	\$15,000-\$18,000	As arranged	Period spanning one month before and two months after opening	Third Party Vendors

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM IS PAYMENT TO BE MADE
Business Licenses ¹³	\$500-\$1,000	As arranged	Before beginning operations	Licensing Authority
Grand Opening Supplies ¹⁴	\$3,000	Lump Sum	Before beginning operations	Us
Uniforms	\$1,600-\$1,800	Lump Sum	Before beginning operations	Us
Legal & Accounting ¹⁵	\$4,000	As arranged	Before beginning operations	Attorney, Accountant
Dues and Subscriptions ¹⁶	\$100-\$500	As arranged	Before beginning operations	Third Parties
Audio/Visual/ Security System ¹⁷	\$25,000-\$30,000	As arranged	Before beginning operations	Approved Suppliers
Additional Funds ¹⁸	\$10,000-\$20,000	As arranged	First 90 days of Operation	You Determine
Total ¹⁹	\$330,000 - \$808,500			

Explanatory Notes to Chart 7.

General. All fees and payments are considered non-refundable and deemed fully earned upon payment, unless otherwise stated or permitted by the payee.

- Initial Franchise Fee.** The details of the Initial Franchise Fee are described in Item 5.
- Real Estate/Rent.** You must secure a retail premises on which to locate the Restaurant. You will require a space of approximately 1,200 to 2,000 square feet. It is extremely difficult to estimate lease acquisition costs because of the wide variation in these costs depending upon location. Lease costs will also vary based upon variance in square footage, cost per square footage, local market commercial lease rates, and required maintenance costs. This estimate covers your cost for the security deposit and the first month's rent. With our prior approval, you may be able to operate your Restaurant at a smaller location, such as in a food court. While you might not have to incur certain costs described in this Item 7 if your Restaurant is located in a food court, your rent may be significantly higher. The remainder of the rent expense during the first 3 months is covered under Additional Funds. The amounts paid are typically not refundable except for a security deposit, which may be refunded.
- Utility Deposits.** This estimate covers your utility and all deposits necessary to obtain those services. These costs will vary depending on the type of services required for the Restaurant and the municipality from which they are being contracted. It is extremely difficult to estimate lease acquisition costs because of the wide variation in these costs depending upon location.
- Leasehold Improvements/Build Out/Permits.** Leasehold improvements include permits, permanent construction items in the franchisee's facility. Such items typically include drywall, flooring, cabinets, countertops, HVAC, plumbing, and electric. Your cost for leasehold improvements to an existing building will vary depending upon the size of your Restaurant, the condition of the premises, and its geographic location. If you are converting an existing business into a Restaurant, your costs may be higher or lower depending on the available assets, fixtures and conversion costs. Construction costs in some areas of the country may exceed these estimates. Your landlord may

provide some or all of these improvements at no additional cost. You may also be provided free rent for a period of time by your landlord. You will likely have to obtain construction or building permits for the remodeling of the Franchised Restaurant's facility, and you may have to pay impact fees depending on the policies of local governmental agencies. The figures in the chart are based on the actual experiences of our corporate location build-outs and do not reflect allowances from the landlord. These situations are site specific and we cannot estimate the costs; a franchisee should evaluate those potential costs for any specific site that might be considered. Please note that the costs are generally higher in the state of California but within the estimates within the chart.

5. **Architecture Expenses.** You must obtain construction plans for the build-out of your Restaurant according to our specifications. We reserve the right to designate and/or approve of the designer and/or architect you use.
6. **Insurance.** Business insurance coverage will vary from state to state and will depend on your prior loss experience, if any, and/or the prior loss experience of your insurance carrier in the state or locale in which you operate your Restaurant, and national or local market conditions.
7. **Office Supplies and Equipment.** You must purchase general office supplies including stationery, business cards and typical office equipment such as a Kitchen Display System ("KDS") purchased from us which is basically a 24" tablet that is mounted on the line to show orders being processed, computer and printer to allow you to prepare and print employee documents and financial reports. Factors that may affect your cost of office equipment and supplies include local market conditions and competition among suppliers, among other things.
8. **Pre-Opening Training Expenses.** This estimate is for the cost for you or your "Designated Principal" (defined as the managing shareholder, member or partner of you if you are an entity), plus one additional person, to attend the initial training program held at a location we designate in or around South Florida. We do not charge tuition for up to 2 people to attend the initial training program at our designated location, but you will be responsible for all costs associated with attending the initial training program for you and your staff. The cost you incur will vary depending upon factors such as distance traveled, mode of transportation, travel preferences (such as air travel or ground transportation), nature of accommodations, per diem expenses actually incurred, and the number of persons who attend training. This estimate does not include any wages or salary for you or your trainee(s) during training.
9. **Signage.** This estimate includes the cost of acquiring menu boards, posters and outdoor signage for the Restaurant. The cost of signage will depend on the size and location of the Restaurant, your landlord's particular requirements, local and state ordinances, and zoning requirements. Unless we have designated an approved supplier to service your Designated Territory, you may purchase signage from any third party supplier so long as the signage conforms to our standards and specifications.
10. **Furniture, Fixtures, and Equipment.** You must purchase or lease start-up equipment meeting our standards and specifications from our designated and approved suppliers. These figures represent the purchase of the necessary equipment from suppliers to operate the Restaurant. The estimate includes the cost of acquiring fixtures, tables and chairs, equipment (including the cash register, ovens, soda machines, etc.), point of sale system ("POS System"), and décor necessary to operate your Franchised Business. The costs listed here do not include any transportation or set up costs. Third-party financing may be available for qualified candidates for some of equipment costs; however, with such financing comes associated costs and fees which may cause the total cost to exceed what is indicated in this chart. The high end of this range assumes you will buy all brand new equipment for use in the Restaurant.
11. **Initial Inventory.** You must purchase opening inventory from us or our approved suppliers of food and beverages, including macaroni, cheese, bread, poultry and produce, smallware, paper goods, cleaning supplies. You may purchase more than the required \$5,000 of inventory for your opening. You are required to purchase on-going inventory of these products as necessary to operate your franchise. Certain of these items must be purchased from us or approved and designated suppliers we may now or in the future designate. See Item 8 of this disclosure document for more information about your obligation to purchase from approved and designated suppliers.
12. **Grand Opening Advertising.** Within 10 days from being granted your permitting to begin construction on your Accepted Location, you must remit to us \$15,000 to \$18,000 for grand opening advertising in your Territory (the "Grand Opening Advertising Requirement"). Your Grand Opening Advertising Requirement will be \$18,000 if your Accepted Location is within a metro market with a designated marketing area ("DMA") of 1,000,000 or more population as determined by The Nielson Company; and your Grand Opening Advertising Requirement will be \$15,000 if your Accepted Location is not within a metro market. We will use all of the Grand Opening Advertising Requirement to provide advertising for Franchisee prior to opening the Franchised Business. We have the sole

discretion on how and what to spend the Grand Opening Advertising Requirement for the Franchised Business. Upon your written request, we will provide a report on how and on what the Grand Opening Advertising Requirement was spent. The Grand Opening Advertising Requirement is in addition to the Fund Contributions and Local Advertising Requirement.

13. **Business Licenses.** The cost of business licenses will depend upon the state, county, or other geographic location within which you operate the Restaurant.
14. **Grand Opening Supplies.** You must pay us for grand opening supplies that may include our trademark on them including, but not limited to, posters, marketing supplies and giveaways.
15. **Legal & Accounting.** These fees are representative of the costs for engagement of professionals such as attorneys and accountants. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this Disclosure Document and the Franchise Agreement. It is also advisable to consult these professionals to review any lease or other contracts that you will enter into as part of opening and operating your Restaurant.
16. **Dues and Subscriptions.** You must purchase subscriptions to an approved satellite radio, internet and TV system. The costs will depend upon the third-party vendors in your area and the services you purchase. These estimates cover the initial set-up fees and the first month's fees.
17. **Audio/Visual/Security System.** You are required to purchase and install an audio/visual system, security camera system, and at least 8 security cameras including enough security cameras to at least record the areas comprising of the POS System and cash registers, the back of the Restaurant, and the front of the Restaurant, in accordance with our standards and specifications. You are required to purchase and install at least 5 televisions. These costs may vary based upon the size and layout of your Restaurant. We may require you to purchase the security system from an approved supplier.
18. **Additional Funds/Working Capital (3 Months).** The range in the Chart reflects the amount of additional working capital you will need during the first 3 months of operation to pay other expenses including, among other things, payroll and payroll taxes. These figures are estimates and we cannot guarantee that you will not have additional expenses in starting the business.
19. **Total.** These estimates are based on the experience of executives' combined industry experience in operating I Heart Mac and Cheese restaurants, as well as information we have received from our affiliates and business colleagues. These costs will vary substantially if your Restaurant premises was formerly a restaurant operation, as many of the leasehold, equipment and furniture costs may be reduced. Should your landlord elect to provide allowances to you in the form of cash or free rent, your costs may also be reduced. The range and level of investment may vary depending on your lease requirements, any tenant improvement allowance you may negotiate, the equipment and finishes you select and other factors that may be unforeseen. Your costs may vary based on a number of factors including but not limited to the geographic area in which you operate, local market conditions, the location selected, the time it takes to build sales of the Restaurant and your skills at operating a business in general. We do not offer direct or indirect financing to you for any items. The availability of financing through third-party lenders, if any, will depend on factors such as the lending policies of such financial institutions, the collateral you may have, your creditworthiness, and the general availability of financing. We strongly recommend that you use these categories and estimates as a guide to develop your own business plan and budget and investigate specific costs in your area.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your Restaurant in strict conformance with our methods, standards, and specifications which we prescribe in our confidential operations manual and various other confidential manuals and writings prepared for use by you in operating a Restaurant (collectively the "Manuals"). We may change our System standards and specifications from time to time, as we deem appropriate or necessary in our sole discretion, and you will be solely responsible for costs associated with complying with any modifications to the System.

Approved Products

You may only market, offer, sell and provide the Approved Products, as well as any services we authorize (“Approved Services”), from or through your Franchised Business in a manner that meets our System standards and specifications. We will provide you with a list of our then-current Approved Products, along with their corresponding proprietary ingredients, recipes and standards and specifications for storage, preparation and presentation, as part of the Manuals or otherwise in writing prior to the opening of your Franchised Business. We may update or modify this list in writing at any time.

If you wish to offer any product or service in your Franchised Business other than our Approved Products and Approved Services (collectively, the “Approved Products and Services”), or use any item in connection with your Franchised Business that does not meet our System standards and specifications, then you must obtain our prior written approval as described more fully in this Item.

Approved Suppliers

We have the right to require you to purchase any items or services necessary to operate your Franchised Business from a supplier that we approve or designate (each, an “Approved Supplier”), which may include us or our affiliate(s). We will provide you with a list of our Approved Suppliers in writing as part of the Manuals or otherwise in writing, and we may update or modify this list as we deem appropriate in our sole discretion.

You must currently use our Approved Suppliers for the following: (i) certain other furniture, fixtures, equipment and flooring necessary to build-out and equip the Franchised Business; (ii) POS system and related software; (iii) security system and related software; (iv) certain ingredients, supplies, and other inventory necessary to prepare the Approved Products and/or otherwise operate the Franchised Business; (v) branded merchandise; signage and wall coverings; (vi) architecture related to site planning; and (vii) site selection.

We, our affiliate or a designated third party may be one of several, or the only, Approved Supplier of any item. We reserve the right to require you to purchase any products and services directly from us or our affiliate. We and our affiliates have the right to realize a profit or otherwise derive revenue on any products or services that we, our affiliates or our Approved Suppliers supply and/or provide to you. As of the Issue Date of this Disclosure Document, we are an Approved Supplier for (i) signage and certain wall coverings, (ii) certain furniture, including tables and chairs, and (iii) certain food and beverage ingredients and products. We are also currently the only Approved Supplier for employee uniforms, and certain inventory, supplies, and merchandise that bear our Proprietary Marks.

If you wish to purchase a product or service that we require you to purchase from an Approved Supplier from an alternate source, then you must obtain our prior written approval as outlined more fully in this Item. We may provide our standards and specifications for our Approved Products directly to our Approved Suppliers and may provide these standards and specifications to an alternative supplier you propose if: (i) we approve the supplier in writing as outlined more fully in this Item; and (ii) the alternative supplier agrees to sign our prescribed form of non-disclosure agreement with respect to any confidential information we disclose.

Except as provided in this Item, neither we nor any of our affiliates are an Approved Supplier for any items you are required to purchase or license in connection with your Franchised Business, and none of our officers own an interest in any of our Approved Suppliers other than us.

We may, when appropriate in our sole discretion, negotiate purchase arrangements, including price terms, with designated and Approved Suppliers on behalf of the System. We may, but are not obligated to, establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the I HEART MAC AND CHEESE Restaurants in our System. If we do establish those types of alliances or programs, we may: (i) limit the number of approved suppliers with whom you may deal; (ii) designate sources that you must use for some or all products, equipment and services; and (iii) refuse to approve proposals from franchisees to add new suppliers if we believe that approval would not be in the best interests of the System.

We and/or our affiliates may receive payments or other compensation from Approved Suppliers or any other suppliers on account of these suppliers' dealings with us, you, or other Franchised Businesses in the System, such as rebates, commissions or other forms of compensation. We may use any amounts that we receive from suppliers for any purpose that we deem appropriate. We and/or our affiliates may negotiate supply contracts with our suppliers under which we are able to purchase products, equipment, supplies, services and other items at a price that will benefit us and our franchisees.

We currently receive rebates from following Approved Suppliers:

- Coca Cola pays to our affiliate, Giordanella Holdings, LLC, a rebate on a sliding scale based on usage from all company and franchise stores combined and a growth fund depending on volume of syrups purchased. Coca Cola also pays you \$1,100 when you open your franchise. The rebate rate is \$1.51 per gallon on legacy syrups. The growth fund starts at no rebate for the first 7,499 gallons and escalates to a maximum of \$0.00066/gallon for purchases over \$37,500.
- Marzitti's Pasta pays to us a rebate in the amount of \$2.00 per case of pasta purchased by our franchisees.
- Kraft pays to our affiliate, Mac and Cheese FLL, LLC, a rebate in the amount of \$6.00 per case purchased by our franchisees.
- Dr. Pepper pays to us a rebate in the amount of \$5.25 per BIBB purchased by our franchisees; an additional \$.25 per gallon purchased by our franchisees during specific marketing campaigns; \$150 for equipment each year per franchise; and \$100 for each new opening.
- Red Bull pays to us a rebate in the amount of \$2.50 per case purchased by our franchisees.
- Katom pays to us a rebate of up to 3% of new equipment purchased by our franchisees.
- Acme pays to us 3% of all paper products (excluding Heart Bowls and Lids) sold to our franchisees.
- Independent Wraps & Customs pays to us \$1 per square foot of all wall wrapping sold to our franchisees.
- Commercial Lighting pays to us 5% of all lighting sold to our franchisees.
- Plank and Mill pays to us 10% of all flooring sold to our franchisees.
- Black Hawk pays to us \$1,000 for any security system sold to our franchisees.
- Lasky pays us \$1,000 per franchisee for architecture services performed.
- Hormel pays us \$0.06 per pound on eligible product categories and \$0.22 per pound on cooked bacon sold to our franchisees.
- Unique Rabbit pays us \$85 per each purchase made by our franchisees.
- ADP pays us 8% of only the 1st year annual net recurring revenue for payroll services for our franchisees.
- FiServ pays us 15% of net recurring revenue received from our franchisees for payment card services.

Required Purchases and Right to Derive Revenue

The products or services we require you to purchase or lease from an Approved Supplier, or purchase or lease in accordance with our standards and specifications, are referred to collectively as your "Required Purchases." We estimate that your Required Purchases will account for approximately 70% to 90% of your total costs incurred in establishing your Franchised Business, and approximately 35% to 50% of your ongoing costs to operate the Franchised Business after the initial start-up phase. Please be advised that these percentages do not include your lease payments you make in connection with your Accepted Location.

We reserve the right to derive revenue from any of the purchases (items or services) that our System franchisees are required to make in connection with the Franchised Business. As of our fiscal year ended December 31, 2022, we derived \$155,200, or 7.27% of total revenue \$2,134,624 from required purchases and leases. Our affiliate derived \$1,323,504.73 revenue from required purchases.

Non-Approved Product/Service and Alternate Supplier Approval

We may, but are not obligated to, grant your request to: (i) offer any products or services in connection with your Franchised Business that are not Approved Products; or (ii) purchase any item or service we require you to purchase from an Approved Supplier from an alternative supplier.

If you wish to undertake either of these actions, you must request and obtain our approval in writing before: (i) using or offering the non-approved product or service in connection with your Franchised Business; or (ii) purchasing from a non-approved supplier. You must pay our then-current Evaluation Fee when submitting your request, and the costs/expenses we incur in evaluating/testing your proposal. We may ask you to submit samples or information so that we can make an informed decision on whether the goods, equipment, supplies or supplier meet our specifications and quality standards. In evaluating a supplier that you propose to us, we consider not only the quality of the particular product at issue, but also the supplier's production and delivery capability, overall business reputation and financial condition. We may provide any alternate supplier you propose with a copy of our then-current specifications for any product(s) you wish the supplier to supply, provided the supplier enters into a confidentiality and non-disclosure agreement in the form we specify. We may also inspect a proposed supplier's facilities and test its products and request that you reimburse our actual costs associated with the testing/inspection.

We will notify you in writing within 30 days after we receive all necessary information and/or complete our inspection or testing to advise you if we approve or disapprove the proposed item and/or supplier. The criteria we use in approving or rejecting new suppliers is proprietary, but we may (but are not required to) make it available to you upon request. Each supplier that we approve of must comply with our usual and customary requirements regarding insurance, indemnification and non-disclosure. If we approve any supplier, we will not guarantee your performance of any supply contract with that supplier under any circumstances. We may re-inspect and/or revoke our approval of a supplier or item at any time and for any reason to protect the best interests and goodwill of our System and Proprietary Marks. The revocation of a previously-approved product or alternative supplier is effective immediately when you receive written notice from us of revocation and, following receipt of our notice, you may not place any new orders for the revoked product, or with the revoked supplier.

Purchasing Cooperatives and Right to Receive Compensation

We may, when appropriate, negotiate purchase arrangements, including price terms, with designated and Approved Suppliers on behalf of the System. We may negotiate certain purchase arrangements with our Approved Suppliers. We may establish further strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the Franchised Businesses in our System. We may: (i) limit the number of approved suppliers with whom you may deal; (ii) designate sources that you must use for some or all products, equipment and services; and (iii) refuse to approve proposals from franchisees to add new suppliers if we believe that approval would not be in the best interests of the System.

We and/or our affiliates may receive payments or other compensation from Approved Suppliers or any other suppliers on account of these suppliers' dealings with us, you, or other Franchised Businesses in the System, such as rebates, commissions or other forms of compensation. We may use any amounts that we receive from suppliers for any purpose that we deem appropriate. We and/or our affiliates may negotiate supply contracts with our suppliers under which we are able to purchase products, equipment, supplies, services and other items at a price that will benefit us and our franchisees.

Material Benefits

We do not provide material benefits to you based on your buying particular products or services or using particular suppliers.

Franchisee Compliance

When determining whether to grant new or additional franchises, we consider many factors, including your compliance with the requirements described in this Item 8. You do not receive any further benefit as a result of your compliance with these requirements.

Advertising

All advertising and promotional materials and other items we designate must bear the Proprietary Marks in the form, color, location and manner we prescribe. In addition, all your advertising and promotion in any medium must be conducted in a dignified manner and must conform to the standards and requirements we prescribe in the Manuals or otherwise. You must obtain our approval before you use any advertising and promotional materials or plans in connection with your Franchised Business if we have not prepared or approved them during the 12 months prior to the date of your proposed use.

Accepted Location and Lease

You must obtain our prior written approval of the Accepted Location for your Franchised Business before you acquire the site. You must also obtain our acceptance of any contract of sale or lease for the Accepted Location before you execute the contract or lease, and we may condition our acceptance of any such lease on: (i) you and the landlord agreeing to enter into our prescribed form of Collateral Assignment of Lease, as well as prescribed form of Lease Addendum, in substantially the same form as that attached to the Franchise Agreement as an Exhibit or as we otherwise provide to you as part of the Manuals; (ii) you providing us with any proposed lease or other occupancy agreement so that we have sufficient time to review and provide you with our feedback or rejection/approval; (iii) the proposed Accepted Location and corresponding lease meeting our then-current site selection criteria and standards for new Franchised Businesses; and (iv) the parties updating or amending the Data Sheet attached to the Franchise Agreement to indicate the Accepted Location and also to describe the Designated Territory associated with the Accepted Location, all contemporaneous with your execution of any approved form of lease for that Accepted Location. We may, but are not required to, provide you with a template form of letter of intent ("LOI") or example/template form of lease to use and/or consider in connection with your lease negotiations.

You must also obtain our prior written approval of all architectural designs for your Restaurant before you begin the build-out, remodeling and/or construction of your Franchised Business at the Accepted Location. You must use the architect that we require, unless you have written permission from us to do otherwise. We may condition our acceptance of any such architectural designs on whether they comply with all of our System standards and specifications related to the build-out, remodeling and/or construction of your Franchised Business. You will be provided with our typical prototypical store design and construction guidelines.

Insurance

You must purchase and maintain the types and amounts of insurance that we designate in our Manuals or otherwise in writing, all of which we may modify from time to time as we deem appropriate in our reasonable discretion. We do not have an Approved Supplier for insurance, but you must furnish us with certificates of insurance (or, at our request, copies of all insurance policies), evidencing the existence and continuation of the insurance coverage required by the Franchise Agreement. All policies must contain a waiver of subrogation in our favor and must name us and any additional parties we designate as additional insureds (except with regards to workers' compensation insurance). All policies must be underwritten by companies having an A.M. Best rating of A-VIII or higher. You must maintain these insurance levels, as described more fully in this paragraph, throughout the term of your Franchise Agreement. At a minimum, you are required to purchase and maintain the following: (i) comprehensive general liability insurance of \$1,000,000 per occurrence and a \$2,000,000 umbrella general liability insurance in the aggregate; (ii) worker's compensation as required under applicable laws and regulations and any other insurance required by Franchisee's lenders or landlord; (iii) fire, vandalism and extended coverage insurance with primary and excess limits of at least the full replacement value of the franchise and its furniture, fixtures and equipment; (iv) business income interruption and extra expense insurance covering actual loss for not

less than 6 months; (v) employment practices liability insurance of \$1,000,000 with a deductible not greater than \$10,000; and (vi) any other coverage that Franchisor periodically requires to satisfy insurance-related obligations.

Computer Hardware and Software

You must purchase the computer hardware and software we designate for use in connection with the operation of your Restaurant. Please see Items 6, 7, and 11 for more information regarding required computer hardware and software purchases.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section in Franchise Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	1	Item 11
b.	Pre-opening purchases/leases	7	Items 7, 8, 11
c.	Site development and other pre-opening requirements	7	Items 6, 7, 11
d.	Initial and ongoing training	6	Item 11
e.	Opening	7.3	Item 11
f.	Fees	2, 3, 6, 8, 9, 12, 13, 15 and 16	Items 5, 6, 7, 11
g.	Compliance with standards and policies/Confidential Operations Manual	8 and 9	Items 6, 11
h.	Trademarks and proprietary information	4	Items 13, 14
i.	Restrictions on products/services offered	9	Items 8, 11, 16
j.	Warranty and customer service requirements	9	Not Applicable
k.	Territorial development and sales quotas	Not Applicable.	Item 12
l.	Ongoing product/service purchases	9	Items 8, 16
m.	Maintenance, appearance and remodeling requirements	2 and 9	Items 8, 11
n.	Insurance	10	Items 6, 11
o.	Advertising	3 and 13	Items 6, 11
p.	Indemnification	14	Item 9
q.	Owner's participation/management/staffing	9	Item 15
r.	Records and reports	11 and 12	Items 6, 9, 21
s.	Inspections and audits	9, 12 and 17	Items 6, 11, 21
t.	Transfer	15	Item 17
u.	Renewal	2	Item 17
v.	Post-termination obligations	17 and 18	Item 17
w.	Non-competition covenants	18	Item 17
x.	Dispute resolution	19	Item 17

ITEM 10 FINANCING

We do not offer direct or indirect financing, but we reserve the right to do so in the future. We do not guarantee your note, lease or other obligation.

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

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

A. Pre-Opening Obligations

Before you open your Franchised Business, we will perform the following obligations:

1. We will loan you a copy of our proprietary and confidential Manual, which we may amend periodically. (Section 8 of the Franchise Agreement). The Table of Contents of the Manual is included as Exhibit F to this Franchise Disclosure Document. The Manual contains a total of 74 pages.

2. You and one additional trainee (who must be a manager) must attend and complete to our satisfaction our tuition-free initial training program (the "Initial Training Program"), which will be held at our corporate training restaurant located in or around South Florida, or any other location we may designate. You must pay for your and your employees' lodging, meal, and travel costs associated with attending training. If you are a partnership, corporation, or limited liability company, at least one of the trainees must be your Designated Principal. If you have appointed a manager to run the day-to-day operations of the Franchised Business (the "Designated Manager"), then this Designated Manager must also attend the Initial Training Program. (Section 6 of the Franchise Agreement). The required training will last up to 7 days and will consist of classroom and practical experience. We offer our initial training program on an "as needed" basis, subject to the availability of our instructors and personnel. Our initial training program is set forth below:

INITIAL TRAINING PROGRAM

Training Topic	Hours Classroom	Hours On the Job	Location
Training and Development Guidelines	2	4	Our corporate training Restaurant in Boca Raton, Florida, or another location we designate
Cleanliness, Sanitation and Safety	1	3	Our corporate training Restaurant in Boca Raton, Florida, or another location we designate
Food Preparation, Product Quality, and Kitchen Procedures	6	12	Our corporate training Restaurant in Boca Raton, Florida, or another location we designate
Customer Service and Point of Sale	3	12	Our corporate training Restaurant in Boca Raton, Florida, or another location we designate
Opening and Closing Procedures	2	5	Our corporate training Restaurant in Boca Raton, Florida, or another location we designate
Inventory and Ordering	1	3	Our corporate training Restaurant in Boca Raton, Florida, or another location we designate
Scheduling and Personnel	1	3	Our corporate training Restaurant in Boca Raton, Florida, or another location we designate

Advertising and Local Store Marketing	1	3	Our corporate training Restaurant in Boca Raton, Florida, or another location we designate
Administration and Management	1	3	Our corporate training Restaurant in Boca Raton, Florida, or another location we designate
Accounting and Reports	2	.5	Our corporate training Restaurant in Boca Raton, Florida, or another location we designate
TOTAL HOURS	20	48.5	

Note that training is to take place at a corporate training Restaurant or a certified training Restaurant at our discretion. We require 2 managers, operators or key employees to be trained for each franchise that is opened. Our training managers and their years of experience with us and within the food industry are listed below.

Primary Training Instructor	Years of Experience in the Industry	Years of Experience with Franchisor
Carlos “Max” Gonzalez	23	3
Delia Valles	20	3
Larry Brayman	25	0
Luis Cetina	25	0

We may change or substitute training personnel as necessary, and we may delegate our duties and share our responsibilities with regard to training. Any instructor we use must have at least 3 years of training/experience in the subject matter for which the instructor is teaching. Our training managers may utilize other employees to assist them with all aspects of training. During initial training, we will use the training materials provided in our Manuals, and any other materials we may otherwise deem appropriate.

You, your Designated Manager (if applicable) or other trainee must successfully complete the initial training program 30 days before opening your Restaurant. (Section 6 of the Franchise Agreement). Should you or your employee fail to complete the initial training program to our satisfaction, at our option, the respective person may repeat the course, or in the case of an employee, you may send a replacement (the “Replacement Personnel”) to the next available initial training program. Failure by you, your employee, Designated Manager, or any Replacement Personnel to complete the initial training program to our satisfaction is a material breach of the Franchise Agreement and we may terminate the Franchise Agreement. (Section 6 of the Franchise Agreement). While we provide the initial program to you and one additional attendee tuition-free, you must pay the costs of you and your employees in attending the program, including travel costs, room and board expenses, and employees’ salaries. (Section 6 of the Franchise Agreement). You cannot attend the initial training program until you have provided us a copy of your certificate of occupancy for your Restaurant and our approval that all our specifications for the space in your Restaurant have been completed. We may require a video of the space be sent to us to determine completion of our specifications (Section 6 of the Franchise Agreement).

We will also provide you with certain on-site opening assistance in connection with the grand opening of the Franchised Business. During this on-site training, we may send our trainer(s) to your Franchised Business for a

total of approximately 3 days immediately before/during/after your grand opening to provide on-site opening assistance, and there is no additional fee for this on-site opening assistance. If you request, or if we require as we deem necessary in our sole discretion, additional opening assistance, then, subject to the availability of our designated trainers, you must pay our then-current training fee per trainer per day, plus any expenses incurred by the trainer(s) including, among other things, lodging, travel, and meals.

3. Your other employees may be trained by you, or at your request, and subject to the availability of our personnel, we will train your additional personnel at our corporate office at our then-current training fee. All training related expenses for your additional personnel, including transportation to and from the training site, lodging, meals, and salaries during training, are your sole responsibility. We will provide you with training materials for you to use in training your personnel. You may only use the training materials that we provide to you to train your personnel. Updated training materials will be provided to you as they are developed. All training materials provided to you are our property, and you agree not to challenge our or our affiliates' title or rights in or to the training materials. You may not make any disclosure, duplication or other unauthorized use of any portion of the training materials. (Section 6 of the Franchise Agreement).

4. We will provide specifications for, and/or designate, sources of supply from which you agree to purchase inventory, goods, signs, equipment, and supplies necessary for the startup and ongoing operations of the Restaurant. (Section 9 of the Franchise Agreement). We will continue to refine and develop our system and reserve the right to create and designate proprietary products for sale at your Restaurant. We may, in our sole discretion, provide you with assistance in establishing pricing.

5. We will provide you with a rough architectural "blueprint" containing specifications and requirements for the buildout and equipment layout of your Restaurant, as we deem appropriate in our sole discretion. (Section 8 of the Franchise Agreement).

Site Selection and Opening

1. You will operate the Restaurant at the Accepted Location decided upon by you and us. We consider factors such as size, location, geography, and proximity to residential and commercial areas in approving any given site. Your leased/purchased space for a Restaurant should be between 1,200 and 2,000 square feet. If we designate an agent for site selection assistance, we may require you to use our designated agent, or another real estate agent that we may approve in writing, for site selection assistance. We do not generally own the premises and lease it to you. (Section 7 of the Franchise Agreement).

2. We must also have the opportunity to review and approve/reject any lease or purchase agreement for a proposed Accepted Location before you enter into such an agreement. We may condition our acceptance on a number of conditions, including: (i) an agreement by you and the landlord of the Accepted Location to enter into our prescribed form of Collateral Assignment of Lease and our then-current form of lease addendum (if any); and (ii) receiving a written representation from the landlord of the Accepted Location that you will have the right to operate the Franchised Business throughout the term of your Franchise Agreement. (Section 7 of the Franchise Agreement). Under the Collateral Assignment of Lease, we will have the option, but not the obligation, to assume or renew the lease for all or part of the remaining term of the lease only if: (i) your Franchise Agreement or lease is terminated, or subject to termination, for cause; or (ii) either your Franchise Agreement or lease expires (and you do not renew in accordance with the respective terms of those agreements).

3. We will use reasonable efforts to accept or reject any proposed location (and corresponding lease/purchase agreement) within 30 days of the date you provide us with all requested materials. If we determine that an on-site evaluation is necessary, then you must: (i) submit to us in the form we specify a description of the site prior to our representative conducting its on-site evaluation, including evidence that the site satisfies our site

selection guidelines and any other information and materials that we may reasonably require, including a letter of intent or other evidence that confirms your favorable prospects for obtaining the site; and (ii) reimburse us for the expenses incurred in connection with such an evaluation. If we do not provide our specific acceptance of a proposed location within this 30-day period, then the proposed location will be deemed rejected. Our acceptance only means that the site meets our minimum requirements for a Franchised Business. (Section 7 of the Franchise Agreement).

4. We do not currently have a designated vendor to manage the construction and buildout of your Restaurant (general contractor), but we reserve the right to designate one in the future. You will need to hire an architect. We will provide you with a prototype layout for your architect to use in the buildout of your Restaurant. You are required to use an architect approved by us (Section 8 of the Franchise Agreement). You are solely responsible for obtaining the licenses and permits required to operate the Restaurant from your Accepted Location and ensuring your compliance with all applicable laws and regulations, including the Americans with Disabilities Act, applicable ordinances and building codes. All costs connected with the design, construction, leasehold improvements, equipment, furnishings, fixtures, and signs are your responsibility. Although we are not required to do so and each of these items are your sole responsibility, we may provide assistance or guidance with conforming the premises to local ordinances and building codes and obtaining any required permits, and/or constructing, remodeling, or decorating the premises, and/or hiring and training employees. We must approve all architects or contractors who are not designated by us and all subsequent and material changes to the plans and drawings before such changes must be implemented (Section 8 of the Franchise Agreement).

5. You must submit to us a Letter of Intent signed with your potential landlord for the potential site of your Accepted Location for your Restaurant within 60 days of signing the Franchise Agreement and execute a lease for your Restaurant that is acceptable to us within 120 days of signing the Franchise Agreement. Failure to do so may result in termination of your Franchise Agreement and/or the assessment of fees for noncompliance. Under the Franchise Agreement, you are required to open your Restaurant no later than 9 months after you sign your Franchise Agreement. If the Restaurant has not been opened within the applicable timeframe, then you will need to start paying minimum royalties until you are open, and we may, in our sole discretion, elect to terminate your Franchise Agreement. We estimate that it will take approximately 5 to 9 months from signing the Franchise Agreement for you to open your Restaurant. The actual length of this period will depend upon factors such as your ability to obtain the Accepted Location, acceptable financing arrangements, training schedules, delivery schedules for inventory and equipment and other factors, including the time necessary to obtain zoning permits, licenses, and variances. (Section 8 of the Franchise Agreement).

Post-Opening Assistance

1. We will provide you continuing consultation and advice, as we deem necessary and appropriate in our sole discretion, regarding the management and operation of the Restaurant. We will provide such assistance, in our discretion, by telephone, facsimile, online portal, and intranet communication. If you request on-site assistance from us, subject to the availability of our personnel, we will provide you with such assistance at our then-current training fee, plus our travel, lodging, meal, and salary costs associated with providing such onsite service. (Sections 6 and 8 of the Franchise Agreement).

2. We will provide you pricing guidelines in 4 tiers for products sold in the Restaurant (Section 8 of the Franchise Agreement).

3. We may, in our sole discretion offer additional training programs and/or refresher courses to you, your manager, and/or your employees. We may require you and your employees' attendance at these programs and/or courses, at a location designated by us. We reserve the right to charge our then-current training fee for these additional training programs in our sole discretion. You must pay for you and your employees' travel, meal,

lodging, and payroll expenses while attending any additional training programs. (Sections 6 of the Franchise Agreement).

4. We may, in our discretion, hold an Annual Conference at a location to be selected by us to update franchisees on new developments, allow System franchisees to exchange information with each other and us regarding Restaurant operations and programs, and recognize franchisees for their achievements. We will determine the topics and agenda for such conference. We may require you to attend the Annual Conference and pay our then-current registration fee. All expenses, including you and your employees' transportation to and from the Annual Conference, and lodging, meals, and salaries during the Annual Conference, are your sole responsibility. We may use contributions from the Brand Fund for purposes related to the Annual Conference, including costs related to productions, programs, and materials. (Section 8 of the Franchise Agreement).

Advertising

All advertising and promotional materials that you use in connection with your Franchised Business must be approved by us and conform to the standards and requirements that we specify. We may make available to you from time to time, at your expense, certain promotional materials, including newspaper mats, coupons, merchandising materials, point-of-purchase materials, special promotions, and similar advertising and promotional materials. You must also participate in certain promotions and advertising programs that we establish as an integral part of our System, provided these activities do not contravene regulations and laws of appropriate governmental authorities. We have the right, but not the obligation, to run or market up to 12 special promotions a year for the franchise system. You must purchase the required amounts of items to run each special promotion properly and sufficiently. You agree to follow the pricing guidelines we provide for each of the special promotions. (Section 13 of the Franchise Agreement).

If you wish to use any advertising or promotional materials other than those that we have previously approved or designated within the preceding 12 months, then you must submit the materials you wish to use to us for our prior written approval at least 15 days prior to publication. We will use commercially reasonable efforts to notify you of our approval or disapproval of your proposed materials within 10 days of the date we receive the materials from you. If you do not receive our written approval during that time period, however, the proposed materials are deemed disapproved, and you may not use such materials. Once approved, you may use the proposed materials for a period of 12 months unless we: (i) prescribe a different time period for use; or (ii) require you to discontinue using the previously approved materials in writing. We may require you to discontinue the use of any advertising or marketing material, including materials we previously approved, at any time. (Section 13 of the Franchise Agreement). Except as otherwise provided in this Item, we are not required to spend any amount on advertising near your Franchised Business. Other than as provided below for the Brand Fund and above, we are not required to advertise for your franchise.

Brand Fund

We have established a Fund for the common benefit of System franchisees. Currently, you must contribute 3% of your Gross Revenues to the Brand Fund in the amount and manner we prescribe and participate in Brand Fund programs. We have the right to use Brand Fund Contributions, in our sole discretion, to develop, produce, and distribute national, regional and/or local advertising, for purposes related to Annual Conferences, and to create advertising and public relations materials which promote, in our sole judgment, the products offered by System franchisees. We may use the Brand Fund Contributions to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, including: the cost of preparing and producing television, Internet, radio, magazine, and newspaper advertising campaigns; direct mail and outdoor billboard advertising; public relations activities and advertising agencies; brand building; promotional expenditures related to Restaurant openings; developing and maintaining an Internet website, which may be used to collect customer orders or

conduct surveys; and personnel and other departmental costs for advertising that we internally administer or prepare. While we do not anticipate that any part of Brand Fund Contributions will be used for advertising which is principally a solicitation for franchisees, we reserve the right to use the Brand Fund for public relations or recognition of our brand, for the creation and maintenance of a web site, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating “Franchises Available.” (Section 13 of the Franchise Agreement).

We may use Brand Fund Contributions to develop and prepare advertising, which we distribute to System franchisees for their placement in the local media. Although we create and prepare most all of our advertising in-house, we will use outside national and regional firms from time to time. If we do not spend all of the Brand Fund Contributions by the end of each fiscal year, the remaining funds will be carried forward into the next fiscal year. There is no requirement that the Brand Fund be audited. Upon your written request, we will provide you with an unaudited accounting of Brand Fund expenditures within 120 days of the end of each fiscal year. (Section 13 of the Franchise Agreement). We will have the right to modify or discontinue the Fund, as we deem appropriate in our sole discretion.

We have the sole right to determine how to spend the Brand Fund Contributions, or funds from any other advertising program, and the sole authority to determine the selection of the advertising materials and programs, provided, however, that we will make a good faith effort to expend such funds in the general best interests of the System on a national or regional basis. We are not required, under the Franchise Agreement, to spend any amount of Brand Fund Contributions in your Designated Territory and not all System franchisees will benefit directly or on a pro rata basis from our expenditures. We have the right to reimbursement from the Brand Fund Contributions for reasonable costs and overhead, if any, as we may incur in activities which are reasonably related to directing and implementing the Brand Fund and advertising programs for franchisees and the System, including costs of personnel for creating and implementing advertising, promotional and marketing programs. Company-owned and affiliate owned locations and affiliate-owned I HEART MAC AND CHEESE businesses will contribute to the Brand Fund in the same amount as required by franchisees. (Section 13 of the Franchise Agreement). During the last fiscal year of the Brand Fund Contributions, 15% of its income was spent on media placement and public relations, 81% for administrative expenses, 2% on digital eco system and 2% on production costs.

Local Advertising

In addition to the Brand Fund Contributions described above, we require that you spend at least 3% ~~4%~~ of Gross Sales on local marketing and promotion in accordance with an annual plan and our standards and specifications. You must provide us receipts for local advertising for the previous month along with any additional information required by us. If you do not provide the receipts or if you do not meet the Local Advertising Requirement at any time, then we will automatically withdraw any delinquent amounts and all future Local Advertising Requirement payments will be automatically withdrawn every week through the EFT Program. If the Local Advertising Requirement is automatically withdrawn, then you must provide us with invoices for local advertising preapproved by us for reimbursement. You must spend the Local Advertising Requirement as we prescribe in the Manuals or otherwise in writing, which may include, without limitation, requirements for placing a certain number and/or type(s) of media advertisements. You acknowledge and agree that your Local Advertising Requirement must be expended regardless of the amount(s) spent by other System franchisees on local advertising. You may spend any additional sums you wish on local advertising. You must use only such advertising and promotional materials that have been previously approved by us. (Section 13 of the Franchise Agreement).

Grand Opening Advertising Requirement

You are required to remit to us \$15,000 to \$18,000 for grand opening advertising (the “Grand Opening Advertising Requirement”) within 10 days from you being granted your permitting for construction of your

Accepted Location. Your Grand Opening Advertising Requirement will be \$18,000 if your Accepted Location is within a metro market with a designated marketing area (“DMA”) of 1,000,000 or more population as determined by The Nielson Company; and your Grand Opening Advertising Requirement will be \$15,000 if your Accepted Location is not within a metro market. We will automatically withdraw the Grand Opening Advertising Requirement from your account. We will use all of the Grand Opening Advertising Requirement to provide advertising for you prior to opening the Franchised Business. We have the sole discretion on how and what to spend the Grand Opening Advertising Requirement for the Franchised Business. Upon written request by you, we will provide a report on how and on what the Grand Opening Advertising Requirement was spent. Your Grand Opening Advertising Requirement will be in addition to ongoing Local Advertising Requirement and Brand Fund Contributions. (Section 13 of the Franchise Agreement).

Anniversary Marketing Fee

You are required to remit to us \$6,000 for the marketing of the one-year anniversary of the opening of your I Heart Mac and Cheese restaurant two months prior to the one-year anniversary of the opening of your I Heart Mac restaurant (“Anniversary Marketing Fee”). We will use all of the Anniversary Marketing Fee to provide advertising and marketing for the one-year anniversary of the opening of your I Heart Mac and Cheese restaurant. We will automatically withdraw the Anniversary Marketing Fee from your account. We have the sole discretion on how and what to spend the Anniversary Marketing Fee for the Franchised Business. Upon written request by you, we will provide a report on how and on what the Anniversary Marketing Fee was spent. Your Anniversary Marketing Fee will be in addition to ongoing Local Advertising Fees and Brand Fund Contributions. (Section 13 of the Franchise Agreement).

Regional Advertising Cooperative

We have the right to designate any geographical area for purposes of establishing a Cooperative, and to determine whether a Cooperative is applicable to your Restaurant. If a Cooperative is established applicable to the Restaurant, you must participate in and contribute at least 3% of your monthly Gross Sales to the Cooperative. You may be required to contribute more than 3% if a majority of the Cooperative members vote to increase the required Cooperative contribution. Cooperative contributions will be credited towards your Local Advertising Requirement, and Cooperative contributions will not exceed the Local Advertising Requirement unless a majority of the Cooperative members vote to have the Cooperative contribution exceed the Local Advertising Requirement. Affiliate-owned Restaurants will be required to contribute to a Cooperative that is applicable to that affiliate-owned Restaurant on the same basis as those for franchisees members in that Cooperative. If there is an affiliate-owned Restaurant in your Cooperative, then our affiliate will be able to vote on all matters that you and the other Cooperative members have the right to vote on.

Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to our approval, standardized advertising materials for use by the members in local advertising. No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without our prior approval. All such plans and materials will be submitted to us in accordance with the Franchise Agreement, Manual, or as we otherwise set forth in writing.

We may grant to any franchisee, in our sole discretion, an exemption for any length of time from the requirement of membership in a Cooperative, upon written request of such franchisee stating reasons supporting such exemption. Our decision concerning such request for exemption will be final. We will have the right to establish, modify, merge and dissolve Cooperatives as we deem appropriate. We have not established any Cooperatives as of the Issue Date of this Disclosure Document. (Section 13 of the Franchise Agreement).

Advertising Council

We do not currently have any type of advertising council (the “Advertising Council”), but we reserve the right to do so in the future. If we establish an Advertising Council, it will serve only in an advisory capacity to us with respect to certain advertising and marketing matters, including providing advice/guidance on how to administer the Brand Fund. At our discretion, the Advertising Council may be comprised of franchisees, personnel from Franchisor’s affiliate-owned Restaurants, and/or other employees that Franchisor designates. We will have the right to modify or dissolve an Advertising Council (if created) at any time. (Section 13 of the Franchise Agreement).

Computer and POS System

We have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by you, including without limitation: (i) a “back office” computer system that complies with our standards and specifications; (ii) the POS System; (iii) management software system; (iv) printers and other peripheral hardware/devices including a Kitchen Display System (“KDS”) which is basically a 24” tablet that is mounted on the line to show orders being processed at a cost of about \$800; (v) Internet access mode and speed; (iv) credit card processing hardware and/or software; (v) internet-ready television menu boards; and (vi) physical, electronic, and other security systems (collectively, the “Computer System”). You will purchase, use and maintain any and all computer software programs (“Software”) which we have developed or may develop and/or designate for use for the System, and will purchase such computer hardware as may be necessary for the efficient operation of the Software. You must purchase and utilize in the operation of the Franchised Business any web-based or software applications required by us during the term of the Agreement. You will strictly comply with our standards and specifications for all items associated with the Computer System and any Required Software. You agree, at your own expense, to keep your Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to the Computer System or Required Software as we direct from time to time in writing. The Computer System and Required Software may collect sales information including amount of each sale, items sold, location of customer, name of customer and costs and expenses associated with operating the Franchised Business. We will have independent access to this information and are not contractually limited as to our access to this data (Section 9 of the Franchise Agreement).

We require you to use the POS System that we approve for operating your I Heart Mac and Cheese restaurant. We estimate that the cost of the POS System will be approximately \$2,000 to \$2,500, but actual costs may vary depending on the size of your I Heart Mac and Cheese restaurant and the number of terminals that you require. You will be required to pay a monthly licensing fee of \$500 to \$600 for various software in connection with the POS System and operating your I Heart Mac and Cheese restaurant. You will be responsible to maintain and pay for any annual software and hardware updates that may be required. You will also be required to obtain credit card processing hardware and/or software that we designate, which will cost approximately \$1,000. You must purchase certain scheduling software that we designate, which currently costs \$500. We (or our designee) may, but are not obligated to, provide you with limited programming support, including menu updates and promotions. If we change approved POS Systems, then you will be required to purchase and use within the operation of your Franchised Business at your sole expense.

You must strictly comply with our standards and specifications for all items associated with the Computer System and any Software. You agree, at your own expense, to keep your Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to the Computer System or Software as we direct from time to time in writing. We do not have contractual obligations related to maintenance, repairs, updates and upgrades to your Computer System, and there are no limits on the frequency and cost of your obligations to maintain, upgrade, repair, and update your Computer System. We estimate that you will spend approximately \$0 to \$500 annually on maintenance and support contracts for your Computer

System, which includes the costs associated with upgrades. You will also incur processing fees depending on the volume of transactions and types of cards used at your I Heart Mac and Cheese restaurant.

We estimate that the cost of obtaining the required Computer System and other electronic equipment will be roughly \$13,600 to \$23,800. In addition to the items noted in the previous paragraph, this also includes your surveillance camera system and internet ready television menu boards.

As previously discussed, in addition to the POS system, we require you to use a computer or laptop for back office purposes that is dedicated solely to the operation of your Franchised Business, including bookkeeping, accounting and reporting (even if certain of the POS hardware will also allow you to perform these functions). We estimate the costs to obtain a computer/laptop and printer for “back office” functions at your Restaurant to be between \$500 and \$2,500.

You are required to maintain a security/surveillance system at the Accepted Location. We estimate the cost to obtain the system will cost between \$20,000 to \$30,000 depending upon the number of cameras you purchase which includes the menu boards, televisions, hardware, costs associated with a licensed professional installing the security/surveillance system at your Franchised Business and providing some initial training to you with respect to system. You are required to have at least 8 cameras. You are also required to have 5 internet ready televisions to be used as menu or marketing boards.

You are also required to participate in any System-wide area computer network, intranet system, or extranet system that we may implement, and may be required to use such networks or system to, among other things: (i) submit your reports due under the Franchise Agreement to us online; (ii) view and print portions of the Manuals; (iii) download approved local advertising materials; (iv) communicate with us and other System franchisees; and (v) complete certain components of any ongoing training we designate. (Section 9 of the Franchise Agreement).

If and at such time we develop and custom design any software programs for conducting scheduling, accounting, inventory and point-of-sale functions and related activities (“Proprietary Software Program”), you, at your own expense, agree to obtain the computer hardware required to implement the Proprietary Software Program into your Restaurant, and to comply with all specifications and standards prescribed by us regarding the Proprietary Software Program, as provided in the Manuals or otherwise in writing. This Proprietary Software Program will be proprietary to us and Confidential Information of ours. It is possible that we might not be able to alter the Proprietary Software Program to accommodate each and every franchisee of the System, and therefore, at such time that we require the implementation of such software, you will only utilize the program as prescribed by us. At such time as we require the implementation of such Proprietary Software Program, we or our designee agree to provide ongoing service and support to you regarding the Proprietary Software Program and will lease such Proprietary Software Program to you at the then current rates published by us. (Section 9 of the Franchise Agreement).

We will also have the right to, at any time without notice, electronically and independently connect with your Computer System, including your security system and cameras, to monitor or retrieve data on the Computer System (or for any other purpose we deem necessary). There are no contractual limitations on our right to access the information and data on any component of your Computer System. (Section 8 of the Franchise Agreement).

Internet

You must have and maintain adequate computer hardware and software to access the Internet at the bit speed we require from time to time. We may, but are not obligated to, establish an Internet website that provides information about the System and the products and services offered by Restaurants. In the event we exercise our right to create such a website, we have sole discretion and control over the website (including timing, design,

contents and continuation). We may, but are not obligated to, create interior pages on our website that contain information about your Restaurant and other I Heart Mac and Cheese restaurants. If we do create these pages, we may require you to prepare all or a portion of the page for your Restaurant, at your expense, using a template that we provide. All such information will be subject to our approval prior to posting. (Section 13 of the Franchise Agreement). We may, but are not obligated to, provide you with one or more email addresses which you must use only in connection with your Restaurant. (Section 8 of the Franchise Agreement).

Except as approved in advance in writing by us, you must not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Restaurant, including any profile on Facebook, Twitter, LinkedIn, Instagram, Pinterest, YouTube, MySpace, Plaxo or any other social media and/or networking site. If such approval is granted by us, you must establish and operate such Internet site in accordance with System standards and any other policies we designate in the Manuals or otherwise in writing from time to time and utilize any templates that we provide to you to create and/or modify such site(s). (Section 13 of the Franchise Agreement).

We have the right to modify our policies regarding both our and your use of Internet websites as we deem necessary or appropriate for the best interests of the System. You acknowledge that we and/or our affiliates are the lawful, rightful and sole owner of the Internet domain name iheartmacandcheese.com, as well as any other Internet domain names registered by us, and you unconditionally disclaim any ownership interest in such domain names and any colorably similar Internet domain names. You agree not to register any Internet domain name in any class or category that contains words used in or similar to any brand name owned by us or our affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words. (Franchise Agreement, Section 13).

Provision of Services by Certain Third Parties

At our option, certain third parties may act as our representative in fulfilling certain of our obligations to you. Such obligations include, but are not limited to, site evaluation, training, supervision, advice and guidance with respect to operations, marketing, business procedures and compliance with any requirement of the System. Further, certain third parties may be responsible for monitoring and cooperating in the enforcement of your obligations under the Franchise Agreement.

ITEM 12 TERRITORY

Accepted Location and Relocation

You may only operate the Franchised Business from the Accepted Location. We will designate your territory upon signing your Franchise Agreement (“Designated Territory”) in which you must locate your Accepted Location. Once we agree on the Accepted Location, we will adjust your Designated Territory to be an area surrounding your Accepted Location with a population of up to 30,000, and you will be required to execute an addendum making this adjustment. The size of your Designated Territory will vary from other System franchisees based on the location and demographics surrounding your Accepted Location.

You may not relocate your Franchised Business without our written consent, which we will not unreasonably withhold, provided: (i) the new location is located within your Designated Territory and meets our then-current criteria for an Accepted Location; and (ii) you are otherwise in compliance with the Franchise Agreement governing that Franchised Business. When considering a request for relocation, we may consider the desirability of the proposed new location, its distance from other and future-planned franchised locations, the traffic patterns, security, cost, and the demographics of the area, as well as any other related factors we deem appropriate. We will not unreasonably withhold our approval of your relocation request, provided the location meets our site selection criteria.

Franchise Agreement: Designated Territory

The boundaries of your Designated Territory may be described in terms of zip codes, streets, distance from Accepted Location, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map attached to the Data Sheet. During the term of your Franchise Agreement, we will not open or locate, or license a third party the right to open or locate, any other bricks and mortar Restaurant location utilizing the Proprietary Marks and System within your Designated Territory (subject to our reserved rights described below). Your Designated Territory cannot be modified except by mutual written agreement signed by both parties.

The Designated Territory you are granted under the Franchise Agreement is not “exclusive” because we have the right to open and operate Restaurants at Non-Traditional Sites within your Designated Territory. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Use of food delivery platform companies, such as Uber Eats, Grubhub, DoorDash and other similar service companies, may result in delivery to customers inside of your Designated Territory by other franchisees which is outside of our control or the control of the franchisees because of the method of operational systems used and controlled solely by those particular companies. We do not pay any compensation for soliciting or accepting orders from inside your Designated Territory. You can solicit, use other approved channels of distribution to make sales and accept orders from consumers outside of your Designated Territory as long as it is not within another franchisee’s territory.

Reserved Rights

We and our affiliates reserve the exclusive right to conduct the following activities under the Franchise Agreement: (i) establish and operate, and license any third party the right to establish and operate, other Restaurants using the Proprietary Marks and System at any location outside of your Designated Territory(ies); (ii) market, offer and sell products and services that are similar to the products and services offered by the Franchised Business under a different trademark or trademarks at any location, within or outside the Designated Territory(ies); (iii) use the Proprietary Marks and System, and other such marks we designate, to distribute our Approved Products in any alternative channel of distribution (including the Internet, grocery stores and wholesale stores, convenience stores and/or gas stations, catalog sales, mobile food trucks/carts, wholesale stores, etc.); (iv) acquire, merge with, or otherwise affiliate with, and after that own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to the Approved Products (but under different marks), within or outside your Designated Territory(ies); (v) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited in your Franchise Agreement; and (vi) own and operate Restaurants in “Non-Traditional Sites” including, but not limited to, amusement parks, military bases, hospitals, airports, sports arenas and stadiums, train stations, travel plazas, toll roads, casinos, foodservice wholesalers, catering businesses (including, without limitation, catering businesses established by us) and Internet sites, both within or outside your Designated Territory(ies).

The Franchise Agreement does not grant you any right to engage in any of the activities outlined in the preceding paragraph, or to share in any of the proceeds received by us or our affiliates or any third party from these activities, unless we otherwise agree in writing. Further, we have no obligation to provide you any compensation for soliciting or accepting orders (via alternate channels of distribution) within your Designated Territory. We have the exclusive right to negotiate and enter into agreements or approve forms of agreements to operate Restaurants at Non-Traditional Sites, either directly or through our parent, affiliates, licensees, or designees, and you will not be entitled to any compensation as a result of our operation of Restaurants at Non-Traditional Sites.

Additional Disclosures



The Franchise Agreement does not provide you with any right of first refusal or option or any other similar right to open and operate additional Franchised Businesses. Regardless, each Franchised Business you are granted the right to open and operate must be governed by its own specific form of Franchise Agreement.

We have not established other franchises or company-owned outlets or another distribution channel offering or selling similar products or services under a different trademark. Neither we nor our affiliates have established, or presently intend to establish, other franchised or company-owned businesses that sell our Approved Products under a different trade name or trademark, but we reserve the right to do so in the future without your consent.


ITEM 13 TRADEMARKS

We grant you a limited, non-exclusive license to use certain Proprietary Marks we designate in connection with the operation of your Franchised Business only at your Accepted Location, provided you use these Proprietary Marks as outlined in your Franchise Agreement and our Manuals. You do not obtain any additional rights to use any of our Proprietary Marks under any Development Agreement you execute.

Our affiliate Mac and Cheese Holdings, LLC (the “TM Holder”) is the current owner of the following Proprietary Marks, which are registered on the Principal Register of the United States Patent and Trademark Office:

Mark	Registration No.	Registration Date
I HEART MAC & CHEESE	5,722,740	April 9, 2019
	5,723,631	April 9, 2019
I ♥ mac & cheese	5,825,902	August 6, 2019
I ♥ mac & cheese 	5,728,847	April 16, 2019

TM Holder is also the owner of the following mark for which a trademark application has been filed with the United States Patent and Trademark Office based on actual use:

Mark	Serial No.	Registration Date
I ♥ mac & cheese  and more	90557414	March 3, 2021

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

TM Holder entered into a license agreement with our parent company Mac and Cheese Franchise Group, LLC (“Parent”) dated May 1, 2017, (the “License Agreement”), and we entered into a sublicense agreement with Parent dated April 20, 2017 (the “Sublicense Agreement”). Under the License and Sublicense Agreements, Parent and us, respectively, were each granted a worldwide license to use, and sublicense third parties the right to use, the Proprietary Marks in connection with the System and I HEART MAC AND CHEESE franchises for an initial term of 20 years that automatically renews for successive 5-year periods unless sooner terminated. In the event the License or Sublicense Agreement is terminated, any sublicense agreements thereunder will automatically be terminated. The License and Sublicense Agreements may be terminated if Parent or we, respectively: (a) become insolvent, subject to a bankruptcy proceeding, is dissolved or liquidated, or is required to sell a material portion of its property by a court; (b) fail to pay any amounts due under the respective agreement; (c) breach the respective agreement; (d) damage the reputation of the I HEART MAC AND CHEESE brand; or (e) challenge the validity of the licensor’s ownership of the Proprietary Marks.

We have worked and will continue to work with TM Holder and Parent to file all affidavits and other documents with the USPTO to maintain the federal registration(s) described above. No Proprietary Marks have been up for renewal, so TM Holder has not renewed any of them; however, TM Holder plans to renew all of the Proprietary Marks at the time of renewal for each of them. Other than the License Agreement and Sublicense Agreement, there are no agreements in effect that significantly limit our right to use, or license the use of, the Proprietary Marks that are material to the franchise. In the event this License Agreement is terminated, your rights to use the Proprietary Marks will not be materially altered. We intend to ensure that renewal of the registrations and the filing of all appropriate affidavits for the marks are done at the times required by law.

You must strictly comply with our standards, specifications, rules, requirements, and instructions regarding the use of the Proprietary Marks. The goodwill associated with our Proprietary Marks will remain our exclusive property, and you will receive no tangible benefit from our goodwill, except from the operation or possible sale of the Franchised Business during the term of the Franchise Agreement. Any increase in the goodwill associated with our Proprietary Marks during the term of the Franchise Agreement will benefit us. All rights to use our Proprietary Marks will automatically revert to us without cost and without the execution or delivery of any documents, upon the expiration or termination of your Franchise Agreement.

As of the Issue Date of this Disclosure Document, there is no litigation pending arising out of our Proprietary Marks, and we are not aware of any superior rights in, or infringing uses of, our Proprietary Marks that could materially affect your right to use these marks. Presently, there are not any effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, province, territory, or region, or any court adverse to our rights in the Proprietary Marks, nor are there any pending infringement, opposition or cancellation proceedings, or any material litigation, involving the Proprietary Marks. Lastly, besides the license agreement described above, there are no agreements in effect that significantly limit our right to use, or license the use of, the Proprietary Marks that are material to the franchise.

You may not use all or any portion of our Proprietary Marks as part of your company name and, without our prior written consent, as part of your trade name or “d/b/a”. You may not modify the Proprietary Marks with words, designs or symbols, except those that we license to you. You may not use our Proprietary Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. During the term of the Franchise Agreement and continuing after the expiration or termination of the Franchise Agreement, neither you nor any of your managers will, directly or indirectly, contest, challenge or assist in the contesting or challenging of, our right, title, ownership, or interest in our Proprietary Marks, trade secrets, methods, procedures, and advertising techniques that are part of our franchise System, or contest our sole right to register, use, or license others to use, our Proprietary Marks, trade secrets, methods, procedures, advertising techniques, and any other

mark or name that incorporates the word I HEART MAC AND CHEESE or any similar word/phrase.

You must immediately notify us, in writing, if you become aware of any unauthorized use of our Proprietary Marks or other proprietary information, and you must permit us to participate in any litigation involving you and our Proprietary Marks. We will take the action we think appropriate. We will indemnify, defend and hold you harmless in connection with any third-party claims that are brought against you that arise solely out of your authorized use of any Proprietary Marks in the manner we prescribe, provided you immediately notify us of the proceeding (within three (3) calendar days) and you have complied with our directions with regard to the proceeding. We have the right to control the defense and settlement of any proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel, unless we approve of your use of such counsel in writing prior to you engaging counsel. We will not reimburse you for disputes where we challenge your use of our Proprietary Marks.

You must modify or discontinue using any of the Proprietary Marks, and add new names, designs, logos or commercial symbols to the Proprietary Marks as we instruct. We may, at our sole discretion, impose changes whenever we believe the change is advisable. We do not have to compensate you for any costs you incur to make the changes we require. You will receive written notice of any change and will be given a reasonable time to conform to our directions (including changing signage, marketing displays, trade dress and other advertising), at your sole expense.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any registered patents or pending patent applications that are material to the franchise. We do, however, claim common law copyright and trade secret protection for several aspects of the franchise System including our proprietary recipes and other confidential information, Manuals, training materials, advertising, and business materials.

There are no current determinations, proceedings or litigation involving any of our copyrighted materials. Should you become aware that any unauthorized third party is using any of our copyrighted materials, we request that you notify us of such unauthorized use. We may revise our System and any of our copyrighted materials in our discretion and may require that you cease using any outdated copyrighted material. You will be responsible for printing any revised or new advertising, marketing or other business materials.

During the term of the Franchise Agreement, you will receive information which we consider trade secrets and confidential information. You may not, during the term of the Franchise Agreement/Development Agreement or any time after that, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any of these trade secrets, copyrighted materials, methods and other techniques and know-how concerning the operation of the Franchised Business (the "Confidential Information"). You may divulge such Confidential Information only to your employees who must have access to it in order to perform their employment obligations.

You must require your Designated Manager and any personnel having access to any of our Confidential Information to sign our then-current form of Confidentiality and Non-Competition Agreement that is attached to the Franchise Agreement as an Exhibit, where these individuals agree that they will maintain the confidentiality of information they receive in connection with their employment and restrict their right to work for a competitor while they are employed by you. This confidentiality agreement, which will be in a form that we prescribe, will identify us as a third-party beneficiary to the agreement and will give us independent enforcement rights.

The Franchise Agreement provides that if you, your employees, or principals develop any inventions, discoveries, and improvements, whether or not patentable or copyrightable, that are conceived or made by Franchisee or its employees or agents that are in any way related to the establishment or operation of the Franchised Business

(collectively, the “Improvements”), you must disclose those Improvements to us and all such Improvements will automatically and without further action be owned by us without compensation to you (including all intellectual property rights therein). Whenever requested to do so by us, you will execute any and all applications, assignments, or other instruments that Franchisor may deem necessary to apply for and obtain intellectual property protection or to otherwise protect Franchisor’s interest therein. These obligations shall continue beyond the termination or expiration of this Agreement. If a court should determine that Franchisor cannot automatically own certain of the Improvements that may be developed, then Franchisee hereby agrees to grant Franchisor a perpetual, royalty-free worldwide license to use and sublicense others to use such Improvements.

We may revise any of our copyrighted materials at our discretion and may require that you cease using any outdated item or portion of the Manuals.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You (or at least one of your principals if you are a corporation, partnership or other entity) must personally supervise the day-to-day operations of the Restaurant. You must devote your personal full-time attention and best efforts to the management and operation of the Restaurant. If you are a corporation, partnership, limited liability company, or other entity, you may, however, delegate the day-to-day operation of your Restaurant to your Designated Manager. We must approve your Designated Manager in writing and your Designated Manager must successfully complete our initial training program before assuming any managerial responsibility. Your Restaurant must, at all times, be staffed with at least one individual who has successfully completed our initial training program. You will keep us informed at all times of the identity of any employees acting as Designated Manager of the Restaurant, and any change in their employment status. Designated Managers are not required to have an equity interest in your Restaurant.

If your Designated Manager resigns or is otherwise terminated, then you must hire a replacement approved by us in writing who meets our then current standards for Designated Managers and who is approved by us in writing before hiring, within 30 days after the resignation or termination of the former Designated Manager. You must train the new Designated Manager within 30 days of hiring. Franchisor reserves the right, without the obligation, to train the new Designated Manager directly. Your Designated Manager will devote his or her full time and best efforts to the day-to-day operation and management of the Restaurant and will not engage in any other business activity without our prior written consent. Your Designated Manager and certain key employees and their spouses will be bound by the confidentiality and non-compete covenants of the Franchise Agreement and will execute the Confidentiality and Restrictive Covenant Agreement attached as an Exhibit to the Franchise Agreement. Your spouse may be required to guarantee performance under the Franchise Agreement which may be dependent on your represented involvement of each of you in the Restaurant.

Your Restaurant must, at all times, be managed and staffed with at least one individual who has successfully completed our Initial Training Program. If you operate more than one Restaurant, then you must have a properly trained Designated Manager at each Restaurant you own and operate.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only offer and sell the Approved Products and Services that we expressly approve through your Restaurant and may only offer and sell these products and services at the Accepted Location and in the manner prescribed in your Franchise Agreement and our Manuals. You may not use nor sell any products, materials, ingredients, supplies, paper goods, uniforms, fixtures, furnishings, signs, or equipment which do not meet our standards and specifications, unless approved in writing. We may supplement, revise and/or modify our Approved Products as we deem appropriate from time to time, as well as our System standards and specifications

associated with the provision of these products/services. These changes will be outlined in our Manuals or otherwise in writing, and there are no contractual limitations on our right to make these types of changes.

You must offer and sell all private label food and beverage items which we may now or in the future designate for sale by System franchisees, including prepackaged or frozen food and beverage items and related merchandise. You agree that failure to offer and sell only Approved Products and Services through the Restaurant is grounds for default under the Franchise Agreement. You will prepare and present all menu items in accordance with our standards and specifications, using the ingredients and preparation techniques we prescribe. We have the right to require you to offer and sell additional goods or services as we may designate. There are no limits on our right to do so. You will at all times maintain sufficient levels of inventory to adequately satisfy consumer demand. There are no limits on what customers to whom you may sell Approved Products and Services.

If we discontinue any Approved Product or Approved Service offered by the Restaurant, then you must cease offering or selling such product/service within a reasonable time, unless such product/service represents a health or safety hazard (in which case you must immediately comply upon receipt of notice from us). You may not use the Accepted Location of your Restaurant for any other business purpose other than the operation of your Restaurant. In the event we authorize you to provide any catering services from your Restaurant, you will need to: (i) obtain any additional training we designate in connection with such catering services; and (ii) provide such catering services in accordance with our System standards and specifications.

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

	Provision	Section in Franchise Agreement	Summary
a.	Term of franchise	2	Unless previously terminated pursuant to this Agreement, the term of this Agreement shall be ten (10) years (“Initial Term”) commencing as the date we execute your Franchise Agreement.
b.	Renewal or extension of the term	2	You have the right to renew the Franchise Agreement for two (2) successive additional five (5) year periods provided certain conditions are met.
c.	Requirements for you to renew or extend	2	A “renewal” is a new term with a new franchise agreement upon the expiration of your current Franchise Agreement. You must: (i) timely notify us in writing of your intention to renew; (ii) have the right to operate the Restaurant at the Accepted Location for the duration of the renewal term or have secured an approved substitute location(s); (iii) have satisfactorily completed no later than sixty (60) days before the expiration of the then-current term, all necessary maintenance, refurbishing, renovating, updating and remodeling of the Franchised Business to bring the Accepted Location and all equipment into full compliance with our then-current System standards and specifications; (iv) not be in breach of any provision of the Franchise Agreement, or any other agreement between you and us, our affiliates, and/or our designated/approved suppliers and vendors, and you have substantially complied with all such agreements during their respective terms; (v) have satisfied all monetary obligations you owe us, our affiliates, and/or our designated/approved suppliers and vendors; (vi) execute our then-current form of franchise

	Provision	Section in Franchise Agreement	Summary
			agreement, which may contain materially different terms and conditions than the Franchise Agreement you initially sign; (vii) satisfy our then-current training requirements; (viii) sign a general release in the form we prescribe; and (ix) pay us a renewal fee of \$5,000.
d.	Termination by you	No Provision	You do not have the contractual right to terminate the Franchise Agreement. You may terminate under any grounds permitted by law.
e.	Termination by us without cause	No Provision	Not Applicable.
f.	Termination by us with cause	16	We have the right to terminate the Franchise Agreement with cause.
g.	Cause defined - default which can be cured	16	We have the right to terminate the Franchise Agreement after providing you a 15-day cure period and you have failed to cure if you are in breach of any provisions of the Franchise Agreement other than breaches listed in the Franchise Agreement that do not provide for a cure period.
h.	Cause defined - default which cannot be cured	16	<p>The Franchise Agreement will automatically terminate without notice or an opportunity to cure if: (i) you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for you or the Franchised Business; (ii) proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within 60 days, or a trustee or receiver is appointed for you or the Franchised Business without your consent, and the appointment is not vacated within 60 days; or (iii) you purport to sell, transfer or otherwise dispose of your interest in the Franchised Business without our written approval.</p> <p>We have the right to terminate the Franchise Agreement with notice without providing you an opportunity to cure if: (i) you take part in criminal acts or misconduct; (ii) you commit fraud or misrepresentation in the operation of the Franchised Business; (iii) you make any misrepresentations or omission in connection with the franchise application; (iv) you fail to complete our initial training program; (v) you receive three or more written notices of default within any 12-month period; (vi) you materially breach any other agreement with us or our affiliates or any Lease for the Accepted Location; (vii) you misuse the Proprietary Marks or Confidential Information; (viii) you violate any health, safety or sanitation law; (ix) you violate the in-term restrictive covenants of the Franchise Agreement; (x) a lien or writ of attachment or execution is placed against you, your principals or assets and is not released or bonded against within 30 days; (xi) you are insolvent; (xii) you abandon the Franchised Business; (xiii) you offer any unauthorized or unapproved products or services in connection with the operation of your Franchised Business; (xiv) you order or purchase supplies from unapproved suppliers or a supplier which we have not approved; (xv) you misuse our Proprietary Software Program; (xvi) you fail to maintain adequate insurance or otherwise comply with the insurance requirements contained in the Franchise Agreement; (xvii) you fail to comply with any governmental notice of non-compliance with any law or regulation within 15 days of the notice; (xviii) any governmental action is taken against you that results in any obligation upon us; (xix) you fail to comply with any laws or regulations regarding terrorism; (xx) you take any assets or property of the Franchised Business for your personal use; (xxi) there are insufficient funds in your bank account to cover a check or EFT payment</p>

	Provision	Section in Franchise Agreement	Summary
			to us three or more times in any 12-month period; (xxii) any audit reveals that you have understated your royalty or marketing payments, or your local advertising expenditures, by more than 2%, or if you have failed to submit timely reports and/or remittances for any two reporting periods within any 12-month period; or (xxiii) you are in default of your Lease.
i.	Your obligations on termination/ non-renewal	17	Upon termination or expiration of the Franchise Agreement, you must: (i) immediately cease all operations under the Franchise Agreement; (ii) immediately pay all sums you owe us, our affiliates, suppliers or vendors; (iii) immediately cease using the Proprietary Marks and System; (iv) immediately return to us the Manual and all other manuals, proprietary and Confidential Information; (v) immediately cease using your telephone number and listing and, if we exercise our rights under the collateral assignment of telephone numbers, transfer the numbers and listings to us within fifteen calendar days; (vi) vacate the Accepted Location if we exercise our rights under the Collateral Assignment of Lease, no later than 15 days after the termination or expiration of the Franchise Agreement; (vii) return to us all items reflecting the Proprietary Marks and all items which are part of the trade dress within five days; (viii) immediately cease holding yourself out as our franchisee; (ix) take necessary action to amend or cancel any business name or equivalent registration which contains our trade name or Proprietary Marks; (x) allow us to inspect your financial records within six months of termination or expiration; (xi) comply with the post-term covenants contained in the Franchise Agreement; (xii) immediately cease to use in advertising or in any other manner any methods, procedures or techniques associated with us or the System; (xiii) immediately cease from engaging in any contacts with customers or former customers of the Franchised Business; and (xiv) execute periodically any papers, documents, and assurances necessary to effectuate termination or nonrenewal.
j.	Assignment of contract by us	15	We have the right to assign or transfer our rights under the Franchise Agreement.
k.	"Transfer" by you - definition	15	A sale, transfer or assignment requiring our prior written consent occurs: (i) if you are a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of your voting stock, or any increase in the number of outstanding shares of your voting stock which results in a change in ownership; (ii) if you are a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) if you are a limited liability company, upon any assignment, sale, pledge or transfer of any fractional portion of any interest in the limited liability company.
l.	Our approval of transfer by franchisee	15	You may not transfer any rights in the franchise without our prior written consent. We have the right to condition our approval of any sale, transfer, assignment or encumbrance as described below.
m.	Conditions for our approval of transfer	15	We will approve a proposed transfer if: (i) all of your accrued monetary obligations to us, affiliates, suppliers and vendors have been paid; (ii) all existing defaults under the Franchise Agreement have been cured; (iii) you and your transferee execute a general release in favor of us and our affiliates; (iv) you provide us a copy of the executed purchase agreement prior to execution; (v) the transferee meets our qualifications; (vi) the transferee executes our then-current form of franchise agreement; (vii) you or the transferee pay us a transfer fee equal to 50% of our then-current initial franchise fee; (viii) the transferee satisfactorily completes our training program; (ix) you comply with the post-term provisions of the Franchise Agreement; (x) the transferee obtains all necessary licenses and permits required to operate the Franchised Business; (xi) to the extent required by the terms of any leases or other agreements, the lessors or other parties must have

	Provision	Section in Franchise Agreement	Summary
			consented to the proposed transfer; (xii) the transfer is made in compliance with all applicable laws; (xiii) the purchase price and terms of the proposed transfer are not so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Franchised Business and performance under its franchise agreement; (xiv) you must request that we provide the prospective transferee with our current form of disclosure document and we will not be liable for any representations not included in the disclosure document; (xv) our approval of the transfer will not constitute a waiver of any claims we may have against the transferring party; (xvi) we will have the right to disclose to any prospective transferee such revenue reports and other financial information concerning you and your Franchised Business as you have supplied us; and (xvii) we may withhold or condition our consent to any transfer as we deem appropriate based on the circumstances of the transfer or otherwise.
n.	Our right of first refusal to acquire your business	15	You must first offer to sell to us on the same terms and conditions as those offered by a third party. We will notify you, within 30 days after receiving the offer, whether we wish to exercise our right to purchase your business. If we don't exercise our right, you will have 60 days to complete the transfer with the third party on those terms and conditions.
o.	Our option to purchase your business	17	We have an option to purchase any personal property related to your Franchised Business upon termination or expiration of the Franchise Agreement.
p.	Your death or disability	15	Upon your death or disability, your rights under the Franchise Agreement may pass to your heirs or legatees, provided that, within 180 days of your death or disability, they execute the then-current form of franchise agreement, successfully complete our initial training program, and otherwise receive our approval.
q.	Non-competition covenants during the term of the franchise	18	During the term of the Franchise Agreement, neither you, your principals, or Designated Managers, nor any member of the immediate family of you or your principals or Designated Managers may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation: (i) own, maintain, engage in, be employed by, lend money to, extend credit to or have any interest in any "Competing Business" (as that term is defined in the Franchise Agreement); provided, however, that Section does not apply to your operation of any other Franchised Business under the System; (ii) employ or seek to employ any person who is at that time employed by us, our affiliates or any other System franchisee, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat; or (iii) divert or attempt to divert any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System.
r.	Non-competition covenants after the franchise is terminated or expires	18	For a period of two years after the expiration and nonrenewal, transfer or termination of the Franchise Agreement, regardless of the cause, neither you, your principals, Designated Managers nor any member of the immediate family of you, your principals or Designated Managers may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation enter into any business competing in whole or in part with us granting franchises or licenses for any Competing Business. For a period of two years after the expiration, transfer or termination of the Franchise Agreement, regardless of the cause, neither you, your principals, your Designated Managers nor any member of the immediate family of you, your principals or Designated Managers may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation: (i) own, maintain,

	Provision	Section in Franchise Agreement	Summary
			engage in, be employed by, or have any interest in any Competing Business (a) at the Accepted Location(s), (b) within the Territory, or (c) within a radius of 20 miles of the perimeter of (1) the Territory being granted under your Franchise Agreement, (2) any other Territory or Accepted Locations licensed by us as of the date of expiration or termination of the Franchise Agreement, or (3) any other I Heart Mac and Cheese location; or (ii) solicit business from customers of your former Franchised Business or contact any of our suppliers or vendors for any competitive business purpose. The two-year time period will be tolled during any default of the non-compete and confidentiality covenants.
s.	Modification of the Franchise Agreement	23	The Franchise Agreement may only be modified or amended in writing signed by all parties.
t.	Integration/merger clauses	23	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside of the disclosure document and the Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement is intended to disclaim the representations made in this disclosure document.
u.	Dispute resolution by mediation	19	You must bring all disputes before our principals prior to bringing a claim before a third party. After exhausting this internal dispute resolution procedure, at our option, all claims or disputes between you and us must be submitted first to non-binding mediation in Boca Raton, Florida, in accordance with the American Arbitration Association's Commercial Mediation Rules then in effect (subject to state law).
v.	Choice of forum	19	Except for our right to seek injunctive relief in any court of competent jurisdiction, all claims not subject to mediation must be brought before a court of general jurisdiction located in Palm Beach County, Florida, or the United States District Court for the Southern District of Florida in West Palm Beach, Florida. You consent to the personal jurisdiction and venue of these courts (subject to state law).
w.	Choice of law	19	The Franchise Agreement is governed by the laws of the state of Florida (subject to state law).

ITEM 18 PUBLIC FIGURES

We do not use any public figures to promote our franchise, but we reserve the right to use one in the future.

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATION

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 any reasonable basis for the information, and if the information is included in the disclosure document. Financial information that differs from that included in Item 19 may only be given 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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. 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 our management by contacting our corporate offices at Mac and Cheese Franchise Operations, LLC, 621 N.W. 53 Street, #165, Boca Raton, Florida 33487 or the telephone (561) 300-5343, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
Outlets and Franchisee Information

Table No. 1
System-wide Outlet Summary
For Years 2021 2020 to 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	7	9	+2
	2021	9	18	+9
	2022	18	33	+15
Company/Affiliate Owned	2020	3	5	+2
	2021	5	2	-3
	2022	2	1	-1
Total Outlets	2020	10	14	+4
	2021	14	20	+6
	2022	20	34	+14

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor)
For Years 2021 2020 to 2022

State	Year	Number of Transfers
Arizona	2022	1
Florida	2020	0
	2021	1
	2022	3
Georgia	2021	1
	2022	1
South Carolina	2022	1
Texas	2022	1
Totals	2020	0
	2021	2
	2022	6

Table No. 3
Status of Franchised Outlets
For years 2021 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at the End of Year
Alabama	2022	0	1	0	0	0	0	1
Arizona	2021	0	2	0	0	0	0	2
	2022	2	1	0	0	0	0	3
Arkansas	2022	0	1	0	0	0	0	1
California	2022	0	1	0	0	0	0	1
Colorado	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Florida	2020	6	0	1	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	2	0	0	0	1	6
Georgia	2020	1	0	1	0	1	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	2*
Illinois	2022	0	2	0	0	0	0	2
Indiana	2020	0	1	0	0	0	0	1
	2021	1	2	0	0	0	0	3
	2022	3	0	0	0	1	1	1
Michigan	2022	0	1	0	0	0	0	1
Minnesota	2022	0	1	0	0	0	0	1
Mississippi	2022	0	1	0	0	0	0	1
Nevada	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
New Mexico	2022	0	1	0	0	0	0	1
New York	2020	2	0	2	0	1	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
North Dakota	2022	0	1	0	0	0	0	1
Ohio	2022	0	1	0	0	0	0	1
Oklahoma	2022	0	1	0	0	0	0	1
South Carolina	2021	0	1	0	0	0	0	1
	2022	1	2	0	0	0	0	3
Texas	2020	0	3	0	0	0	0	3
	2021	3	1	0	0	0	0	4
	2022	4	3	1	0	0	2	4
Totals	2020	7	4	4	0	2	0	9
	2021	9	9	0	0	0	0	18
	2022	18	20	1	0	1	4	33*

*The franchise in Athens, GA was sold from a corporate franchisee to an individual franchisee increasing the number of franchised outlets open in GA at the end of 2022 to 2 and the total number of franchised outlets open to 33.

Table No. 4
Status of Company-Owned Outlets
For years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at the End of Year
Florida	2020	3	0	0	0	0	3
	2021	3	0	0	0	2	1
	2022	1	0	0	0	1	0
Georgia	2020	0	0	1	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	1	0
Indiana	2022	0	0	1	0	0	1
New York	2020	0	0	1	0	0	1
	2021	1	0	0	1	0	0
	2022	0	0	0	0	0	0
Total	2020	3	0	2	0	0	5
	2021	5	0	0	1	2	2
	2022	2	0	1	0	2	1

Table No. 5
Projected Openings as of December 31, 2022

State	Franchise Agreements Signed But Outlet Not Open	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
Alabama	7	1	0
Arizona	3	1	0
Arkansas	0	1	0
California	10	2	0
Colorado	3	1	0
Connecticut	1	0	0
Florida	18	2	0
Georgia	6	2	0
Hawaii	0	0	0
Illinois	2	2	0
Indiana	12	2	0
Iowa	1	0	0
Maryland	4	0	0
Massachusetts	2	0	0
Michigan	3	1	0

State	Franchise Agreements Signed But Outlet Not Open	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
Minnesota	0	1	0
Mississippi	1	1	0
Missouri	1	0	0
Montana	0	1	0
Nebraska	0	1	0
Nevada	1	1	0
New Hampshire	0	1	0
New Jersey	2	1	0
New Mexico	2	1	0
New York	9	2	0
North Carolina	6	1	0
North Dakota	0	1	0
Ohio	2	1	0
Oklahoma	4	2	0
Oregon	0	1	0
Pennsylvania	1	2	0
South Carolina	2	1	0
Tennessee	2	3	0
Texas	14	4	0
Utah	1	0	0
Virginia	2	2	0
Washington	4	2	0
Total	126	45	0

A list of the names of all franchisees and the addresses and telephone numbers of their respective businesses is provided in Exhibit H to this Franchise Disclosure Document.

The name and last known contact information for every franchisee who a franchise terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business during the last fiscal year is listed in Exhibit I. There are no current franchisees who have not communicated with us within 10 weeks of issuance date of this Disclosure Document. **If you buy this franchise, then your contact information may be disclosed to other buyers when you leave the franchise system.** There is presently no trademark specific franchisee organization associated with the System. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with I Heart Mac & Cheese and more. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

ITEM 21 FINANCIAL STATEMENTS

Exhibit C of this Disclosure Document contains our audited financial statements for the years ending December 31, 2022, 2021 and 2020 provided by an independent auditor. Our fiscal year end is December 31 of each year.

ITEM 22 CONTRACTS

The following agreements are attached as Exhibits to this Franchise Disclosure Document:

Franchise Agreement (and Exhibits)	Exhibit B
State Specific Addenda	Exhibit D
Sample Termination and Release	Exhibit F

ITEM 23 RECEIPTS

Exhibit L of this Franchise Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Franchise Disclosure Document by a prospective franchisee. You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy to: Kevin D. Ayers at Mac and Cheese Franchise Operations, LLC, 621 N.W. 53 Street, #165, Boca Raton, Florida 33487.

EXHIBIT A
TO THE MAC AND CHEESE FRANCHISE OPERATIONS, LLC
FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS

California Dept of Financial Protection and Innovation
TOLL FREE 1-(866) 275-2677

LA Office
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7500

Sacramento Office
2101 Arena Boulevard
Sacramento, CA 95834
(866) 275-2677

San Diego Office
1350 Front Street, Room 2034
San Diego, CA 92101-3697
(619) 525-4233

San Francisco Office
One Sansome St., #600
San Francisco, CA 94104
(415) 972-8559

Florida Department of Agricultural
and Consumer Services
Division of Consumer Services
Mayo Building, Second Floor
Tallahassee, Florida 32399-0800
(904) 922-2770

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Illinois Attorney General
500 South Second Street
Springfield, IL 62706
(217) 782-4465

Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-11
Indianapolis, IN 46204
(317) 232-6681

Kentucky Office of the Attorney General Consumer
Protection Division
P.O. Box 200
Frankford, KY 40602
(502) 573-2200

Maryland Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202
(410) 576-6360

Michigan Department of the Attorney General
Consumer Protection Division
Attn: Franchise Section
525 W. Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, MI 48933
(517) 373-7117

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101-2198
(651) 539-1600

Nebraska Department of Banking and Finance
1200 North Street, Suite 311
P.O. Box 95006
Lincoln, NE 68509-5006
(402) 471-3445

NYS Department of Law
Investor Protection Bureau
28 Liberty St. 21st FL
New York, NY 10005
212-416-8222

North Dakota Securities Department
State Capital, 5th Floor
600 East Boulevard Avenue
Bismarck, ND 58505-0510
(701) 328-2910

Oregon Department of Consumer
and Business Services
Division of Finance and Corporate
Securities labor and Industries
350 Winter Street, NE, Room 410
Salem, OR 97310-3881
(503) 378-4140

Director, Department of Business Regulations
Rhode Island Division of Securities
233 Richmond Street, Suite 232
Providence, RI 02903-4232

South Dakota Division of Insurance
Securities Regulation
124 S. Euclid Suite 104

Pierre, SD 57501
(605) 773-3563

Statutory Document Section
Texas Secretary of State
P.O. Box 12887
Austin, TX 78711
(512) 475-1769

State of Utah
Division of Consumer Protection
P.O. Box 45804
Salt Lake City, Utah 84145-0804
(801) 530-6601

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, VA 23219
(804) 371-9051

State of Washington
Director, Department of Financial Institutions
Securities Division
150 Israel Road, SW
Olympia, WA 98501
(360) 902-8760

Wisconsin Commissioner of Securities
345 W Washington Ave., 4th Floor
Madison, WI 53703
(608) 266-8550

AGENTS FOR SERVICE OF PROCESS

Attn: Kevin D. Ayers
Mac and Cheese Operations, LLC
621 N.W. 53 Street, #360
Boca Raton, Florida, 33487

California Commissioner of the Department of
Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344

Commissioner of the Department of Financial
Protection and Innovation
One 2101 Arena Boulevard
Sacramento, CA 95834

Commissioner of the Department of ~~Business~~
Financial Protection and Innovation
1515 K Street., Suite 200
Sacramento, CA 95814

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813

Illinois Attorney General
500 South Second Street
Springfield, IL 62706

Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-111
Indianapolis, IN 46204

Maryland Securities Commissioner
Office of Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202-2020

Michigan Department of Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
P.O. Box 30054, 6546 Mercantile Way
Lansing, MI 48909

Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101-2198

New York Department of State
Attention: UCC
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, NY 12231
(518) 473-2492

North Dakota Securities Commissioner
State Capitol – 5th Floor
600 E. Boulevard Avenue
Bismarck, ND 58505

Director, Department of Business Regulation
Division of Securities
Suite 232
233 Richmond Street
Providence, RI 02903-4232

South Dakota Division of Insurance
Securities Regulation
124 S. Euclid Suite 104
Pierre, SD 57501

Clerk of the State Corporation Commission
Tyler Building, 1st Floor
1300 East Main Street
Richmond, VA 23219

Director, Department of Financial Institutions
Securities Division
150 Israel Road, Southwest
Olympia, WA 98501

Wisconsin Commissioner of Securities
345 West Washington Avenue, 4th Floor
Madison, WI 53703
(608) 261-9555

EXHIBIT B
TO THE MAC AND CHEESE FRANCHISE OPERATIONS, LLC
FRANCHISE DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT



Franchise Agreement

*Mac and Cheese Franchise Operations, LLC
621 N.W. 53 Street, #165
Boca Raton, Florida 33487*

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EXHIBITS

- Exhibit A - Personal Guaranty and Guaranty of Spouses
- Exhibit B - Collateral Assignment of Lease
- Exhibit C - Conditional Assignment of Franchisee's Telephone Numbers and Listings
- Exhibit D - Confidentiality and Restrictive Covenant Agreement
- Exhibit E - Electronic Funds Withdrawal Authorization

DATA SHEET

Franchisee: _____

Franchisee Address: _____

Telephone Number: _____

E-Mail Address: _____

Effective Date: _____

Accepted Location: _____

Franchisor assigns protected territories based on a radius from the Accepted Location that includes a population of approximately or up to thirty thousand (30,000). If Franchisee does not have an Accepted Location prior to the Effective Date, then the Designated Territory will be based on the zip code of where the Accepted Location is to be located. Once a location site is accepted according to the terms of this Agreement, the parties shall execute an addendum to this Agreement assigning the Designated Territory as a radius from the Accepted Location with the appropriate population.

Designated Territory: _____

Initial Franchise Fee: _____

The terms of this Data Sheet are incorporated into the attached Franchise Agreement.

MAC AND CHEESE FRANCHISE OPERATIONS, LLC
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the “Agreement”) is dated _____ (“Effective Date”) by and between: (i) Mac and Cheese Franchise Operations, LLC, a Delaware limited liability company with its principal place of business at 621 N.W. 53 Street, #165, Boca Raton, Florida 33487 (the “Franchisor”); and (ii) the franchisee identified in the attached Data Sheet (“Franchisee”).

INTRODUCTIONS AND RECITALS

A. Franchisor and its principals have developed a proprietary system for operating retail stores that prepare and offer for sale customizable, made-to-order macaroni and cheese and grilled cheese sandwiches, as well as tomato soup, all of which are made in accordance with our proprietary recipes and ingredients, and any other menu items, beverages, and/or merchandise that Franchisor authorizes for sale (collectively, the “Approved Products”) to the public under the “I HEART MAC AND CHEESE and more” name and mark (each, a “Restaurant” or “Franchised Business”). I HEART MAC AND CHEESE and more is distinguished as a brand by its unique recipes, customizable macaroni and cheese and grilled cheese sandwiches, state of the art quick cooking ovens that deliver quality hot food products in a matter of a few minutes, and other products and services, as well as a distinctive concept, style, proprietary programs and products, and confidential operations manuals. Franchisor is engaged in the business of granting qualified individuals, as franchisees, the right to independently own and operate one or more Franchised Businesses.

B. Franchisee desires to enter into an agreement with Franchisor to obtain the right to operate a Franchised Business using the system developed by Franchisor, the characteristics of which include: Franchisor’s proprietary standards and specifications for food recipes and preparation; interior and exterior designs and décor; standard specifications for furniture, fixtures, equipment, wall and ceiling designs and displays; sales techniques, merchandising, marketing, advertising, and inventory management systems; and procedures for operating and managing a Franchised Business in the manner set forth in this Agreement and in the Manuals, as defined in this Agreement, and modified from time to time (the “System”).

C. Franchisor and its franchisees use various trade names, trademarks and service marks including, without limitation, the marks “I HEART MAC & CHEESE and more”, “I HEART MAC & CHEESE” and “I ❤️ MAC & CHEESE” in connection with the System (the “Proprietary Marks”). The rights to all Proprietary Marks Franchisor may now, or in the future, designate as part of the System will be owned exclusively by Franchisor or its affiliates and will be used for the benefit of Franchisor, its affiliates and Franchisor’s franchisees to identify to the public the source of the products and services marketed thereunder.

D. Franchisee recognizes the benefits derived from being identified with Franchisor, appreciates and acknowledges the distinctive and valuable significance to the public of the System and the Proprietary Marks, recognizes the value of Franchisor’s knowledge and experience and understands and acknowledges the importance of Franchisor’s high and uniform standards of quality, appearance, and service to the value of the System.

E. Franchisee has applied to Franchisor to acquire a franchise for the right to operate a Franchised Business.

F. Franchisee has had the opportunity to familiarize itself with the System and Proprietary Marks, the importance of maintaining Franchisor’s high standards and adhering to the terms and conditions of this

Agreement and has reviewed Franchisor's disclosure document and this Agreement; and

G. Franchisor is willing to grant Franchisee the right to own and operate the requested Franchised Business based on Franchisor's material reliance on the representations contained in the franchise application, subject to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants, terms and conditions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1 GRANT OF FRANCHISE

1.1 **Grant and Acceptance.** Franchisor hereby grants to Franchisee, upon the express terms and conditions contained in this Agreement, and Franchisee hereby accepts, a franchise for the right to establish and operate one (1) Franchised Business, under the System and Proprietary Marks identified below. Franchisor has the right to supplement, improve or otherwise modify the System from time to time in Franchisor's discretion, and Franchisee agrees to comply with all changes, which may include, without limitation, the offer and sale of new or different products or services as Franchisor may specify.

1.2 **Designated Territory and Unit.** Franchisee may operate the Franchised Business only at the location identified in the Data Sheet of this Agreement (the "Accepted Location"). If Franchisor has not accepted a location for Franchisee to operate the Franchised Business as of the date Franchisee signs this Agreement, then Franchisee shall follow the procedures for acquiring an Accepted Location as proved in this Agreement. The Accepted Location must be within the Designated Territory as provided in the Data Sheet. Franchisee is restricted from operating any other type of business other than a Franchised Business in association in any way with the Franchised Business without prior written permission from Franchisor. Franchisee agrees to execute an addendum to this Agreement redefining the Designated Territory to be an area surrounding the Accepted Location upon finding the Accepted Location.

1.3 **Designated Territory Rights.** Except as otherwise provided in this Agreement, for so long as Franchisee complies with the terms and conditions hereof, Franchisor will not establish and operate, nor license any party other than Franchisee to establish and operate, any Franchised Business under the System and the Proprietary Marks within the Designated Territory, during the term hereof, provided, however, that Franchisor and its affiliates retain all other rights, including, without limitation, the right to distribute products and services as described in Section 1.4 hereof within the Designated Territory. Franchisor will have the right, among others, during the term of this Agreement to use, and to license others to use, the System and Proprietary Marks for the operation and licensing of other Franchised Businesses at any location outside of the Designated Territory. Franchisee may not solicit customers outside of the Designated Territory. The foregoing grant to Franchisee does not include: (i) any right to offer any product or service via e-commerce without prior approval by Franchisor; (ii) any right to establish an independent website or to establish a URL incorporating the Proprietary Marks or any variation thereof; or (iii) any right to distribute, market, or implement Franchisor's products and services in any channel of distribution not specifically identified in this Agreement. Franchisee acknowledges and understands that the use of food delivery platform companies, such as Uber Eats, Grubhub, DoorDash and other similar service companies, may result in delivery of products to customers inside of the Designated Territory from products provided by other franchisees which is outside of Franchisor's control or the control of any franchisees because of the method of operational systems used and controlled solely by those particular companies. Franchisees agrees not to hold Franchisor or any other franchisees responsible for such deliveries.

1.4 **Exclusions and Reservations.** Franchisee expressly understands and agrees that Franchisor and Franchisor's affiliates will have the right, in Franchisor's sole discretion, to: (i) own and operate Restaurants at any location(s) outside Franchisee's Designated Territory under the same or different marks, or to license others the right to own and operate Restaurants at any location(s) outside Franchisee's Designated Territory under the same or different marks; (ii) use the Proprietary Marks and System in connection with services and products, promotional and marketing efforts or related items, or in alternative channels of distribution, including the sale of products through grocery stores, farmers markets, fine dining restaurants, retail stores, foodservice wholesalers, and via the Internet and mail order catalogs, without regard to location; (iii) own and operate Restaurants at Non-Traditional Sites, as defined in Section 1.6 below, within and outside of Franchisee's Designated Territory; (iv) own and operate Restaurants or other businesses, or market similar products and services, at any location inside Franchisee's Designated Territory under different marks, or to license others the right to own and operate Restaurant or other businesses, or market similar products and services at any location inside Franchisee's Designated Territory under different marks; (v) acquire, merge with, engage in joint ventures with, or otherwise affiliate with, and thereafter own and operate and franchise others the right to own and operate, any business of any kind, including businesses that offer products that are similar to those provided by the Franchised Business, within or outside Franchisee's Designated Territory, or be acquired by any type of business; and (vi) engage and license others to engage in any other activities not expressly prohibited in this Agreement.

1.5 **Other Channels of Distribution.** Franchisee acknowledges and agrees that certain of Franchisor's, or its affiliates', products and services, whether now existing or developed in the future, may be distributed in Franchisee's Designated Territory by Franchisor, Franchisor's affiliates, or Franchisor's franchisees, licensees or designees, in such manner and through such channels of distribution as Franchisor, in its sole discretion, will determine. Such alternate channels of distribution may include, but are not limited to, the sale of food and beverage products through grocery stores, fine dining restaurants, retail stores, foodservice wholesalers, and via the Internet and mail order catalogs. Franchisee understands that this Agreement grants Franchisee no rights: (i) to distribute such products or services as described in this Section 1.5; or (ii) to share in any of the proceeds received by any such party therefrom.

1.6 **Non-Traditional Sites.** Franchisor will have the exclusive right, unless otherwise specifically delegated in writing, on behalf of itself, Franchisee, and/or other franchisees utilizing the Proprietary Marks, to negotiate and enter into agreements or approve forms of agreement to operate similar businesses in non-traditional sites, including, but not limited to shopping centers, amusement parks, military bases, hospitals, airports, sports arenas and stadiums, train stations, travel plazas, toll roads and casinos, foodservice wholesalers, catering businesses and Internet sites, both within and outside of Franchisee's Designated Territory (each, a "Non-Traditional Site"). Any dispute as to whether a particular site is a Non-Traditional Site will be determined by Franchisor in its sole discretion and Franchisor's determination will be final and binding. Franchisor or Franchisor's affiliates', licensees' or designees' operation of a Franchised Business at a Non-Traditional Site within Franchisee's Designated Territory will not constitute a violation of Section 1.3 relating to territorial protection. Franchisee disclaims any compensation or consideration for revenues earned by others from operating businesses at Non-Traditional Sites within Franchisee's Designated Territory.

2 **TERM AND RENEWAL**

2.1 **Term.** The initial term of this Agreement is for a period of ten (10) years ("Term"), which will begin on the date that the Franchisor signs this Agreement ("Effective Date"). The term of this

Agreement is subject to earlier termination as provided in this Agreement.

2.2 **Renewal.** Franchisee has the right to renew this Agreement for two (2) successive, additional five (5) year periods, provided Franchisee has met the following conditions prior to the end of this Term or any additional term:

2.2.1 Franchisee has notified Franchisor in writing of Franchisee's intention to renew this Agreement at no less than six (6) months and no more than twelve (12) months prior to expiration of the current Term. Failure of Franchisee to provide Franchisor such written notice as required by this Section shall therefore give Franchisor the right to proceed as it deems necessary to protect its interests in the Designated Territory, including the pursuance, offering and/or completion of a sale of a Franchised Business to a third party for any part of the Designated Territory; although any rights to operate a Franchised Business granted to such third party within the Designated Territory shall not be effective until the expiration of this Term. Franchisee does agree that Franchisor and Franchisor's franchisee have the right to proceed in preparing for the opening and/or operation of a Franchised Business within the Franchised Territory during the Term of this Agreement if Franchisee has not notified Franchisor of its intention to renew this Agreement as required in this Section, and Franchisee shall cooperate with any such preparation and agrees that any interference by Franchisee in such preparation shall be considered a material breach of this Agreement. Franchisor is not required or obligated to provide Franchisee with any notice concerning the upcoming expiration of the Term of this Agreement or any additional term;

2.2.2 Franchisee has demonstrated to Franchisor's satisfaction that Franchisee has the right to operate the Franchised Business at the Accepted Location for the duration of the renewal term; or, if Franchisee is unable to operate the Franchised Business at the Accepted Location, Franchisee has secured an approved substitute location as required by this Agreement and Franchisor;

2.2.3 Franchisee has completed, to Franchisor's satisfaction, no later than sixty (60) days prior to the expiration of the then-current term, all maintenance, refurbishing, renovating, updating and remodeling of the Franchised Business, and any updates to required hardware and software, required to bring the Franchised Business and all equipment into full compliance with Franchisor's then-current System standards and specifications;

2.2.4 Franchisee is not in breach of any provision of this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, Franchisor's approved/designated suppliers and vendors, and Franchisee has substantially complied with all such agreements during their respective terms;

2.2.5 Franchisee has satisfied all Franchisee's monetary obligations to Franchisor, Franchisor's affiliates, and Franchisor's approved/designated suppliers and vendors;

2.2.6 Franchisee executes Franchisor's then-current form of franchise agreement, the terms of which may materially vary from the terms of this Agreement and may include, without limitation, increased royalty fees, and increased marketing and advertising obligations;

2.2.7 Franchisee satisfies Franchisor's then-current training requirements (if any) for renewing franchisees at Franchisee's expense, prior to the date of such renewal;

2.2.8 Franchisee signs a general release, in the form Franchisor prescribes, with the release not inconsistent with any applicable state statute regulating franchises;

2.2.9 Franchisee shall complete and/or execute any other documents that are required by Franchisor; and

2.2.10 Franchisee pays Franchisor a renewal fee in the amount of five thousand dollars (\$5,000) upon executing Franchisor's then-current form of franchise agreement.

3 FEES

3.1 **Initial Franchise Fee.** In consideration of the franchise granted to Franchisee hereunder, Franchisee shall pay Franchisor an initial franchise fee upon execution of this Agreement, in an amount equal to _____, via ACH automatic draft through the EFT Program described in this Section or any other method of payment required by Franchisor. Franchisee hereby acknowledges and agrees that the grant of the Franchised Business and the agreements of Franchisor contained in this Agreement including, without limitation, pre-opening assistance and training, constitute the only consideration for the payment of the initial franchise fee, and the initial franchise fee is fully earned by Franchisor upon execution of this Agreement. In that regard, upon the payment of the initial franchise fee, it is deemed fully earned and non-refundable in consideration of the administrative and other expenses incurred by Franchisor granting the Franchised Business and for Franchisor's lost or deferred opportunity to offer to sell or sell this franchise to others. If Franchisee does not open the Franchised Business to be operated under this Agreement within the time frame required under this Agreement, then Franchisor may terminate this Agreement in its sole discretion without refunding any part of the initial franchise fee.

3.2 **Royalty Fee.** Franchisee shall pay Franchisor a weekly royalty fee equal to five percent (5%) of Franchisee's Gross Sales on or before the Friday of each week ("Royalty") for the Gross Sales generated during the immediately preceding week. Notwithstanding anything to the contrary in this Agreement, in no event shall the weekly Royalty Fee be less than One Hundred Seventy-Five Dollars (\$175) ("Minimum Weekly Royalty Fee") for the Term of this Agreement. The Royalty Fee commences either upon the opening of the Franchised Business to the general public or the expiration of the time frame for opening the Franchised Business as set out in this Agreement (in which case the Minimum Weekly Royalty Fee would be due until the Franchised Business actually opens pursuant to a written extension to open by Franchisor), whichever occurs first. Nothing in this provision shall be construed as an obligation on the part of Franchisor to grant Franchisee an extension to open the Franchised Business. The Royalty is not refundable, with the exception of any fees that may have been overpaid in error by Franchisee.

3.3 **Training Fee.** If Franchisor is granting the Franchised Business under this Agreement to Franchisee due to a transfer of any interests of the Franchised Business by another owner to Franchisee, whether by purchase or by gift, then Franchisee shall remit to Franchisor the sum of Ten Thousand Dollars (\$10,000) ("Resale Training Fee") prior to the transfer of any such interests for the training Franchisee is required to successfully complete as required pursuant to this Agreement.

3.4 **Brand Fund Contribution.** Franchisee shall pay Franchisor a weekly contribution to the Brand Fund (as defined in Section 12) equal to three percent (3%) of Franchisee's Gross Sales on or before the Friday of each week ("Brand Fund Contribution") for the Gross Sales generated during the immediately preceding week. Notwithstanding anything to the contrary in this Agreement, in no event shall the weekly Brand Fund Contribution be less than One Hundred Dollars (\$100) ("Minimum Weekly Brand Fund Contribution") for the Term of this Agreement. The Brand Fund Contribution commences either upon the opening of the Franchised Business to the general public or the expiration of the time frame

for opening the Franchised Business as set out in this Agreement (in which case the Minimum Weekly Brand Fund Contribution would be due until the Franchised Business actually opens pursuant to a written extension to open by Franchisor), whichever occurs first. Nothing in this provision shall be construed as an obligation on the part of Franchisor to grant Franchisee an extension to open the Franchised Business. The Brand Fund Contribution is not refundable, with the exception of any contributions that may have been overpaid in error by Franchisee.

3.5 Gross Sales Reports. Franchisee shall send Franchisor a signed report (“Gross Sales Report”) on or before the Friday of each week for the immediately preceding week, in the manner and form specified by Franchisor. Each Gross Sales Report must set forth: (i) Franchisee’s Gross Sales generated during the previous week; (ii) Franchisee’s calculation of the Royalty and Brand Fund Contribution (as defined in this Section); (iii) Franchisee’s local advertising expenditures; and (iv) any other information Franchisor may require. Franchisor may change the form and content of the Gross Sales Reports from time to time.

3.6 Gross Sales. “Gross Sales” includes: (i) all revenues Franchisee generates from all business conducted at or from Franchisee’s Franchised Business, including amounts received from the sale and delivery of food items, services, products, merchandise, and tangible property of any nature whatsoever, whether in cash or for credit, and whether collected or uncollected, (ii) orders which originated at any place other than the Accepted Location but delivery is made at or from the Accepted Location, (iii) catering sales (if and as permitted by Franchisor), and (iv) the proceeds from any business interruption insurance related to the non-operation of the Franchised Business. Gross Sales, however, do not include the amount of any applicable sales tax imposed by any federal, state, municipal or other governmental authority if such taxes are stated separately when the customer is charged and Franchisee pays such amounts as and when due to the appropriate taxing authority. Also excluded from Gross Sales are the amounts of any documented refunds, chargebacks, credits and allowances given to customers in good faith pursuant to Franchisor’s standard procedures for issuing such refunds. All barter and exchange transactions for which Franchisee furnishes services or products in exchange for goods or services to be provided to Franchisee by a vendor, supplier or customer will be valued at the full retail value of the goods or services provided to Franchisee.

3.7 Manner of Payment. Franchisor may institute an electronic funds transfer program (the “EFT Program”) under which Franchisor automatically deducts the Initial Franchise Fee, Royalty, Brand Fund Contributions, and any other amounts owed to Franchisor or its affiliates under this Agreement, or any other agreement between Franchisee and Franchisor or Franchisor’s affiliates, from Franchisee’s bank account. Franchisee shall immediately deposit all revenues from operation of the Franchised Business into this bank account immediately upon receipt, including cash, checks, and credit card receipts. Upon the Effective Date, Franchisee shall provide Franchisor with Franchisee’s bank name, address and account number, a voided check from the bank account for automatically withdrawing all fees and as provided in this Agreement. Franchisee shall sign and give to Franchisor and Franchisee’s bank, all documents, including Exhibit E to this Agreement, necessary to effectuate the EFT Program providing for Franchisor’s ability to withdraw funds from such bank account via electronic funds transfer; however, authorization to withdraw from Franchisee’s accounts for any fees under this Agreement is deemed given and effective by Franchisee’s signature on this Agreement. Franchisee shall immediately notify Franchisor of any change in Franchisee’s banking relationship, including changes in account numbers. Franchisor reserves the right to require Franchisee to pay any fees due under this Agreement by such other means as Franchisor may specify from time to time. If any Gross Sales Report has not been received within the time period required by this Agreement, then Franchisor may process an electronic funds transfer for the subject week based on the most recent Gross Sales Report provided by Franchisee to Franchisor, provided that if a Gross Sales

Report for the subject week is subsequently received and reflects: (i) that the actual amount of the fee due was more than the amount of the electronic funds transfer, then Franchisor may withdraw additional funds through an electronic funds transfer from Franchisee's designated bank account for the difference; or (ii) that the actual amount of the fee due was less than the amount of the electronic funds transfer, then Franchisor shall credit the excess amount to the payment of Franchisee's future obligations. Failure of Franchisee to provide bank account information as required by this Section or remit payments in accordance with this Agreement is a material intentional default of this Agreement.

3.8 Insufficient Funds and Late Fee. As part of Franchisee's participation in the EFT Program, if the funds in Franchisee's bank account are insufficient to cover any amounts due under this Agreement on the date such funds are due, in addition to the overdue amount, Franchisee shall also pay Franchisor a fee of one hundred dollars (\$100.00) for each such instance when: (a) a payment is due under this Agreement and the funds in Franchisee's bank account are insufficient to cover the full amount of that payment; or (b) Franchisee fails to submit a Gross Sales Report, or any other report in the form and/or format prescribed by Franchisor, on or before the required due date (the "Insufficient Funds Fee"). If Franchisee's bank does not honor any electronic funds transfer for any reason, then Franchisee will bear responsibility for that payment and any service charge, in addition to the Insufficient Funds Fee.

3.9 Failure to Pay Fees in a Timely Manner. Upon any late payment or underpayment of any charges or fees Franchisee owes Franchisor or Franchisor's affiliates, the amount due will bear interest from the due date until paid at the lesser of one and one-half percent (1.5%) interest per month or the highest lawful interest rate which may be charged for commercial transactions in the state in which the Franchised Business is located. Nothing in this Agreement is to be construed to mean that Franchisee shall pay, or has contracted to pay, any sum in excess of that which may lawfully be charged or contracted for under any applicable law. The intention of the parties is to conform strictly to applicable usury laws, and it is agreed that if an excess is inadvertently collected, it shall be applied to reduce the amount owed by Franchisee. No claim by Franchisee that Franchisor is in default under any provision hereof shall be a defense to a claim by Franchisor for Royalties, Brand Fund Contributions, or other amounts owing hereunder. Franchisee shall not, on the grounds of an alleged non-performance by Franchisor of any of its obligations hereunder, withhold payment of any amounts due to Franchisor. Nothing contained in this Section will prevent Franchisor from exercising, in Franchisor's sole judgment, any other rights or remedies available to Franchisor under this Agreement.

3.10 Taxes on Payments. In the event any taxing authority, wherever located, imposes any future tax, levy or assessment on any payment Franchisee makes to Franchisor, Franchisee must, in addition to all payments due to Franchisor, pay such tax, levy or assessment.

3.11 No Right to Set Off. Franchisee will not be allowed to set off amounts owed to Franchisor under this Agreement against any monies owed by Franchisor to Franchisee, and any such right of set off is hereby expressly waived by Franchisee.

3.12 Technology Fee. Franchisee is required to pay all third-party fees associated with required computer software and other required technology associated with the operation of the Franchised Business. Furthermore, Franchisee is required to pay to Franchisor an on-going monthly technology fee in the amount of One Hundred Fifty Dollars (\$150) on the fifteenth (15th) of each month for computer operational systems and/or software and costs associated with website development or social media ("Technology Fee"). The Technology Fee commences upon the opening the Franchised Business. Franchisor reserves the right to change the amount, scope, or manner of payment of the Technology Fee, including the party to whom payment is made, at any time upon providing reasonable notice to Franchisee.

3.13 **Payments.** Franchisee authorizes Franchisor to automatically withdraw from Franchisee's account any fees due under this Agreement on the dates such fees are due, including any and all late fees, Brand Compliance Fees and penalties. All payments required to be made to Franchisor under this Agreement shall be made at an address designated by Franchisor in Boca Raton, Florida; or, to such addresses and to such parties as Franchisor may designate in writing.

4 PROPRIETARY MARKS

4.1 Franchisee's Use of the Proprietary Marks and Other Proprietary Material.

4.1.1 Franchisee shall only use the Proprietary Marks that Franchisor designates and must use them only in the manner Franchisor authorizes and permits.

4.1.2 Franchisee shall only use the Proprietary Marks for the operation of the Franchised Business at the Accepted Location and for services in connection therewith, and for advertising the Franchised Business.

4.1.3 Franchisee shall use all Proprietary Marks without prefix or suffix and in conjunction with the symbols "TM," "SM," "S," or "R," as applicable. Franchisee shall not use the Proprietary Marks in connection with the offer or sale of any services or products that Franchisor has not authorized for use in connection with the System. Franchisee shall not use the Proprietary Marks or any part of the Proprietary Marks as part of Franchisee's corporate or other legal name. Franchisee's corporate name and all fictitious names under which Franchisee proposes to do business must be approved by Franchisor in writing before use. Franchisee shall use Franchisee's corporate or limited liability company name either alone or followed by the initials "D/B/A" and a business name approved in advance by Franchisor. Franchisee shall promptly register at the office of the county in which Franchisee's Franchised Business is located, or such other public office as provided for by the laws of the state in which Franchisee's Franchised Business is located, as doing business under such assumed business name.

4.1.4 Franchisee shall identify itself as the independent owner of the Franchised Business (in the manner Franchisor prescribes) in conjunction with any use of the Proprietary Marks including, without limitation, on invoices, order forms, receipts, customer forms and questionnaires, business stationery, and advertisements, as well as at such conspicuous locations as Franchisor may designate in writing at the Accepted Location.

4.1.5 Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof will constitute an infringement of Franchisor's rights. Franchisee agrees not to use any other trademark, service mark or trade name in combination with the Proprietary Marks without Franchisor's prior written consent. Franchisee shall not use the Proprietary Marks, or any other mark Franchisor or its affiliates own or will own, in any advertising that has not been provided to Franchisee by Franchisor or previously approved in writing by Franchisor. Franchisee shall permit Franchisor to inspect Franchisee's uses of the Proprietary Marks at all reasonable times for the purpose of ascertaining compliance with this Agreement. Except when necessary to comply with this Agreement, Franchisee shall not place the Proprietary Marks, nor provide any third party the Proprietary Marks for the purpose of placing the Proprietary Marks, on any products, supplies or any other item in any form for any purpose, unless Franchisee acquires prior written approval from Franchisor.

4.1.6 Franchisee shall not use the Proprietary Marks to incur any obligation or

indebtedness on Franchisor's behalf.

4.1.7 Franchisee shall execute all documents Franchisor deems necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

4.1.8 Franchisee shall promptly notify Franchisor of any suspected unauthorized use of the Proprietary Marks and proprietary software, if any, Franchisor may now or hereafter designate for use in connection with the System; any challenge to the validity of the Proprietary Marks; or any challenge to Franchisor's ownership of Franchisor's right to use and to license others to use, or Franchisee's right to use, the Proprietary Marks, the Proprietary Software, Franchisor's proprietary recipes, and Franchisor's Manuals (collectively, the "Proprietary Material"). Franchisee acknowledges that Franchisor has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Material, including any settlement thereof. Franchisor has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Franchisor's rights to the Proprietary Material. Franchisor has the right, though not the obligation, to defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Proprietary Material. If Franchisor, in Franchisor's sole discretion, determines that Franchisee has used the Proprietary Material in accordance with this Agreement, Franchisor will bear the cost of such defense, including the cost of any judgment or settlement. If Franchisor, in Franchisor's sole discretion, determines that Franchisee has not used the Proprietary Material in accordance with this Agreement, Franchisee will bear the cost of such defense, including the cost of any judgment or settlement. In the event of any litigation relating to Franchisee's use of the Proprietary Material, Franchisee will execute any and all documents and do such acts as may, in Franchisor's opinion, be necessary to carry out such defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Proprietary Material in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse Franchisee for Franchisee's out-of-pocket costs in performing such acts.

4.1.9 Franchisee expressly understands and acknowledges that:

4.1.9.1 Franchisor or its affiliates or licensors own all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and Franchisor has the right to use, and license others to use, the Proprietary Marks;

4.1.9.2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System;

4.1.9.3 During the term of this Agreement and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of, or Franchisor's ownership of, or right to use and to license others to use, the Proprietary Marks or any other Proprietary Material;

4.1.9.4 Franchisee's use of the Proprietary Material does not give Franchisee any ownership interest or other interest in or to the Proprietary Material;

4.1.9.5 Any and all goodwill arising from Franchisee's use of the Proprietary Material will inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement, no monetary amount will be assigned as attributable to any goodwill associated with Franchisee's use of the System, the Proprietary Marks, or any other Proprietary Material;

4.1.9.6 Except as specified in Section 1 hereof, the license of the

Proprietary Marks granted to Franchisee hereunder is nonexclusive and Franchisor retains the rights, among others: (i) to use the Proprietary Marks itself in connection with selling products and services; (ii) to grant other licenses for the Proprietary Marks; and (iii) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing any rights therein to Franchisee; and

4.1.9.7 Franchisor has the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder. Franchisee shall discontinue using all Proprietary Marks that Franchisor has notified Franchisee, in writing, have been modified or discontinued within ten (10) days of receiving written notice and, at Franchisee's sole cost and expense, shall promptly begin using such additional, modified or substituted Proprietary Marks. Furthermore, Franchisee expressly acknowledges that Franchisor's federal trademark registration for its principal mark is currently pending, and, in the event Franchisor is unable to secure a registration, Franchisor may decide to adopt a substitute mark. If Franchisor does adopt a substitute mark for this reason, Franchisee agrees to use the substitute mark as described in this Section 4.1.9.7, and Franchisee further agrees that it will not have any claim against Franchisor as a result thereof.

5 CONFIDENTIAL INFORMATION

5.1 **Nondisclosure.** During the term of this Agreement, Franchisee will receive information which Franchisor considers its trade secret and confidential information ("Confidential Information"), including but not limited to operating procedures, sources of supply, supplier contracts, advertising materials, copyrighted materials, equipment specifications, any information contained in the Manuals, trade secrets, Franchisor's proprietary recipes and standards and specifications for food preparation and service, any proprietary software Franchisor may now or in the future create, and other methods, techniques and know-how concerning the operation of the Franchised Business which may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation of the Franchised Business. Franchisee shall not, during the term of this Agreement or at any time thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information. Franchisee may divulge Confidential Information only to those of Franchisee's employees as must have access to it in order to operate the Franchised Business. Franchisee acknowledges and agrees that certain information, including (a) current customer and prospective customer names, addresses, and other information, (b) customer service purchasing histories, and (c) sources of suppliers and purchasing arrangements with suppliers, also constitute the trade secrets and Confidential Information of Franchisor. Any and all information, knowledge, know-how, techniques, and other data that Franchisor designates as confidential will be deemed Confidential Information for purposes of this Agreement. Franchisee acknowledges and agrees that Franchisor has expended considerable time, effort, and money to develop the System, that the enumerated Confidential Information is not well known outside of the System, that the Confidential Information is of great value to the Franchisor, and that Franchisor is implementing this non-disclosure policy in an effort to protect its trade secrets and Confidential Information. Franchisee acknowledges that, in the event of the actual or threatened breach of this Section, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm.

5.2 **Employees.** Franchisee shall require that all of Franchisee's officers, directors, operating partners, managers, key employees and any personnel having access to any of Franchisor's Confidential Information execute covenants promising to maintain the confidentiality of information they receive in connection with their employment by Franchisee. Such covenants must be in a form satisfactory to Franchisor and substantially similar to the Confidentiality and Restrictive Covenant Agreement attached

as Exhibit D to this Agreement. These covenants must, without limitation, specifically identify Franchisor as a third party beneficiary with independent rights to enforce those covenants.

5.3 New Concepts. If Franchisee, Franchisee's employees, agents or principals develop any new concept, process or improvement in the operation or promotion of the Franchised Business, including, but not limited to, any modifications or additions to Franchisor's proprietary recipes or the I HEART MAC AND CHEESE and more menu, then Franchisee must promptly notify Franchisor and provide Franchisor with all necessary related information, without receiving compensation in return. Any such concept, process or improvement will become Franchisor's sole property, and Franchisor will be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related thereto. Franchisee and Franchisee's principals and agents hereby assign to Franchisor any rights they may have or acquire therein, including the right to modify such concept, process or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. Franchisee and Franchisee's principals and agents agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide Franchisor with all necessary documentations for obtaining and enforcing such rights. Franchisee and Franchisee's principals and agents hereby irrevocably designate and appoint Franchisor as their agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that the foregoing provisions of this Section are found to be invalid or otherwise unenforceable, Franchisee and Franchisee's principals and agents hereby grant to Franchisor a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe Franchisee's rights therein.

6 TRAINING

6.1 Initial Training Program. Franchisor will provide training classes for opening and operating a Franchised Business for Franchisee at a location and time designated by Franchisor ("Initial Training Program"). It is mandatory that Franchisee (or one of Franchisee's operating principals if Franchisee is a business entity) and at least one additional trainee (who must be a manager unless the individual Franchisee is the manager) must successfully complete, to Franchisor's satisfaction, the Initial Training Program and any other required training thirty (30) days prior to opening (or as required by Franchisor); however, prior to attending the Initial Training Program, Franchisee must provide Franchisor a copy of the certificate of occupancy for the Accepted Location and have written approval by Franchisor that all specifications for the Accepted Location required by this Agreement and the Manuals have been completed. Franchisor may require a video of the space be sent to Franchisor to determine if such specifications have been completed. A Designated Manager, as described in this Agreement, must have always successfully completed the Initial Training Program prior to managing the Franchised Business. All trainees must attend the training course at the same time. Should Franchisee or Franchisee's employees fail to complete the Initial Training Program to Franchisor's satisfaction, the respective person may repeat the course, or in the case of an employee, Franchisee may send a replacement (the "Replacement Personnel") to the next available Initial Training Program. Franchisor may charge its then-current training fee for such Replacement Personnel attending an Initial Training Program. For transfers in which the Franchised Business is already open, Franchisee must successfully complete the Initial Training Program and any other required training the earliest between thirty (30) days from the Effective Date or the next Initial Training Program provided by Franchisor; however, the Franchised Business must always be operated and managed at all time by an owner and/or employee that has successfully completed the Initial Training Program to the satisfaction of Franchisor. Failure by Franchisee, an employee or any

Replacement Personnel to complete the Initial Training Program to Franchisor's satisfaction within the time period prescribed in this Agreement will constitute a default of this Agreement, and Franchisor may terminate the Agreement.

6.2 **Charges and Costs.** There is no additional fee charged for the Initial Training Program for up to three (3) persons including the Franchisee. Franchisor may charge its then-current training fee for additional persons attending the Initial Training Program, which, at the time of the Effective Date, is Ten Thousand Dollars (\$10,000). All expenses of Franchisee and its attendees, including travel, lodging, meals, transportation, compensation of and worker's compensation insurance for the attendees enrolled in the Initial Training Program and any other personal and/or incidental expenses, shall be the sole responsibility of the Franchisee.

6.3 **Additional Training.** Franchisor may, in Franchisor's sole discretion, hold refresher and ongoing training courses, or training courses upon a significant change to the System, in order to provide additional assistance to franchisees. Franchisor may require Franchisee and Franchisee's employees to attend such training at its then-current fee for providing such training, which, at the time of the Effective Date, is Ten Thousand Dollars (\$10,000) for the training program. All expenses, including Franchisee's and Franchisee's employees' transportation, meal, and lodging expenses to attend such training, will be Franchisee's sole responsibility.

6.4 **Non-Disclosure and Non-Compete.** Franchisee acknowledges and agrees that all training provided by Franchisor is and includes methods, concepts and materials ("Training Information") that are confidential and proprietary material owned solely by Franchisor or its affiliates. Therefore, each person in attendance at any training provided by Franchisor shall be required to sign an agreement in a form provided by Franchisor that prohibits the unauthorized disclosure or use of any Training Information or competing with any franchise of Franchisor. By signing this Agreement, Franchisee acknowledges the confidential and proprietary nature of Franchisor's training materials and agrees to the non-disclosure and non-compete provisions set forth herein.

7 LOCATION AND OPENING OF THE FRANCHISED BUSINESS

7.1 **Site Location and Lease Approval.** Franchisee is solely responsible for securing real estate, by purchase or lease, for the operation of the Franchised Business. If Franchisor has not accepted a location in writing for Franchisee to operate the Franchised Business as of the Effective Date, then Franchisee shall do the following:

7.1.1 Within two (2) months from the Effective Date, Franchisee must obtain a potential site and a Letter of Intent (in the form provided by Franchisor) signed by the potential landlord, at Franchisee's expense, for the Franchised Business, which Franchisor may accept as hereinafter provided. The site must be within the Designated Territory. Franchisee's failure to obtain a site for the Franchised Business within the time required in this Paragraph will constitute a default under the Franchise Agreement. Time is of the essence. Franchisor shall have the right to assess a fee for non-compliance as provided under Section 9.25 of this Agreement and such fee, in this case, shall be Five Hundred Dollars (\$500.00) a week until Franchisee has complied with this provision.

7.1.2 Prior to Franchisee's acquisition by lease or purchase of a site for the Franchised Business, Franchisee must submit to Franchisor, in the form Franchisor specifies, a completed site review form and such other information or materials as Franchisor may reasonably require. Franchisor will have thirty (30) days after receipt of such information and materials from Franchisee to accept or not accept,

in Franchisor's sole discretion, the site as a location for the Franchised Business. No proposed site will be deemed accepted unless Franchisor has expressly accepted it in writing ("Accepted Location"). Franchisor shall have the right to assess a fee for non-compliance as provided under Section 9.25 of this Agreement and such fee, in this case, shall be Five Hundred Dollars (\$500.00) a week until Franchisee has complied with this provision.

7.1.3 Franchisor will furnish to Franchisee such site selection guidelines, consultation and on-site evaluation as Franchisor deems advisable as part of Franchisor's evaluation of Franchisee's request for site approval. Franchisor will not, however, provide on-site evaluation for any proposed site prior to Franchisor's receipt of the information and materials required by this Section. If Franchisor deems on-site evaluation necessary and appropriate, then Franchisor may, but is not obligated to, conduct up to one (1) on-site evaluation at Franchisor's cost. For each additional on-site evaluation (if any), Franchisee will reimburse Franchisor for Franchisor's reasonable expenses including, without limitation, the costs of travel, lodging, and meals. If Franchisor designates an agent for site selection assistance, then Franchisor reserves the right to require Franchisee to use Franchisor's designated agent, or another real estate agent that Franchisor approves in writing, for site selection assistance.

7.1.4 If Franchisee will be occupying the Accepted Location under a lease, then Franchisee shall, upon Franchisor's request, prior to the execution of the lease, submit the lease to Franchisor for Franchisor's acceptance. Franchisor's acceptance of the lease may be conditioned upon Franchisee's execution of a Collateral Assignment of Lease in the form Franchisor prescribes, as well as the inclusion or exclusion of certain required provisions. Franchisee must furnish Franchisor with a copy of any executed lease within ten (10) days after execution thereof.

7.1.5 Franchisee must have an Accepted Location, which includes a fully executed lease and any required addendums and provide such fully executed lease to Franchisor within four (4) months from the Effective Date. Franchisor shall have the right to assess a fee for non-compliance as provided under Section 9.25 of this Agreement and such fee, in this case, shall be Five Hundred Dollars (\$500.00) a week until Franchisee has complied with this provision.

7.1.6 After Franchisor has accepted a site for the Franchised Business in writing and Franchisee has acquired the site, the site will constitute the Accepted Location referred to in Section 1.2 of the Franchise Agreement. Franchisee is required to execute an addendum to this Agreement for such site adjusting the Designated Territory to a radius surrounding such site with a population of up to thirty thousand (30,000). Such site will not be deemed as accepted by Franchisor until such Addendum is fully executed.

7.1.7 Franchisee acknowledges and agrees that any reviews or obligations to be performed or provided by Franchisor under this Section may be performed or provided by a designee of Franchisor.

7.2 **Accepted Location Prior to Effective Date.** If Franchisee has an Accepted Location prior to the Effective Date, then Franchisee must comply with Paragraphs 7.1.4 and 7.1.5 above.

7.3 **Franchisor's Acceptance.** Franchisee hereby acknowledges and agrees that Franchisor's acceptance of a site does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for the Franchised Business or for any other purpose. Franchisor's acceptance of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for Franchisor's purposes as of the time of the evaluation. Both

parties to this Agreement acknowledge the application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to Franchisor's acceptance of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from Franchisor's criteria could change thereby altering the potential of a site. Such factors are unpredictable and are beyond Franchisor's control. Franchisor will not be responsible for the failure of a site accepted by Franchisor to meet Franchisee's expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that Franchisee's acceptance of a franchise for the operation of the Franchised Business at the site is based on Franchisee's own independent investigation of the suitability of the site.

7.4 Site Selection Assistance. If Franchisor designates an agent for site selection assistance, then Franchisor reserves the right to require Franchisee to use Franchisor's designated agent, or another real estate agent that Franchisor approves in writing, for site selection assistance. Franchisor has the right to review, evaluate and accept Franchisee's proposed lease for the Accepted Location ("Lease") prior to execution. Franchisor may condition Franchisor's acceptance of any proposed Lease on, among other things, Franchisee's and Franchisee's landlord's execution of a Collateral Assignment of Lease in the form required by Franchisor. Franchisee must deliver an executed copy of the Lease and the Collateral Assignment of Lease to Franchisor within ten (10) days of execution of the Lease. Neither Franchisor's review of the Lease nor Franchisor's acceptance of the site Franchisee has selected constitutes an expression of Franchisor's opinion regarding the terms of the Lease. Franchisor encourages Franchisee to seek independent counsel from a lawyer or business adviser to assist Franchisee in selecting a location and negotiating a lease for the Accepted Location.

7.5 Permits. Within six (6) months from the Effective Date, Franchisee must apply for the permits required to open the Franchise and provide to Franchisor copies of all completed and filed applications associated with such permits. Franchisor shall have the right to assess a fee for non-compliance as provided under Section 9.25 of this Agreement and such fee, in this case, shall be Five Hundred Dollars (\$500.00) a week until Franchisee has complied with this provision.

7.6 Relocation. Under no circumstances can Franchisee relocate the Franchised Business without Franchisor's prior written consent. If, for any reason, the Lease cannot be renewed or extended, or Franchisee cannot continue for any other reason to occupy the Accepted Location, then Franchisee must notify Franchisor and request the right to relocate Franchisee's Franchised Business. Franchisee must relocate Franchisee's Franchised Business to a mutually acceptable site within Franchisee's Designated Territory to complete the unexpired portion of the Term of this Agreement. Franchisee must notify Franchisor of Franchisee's intention to relocate, procure a site acceptable to Franchisor at least ninety (90) days prior to closing operations at Franchisee's current Accepted Location, and open for business at the new Accepted Location within thirty (30) days of closing business at Franchisee's then existing Accepted Location. Franchisee shall reimburse Franchisor for the actual costs it incurs in connection with accepting the relocation of the Franchised Business.

7.7 Store Appearance and Construction. The Franchised Business must conform to Franchisor's standards and specifications for the appearance, layout, and design of the Franchised Business. Franchisor shall provide Franchisee with a prototype layout for Franchisee's architect to use in the construction and buildout of the Franchised Business. Franchisee must ensure that plans comply with applicable ordinances, building codes, permit requirements, and any other applicable local, state, or federal law. All construction and floor plans, and amendments thereto, must be approved by Franchisor prior to implementation. Franchisee must obtain Franchisor's prior written approval to begin construction of the Franchised Business. Franchisor reserves the right to approve of all of Franchisee's additional vendors for

buildout and construction of the Franchised Business prior to commencement of their services. Each vendor must be properly licensed and insured to do business in the state where the Franchised Business is located.

7.8 Opening Approval. Franchisor shall have the right to inspect the Franchised Business prior to the opening of the Franchised Business to determine whether all construction or modification has been substantially completed, and that such construction or modification conforms to Franchisor's standards and specifications, including, but not limited to, standards and specifications regarding materials, quality of work, signage, décor, paint, and equipment. Franchisee shall obtain Franchisor's written approval prior to opening the Franchised Business, which approval shall not be unreasonably withheld. Franchisee shall provide at least thirty (30) days' prior notice to Franchisor of the date on which Franchisee proposes to first open the Franchised Business for business. Franchisee shall not open the Franchised Business without Franchisor's written approval.

7.9 Opening Requirements. Franchisee shall open the Franchised Business for business no later than ten (10) months after the parties execute this Agreement. If Franchisee does not open the Franchised Business as required herein, then, in addition to the possible termination of this Agreement for not complying with this provision, Franchisee shall remit the Minimum Weekly Royalty Fee until the Franchised Business is open to the public as required by Franchisor or until this Agreement is terminated.

7.10 Start-up and Ongoing Inventory and Grand Opening Supplies. In order for Franchisee to have the amount of inventory upon opening the Franchised Business as required by Franchisor, Franchisee shall purchase from Franchisor or its approved vendors an opening inventory of food and beverages as solely determined by Franchisor in the amount of at least five thousand dollars (\$5,000) prior to opening the Franchised Business. In addition, Franchisee shall remit to Franchisor an amount of three thousand dollars (\$3,000) for supplies that may include our trademark that may include uniforms, posters, marketing supplies and giveaways ("Grand Opening Supplies") at least fifteen (15) days prior to opening, and Franchisee agrees that such payment shall be withdrawn automatically from Franchisee's account by Franchisor at the time Franchisor ships the Grand Opening Supplies to Franchisee. Franchisor shall provide specifications for and designate sources of suppliers from which Franchisee agrees to purchase inventory, goods and supplies necessary for the ongoing operations of the Franchised Business.

7.11 Pre-Opening Obligations Acknowledgement. If Franchisee believes Franchisor has failed to provide adequate pre-opening services as provided in this Agreement, Franchisee shall notify Franchisor in writing within thirty (30) days following the opening of the Franchised Business. Absent such notice to Franchisor, Franchisee acknowledges, agrees and grants that Franchisor fully complied with all of its pre-opening and opening obligations set forth in this Agreement.

7.12 Use of Accepted Site. During the Term of this Agreement, the site at which Franchisee shall operate the Franchised Business shall be used exclusively for the purpose of operating a franchised I Heart Mac and Cheese restaurant and no other business. If the Accepted Site is damaged or destroyed by fire or other casualty, or be required to be repaired or reconstructed by any governmental authority, Franchisee shall at its own expense, repair or reconstruct the Accepted Site within a reasonable time under the circumstances. The minimum acceptable appearance for the restored Accepted Site will be that which existed just before the casualty; however, Franchisor may require Franchisee to have the restored the Franchised Business to reflect the then current image, design and specifications of I Heart Mac and Cheese restaurants.

8 FRANCHISOR'S OBLIGATIONS

8.1 **Manuals.** Franchisor shall loan Franchisee one (1) copy of Franchisor's proprietary and confidential operations manual, along with any other manual or writings Franchisor may now or hereafter designate for use in operating a Franchised Business (collectively, the "Manuals"), in hardcopy and/or electronic format. Franchisee will operate the Franchised Business in strict compliance with the Manuals, as it may be reasonably changed from time to time. Unless otherwise agreed to in writing by Franchisor, Franchisee shall comply with any modifications to the Manuals by Franchisor within fifteen (15) days of written notice of such modifications. The Manuals must remain confidential and Franchisor's exclusive property. Franchisee shall not disclose, duplicate or make any unauthorized use of any portion of the Manuals. The provisions of the Manuals constitute provisions of this Agreement as if fully set forth herein. Franchisee shall ensure that Franchisee's copy of the Manuals is current and up to date and keep a copy of the Manuals on the Accepted Location premises. If there is a dispute relating to the contents of the Manuals, the master copy, which Franchisor maintains at Franchisor's corporate headquarters, will control. Franchisor reserves the right to disclose updates to the Manuals via electronic means, including over Franchisor's website or any intranet or extranet system established in connection with the System.

8.2 **Layout and Equipment Selection.** Franchisor shall provide Franchisee with specifications and requirements for the equipment required for the opening of Franchisee's Franchised Business. Franchisor shall provide Franchisee with general plans and specifications for the layout and design of a prototypical Franchised Business. Franchisee must use an architect approved by Franchisor for the plans of the Franchised Business. In the event Franchisor designates one or more approved supplier for site selection, then Franchisor reserves the right, but not the obligation, to require Franchisee to use such approved supplier(s) for site selection and other assistance related to securing an Accepted Location.

8.3 **On-site and Ongoing Assistance.** Franchisor may, as it deems appropriate and advisable in its sole discretion, provide Franchisee on-site opening assistance and continuing consultation and advice regarding the management and operation of the Franchised Business. Franchisor shall provide such assistance, in Franchisor's discretion, by telephone, facsimile, intranet communication and on-site visits, or in any other manner determined by Franchisor. If Franchisee requires and requests additional on-site assistance from Franchisor, or if Franchisor mandates additional training, subject to the availability of Franchisor's personnel, Franchisor will provide Franchisee with such assistance at Franchisor's then-current rate for providing such assistance, plus expenses, including Franchisor's travel and lodging expenses.

8.4 **Annual Conference.** Franchisor may, in Franchisor's discretion, hold an annual conference at a location to be selected by Franchisor (the "Annual Conference"). Franchisor will determine the topics and agenda for such conference to serve the purpose, among other things, of updating franchisees on new developments affecting franchisees, exchanging information between franchisees and Franchisor's personnel regarding operations and programs, and recognizing franchisees for their achievements. Franchisor may require Franchisee and its employees to attend Annual Conferences and pay Franchisor's then-current registration fee if it chooses to charge a registration fee in its sole discretion. All expenses, including Franchisee's and Franchisee's employees' transportation to and from Annual Conferences, as well as lodging, meals, and salaries during Annual Conferences, are Franchisee's sole responsibility. Franchisor may use Brand Fund Contributions for purposes related to Annual Conferences, including costs related to productions, programs, and materials.

8.5 **Toll Free Telephone Number.** Franchisor has the right, but not the obligation, to establish and maintain a toll free telephone number for the purpose of dealing with prospective customers, customer

service, customer follow-up and satisfaction surveys. If Franchisor establishes a toll free number, then Franchisee must comply with Franchisor's procedures for implementing the nationwide service as Franchisor specifies in the Manuals or otherwise in writing.

8.6 **Email.** Franchisor may provide Franchisee with one or more email address(es) ("Franchise E-mail"), as it deems appropriate in its discretion, which Franchisee must use only in connection with the Franchised Business. Franchisee is responsible for all communications sent to the Franchise E-mail by Franchisor. Franchisor is the owner of the Franchise E-mail with the right to view and monitor all communications sent or received through the Franchise E-mail. Franchisee shall not provide access to any other person to the Franchise E-mail, shall not forward any e-mails from Franchisor to any third parties and shall monitor all communications on the Franchise E-mail on at least a weekly basis. Franchisor may send notices, concerning the Franchised Business, the Manuals and this Agreement, to the Franchise E-mail that will be deemed as received by Franchisee as of the date of delivery of such notices to the Franchise E-mail.

8.7 **Private Label Products.** Franchisor may directly, or indirectly through Franchisor's affiliates or designated vendors, develop and require Franchisee to purchase private label products or other merchandise bearing the Proprietary Marks to be sold at the Franchised Business. Franchisee may be required to purchase these items from Franchisor or any other Approved Supplier Franchisor designates.

8.8 **No Assumption of Liability.** Franchisor shall not, by virtue of any approvals, acceptances or advice provided to the Franchisee under this Agreement, including site selection or other approval provided under this Section, assume any responsibility or liability to Franchisee or to any third party to which it would not otherwise be responsible or liable. Franchisee acknowledges that any assistance (including site selection and project oversight) provided by Franchisor or its nominee in relation to the selection or development of the Accepted Location is only for the purpose of determining compliance with System standards and does not constitute a representation, warranty, or guarantee, express, implied or collateral regarding the choice and location of the Accepted Location, that the development of the Accepted Location is free of error, nor that the Franchised Business is likely to achieve any level of volume, profit or success.

8.9 **Delegation of Duties.** Franchisee acknowledges and agrees that any designee, employee, or agent of Franchisor may perform any duty or obligation imposed on Franchisor by the Agreement, as Franchisor may direct.

9 FRANCHISEE'S OBLIGATIONS

9.1 **Compliance with Standards.** Franchisee acknowledges and agrees that Franchisee's obligations set forth in this Agreement and the Manuals are reasonable and necessary for the operation of the Franchised Business and to maintain uniformity throughout the System. Franchisee must adhere to the standards and specifications set forth in this Agreement and the Manuals and any revisions or amendments to same, including, without limitation, standards and specifications for the preparation and presentation of food and beverage items, and the service of such items. Franchisee must use the food and beverage items, signs, furnishings, supplies, fixtures, equipment and inventory that comply with Franchisor's then-current standards and specifications, which Franchisor establishes from time to time. Franchisor has the right to change Franchisor's standards and specifications in Franchisor's discretion. Franchisee acknowledges that Franchisee may incur an increased cost to comply with such changes. Franchisee's employees must wear the uniform and attire as required by Franchisor.

9.2 **Designated and Approved Suppliers.** Recognizing that preservation of the System

depends upon product and service uniformity and the maintenance of Franchisor's trade dress, Franchisee agrees to purchase ingredients, food and beverage products, as well as certain signs, furnishings, supplies, fixtures, computer hardware and software, and other equipment, inventory, products and services, from Franchisor or from approved or designated suppliers as Franchisor will specify, from time to time, in the Manuals and otherwise in writing. Franchisee shall offer and sell only the products and services which are approved by Franchisor and no other products or services. Franchisee hereby acknowledges that Franchisor, Franchisor's affiliate and/or a third party may be one of several, or the only, approved supplier of any item. Franchisee further acknowledges that Franchisor and/or Franchisor's affiliates have the right to realize a profit on any items that Franchisor, Franchisor's affiliates or Franchisor's approved suppliers supply to Franchisee. Franchisor reserves the right to designate itself as a supplier or the sole supplier of any of the products listed above or inventory sold at the Franchised Business.

9.3 Supplier Approval. In the event Franchisee wishes to purchase any unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, Franchisee must provide Franchisor the name, address and telephone number of the proposed supplier, a description of the item Franchisee wishes to purchase, and the purchase price of the item, if known. Franchisee must then follow Franchisor's then-current procedure for evaluating and approving such request and pay Franchisor's then-current product/supplier evaluation fee (the "Evaluation Fee"). At Franchisor's request, Franchisee must provide Franchisor with a sample of the item Franchisee wishes to purchase for testing purposes. If Franchisor incurs any costs in connection with testing a particular product or evaluating an unapproved supplier at Franchisee's request, Franchisee must reimburse Franchisor for Franchisor's reasonable testing costs, regardless of whether Franchisor subsequently approves the item or supplier. Nothing in the foregoing will be construed to require Franchisor to approve any particular supplier. Franchisor may base Franchisor's approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation Franchisor deems necessary or desirable in Franchisor's System as a whole. Franchisor has the right to receive payments from suppliers on account of their dealings with Franchisee and other franchisees and to use all amounts Franchisor receives without restriction (unless instructed otherwise by the supplier) for any purposes Franchisor deems appropriate. Franchisor shall make a good faith effort to respond to Franchisee's request for a new supplier within thirty (30) days of receiving all of the necessary materials. If Franchisor does not respond within the thirty (30) day timeframe, the supplier is deemed disapproved. Nothing herein will require Franchisor to approve an unreasonable number of suppliers for a given item, which approval might, in Franchisor's reasonable judgment, result in higher costs or prevent the effective or economical supervision of approved suppliers. Franchisor may revoke Franchisor's approval of particular products or suppliers when Franchisor determines, in Franchisor's sole discretion, that such products or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee must cease purchasing products from such supplier and/or offering and selling such products. Franchisee must use products purchased from approved suppliers solely in connection with the operation of the Franchised Business and not for any competitive business purpose.

9.4 System Suppliers. Franchisor may establish business relationships, from time to time, with suppliers who may produce, among other things, certain food and beverage items, furnishings, supplies, fixtures, equipment and inventory according to Franchisor's proprietary standards and specifications, or private label goods that Franchisor has authorized and prescribed for sale by System franchisees ("System Suppliers"). Franchisee recognizes that such System Suppliers are essential to the operation of the Franchised Business and to the System generally. Franchisee further recognizes that Franchisee's failure to pay System Suppliers may interfere with such suppliers' willingness to supply the System, which may result in other System franchisees' inability to obtain product or ability to obtain product only on less favorable credit terms. Accordingly, Franchisee agrees to pay System Suppliers as and when due.

9.5 Authorized Products and Services. Franchisee will offer for sale all products and services that Franchisor prescribes and only those products and services that Franchisor prescribes. Franchisee may not offer any other products or services for sale, rent, or lease without having received Franchisor's prior written authorization. Franchisee will, at all times, maintain sufficient levels of inventory, as specified in the Manuals, to adequately satisfy consumer demand. Franchisee must offer and sell all private label products that Franchisor may now or in the future designate for sale by System franchisees.

9.6 Operations.

9.6.1 Franchisee shall operate Franchisee's Franchised Business for at least those hours, days, and months that Franchisor specifies in the Manuals or otherwise in writing.

9.6.2 Franchisee shall maintain the Franchised Business in a clean, safe and attractive manner, and in accordance with all applicable requirements of law, including all federal, state and local food preparation and handling laws, health and safety laws and regulations, as well as the Manuals. Franchisee and Franchisee's employees must give prompt, courteous and efficient service to the public and otherwise operate the Franchised Business so as to preserve, maintain and enhance the reputation and goodwill of the System.

9.6.3 In order to ensure that all food items prepared by Franchisee meet Franchisor's high standards of taste, texture, appearance and freshness, and in order to protect Franchisor's goodwill, Proprietary Marks, proprietary recipes and other Proprietary Material, all food items and products will be prepared only by properly trained personnel strictly in accordance with Franchisor's recipes, preparation techniques and processes, and the Manuals, and will be sold at retail to customers only from the Accepted Location, and Franchisee's catering services (if and as permitted by Franchisor) will only be provided in conformity with Franchisor's standards and specifications. Franchisee acknowledges that such recipes, preparation techniques and processes are integral to the System and failure to strictly adhere to such recipes, preparation techniques and processes (including the handling and storage of both raw ingredients, such as meat, produce, and dairy items, and fully prepared food items) will be detrimental to the System and Proprietary Marks and will constitute a default of this Agreement.

9.6.4 Franchisee shall employ a sufficient number of qualified, competent personnel, offer prompt, courteous and efficient service to the public, and otherwise operate the Franchised Business in compliance with the Manuals to preserve, maintain and enhance the reputation and goodwill of the System. Franchisee shall ensure all employees engaged in the operation of the Franchised Business during working hours present a neat and clean appearance and render competent, efficient service to the customers of the Franchised Business.

9.6.5 Franchisee shall conduct the Franchised Business in accordance with the Manuals. Franchisee shall immediately train and instruct Franchisee's employees in accordance with the Manuals and shall continue such training and instruction as long as each employee is employed. The Manuals will set forth the practices, procedures and methods to be used in Franchisee's Franchised Business, and Franchisor may require Franchisee to conform Franchisee's practices to national programs, which Franchisor has designed and promulgated as part of Franchisor's System. Throughout the Term of this Agreement, Franchisee shall purchase and/or install, at Franchisee's own expense, all fixtures, furnishings, equipment, and signage as Franchisor may direct from time to time in the Manuals or otherwise in writing.

9.6.6 Franchisee (or at least one of Franchisee's principals if Franchisee is a corporation, partnership or other entity) shall supervise and devote his or her personal full-time attention and best efforts to the management and operation of the Franchised Business. If Franchisee is a corporation, partnership or other entity, Franchisee may, however, delegate the day-to-day operation of the Franchised Business to a designated manager ("Designated Manager"). If Franchisee wishes to appoint a Designated Manager, then the proposed Designated Manager must (a) successfully complete the Initial Training Program, and (b) be otherwise approved by Franchisor in writing, before that Designated Manager assumes any management responsibility in connection with the Franchised Business. Franchisor will not unreasonably withhold its acceptance of any Designated Manager provided that individual successfully completes the Initial Training Program, as determined in the sole discretion of Franchisor. Franchisee shall keep Franchisor informed at all times of the identity of any employee acting as Designated Manager of the Franchised Business. In the event that a Designated Manager resigns or is otherwise terminated from Franchisee's Franchised Business, Franchisee shall hire a replacement approved in writing by Franchisor who meets Franchisor's then-current standards for Designated Managers within thirty (30) days after termination or resignation of the prior Designated Manager. Franchisee shall train the new Designated Manager within thirty (30) days of hiring. Franchisor reserves the right, without the obligation, to train the new Designated Manager directly. Franchisee shall ensure that any Designated Manager(s) devotes full-time and best efforts to the day-to-day operation and management of the Franchised Business, and Designated Managers cannot engage in any other business activity without Franchisor's prior written consent.

9.6.7 Franchisee shall, at all times, maintain such working capital as may be reasonably necessary to enable Franchisee to properly and fully carry out and perform all of Franchisee's duties, obligations and responsibilities hereunder and to operate the Franchised Business in a businesslike, proper and efficient manner.

9.6.8 Franchisee shall, at all times, maintain sufficient levels of inventory to adequately meet consumer demand.

9.6.9 Public telephones, newspaper racks, juke boxes, cigarette, gum and candy machines, rides, lottery ticket terminals, video games or any other games, vending or amusement machines, or any unapproved products will not be installed at the Franchised Business without the prior written approval of Franchisor.

9.7 **Franchised Business.** Franchisee shall construct, improve, operate and decorate the Franchised Business in the manner authorized and approved by Franchisor and in accordance with the Manuals and the System, and Franchisee shall not thereafter alter the appearance of the Franchised Business except as approved in writing by Franchisor. Franchisee shall continuously throughout the Term of this Agreement, at its sole expense, maintain the Franchised Business in good condition and repair in accordance with Franchisor's current repair and maintenance standards.

9.8 **Site Evaluation; Inspections.** Franchisee agrees that, in order to maintain the high quality and uniform standards associated with the System and to protect its goodwill and reputation, Franchisee shall permit Franchisor and its designated agents, during business hours, with or without notice to Franchisee, to inspect Franchisee's Franchised Business. Such inspections may include inspections of the Accepted Location, taking photographs and/or videotape of the Franchised Business's common area, taking samples of any Approved Products for sale at the Franchised Business, interviewing and surveying Franchisee's personnel and customers, inspecting any and all books and records, conducting mystery shop services, and performing any other inspection that Franchisor deems necessary to protect the standards of

quality and uniformity of the System and Franchisee's performance under this Agreement. Franchisee shall make any changes to Franchisee's operations requested and based upon any inspections by Franchisor.

9.9 Computer Software and Hardware.

9.9.1 *Computer System.* Franchisor may specify or require that certain brands, types, makes, and/or models of communications, point-of-sale systems, other computer systems, and hardware be used by Franchisee, including, without limitation: (i) a "back office" computer system that complies with our standards and specifications; (ii) the POS System; (iii) management software system; (iv) printers and other peripheral hardware/devices; (v) Internet access mode and speed; and (vi) physical, electronic, and other security systems that includes at least eight (8) security cameras; and (vii) at least five (5) internet-ready television menu and/or marketing board (collectively, the "Computer System").

9.9.2 *Required Software.* Franchisor may develop or designate: (i) any web-based or software applications or any other computer software programs Franchisee must use in connection with any component of the Computer System and the operation of the Franchised Business (the "Required Software"), which Franchisee shall install at Franchisee's expense; (ii) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install at Franchisee's expense; (iii) the tangible media upon which Franchisee records data; and (iv) the database file structure of the Computer System. Franchisee shall be responsible for the payment of all fees associated with the Required Software, Computer System and Franchisee's point-of-sale system (the "POS System").

9.9.3 *Compliance with Requirements.* At Franchisor's request, Franchisee shall purchase or lease, and thereafter maintain, the Computer System and, if applicable, the Required Software. Franchisee agrees to pay all fees associated with the use of Required Software, which may be payable to Franchisor or Franchisor's approved or designated suppliers, and which may be increased from time to time. Franchisee expressly agrees to strictly comply with Franchisor's standards and specifications for all items associated with Franchisee's Computer System and any Required Software. Franchisee agrees, at its own expense, to keep its Computer System in good maintenance and repair and install such upgrades, additions, changes, modifications, substitutions, and/or replacements to Franchisee's Computer System or Required Software as Franchisor directs from time to time in writing. Franchisee expressly acknowledges that Franchisor has the right to require Franchisee to update or upgrade computer hardware components and/or Required Software, as Franchisor deems necessary from time to time, with no limitations as to the number or cost of such updates or upgrades. Franchisee agrees its compliance with this Section shall be at Franchisee's sole cost and expense.

9.9.4 *Franchisor's Access.* Franchisor may require that Franchisee's Computer System be programmed to automatically transmit data and reports about the operation of the Franchised Business to Franchisor. Franchisor may, at any time without notice, electronically connect with Franchisee's Computer System, including the security system and any security cameras, to monitor or retrieve data stored on the Computer System or for any other purpose Franchisor deems necessary. There are no contractual limitations on Franchisor's right to access the information and data on Franchisee's POS System and Computer System. Franchisee shall deliver to Franchisor all access codes, static internet protocol ("IP") addresses and other information to facilitate Franchisor's access to the data described in this Section at least thirty (30) days prior to opening the Franchised Business.

9.9.5 *Proprietary Software.* Franchisor may now or in the future create or designate a proprietary software program (the "Proprietary Software"), and Franchisor will also retain a proprietary interest in all databases, lists, templates, programs and any other software components that have been

created and/or customized by Franchisor using the Computer System and/or Required Software. Proprietary Software may conduct, among other things, scheduling, accounting, inventory, and related activities. Franchisee must obtain the computer hardware necessary to implement the Proprietary Software into the Franchised Business and comply with all specifications and standards prescribed by Franchisor regarding the Proprietary Software as provided in the Manuals. This Proprietary Software will be Franchisor's proprietary product, and the information collected therefrom will be deemed Franchisor's Confidential Information. Franchisee agrees to sign Franchisor's then-current form of software license agreement for any Proprietary Software Franchisor may now or in the future create, pay any fees associated with use of the Proprietary Software, and upgrade the Proprietary Software as Franchisor designates.

9.9.6 **Computer Network.** Franchisee is required to participate in any System-wide computer network, intranet system, or extranet system that Franchisor implements and may be required by Franchisor to use such computer network, intranet system, or extranet system to, among other things: (i) submit Franchisee's reports due under this Agreement to Franchisor online; (ii) view and print portions of the Manuals, including any updates or modifications thereto; (iii) download approved local advertising materials; (iv) communicate with Franchisor and other System franchisees; and/or (v) complete any initial or ongoing training. Franchisee agrees to use the facilities of any such computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that Franchisor included in the Manuals, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements.

9.10 **Personal Conduct.** Franchisee agrees to refrain from committing any act or pursuing any course of conduct that tends to bring Franchisor's Proprietary Marks into disrepute. Any actions by Franchisee that harm the Proprietary Marks in the sole discretion of Franchisor shall be considered a material breach of this Agreement.

9.11 **Best Efforts.** Franchisee shall use its best efforts to promote and increase the demand for menu items. All of Franchisee's advertising and promotion must be completely factual and conform to the highest standards of ethical advertising. Franchisee agrees to refrain from any business or advertising practice which may be injurious to the Franchised Business or the goodwill associated with the Proprietary Marks and System.

9.12 **Telephone.** Franchisee must obtain a new telephone number and telephone listing at Franchisee's expense, to be listed under the "I HEART MAC AND CHEESE" name and not under Franchisee's corporate, partnership, or individual name, and to be used exclusively in connection with Franchisee's operation of the Franchised Business. Upon the expiration, transfer or termination of this Agreement for any reason, Franchisee must terminate Franchisee's use of such telephone number and listing and take all steps required to assign the same to Franchisor or Franchisor's designee. Prior to opening the Franchised Business, Franchisee must execute the Conditional Assignment of Franchisee's Telephone Numbers and Listings attached hereto as Exhibit C. Franchisee shall answer the telephone in the manner Franchisor specifies in the Manuals.

9.13 **Payment of Debts.** Franchisee is solely responsible for: (i) selecting, retaining and paying Franchisee's employees; (ii) the payment of all invoices for the purchase of goods and services used in connection with operating the Franchised Business; and (iii) determining whether, and on what terms, to obtain any financing or credit that Franchisee deems advisable or necessary for the conduct of the Franchised Business. Franchisee agrees to pay all current obligations and liabilities to suppliers, lessors, and creditors on a timely basis. Franchisee agrees to indemnify Franchisor in the event that Franchisor is held responsible for debts owed by Franchisee if Franchisor elects to pay any of Franchisee's obligations

in order to preserve the relationship between System Suppliers and System franchisees. Franchisee agrees to make prompt payment of all federal, state and local taxes, including individual and corporate taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, FICA taxes, personal property taxes, and real estate taxes arising from Franchisee's operation of the Franchised Business. Franchisee agrees to indemnify Franchisor in the event that Franchisor is held responsible for these taxes.

9.14 **Required Licenses and Permits; Compliance with Applicable Laws.** Prior to opening, Franchisee must obtain and maintain (throughout the Term of this Agreement) all required licenses, permits and approvals to establish, open and operate the Franchised Business at the Accepted Location in the Designated Territory, including all required licenses and permits related to preparation and dispensation of food products such as the Approved Products at the Franchised Business. Franchisee shall comply with all applicable federal, state and local laws, ordinances and regulations regarding the operation of the Franchised Business, including, without limitation, all government regulations relating to food preparation and service, distribution laws, occupational hazards and health, dispensing of food products, consumer protection, trade regulation, workers' compensation, unemployment insurance, withholding and payment of federal and state income taxes, social security taxes and sales, use and property taxes, and the applicable provisions of the Americans with Disabilities Act ("ADA") regarding the construction, design and operation of the Franchised Business.

9.15 **Health and Safety Standards.** Franchisee shall meet and maintain the highest health and safety standards and ratings applicable to the operation of the Franchised Business. Franchisee shall furnish to Franchisor within two (2) days of its receipt thereof, a copy of all health inspection reports and any violation or citation that indicates Franchisee's failure to maintain federal, state, or local health or safety standards in the operation of the Franchised Business. Franchisee's failure to cure such violations within twenty-four (24) hours shall constitute grounds for immediate termination, upon notice, pursuant to this Agreement.

9.16 **Trade Secrets and Confidential Information.** Franchisee shall maintain the confidentiality of all Confidential Information as set forth in this Agreement.

9.17 **Image.** Franchisee acknowledges that Franchisor has developed the System to offer and sell products that will distinguish the Franchised Business from other quick casual businesses that may offer similar products. Franchisee agrees to offer products and services and to operate the Franchised Business in such a manner that emulates and enhances the image Franchisor intends for the System. Franchisee further acknowledges and agrees that each aspect of the System is important not only to Franchisee but also to Franchisor and to other System franchisees in order to maintain the highest operating standards, achieve System-wide uniformity and increase the demand for the products sold and services rendered by System franchisees. Franchisee agrees to comply with the standards, specifications and requirements Franchisor sets forth in order to uniformly convey the distinctive image of an I HEART MAC AND CHEESE and more store. Franchisee will, in the operation of the Franchised Business, use only displays, trays, boxes, bags, wrapping paper, labels, forms and other paper and plastic products imprinted with the Proprietary Marks and colors as prescribed from time to time by Franchisor.

9.18 **Pending Actions.** Franchisee shall notify Franchisor, in writing, within five (5) days of the commencement of any action, suit or proceeding or the issuance of any order, suit or proceeding of any court, agency or other government instrumentality, including the receipt of any notice or citation, which may adversely affect the operation or financial condition of Franchisee or the Franchised Business.

9.19 **Standard Maintenance and System Conformity.** Franchisee agrees to repair, refinish,

repaint, replace, and/or otherwise redo the Franchised Business, and the signs, furnishings, fixtures, décor, equipment and any other tangible part or property of the Franchised Business, at Franchisee's sole expense at such times as Franchisor may reasonably direct. Franchisor has the right to direct Franchisee to remodel, re-equip, and otherwise refurbish the Accepted Location in the manner necessary to bring it into conformance with other franchises of the type Franchisor and Franchisor's franchisees are opening at the time of such direction, provided, however, that Franchisor shall not require Franchisee to refurbish or remodel more than once every five (5) years, as long as the Franchised Business is not in violation of any System standards and specifications, and notwithstanding Franchisee's obligation to refurbish or re-model upon renewal or transfer.

9.20 Responsibility for Employment Decisions. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws, including, without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time.

9.21 Signage. Franchisee shall only erect and display the Proprietary Marks in the manner and at such locations as are approved and authorized in writing by Franchisor. Franchisee agrees to maintain and display signs reflecting the current image of I Heart Mac and Cheese franchises and shall not place additional signs or posters at the Franchised Business without the prior written consent of Franchisor. Franchisee shall discontinue the use of and destroy such signs as are declared obsolete by Franchisor within the reasonable time specified by Franchisor. Such signs are fundamental to the System, and Franchisee hereby grants to Franchisor the right to enter the Franchised Business to remove and destroy unapproved or obsolete signs if Franchisee has failed to do so within thirty (30) days after the written request from Franchisor.

9.22 Interference with Employment Relations of Others. Franchisee agrees not to attempt, directly or indirectly, to entice or induce, or attempt to entice or induce any employee of Franchisor or of another franchisee of Franchisor to leave such employment.

9.23 Personal Qualifications. This Agreement is made and entered into by Franchisor with Franchisee in reliance upon and in consideration of the representations made to Franchisor by Franchisee as to the personal and financial qualifications of Franchisee. Franchisee represents to Franchisor that Franchisee will actively participate in the operation of the daily activities and business of the Franchised Business. Franchisee may add additional persons periodically to actively participate in the operation of the daily activities and business of the Franchised Business upon Franchisor's written approval and the successful completion of Franchisor's current training program.

9.24 Customer Information. To assist Franchisor in providing Franchisee with on-going advice and assistance, and to determine whether Franchisee is complying with the terms of this Agreement and with the specifications, standards and procedures established for operation of Franchised Business, Franchisor, or its authorized representative, may, during regular business hours, or at such other times as may be mutually agreed upon, to inspect all customer records that Franchisee may have, both active and inactive, and any other related records. Upon request by Franchisor, and subject to any applicable state or federal data and privacy protection laws, Franchisee shall furnish to Franchisor in whatever format required by Franchisor all customer lists and records for the Franchised Business that Franchisee may have, both active and inactive. Franchisee acknowledges and agrees that Franchisor is the sole owner of the of such lists and records and that Franchisee will not distribute, in any form or manner, such lists or records to any third party without the prior written consent of Franchisor.

9.25 **Compliance.** Franchisee agrees that the uniformity and consistency of operation of all I Heart Mac and Cheese franchises in compliance with the Manuals and the System are mutually beneficial for Franchisor and Franchisee. Franchisee also agrees that full and strict compliance by Franchisee with all parts of the Manuals and the System and any changes thereto is essential, material and vital to the relationship between Franchisor and Franchisee and this Agreement; is necessary to protect the brand, reputation, operating systems and goodwill of Franchisor; and, to promote the reputation, goodwill, value and integrity of the Proprietary Marks and the System; and is essential, material and vital to the operation of the Franchised Business. Therefore, Franchisee shall always be in full and strict compliance with all parts of the Manuals and the System and any changes thereto and failure to so fully and strictly comply (“Noncompliant Act”) is a material default of this Agreement subject to the remedies outlined in this Agreement. In addition, if Franchisee commits any Noncompliant Act at any time during the Term of this Agreement and does not cure such Noncompliant Act within five (5) days’ notice by Franchisor, Franchisee shall pay to Franchisor a weekly fee of up to five hundred dollars (\$500) (“Brand Compliance Fee”) for each Noncompliant Act for the costs associated with damage to the brand of the Proprietary Marks and the System and associated with monitoring the Franchised Business. Franchisee shall continue paying the Brand Compliance Fee each month until Franchisee has fully remedied such Noncompliant Act. The Brand Compliance Fee will be automatically withdrawn from Franchisee’s accounts.

10 INSURANCE

Franchisee agrees to purchase/procure and maintain such insurance covering the operation and location of the Franchised Business as Franchisor may designate from time to time in the Manuals or otherwise in writing. Franchisor’s present insurance requirements are as follows: (i) comprehensive general liability insurance in the minimum amount of one million dollars (\$1,000,000) per occurrence (including contractual liability, broad form property damage, personal injury, advertising injury, product liability, employee liability, completed operations and independent contractors coverage, and fire damage coverage), two million dollar (\$2,000,000) umbrella general liability insurance in the aggregate; (ii) worker’s compensation as required under applicable laws and regulations and any other insurance required by Franchisee’s lenders or landlord; (iii) fire, vandalism and extended coverage insurance with primary and excess limits of at least the full replacement value of the Franchised Business and its furniture, fixtures and equipment; (iv) business income interruption and extra expense insurance covering actual loss for not less than six (6) months; (v) employment practices liability insurance (EPLI) with minimum coverage of at least one million dollars (\$1,000,000) with a deductible not greater than ten thousand dollars (\$10,000); and (vi) any other coverage that Franchisor periodically requires to satisfy insurance-related obligations.

Franchisee agrees to provide Franchisor with proof of coverage on demand. Franchisee agrees to obtain these insurance policies from insurance carriers that are rated “A-VIII” or better by Alfred M. Best & Company, Inc. and that are licensed and admitted in the state in which Franchisee operates its Franchised Business. All insurance policies must: (i) name Franchisor (and Franchisor’s members, officers, directors, and employees) as additional insureds; and (ii) contain a waiver by the insurance carrier of all subrogation rights against Franchisor. Furthermore, Franchisee shall be required to provide ten (10) days’ prior written notice of the termination, expiration, cancellation or modification of any insurance policy. Franchisor’s acceptance of an insurance carrier does not constitute Franchisor’s representation or guarantee that the insurance carrier will be capable of meeting claims during the term of the insurance policy. Franchisee agrees to carry such insurance as may be required by the Lease of the Accepted Location or by any of Franchisee’s lenders or equipment lessors. If Franchisee fails to comply with Franchisor’s minimum insurance requirements, Franchisor has the right to obtain such insurance and keep same in force and effect, and Franchisee shall pay Franchisor, on demand, the premium cost thereof and administrative costs of eighteen percent (18%) in connection with Franchisor’s obtaining the insurance. Franchisor shall have the

right to automatically withdraw such amount from Franchisee's accounts. Franchisee must provide Franchisor with copies of any insurance claims or insurance cancellations within twenty-four (24) hours. Franchisee has a twenty-four (24) hour opportunity to cure any lapses in insurance coverage. No insurance policy must be subject to cancellation, termination, nonrenewal or material modification, except upon at least thirty (30) days' prior written notice from the insurance carrier to Franchisor. Franchisee must submit a certification of insurance that demonstrates compliance with this Section. Franchisor has the right to increase or otherwise modify the minimum insurance requirements upon thirty (30) days' prior written notice to Franchisee, and Franchisee shall comply with any such modification within the time specified in said notice.

11 FINANCIAL RECORDS AND REPORTS

Franchisee must maintain, for at least five (5) fiscal years from their preparation, complete financial records for the operation of the Franchised Business in accordance with generally accepted accounting principles, and must provide Franchisor, at Franchisor's request, with: (i) a weekly Gross Sales Report signed by Franchisee and in the form Franchisor specifies; (ii) a quarterly income statement and profit and loss statement, in a format specified by Franchisor, including a standard chart of accounts, within fifteen (15) days after the end of each calendar quarter; (iii) annual financial reports and operating statements in the form Franchisor specifies, prepared by a certified public accountant or state licensed public accountant, within thirty (30) days after the close of each of Franchisee's fiscal years; (iv) state and local sales tax returns or reports and federal, state and local income tax returns for each year in which Franchisee's Franchised Business is operated, within thirty (30) days after their timely completion; and (v) such other reports as Franchisor may from time to time require, in the form and at the time Franchisor prescribes. Franchisee's fiscal year must be on a calendar year basis. To assist Franchisee in recording and keeping accurate and detailed financial records for reports and tax returns, Franchisor, at Franchisor's discretion, may specify the form in which the business records are to be maintained and provide a uniform set of business records for Franchisee to use. Franchisor will have full access to all of Franchisee's data, system, and related information by means of direct access, whether in person, or by remote access installed and maintained at Franchisee's sole expense.

12 BOOKS AND RECORDS

Franchisee must maintain accurate business records, reports, accounts, books and data relating to the operation of Franchisee's Franchised Business. Franchisor and Franchisor's designees have the right to inspect and/or audit Franchisee's business records at any time during normal business hours to determine whether Franchisee is current with suppliers and is otherwise operating in compliance with the terms of this Agreement and the Manuals. If any audit reveals that Franchisee has understated Franchisee's Royalty, Brand Fund Contributions, or Franchisee's Local Advertising Requirement (as defined in this Agreement), by more than two percent (2%), or if Franchisee has failed to submit timely reports and/or remittances for any two (2) reporting periods within any twelve (12) month period, Franchisee must pay the reasonable cost of such audit and/or inspection, including the cost of outside auditors and attorneys (to the extent Franchisor incurs such costs), together with amounts due for Royalty and other fees as a result of such underreporting and/or failure to submit reports, as well as all late fees and interest which may otherwise be due under this Agreement.

13 MARKETING AND ADVERTISING

Recognizing the value of advertising and promotion, and the importance of the standardization of advertising and promotion programs to the furtherance of the goodwill and public image of the System, the

parties agree as follows:

13.1 Generally.

13.1.1 Advertising and Sales Promotion Programs. Franchisor may from time to time develop and create advertising, sales and/or promotion programs designed to promote and enhance the collective success of all or some of the I HEART MAC AND CHEESE and more Restaurants operating under the System. Franchisee must participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor for each program. In all aspects of these programs, including without limitation, the type/quantity/timing/placement and choice of media, and market areas and advertising agencies, the System standards and specifications established by Franchisor shall be final and binding upon Franchisee. Franchisor may also request that Franchisee purchase and/or make copies of (and Franchisee's expense) and subsequently use certain other advertising or promotional materials that Franchisor designates for use in connection with the Franchised Business.

13.1.2 Approval for all Advertising/Promotional Materials. All advertising and promotion by Franchisee in any medium must be conducted in a professional manner and shall conform to Franchisor's standards and requirements as set forth in the Manuals or otherwise. Franchisee shall obtain Franchisor's approval of all advertising and promotional plans and materials prior to use if such plans and materials have not been prepared by Franchisor or previously approved by Franchisor during the twelve (12) months prior to their proposed use. Franchisee must submit to Franchisor, at least fifteen (15) days prior to the intended publication or use, samples of all sales, promotional, and advertising materials Franchisee desires to use, including, but not limited to, print, radio and television advertising, as well as signage, supplies and packaging that Franchisor has not previously approved. Within ten (10) days of Franchisor's receipt of any sample sales promotional material or advertising materials from Franchisee, Franchisor will notify Franchisee in writing of Franchisor's approval or disapproval of the materials. If Franchisor does not provide its specific approval of the proposed materials within this ten (10) day period, the proposed material will be deemed to have been rejected. Franchisee cannot use any advertising or promotional materials that have not previously been approved by Franchisor. Any plans and materials that Franchisee submits to Franchisor for its review will become Franchisor's property and there will be no restriction on Franchisor's use or dissemination of such materials. Once approved, Franchisee may use the proposed materials for a period of twelve (12) months, unless Franchisor prescribes a different time period for use or requires Franchisee to discontinue using the previously-approved materials in writing. Franchisor may revoke its approval of any previously-approved advertising materials upon notice to Franchisee. Franchisor reserves the right to require Franchisee to include certain language on all advertising to be used locally by Franchisee or to be used by a Cooperative, including, but not limited to, the phrase "Franchises Available" and references to Franchisor's telephone number and/or website.

13.2 Internet Website and Social Media. Franchisee must have and maintain adequate hardware and software in order to access the Internet at the bit speed Franchisor requires from time to time. Franchisee is prohibited, however, from establishing any website or other presence on the Internet, except as provided herein.

13.2.1 Franchisor may, but is not obligated to, establish an Internet website that provides information about the System and the products and services offered by Franchised Businesses. In the event Franchisor exercises its right to create such a website, Franchisor shall have sole discretion and control over the website (including timing, design, contents and continuation).

13.2.2 Franchisor may, but is not obligated to, create interior pages on its website(s) that

contain information about the Franchised Business and other I HEART MAC AND CHEESE and more franchised business locations. If Franchisor does create such pages, Franchisor may require Franchisee to prepare all or a portion of the page for the Franchised Business, at Franchisee's expense, using a template that Franchisor provides. All such information will be subject to Franchisor's approval prior to posting.

13.2.3 Franchisor will create and own all social media channels using Proprietary Marks for the operation of the Franchised Business. Franchisee shall not create its own social media page using the Proprietary Marks. Franchisor will grant Franchisee moderator access to any social media pages created for the Franchised Business. Any posts by Franchisee to such media pages must first receive written approval by Franchisor and must be submitted in writing to Franchisor for such approval. Franchisor shall have ten (10) days to provide its written approval. Any lack of approval by Franchisor shall be deemed as not approved.

13.2.4 Franchisor shall have the right to modify the provisions of this Section relating to Internet websites and social media pages as Franchisor deems necessary or appropriate in the best interest of the System.

13.2.5 Franchisee acknowledges that Franchisor and/or Franchisor's affiliates are the lawful, rightful and sole owner of the Internet domain name <http://www.iheartmacandcheese.com>, as well as any other Internet domain names registered by Franchisor, and unconditionally disclaims any ownership interest in such domain names and any Internet domain names colorably similar thereto. Franchisee agrees not to register any Internet domain name in any class or category that contains words used in or similar to any brand name owned by Franchisor or Franchisor's affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words.

13.3 **Grand Opening Advertising & Promotion.** Within ten (10) days from receiving required permitting to begin construction on the Accepted Site, Franchisee must remit to Franchisor, and Franchisee hereby acknowledges Franchisor will automatically withdraw from Franchisee through the EFT Program, an amount as defined herein for grand opening advertising in its Designated Territory (the "Grand Opening Advertising Requirement"). The Grand Opening Advertising Requirement shall be eighteen thousand dollars (\$18,000) if the Accepted Location is within a metro market with a designated marketing area ("DMA") of 1,000,000 or more population as determined by The Nielson Company, or similar company accepted by the marketing industry if The Nielson Company no longer provides such information. The Grand Opening Advertising Requirement shall be fifteen thousand dollars (\$15,000) if the Accepted Location is within a DMA of less than 1,000,000 population. Franchisor shall use all of the Grand Opening Advertising Requirement to provide advertising for Franchisee prior to opening the Franchised Business. Franchisor has the sole discretion on how and what to spend the Grand Opening Advertising Requirement for the Franchised Business. Upon written request by Franchisee, Franchisor will provide a report on how and on what the Grand Opening Advertising Requirement was spent. The Grand Opening Advertising Requirement is in addition to any Local Advertising Requirements. Franchisee may expend additional sums on advertising its grand opening at its sole discretion.

13.4 **Anniversary Marketing Fee.** Due upon ten (10) months from the opening of the Franchised Business, Franchisee must remit to Franchisor, and Franchisee hereby acknowledges Franchisor will automatically withdraw from Franchisee through the EFT Program, an amount of six thousand dollars (\$6,000) for the marketing of the one-year anniversary of the opening of the Franchised Business ("Anniversary Marketing Fee"). Franchisor will use the Anniversary Marketing Fee to provide advertising and marketing for the one-year anniversary of the opening of the Franchised Business. Upon written

request by Franchisee, Franchisor will provide a report on how and on what the Anniversary Marketing Fee was spent. The Anniversary Marketing Fee is in addition to any Local Advertising Requirements. Franchisee may expend additional sums on advertising at its sole discretion.

13.5 Additional Required Promotions. Franchisor has the right, but not the obligation, to run or market up to twelve (12) special promotions a year for the franchise system. For each of these special promotions, Franchisee agrees to purchase the items in quantities required by Franchisor to run each special promotion properly and sufficiently. Franchisee agrees to follow the pricing guidelines set out by Franchisor for each of the special promotions. Due to the inability to cure if Franchisee does not comply with this provision, any such noncompliance by Franchisee gives Franchisor the right to assess and automatically withdraw the Brand Compliance Fee without the requirement of any notice.

13.6 Brand Fund. Franchisor reserves the right to change the interval at which the Brand Fund Contribution is measured, collected, or the manners of payment, upon written notice to Franchisee.

13.6.1 Franchisor shall use Brand Fund Contributions, in Franchisor's sole discretion, to develop, produce and distribute national, regional and/or local marketing and to create advertising materials and public relations programs which promote, in Franchisor's sole judgment, the services offered by System franchisees. Franchisor has the sole right to determine contributions and expenditures from the Brand Fund, or any other advertising program, and sole authority to determine, without limitation, the selection of the advertising materials and programs, provided, however, that Franchisor will make a good faith effort to expend Brand Fund Contributions in the general best interests of the System on a national or regional basis. Franchisor may use the Brand Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertisements and other marketing, including: the cost of preparing and producing television, radio, magazine, Internet and newspaper advertising campaigns, the cost of direct mail and outdoor billboard advertising; the cost of public relations activities and advertising agencies; the cost of brand building; promotional expenditures; the cost of developing and maintaining an Internet website; and personnel and other departmental costs for advertising that Franchisor internally administers or prepares. Nevertheless, Franchisee acknowledges that not all System franchisees will benefit directly or on a pro rata basis from such expenditures. Franchisor may use Brand Fund Contributions for purposes related to Annual Conferences. While Franchisor does not anticipate that any part of the Brand Fund Contributions will be used for advertising that is principally a solicitation for franchisees, Franchisor reserves the right to use the Brand Fund Contributions for public relations or recognition of the I HEART MAC AND CHEESE brand and for the creation and maintenance of a website, a portion of which may be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating the availability of franchises. Sales materials, if developed, may be sold to franchisees at a reasonable cost.

13.6.2 Franchisor may periodically assist franchises to maintain high quality standards through customer surveys, customer interviews, and other similar initiatives ("Surveys"). The cost of such programs will be borne by the Brand Fund. The cost of these programs may be charged directly to Franchisee if Franchisee's results from a Survey fall below System-established minimum standards for such Surveys.

13.6.3 Franchisor has the right to reimburse itself from the Brand Fund Contributions for such reasonable costs and overhead, if any, that Franchisor may incur in activities reasonably related to the direction and implementation of the Brand Fund.

13.6.4 Franchisor will, on an annual basis, account for the operation of the Fund and

prepare an unaudited financial statement evidencing such accounting that will be available to Franchisee, upon Franchisee's written request, one-hundred twenty (120) days after the Franchisor's fiscal year end. The Brand Fund is not required to be independently audited. Franchisor-owned and affiliate-owned I HEART MAC AND CHEESE businesses will contribute to the Brand Fund in the same amount as required by franchisees. Franchisor may dissolve, suspend, modify and/or reinstate the Brand Fund at any time after it is established.

13.7 Local Advertising. In addition to the Brand Fund Contributions, Franchisee will be required to spend at least three percent (3%) of Gross Sales on local marketing and promotion in accordance with Franchisor's standards and specifications (the "Local Advertising Requirement"). By the fifth (5th) day of each month, Franchisee must provide Franchisor receipts of expenditures for local advertising that shows Franchisee has spent at least the Local Advertising Requirement for the previous month. Franchisor may require any additional information for local advertising from Franchisee as well as require Franchisee to submit such any information under this provision on a form or in a format required by Franchisor. If Franchisee does not provide such receipts as required in this provision or if Franchisee does not meet the Local Advertising Requirement at any time, then Franchisor will automatically withdraw any such delinquent amount from Franchisee's account and, in addition, all future Local Advertising Requirement payments will be automatically withdrawn every week through the EFT Program. If automatic withdrawal of the Local Advertising Requirement occurs under this provision, then Franchisee shall provide Franchisor with invoices for local advertising preapproved by Franchisor, and Franchisor will reimburse funds for such invoices from the Local Advertising Requirement collected from Franchisee.

Franchisee is responsible for any expenditures under this provision that exceed the amounts collected for the Local Advertising Requirement. Franchisee must spend the Local Advertising Requirement as Franchisor prescribes in the Manuals or otherwise in writing, which may include, without limitation, requirements for placing a certain number and/or type(s) of media advertisements or engaging certain public figures to assist the Franchisee in promoting its Franchised Business. The Local Advertising Requirement must be expended within Franchisee's Designated Territory. Franchisee acknowledges and agrees that Franchisee's Local Advertising Requirement must be expended regardless of the amount(s) spent by other System franchisees on local marketing. Franchisee may spend any additional sums Franchisee wishes on local marketing. Franchisee must use only such advertising and promotional materials as have been previously approved by Franchisor.

13.8 Regional Advertising and Promotional Cooperative. Franchisor may, in Franchisor's discretion, designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative"), and to determine whether a Cooperative is applicable to the Franchised Business. If a Cooperative is established and applicable to the Franchised Business, Franchisee must participate in the Cooperative and contribute three percent (3%) of Franchisee's Gross Sales to the Cooperative. The following provisions will apply to each Cooperative:

13.8.1 Each Cooperative will be organized and governed in a form and manner, and will commence operation on a date, approved in advance by Franchisor;

13.8.2 Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to Franchisor's approval, standardized advertising materials for use by the members in local marketing;

13.8.3 No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without Franchisor's prior approval. All such plans and materials must be

submitted to Franchisor in accordance with the procedure set forth in this Agreement;

13.8.4 The Cooperative's activities will be agreed upon by a majority vote of the member franchisees in the Cooperative. All Cooperative contributions will be credited against the Local Advertising Requirement. The Cooperative may, by the majority vote of its members, require a Cooperative contribution in excess of one percent (1%) and/or the Local Advertising Requirement;

13.8.5 Each member franchisee must submit to the Cooperative its respective contribution together with such other statements or reports as Franchisor may require or as may be required by the Cooperative with Franchisor's approval;

13.8.6 Franchisor may grant to Franchisee, in its sole discretion, an exemption for any length of time from the requirement of membership in a Cooperative, upon written request from Franchisee stating reasons supporting such exemption. Franchisor's decision concerning such request for exemption will be final; and

13.8.7 Franchisor has the right to establish, modify, merge and dissolve Cooperatives as it deems appropriate.

13.9 **Advertising Council.** Franchisor may establish, if and when it deems appropriate in its sole discretion, a council to provide advice and guidance regarding the administration of the Brand Fund and various other advertising/marketing matters (an "Advertising Council"). If Franchisor establishes an Advertising Council, it may serve in only an advisory capacity and may consist of franchisees, personnel from Franchisor's affiliate-owned Activity Centers, and/or other management/employees that Franchisor designates. If an Advertising Council is established, the membership of such Advertising Council, along with the policies and procedures by which it operates, will be determined by Franchisor. The recommendations of the Advertising Council shall not be binding on Franchisor. If Franchisor establishes an Advertising Council, Franchisor has the right to require that the Advertising Council be changed, dissolved or merged at any time upon written notice to the Advertising Council.

14 INDEPENDENT CONTRACTOR; INDEMNIFICATION

14.1 **Independent Contractor Status.** Franchisee is an independent contractor responsible for full control over the internal management and daily operation of Franchisee's Franchised Business, and neither party to this Agreement is the agent, principal, partner, employee, employer or joint venture partner of the other party. Franchisee may not act or represent itself, directly or by implication, as Franchisor's agent, partner, employee or joint venture partner, and Franchisee may not incur any obligation on Franchisor's behalf or in Franchisor's name. It is specifically acknowledged, understood and agreed by the Franchisee and Franchisor that this Agreement does not create a fiduciary relationship between Franchisee and Franchisor. All stationery, business cards and contractual agreements entered into by Franchisee must contain Franchisee's corporate or fictitious name and a conspicuously displayed notice in the place Franchisor designates, stating: (i) Franchisee operates the Franchised Business as an independently owned and operated I HEART MAC AND CHEESE store; and (ii) Franchisee independently owns and operates the Franchised Business as a System franchisee. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name, and Franchisor will in no event assume liability for, or be deemed liable hereunder as a result of, any such action, nor will Franchisor be liable by reason of any of Franchisee's acts or omissions in the operation of the Franchised Business or for any claim or judgment arising therefrom against Franchisee or Franchisor. Franchisor does not regulate the hiring or discharge of Franchisee's

employees, officers or agents, the parties from whom Franchisee may accept business, the working conditions of Franchisee's employees, officers or agents or Franchisee's contracts with customers, suppliers or others.

14.2 Indemnification. Franchisee and Franchisee's principals agree to indemnify, defend and hold Franchisor, Franchisor's affiliates and their respective shareholders, directors, officers, employees, agents, successors and assignees ("Indemnitees") harmless against and to reimburse them for all claims, obligations, liabilities and damages ("Claims"), including any and all taxes, directly or indirectly arising out of, in whole or in part: (i) the operation of Franchisee's Franchised Business, including the use, condition, or construction, equipping, decorating, maintenance or operation of the Franchised Business premises, Franchisee's advertising or the sale or delivery of any food and beverage items from the Franchised Business; (ii) the use of the Proprietary Marks and other Proprietary Material; (iii) the transfer of any interest in this Agreement or Franchisee's Franchised Business in any manner not in accordance with this Agreement; (iv) the infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any of Franchisee's principals of any patent, trademark, copyright or other proprietary right owned or controlled by third parties; or (v) libel, slander or any other form of defamation of Franchisor, the System or any franchisee or developer operating under the System, by Franchisee or by any of Franchisee's principals. For purposes of this indemnification, "Claims" will mean and include all obligations, actual, consequential, punitive and other damages, and costs reasonably incurred in the defense of any action, including attorneys', attorney assistants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether or not such claims exceed the amount of insurance coverage available through Franchisee to Franchisor. Franchisor will have the right to defend any such claim against it in such manner as Franchisor deems appropriate or desirable in Franchisor's sole discretion. Such an undertaking by Franchisor will, in no manner or form, diminish Franchisee's and each of Franchisee's principals' obligations to indemnify the Indemnitees and to hold them harmless. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

14.3 Defense of Claims. Franchisor shall notify Franchisee of any claims subject to indemnification by Franchisee, and Franchisee shall be responsible for the costs of defense of the matter. Franchisor shall have the right to choose the attorney to defend any such claim or action at Franchisee's cost and expense. If Franchisee fails to pay the costs of the defense of any claim covered by the indemnification provisions of this Section, then Franchisor may defend the action in the manner it deems appropriate, and Franchisee shall pay to Franchisor all costs, including attorney's fees, incurred by Franchisor in effecting such defense, in addition to any sum which Franchisor may pay by reason of any settlement or judgment against Franchisor. No settlement of any claim against Franchisor shall be made by Franchisee which is in excess of the amount of insurance referred to in this Agreement or which would subject Franchisor to liability in any amount not covered by such insurance without the prior written consent of Franchisor. Franchisee's indemnification obligations 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. To the maximum extent permitted by law, Franchisee waives the effect of any statute of limitation which would, by lapse of time, limit its indemnification obligations under this Agreement.

15 SALE OR TRANSFER

15.1 Transfer. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has entered into this Agreement in reliance on Franchisee's personal attributes and financial capacity. Therefore, Franchisee shall not sell, transfer,

assign or encumber any part of Franchisee's interest in the Franchised Business or the assets of the Franchised Business without Franchisor's prior written consent. Any sale, transfer, assignment or encumbrance made without Franchisor's prior written consent will be voidable at Franchisor's option and will subject this Agreement to termination as specified herein.

15.2 Death or Disability.

15.2.1 Representative's Right to Continue as Franchisee. In the event of Franchisee's death, disability or incapacitation (or the death, disability or incapacitation of Franchisee's partners or personal guarantors), Franchisee's legal representative, or Franchisee's partner's or guarantor's respective legal representative, as applicable, will have the right to continue the operation of the Franchised Business as franchisee under this Agreement if: (i) within one-hundred eighty (180) days from the date of death, disability or incapacity (the "180-Day Period"), such person has obtained Franchisor's prior written approval and has executed Franchisor's then-current franchise agreement for the unexpired term of this Agreement, or has furnished a personal guaranty of any partnership, corporate or limited liability company to satisfy Franchisee's obligations to Franchisor and Franchisor's affiliates; and (ii) such person successfully completes Franchisor's training program (which Franchisor will provide at Franchisor's then-current tuition rate). Such assignment by operation of law will not be deemed in violation of this Agreement, provided such heirs or legatees accept the conditions imposed by the franchise agreement and are acceptable to Franchisor.

15.2.2 Franchised Business Operation During and After 180-Day Period. Franchisor is under no obligation to operate the Franchised Business or incur any obligation on behalf of any incapacitated franchisee, during or after the 180-Day Period. If necessary, Franchisee (or Franchisee's legal representative, as applicable) will appoint a previously approved acting interim manager to operate the Franchised Business during the 180-Day Period. In the event of Franchisee's death, disability, absence or otherwise, Franchisor has the right, but not the obligation, to operate Franchisee's Franchised Business on Franchisee's behalf and at Franchisee's expense for such period of time (and under such terms and conditions) as Franchisor determines, including paying out the assets and/or revenues of the Franchised Business to cover any or all past, current and/or future obligations of the Franchised Business (including any amounts owed to Franchisor and/or any affiliate) in such priorities as Franchisor determines from time to time in Franchisor's sole discretion. Franchisor may pay itself a management fee equal to twenty percent (20%) of Gross Sales to reimburse Franchisor for Franchisor's management services and other costs, including, without limitation, travel and lodging expenses ("Management Fee"). Franchisor may obtain approval of a court or arbitrator for any such arrangements, the attorneys' fees and other costs incurred in connection with obtaining such approval to be charged against the assets and/or revenues of Franchisee's Franchised Business. Franchisee (and/or Franchisee's estate) will indemnify Franchisor against any costs and/or liabilities incurred by it in connection with, or related in any way to, the operation (or otherwise) of Franchisee's Franchised Business. This Management Fee is in addition to the amounts due under this Agreement for Royalty and other payments during the time which Franchisor takes over the management of the Franchised Business.

15.3 Ownership Changes. In addition to those acts described in this Section, a sale, transfer or assignment requiring Franchisor's prior written consent will be deemed to occur: (i) if Franchisee is a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of Franchisee's voting stock or any increase in the number of outstanding shares of Franchisee's voting stock that results in a change of ownership, (ii) if Franchisee is a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) if Franchisee is a limited liability company, upon the assignment, sale, pledge or transfer or any interest in the limited liability company. Any new partner,

shareholder, member or manager will be required to personally guarantee Franchisee's obligations under this Agreement.

15.3.1 *Right of First Refusal.* If Franchisee proposes to transfer either this Agreement or all, or substantially all, of the assets used in connection with the Franchised Business or any interest in Franchisee's Lease to any third party (other than a corporation or limited liability company as set forth in this Section), then Franchisee must first offer to sell such interest to Franchisor on the same terms and conditions as offered by such third party. Franchisee will obtain from the third party and provide Franchisor a statement in writing, signed by the third party and Franchisee, of the terms of the offer ("Letter of Intent"). If Franchisor elects not to accept the offer within a thirty (30) day period, then Franchisee will have a maximum period of sixty (60) days to complete the transfer described in the Letter of Intent subject to the conditions for approval set forth in this Section. Franchisee will effectuate no other sale or transfer as contemplated under the Letter of Intent without first complying with this Section. Any material change in the terms of the offer will be deemed a new proposal subject to Franchisor's right of first refusal. So long as Franchisee has obtained Franchisor's prior written consent, which will not be unreasonably withheld, a transfer as a result of the death, disability or incapacitation of a shareholder or partner, in accordance with the provisions set forth herein, is not subject to Franchisor's first right of refusal.

15.3.2 *Conditions for Approval.* Franchisor may condition Franchisor's approval of any ownership change, or any proposed sale or transfer of the Franchised Business or of Franchisee's interest in this Agreement or assets of the Franchised Business, upon satisfaction of the following conditions:

15.3.2.1 All of Franchisee's accrued monetary obligations to Franchisor, Franchisor's affiliates, and Franchisor's designated/approved suppliers and vendors, are satisfied;

15.3.2.2 Franchisee must cure all existing defaults under this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, or Franchisor's designated/approved suppliers and vendors, within the period permitted for cure, and Franchisee must have substantially complied with such agreements during their respective terms;

15.3.2.3 Franchisee and Franchisee's principals (if Franchisee is a partnership, corporation or limited liability company), and the transferee (if it has had any previous relationship with Franchisor or Franchisor's affiliates), must execute a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's affiliates and officers, directors, shareholders and employees, in their corporate and individual capacities, provided, however, the release will not be inconsistent with any applicable state statute regulating franchising;

15.3.2.4 Franchisee or transferee will provide Franchisor a copy of the purchase agreement relating to the proposed transfer prior to execution, with all supporting documents and schedules, including transferee's assumption of an agreement to faithfully perform all of Franchisee's obligations under this Agreement, and will make any revisions to such purchase agreement required by Franchisor in order to protect Franchisor's interests in its Proprietary Material;

15.3.2.5 The transferee must demonstrate to Franchisor's satisfaction that he or she meets the following: Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations under this Agreement and the purchase price; however, transferee cannot be in the same business as Franchisor either as licensor, franchisor, independent operator or licensee of any other quick casual

eating establishment that is similar in nature or in competition with Franchisor, except that the transferee may be an existing franchisee of Franchisor;

15.3.2.6 The transferee must execute Franchisor's then-current form of Franchise Agreement for either the unexpired Term of this Agreement or a new initial term, as determined by Franchisor in its sole discretion;

15.3.2.7 Franchisee or transferee must pay Franchisor a transfer fee equal to fifty percent (50%) of Franchisor's then-current initial franchise fee for the purchase of an initial franchise (the "Transfer Fee"), as well as any third-party broker fees and costs incurred in connection with the proposed transfer;

15.3.2.8 The transferee must satisfactorily complete Franchisor's training program at the transferee's expense within the time frame Franchisor sets forth and remit payment in the amount of two thousand dollars (\$2,000) for such training as provided in this Agreement;

15.3.2.9 Franchisee (and Franchisee's principals if Franchisee is a partnership, corporation or limited liability company), and the members of their respective families must comply with the post-termination provisions of this Agreement;

15.3.2.10 The transferee must obtain, within the time limits set by Franchisor, and maintain thereafter, all permits and licenses required for the operation of the Franchised Business;

15.3.2.11 To the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer;

15.3.2.12 The transfer must be made in compliance with any applicable laws, including state and federal laws governing the offer and sale of franchises;

15.3.2.13 The purchase price and terms of the proposed transfer are not so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Franchised Business and performance under its franchise agreement;

15.3.2.14 Franchisee must request that Franchisor provide the prospective transferee with Franchisor's current form of franchise disclosure document, and Franchisor will not be liable for any representations not included in the franchise disclosure document;

15.3.2.15 Franchisor's approval of the transfer will not constitute a waiver of any claims Franchisor may have against the transferring party;

15.3.2.16 Franchisor will have the right to disclose to any prospective transferee such revenue reports and other financial information concerning Franchisee and the Franchised Business as Franchisee has supplied Franchisor hereunder. Franchisor may advise any proposed assignee of any uncured breaches or defaults by Franchisee under this Agreement, or any other agreement relating to the Franchised Business proposed to be assigned, transferred or sold; and

15.3.2.17 In any event, Franchisor may withhold or condition Franchisor's consent to any transfer as Franchisor deems appropriate based on the circumstances of the transfer or otherwise.

15.4 Transfer to a Corporation or Limited Liability Company. If Franchisee is an individual and desires to assign its rights under this Agreement to a corporation or limited liability company, and if all of the following conditions are met, Franchisor will consent to the transfer without assessing the transfer fee set forth in this Section, and such assignment will not be subject to Franchisor's right of first refusal in this Section:

15.4.1 The corporation or limited liability company is newly organized and its activities are confined to operating the Franchised Business;

15.4.2 Franchisee is, and shall remain, the owner of one hundred percent (100%) of the voting stock of the legal entity or, if Franchisee is more than one individual, each individual shall have the same proportionate ownership interest in the legal entity as that individual had in the Agreement before the assignment, transfer or sale;

15.4.3 The corporation or limited liability company agrees in writing to assume all of Franchisee's obligations hereunder;

15.4.4 All stockholders of the corporation, or members and managers of the limited liability company, as applicable, must execute Franchisor's prescribed form of personal guaranty; and

15.4.5 All documents of the legal entity reasonably required by Franchisor are properly signed by all necessary parties and provided to Franchisor before the assignment, transfer or sale.

15.5 Encumbrance of Franchised Business. Without Franchisor's prior written consent, Franchisee and its owners shall not grant any security interest in this Agreement, in the Franchised Business, in this Franchise Agreement or in any receivables used in the operation of the Franchised Business, nor shall any ownership interest in any corporate, limited liability or partnership that is a party to this Franchise Agreement be pledged or encumbered. Franchisee may encumber equipment assets of the Franchised Business so long as it notifies Franchisor of such encumbrance prior to signing any documents for such encumbrance, and the secured party must agree that in the event of Franchisee's default under the security interest, Franchisor or its designee shall be notified of the default and shall have the right but not the obligation to be substituted as an obligor to the secured party and/or to cure the default. In no event shall this requirement be construed to make Franchisor liable to Franchisee or to any third party whether secured or not.

15.6 Franchisor's Right to Transfer. Franchisor has the right to sell, transfer, assign and/or encumber all or any part of Franchisor's assets and Franchisor's interest in, and rights and obligations under, this Agreement in Franchisor's sole discretion.

16 BREACH AND TERMINATION

16.1 Automatic Termination. This Agreement will automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:

16.1.1 *Voluntary Bankruptcy.* If Franchisee makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, is adjudicated bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consents to or acquiesces in the appointment of a trustee or receiver for Franchisee or

the Franchised Business.

16.1.2 *Involuntary Bankruptcy.* If proceedings are commenced to have Franchisee adjudicated bankrupt or to seek Franchisee's reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within sixty (60) days, or a trustee or receiver is appointed for Franchisee or the Franchised Business without Franchisee's consent, and the appointment is not vacated within sixty (60) days.

16.1.3 *Unauthorized Transfer.* Franchisee purports to sell, transfer or otherwise dispose of Franchisee or any interest in the Franchised Business in violation of this Agreement.

16.2 **With Notice and Without Opportunity to Cure.** Franchisor has the right to terminate this Agreement upon notice without providing Franchisee an opportunity to cure for any of the following breaches or defaults:

16.2.1 *Criminal Acts.* If Franchisee or Franchisee's principals are convicted of or plead guilty or no contest to a felony or take part in any criminal misconduct relevant to the operation of Franchisee's Franchised Business.

16.2.2 *Fraud.* If Franchisee or Franchisee's principals commit any fraud or misrepresentation in the operation of Franchisee's Franchised Business.

16.2.3 *Misrepresentation.* If Franchisee or Franchisee's principals make any misrepresentation or omission in connection with Franchisee's franchise application, including but not limited to any financial misrepresentation.

16.2.4 *Failure to Complete Training.* If Franchisee fails to successfully complete (as determined by Franchisor in its sole discretion) the Initial Training Program as required in this Agreement.

16.2.5 *Repeated Breaches.* If Franchisor sends Franchisee three (3) or more written notices to cure any defaults or breaches under this Agreement in any twelve (12) month period.

16.2.6 *Breach of Other Agreements.* If Franchisee or Franchisee's principals materially breach any other agreement with Franchisor or any of Franchisor's affiliates, or any Lease for the Accepted Location, or threaten any material breach of any such agreement and fail to cure such breach within any permitted period for cure.

16.2.7 *Misuse of the Proprietary Marks or Confidential Information.* If Franchisee or Franchisee's principals materially violate any provision hereof pertaining to Proprietary Marks or Confidential Information or misuse the Proprietary Marks or Confidential Information.

16.2.8 *Violation of Health Code.* If Franchisee violates any health, safety or sanitation law, ordinance or regulation, or operates the Franchised Business in a manner that presents a health or safety hazard to customers or the general public.

16.2.9 *Violation of In-term Restrictive Covenant.* If Franchisee violates the in-term restrictive covenant contained in this Agreement.

16.2.10 *Liens.* If a levy of writ of attachment or execution or any other lien is placed

against Franchisee or any of Franchisee's principals or any of their assets which is not released or bonded against within thirty (30) days.

16.2.11 *Insolvency.* If Franchisee or any of Franchisee's principals become insolvent.

16.2.12 *Abandonment.* If Franchisee voluntarily or otherwise abandons the Franchised Business. The term "abandon" includes any conduct which indicates a desire or intent to discontinue operating the Franchised Business in accordance with the terms of this Agreement and will apply in any event Franchisee fails to operate the Franchised Business as a System Franchised Business for a period of three (3) or more consecutive days without Franchisor's prior written approval. It also includes the event where the landlord prevents Franchisee from opening or operating the Franchisee at any time due to a breach of the Lease.

16.2.13 *Unauthorized Products or Services.* If Franchisee offers any unauthorized or unapproved products or services at or from the Franchised Business.

16.2.14 *Unapproved Purchases.* If Franchisee orders or purchases ingredients, supplies, signs, furnishings, fixtures, equipment or inventory from an unapproved supplier or a supplier which Franchisor has not approved.

16.2.15 *Proprietary Software.* If Franchisee misuses or makes unauthorized use of any Proprietary Software that Franchisor may develop for use in connection with the System.

16.2.16 *Insurance.* If Franchisee fails to maintain insurance or to repay Franchisor for insurance paid for by it, or otherwise fails to adhere to the insurance requirements of this Agreement.

16.2.17 *Government Regulations.* If Franchisee fails, within fifteen (15) days after notification of non-compliance by federal, state or local government authorities, to comply with any law or regulation applicable to the Franchised Business.

16.2.18 *Government Actions.* If any government action is taken against Franchisee that results in any obligation upon Franchisor which in Franchisor's sole judgment is uneconomical, not in the best interests of Franchisor, or would result in Franchisor having an unintended relationship or obligation.

16.2.19 *Anti-Terrorist Activities.* If Franchisee fails to comply with any anti-terrorist activities provisions of this Agreement.

16.2.20 *Personal Use of Franchised Business Property.* If Franchisee takes for Franchisee's own personal use any assets or property of the Franchised Business, including employee taxes, FICA, insurance or benefits.

16.2.21 *Insufficient Funds.* If there are insufficient funds in Franchisee's bank account to cover a check or EFT payment to Franchisor three (3) or more times within any twelve (12) month period.

16.2.22 *Under-reporting of Gross Sales.* If any audit reveals that Franchisee has understated Franchisee's Royalty or Brand Fund Contributions, or Franchisee's local marketing expenditures, by more than two percent (2%), or if Franchisee has failed to submit timely reports and/or remittances for any two (2) reporting periods within any twelve (12) month period, as described in this Agreement.

16.2.23 *Default Under Lease.* Franchisee defaults in obligations under any Lease agreement for the Accepted Location.

16.2.24 *Disclosure of Confidential Information.* Franchisee discloses or divulges the contents of the Manuals or Confidential Information provided to Franchisee by Franchisor, whether intentional or not, contrary to the terms of the Agreement, or Franchisee or any owner uses or duplicates the System or engages in unfair competition or discloses any trade secrets of Franchisor in violation of this Agreement

16.3 **Upon 15 Days' Notice to Cure.** Except as set forth in provision of this Section, Franchisee will have fifteen (15) days after receipt of a written notice of any default or breach under this Agreement from Franchisor within which to remedy or cure any such default or breach and provide evidence thereof to Franchisor; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default and curing it to Franchisor's satisfaction within the fifteen (15) day period (or within such longer period as Franchisor may, at its sole option, grant), and by promptly providing proof thereof to Franchisor. If any such default is not cured within the specified time, or such longer period as applicable law may require, then this Agreement shall terminate effective immediately upon written notice after the expiration of the fifteen (15) day period or such longer period as applicable law may require. Franchisee shall be in default under this Agreement for failure to comply with any of the requirements imposed by this Agreement or the Manuals as it may periodically be reasonably supplemented or fails to carry out the terms of this Agreement in good faith.

16.4 **Step In Rights.** In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right, or any other rights Franchisor may have against Franchisee, upon a failure to cure any default within the applicable time period (if any), Franchisor has the right, but not the obligation, to enter the Franchised Business and exercise complete authority with respect to the operation of the Franchised Business until such time as Franchisor determines, in Franchisor's sole discretion, that the default has been cured, and Franchisee is otherwise in compliance with this Agreement. In the event Franchisor exercises the rights described in this Section, Franchisee must pay Franchisor a reasonable management fee and reimburse Franchisor for all reasonable costs and overhead, if any, incurred in connection with its operation of Franchisee's Franchised Business including, without limitations, costs of personnel for supervising and staffing the Franchised Business and their travel and lodging accommodations. This fee is in addition to the payment of the Royalty and all other fees due under this Agreement during the time Franchisor exercises its rights under this Agreement. If Franchisor undertakes to operate the Franchised Business pursuant to this Section, Franchisee agrees to indemnify and hold Franchisor (and Franchisor's representative(s) and employees) harmless from and against any fines, claims, suits or proceedings that may arise out of Franchisor's operation of the Franchised Business.

16.5 **Notice of Default As Required by Law.** Notwithstanding anything to the contrary contained in this Section, if applicable law or regulation limits Franchisor's rights to terminate or requires longer notice periods than those set forth above, this Agreement shall be deemed amended to conform to the minimum notice periods or restrictions upon termination required by such laws and regulations. Franchisor shall not, however, be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, arbitration, hearing or dispute relating to this Agreement or the termination thereof.

16.6 **Nonwaiver.** Franchisor's delay in exercising or failing to exercise any right or remedy under this Agreement or Franchisor's acceptance of any late or partial payment due hereunder will not

constitute a waiver of any of Franchisor's rights or remedies against Franchisee.

16.7 Cross-Default. Any default by Franchisee under the terms and conditions of this Agreement or any other agreement between Franchisor and Franchisee, which permits Franchisor to terminate this Agreement or any other agreements, shall be deemed to be a default of each and every other franchise agreement and any other agreements. Furthermore, in the event of termination for any cause of this Agreement or any other agreement between the parties hereto, Franchisor may terminate any or all said agreements and all other franchise agreements.

16.8 Non-Compliance Damages. If, as a result of any default or breach by Franchisee or its owners, this Agreement is terminated prior to the natural expiration of the Term of this Agreement, the damages that Franchisor would suffer for the loss of prospective fees, damage to the Proprietary Marks and the System, damage to Franchisor's franchise system and other amounts payable to or for Franchisor in this Agreement would be difficult if not impossible to ascertain, such that Franchisee agrees to pay non-compliance damages based on a reasonable estimate of the probable damages that Franchisor would suffer in the form of lost fees, damage to the Proprietary Marks and the System, damage to Franchisor's franchise system and other amounts payable hereunder, and not as a penalty, in an amount equal to the greater of either Franchisee's last twelve (12) months (prior to termination of this Agreement) of Royalty times three (3) or One Hundred Thousand Dollars (\$100,000). In addition, if Franchisee continues to operate the Franchised Business or a similar business to the Franchised Business from and after the date of expiration or termination of this Agreement in violation of this Agreement, such continued operation shall constitute willful trademark infringement and unfair competition by Franchisee, and Franchisee shall be liable to Franchisor for non-compliance damages resulting from such infringement in an amount of Twenty Thousand Dollars (\$20,000) for each month that Franchisee continues to operate the Franchised Business or a similar business to the Franchised Business from and after the date of expiration or termination of this Agreement in violation of this Agreement. The agreements regarding the payment of non-compliance damages set forth in this Article are not an election of remedies, and Franchisor may pursue all other remedies available to it under this Agreement and applicable law.

17 RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION

17.1 Franchisee's Obligations. Upon termination of this Agreement, regardless of the cause, and upon expiration and nonrenewal or transfer of this Agreement, Franchisee must, at Franchisee's cost and expense:

17.1.1 Immediately cease all operations under this Agreement;

17.1.2 Immediately pay Franchisor all unpaid fees and pay Franchisor, Franchisor's affiliates, and Franchisor's major suppliers and vendors, all other monies owed;

17.1.3 Immediately discontinue the use of the Proprietary Marks and other Proprietary Material;

17.1.4 Immediately return to Franchisor the Manuals and all other Proprietary Material and Confidential Information Franchisor loaned to Franchisee, and immediately and permanently cease use of such information and materials;

17.1.5 Immediately cease using all telephone numbers and listings used in connection with the operation of the Franchised Business, and direct the telephone company to transfer all such

numbers and listings to Franchisor or Franchisor's designee pursuant to the Conditional Assignment of Franchisee's Telephone Numbers and Listings attached hereto as Exhibit C or, if Franchisor directs, to disconnect the numbers within fifteen (15) days of termination or expiration of this Agreement;

17.1.6 Immediately vacate the Franchised Business, and if Franchisor exercised Franchisor's rights pursuant to the Collateral Assignment of Lease attached as Exhibit B€, arrange for transfer of the Lease to Franchisor within fifteen (15) days of termination or expiration of this Agreement; If there is no Collateral Assignment of Lease, then Franchisee shall promptly assign to Franchisor, upon Franchisor's demand, any interest and right that Franchisee may have in the premises where the franchise granted herein is located and operates, unless Franchisee owns said premises; or, if Franchisor does not so demand such assignment, immediately make such removals or changes in signs and the building as Franchisor shall request, so as to effectively distinguish the building and premises from its former appearance and from any other I Heart Mac and Cheese franchise. If Franchisee fails to make the changes, Franchisee consents to Franchisor entering the building and premises to make non-structural changes at Franchisee's sole expense;

17.1.7 Immediately surrender all stationery, printed matter, signs, advertising and marketing materials and other items containing the Proprietary Marks as Franchisor directs, as well as all items that are a part of the trade dress of the System, no later than five (5) days after the termination or expiration of this Agreement;

17.1.8 Immediately cease to hold itself out as Franchisor's franchisee;

17.1.9 Take such action as will be necessary to amend or cancel any assumed name, business name or equivalent registration which contains any trade name or other Proprietary Mark Franchisor licensed to Franchisee, and furnish Franchisor evidence satisfactory to Franchisor of compliance with this obligation within fifteen (15) days after the termination, expiration or transfer of this Agreement;

17.1.10 Permit Franchisor to make a final inspection of Franchisee's financial records, books, and other accounting records within six (6) months of the effective date of termination, expiration, or transfer;

17.1.11 Comply with the post-termination covenants set forth in this Agreement, as well as any other obligations set forth in this Agreement that by their nature survive termination, expiration, or transfer of this Agreement;

17.1.12 Cease to use in advertising or in any other manner, any methods, procedures or techniques associated with Franchisor or the System;

17.1.13 Immediately cease engaging in any contacts with customers or suppliers of the Franchised Business;

17.1.14 Execute from time to time any necessary papers, documents, and assurances to effectuate the intent of this Section 16; and

17.1.15 Promptly assign and deliver to Franchisor, at Franchisee's expense, any and all customer lists, past and present, for the Franchised Business. Franchisee shall not duplicate any customer lists, past or present, used in any manner with the Franchised Business, and after deliverance of said

materials to Franchisor, Franchisee shall destroy any and all copies of customer lists used in any manner with Franchised Business.

17.2 Option to Purchase Personal Property. Upon the termination or expiration of this Agreement, Franchisor or Franchisor's designee will have the option, but not the obligation, to purchase any personal property used in connection with operation of Franchisee's Franchised Business by providing Franchisee written notice of Franchisor's election within sixty (60) days after such termination or expiration and by paying Franchisee the book value for such personal property within sixty (60) days of such notice. For purposes of this paragraph, "book value" means the amount Franchisee actually paid for the personal property less depreciation (calculated by using the straight-line depreciation method on a ten (10)-year depreciation schedule for all assets, irrespective of the depreciation method or schedule Franchisee uses for accounting purposes). Notwithstanding the foregoing, to the extent that Franchisor exercises Franchisor's right to purchase any personal property subject to a lease or finance agreement, the purchase price of such personal property will equal the amount of Franchisee's remaining obligations under the lease or finance agreement, as applicable. Franchisor will be entitled to offset the purchase price by the amount of money owed by Franchisee to Franchisor for any payments necessary to acquire clear title to property or for any other debt to third parties for which Franchisor pays or for any amounts owed pursuant to this Agreement. If Franchisor exercises Franchisor's option to purchase, pending the closing of such purchase, Franchisor has the right to appoint a manager to maintain operation of the Franchised Business, or Franchisor may require that Franchisee close the Franchised Business during such period without removing any assets. Franchisee is required to maintain in force all insurance policies required under this Agreement until the date of such closing. Franchisor has the unrestricted right to assign this option to purchase the Franchised Business. Franchisor will be entitled to all customary warranties and representations in connection with Franchisor's purchase of Franchisee's property, including, without limitation, representations and warranties as to ownership and condition of and title to the property; liens and encumbrances on the property; validity of contracts and agreements; and liabilities affecting the property, contingent or otherwise. Franchisor may exclude from the personal property purchased under this Section cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Franchised Business's operation or that Franchisor has not approved as meeting standards for the Franchised Business.

17.3 Damages, Costs, and Expenses. In the event of termination for any default by Franchisee, Franchisee will promptly pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation will create and remain, until paid in full, a lien in favor of Franchisor against any and all of Franchisee's personal property, furnishings, equipment, signs, fixtures and inventory related to the operation of the Franchised Business.

17.4 Execution of Documents. Franchisor may, if Franchisee fails or refuses to do so, execute in Franchisee's name and on its behalf, any and all documents necessary to effect the obligations of Franchisee under this Section, and Franchisee hereby irrevocably appoints Franchisor as Franchisee's attorney-in- fact to do so.

17.5 Franchisor's Rights Not Prejudiced. The expiration, termination or non-renewal of this Agreement for any reason shall be without prejudice to Franchisor's rights against Franchisee and such expiration, termination or non-renewal shall not relieve Franchisee of any of its obligations to Franchisor existing at the time of expiration, termination or non-renewal, including claims for damages arising directly or indirectly out of any breach or default, nor will it terminate those obligations of Franchisee which by their nature survive the expiration, termination or non-renewals of this Agreement.

18 COVENANTS

Franchisee acknowledges that, as a participant in Franchisor's System, Franchisee will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which Franchisor has developed. Therefore, in order to protect Franchisor and all Franchisor's franchisees, Franchisee agrees as follows:

18.1 During the Term of This Agreement. During the term of this Agreement, neither Franchisee, Franchisee's officers, directors, principals, or Designated Manager, nor any member of the immediate family of Franchisee or Franchisee's officers, directors, principals, or Designated Manager may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

18.1.1 Own, maintain, engage in, be employed as a manager, officer, director, or principal of, lend money to, extend credit to or have any interest in any other eating establishment that primarily offers or sells macaroni and cheese, grilled cheese sandwiches, or other menu items that are similar to the Approved Products offered or authorized for sale by System franchisees (a "Competing Business") or any business that licenses the right to operate a Competing Business, provided, however, that this Section does not apply to: (i) any business operated by Franchisee under a Franchise Agreement with Franchisor; or (ii) or any business operated by a publicly-traded entity in which Franchisee owns less than two percent (2%) legal or beneficial interest;

18.1.2 Employ or seek to employ any person who is at that time employed by Franchisor, Franchisor's affiliates or any other System franchisee, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat; or

18.1.3 Divert or attempt to divert any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System.

18.2 After the Term of This Agreement.

18.2.1 For a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, Franchisee's officers, directors, principals, or Designated Managers, nor any member of the immediate family of Franchisee or Franchisee's officers, directors, principals, or Designated Managers may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation enter into any business competing in whole or in part with Franchisor granting franchises or licenses for Competing Businesses.

18.2.2 For a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, Franchisee's principals, Designated Managers, nor any member of the immediate family of Franchisee, Franchisee's principals, or Designated Managers may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

18.2.2.1 Own, maintain, engage in, be employed as a manager, officer, director, or principal of, lend money to, extend credit to or have any interest in any Competing Business: (i) at the Accepted Location; (ii) within the Designated Territory; or (iii) within a ten (10) mile radius of

the perimeter of (a) the Designated Territory being granted hereunder, (b) any other Designated Territory licensed by Franchisor as of the date of expiration or termination of this Agreement, or (c) any other I HEART MAC AND CHEESE in operation or under development as of the expiration or termination of this Agreement;

18.2.2.2 Solicit business from customers of Franchisee's former Franchised Business or contact any of Franchisor's suppliers or vendors for any competitive business purpose; or

18.2.2.3 Solicit any of Franchisor's employees, or the employees of Franchisor's affiliates or any other System franchisee to discontinue employment.

18.3 **Intent and Enforcement.** It is the parties' intent that the provisions of this Section be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein will not render any other part unenforceable. In the event of the actual or threatened breach of this Section by Franchisee, any of Franchisee's principals, or any member of the immediate family of Franchisee or Franchisee's principals, Franchisor will be entitled to an injunction restraining such person from any such actual or threatened breach. Franchisee acknowledges that the covenants contained herein are necessary to protect the goodwill of the Franchised Business, other System franchisees, and the System. Franchisee further acknowledges that covenants contained in this Section are necessary to protect Franchisor's procedures and know-how transmitted during the Term of this Agreement. Franchisee agrees that, in the event of the actual or threatened breach of this Section, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. Franchisee acknowledges and agrees, on Franchisee's own behalf and on behalf of the persons who are liable under this Section, that each has previously worked or been gainfully employed in other careers and that the provisions of this Section in no way prevent any such person from earning a living. Franchisee further acknowledges and agrees that the time limitation of this Section will be tolled during any default under this Section.

18.4 **Employees.** Franchisee will ensure that Franchisee's managers, other key employees and any members of their immediate families who have access to Franchisor's Confidential Information, including all of Franchisee's managers and other key employees, execute a Confidentiality and Restrictive Covenant Agreement, in the form attached as Exhibit D to the Franchise Agreement, or as Franchisor, in Franchisor's sole discretion, otherwise prescribes. Franchisee must furnish Franchisor a copy of each executed agreement.

18.5 **System, Proprietary Marks and Manuals.** Upon the expiration, termination or non-renewal of this Agreement for any reason or the date on which Franchisee actually ceases operation, Franchisee shall never use: (i) any confidential information from the Manuals; (ii) any confidential information from the System; (iii) any Proprietary Marks or any form of the Proprietary Marks; or (iv) any other marks, logos or trade dress owned or used by Franchisor in any manner in any similar business or derive any benefit from any business to that licensed and established under and pursuant to this Agreement.

18.6 **Ancillary to Agreement.** Franchisee acknowledges that the restrictive covenants set forth in this Section are ancillary to this Agreement and are reasonable and necessary for the protection of the System and the legitimate interests in the goodwill of the business operated by Franchisor, but, if any such restriction shall be found to be void or voidable but would be valid and enforceable if some part or parts of the restriction were deleted, such restriction shall apply with such modification as may be necessary to make it valid and enforceable.

18.7 **No Defense.** Franchisee hereby agrees the existence of any claim Franchisee may have against Franchisor, whether or not arising from this Agreement, will not constitute a defense to Franchisor's enforcement of the covenants contained in this Section. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) that Franchisor incurs in connection with the enforcement of this Section.

19 DISPUTE RESOLUTION

19.1 **Choice of Law.** The parties agree that this Agreement shall be deemed made and entered into in the State of Florida. This Agreement will be governed by and construed in accordance with the laws of the State of Florida (without reference to its conflict of laws principals).

19.2 **Internal Dispute Resolution.** Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's principals, after providing notice as set forth in this Section ~~18.6~~ below. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally will survive termination or expiration of this Agreement.

19.3 **Mediation.** At Franchisor's option, all claims or disputes between Franchisor and Franchisee or its affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisor and Franchisee or its affiliates, or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in this Section, must be submitted first to non-binding mediation, in Boca Raton, Florida, under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Franchisee as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Franchisee may not commence any action against Franchisor or its affiliates in respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party will bear its own cost of mediation, and Franchisor and Franchisee will share mediation costs equally. This agreement to mediate will survive any termination or expiration of this Agreement.

19.3.1 The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating) any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information, or any of the restrictive covenants contained in this Agreement.

19.4 **Selection of Venue.** Subject to this Section, the parties agree that any actions arising out of or related to (i) this Agreement or the interpretation thereof, (ii) the Franchised Business or the offer or sale thereof, and (iii) any related agreements between Franchisee and Franchisor, must all be initiated and litigated to conclusion exclusively in the state court of general jurisdiction located in Palm Beach County, Florida or, if appropriate, the United States District Court for the Southern District of Florida in West Palm

Beach, Florida (unless settled by the parties after such action is initiated). Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts described in this Section.

19.5 Third Party Beneficiaries. Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the mediation provision set forth in this Section, each having authority to specifically enforce the right to mediate claims asserted against such person(s) by Franchisee.

19.6 Prior Notice of Claims. As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice will preclude any claim for damages.

19.7 No Right to Offset. Franchisee is prohibited from withholding all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Franchisee under this Agreement or any related agreements.

19.8 Injunctive Relief. Franchisee acknowledges and agrees that irreparable harm could be caused to Franchisor by Franchisee's violation of certain provisions of this Agreement and, as such, in addition to any other relief available at law or equity, Franchisor shall be entitled to obtain in any court of competent jurisdiction, without bond, restraining orders or temporary or permanent injunctions in order to enforce, among other items, the provisions of this Agreement relating to: (i) Franchisee's use of the Proprietary Marks and Confidential Information (including any proprietary software used in connection with the Franchised Business); (ii) the covenants against competition and other restrictive covenants set forth in this Agreement; (iii) Franchisee's obligations on termination or expiration of this Agreement; (iv) disputes and controversies based on or arising under the Lanham Act, or otherwise involving the Proprietary Marks, as now or hereafter amended; (v) disputes and controversies involving enforcement of the Franchisor's rights with respect to confidentiality under this Agreement; and (vi) to prohibit any act or omission by Franchisee or its employees that constitutes a violation of applicable law, threatens Franchisor's franchise system or threatens other franchisees of Franchisor. Franchisee's only remedy if such an injunction is entered will be the dissolution of the injunction, if appropriate, and Franchisee waives all damage claims if the injunction is wrongfully issued.

19.9 Limitation of Action. Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after the Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period will be barred as a claim, counterclaim, defense, or set-off.

19.9.1 Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

19.10 Waiver of Punitive Damages. Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential

damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that, in the event of a dispute, Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

19.11 Waiver of Jury Trial. The parties hereby agree to waive trial by jury in any action, proceeding or counterclaim, whether at law or equity, regardless of which party brings suit. This waiver will apply to any matter whatsoever between the parties hereto which arises out of or is related in any way to this Agreement, the performance of either party, and/or Franchisee's purchase from Franchisor of the Franchised Business and/or any goods or services. The parties agree that all proceedings arising out of or related to this Agreement, or the sale or operation of the Franchised Business, will be conducted on an individual, not a class-wide basis, and that any proceeding between Franchisee, Franchisee's guarantors and Franchisor or its affiliates/officers/employees may not be consolidated with any other proceeding between Franchisor and any other third party.

20 REPRESENTATIONS

20.1 No Authority. No salesperson, representative or other person has the authority to bind or obligate Franchisor except Franchisor's authorized officer by a written document. Franchisee acknowledges that no representations, promises, inducements, guarantees or warranties of any kind were made by Franchisor or on Franchisor's behalf that have led Franchisee to enter into this Agreement. Franchisee understands that whether Franchisee succeeds as a franchisee is dependent upon Franchisee's efforts, business judgments, the performance of Franchisee's employees, market conditions and variable factors beyond Franchisor's control or influence. Franchisee further understands that some franchisees are more or less successful than other franchisees and that Franchisor has made no representation that Franchisee will do as well as any other franchisee.

20.2 Receipt. The undersigned acknowledges receipt of this Agreement, with all blanks completed and with any amendments and exhibits, at least seven (7) calendar days prior to execution of this Agreement. In addition, the undersigned acknowledges receipt of Franchisor's Franchise Disclosure Document at least fourteen (14) calendar days prior to the execution of this Agreement or Franchisee's payment of any monies to Franchisor, refundable or otherwise.

20.3 Opportunity for Review by Franchisee's Advisors. Franchisee acknowledges that Franchisor has recommended, and that Franchisee has had the opportunity to obtain, review of this Agreement and Franchisor's Franchise Disclosure Document by Franchisee's lawyer, accountant or other business advisor prior to execution hereof.

20.4 Execution of Agreement. Each of the undersigned parties warrants that it has the full authority to sign and execute this Agreement. If Franchisee is an entity, then the person executing this Agreement on behalf of such entity warrants to Franchisor, both individually and in his or her capacity as an officer, that all of the partners of the partnership or all of the shareholders of the corporation or all of the members or managers of the limited liability company, as applicable, have read and approved this Agreement, including any restrictions which this Agreement places upon rights to transfer their interest in the partnership, corporation, or limited liability company.

21 GUARANTY

If Franchisee is a corporation, or subsequent to execution hereof, Franchisee assigns this Agreement to a corporation, all shareholders of Franchisee's outstanding shares and their spouses (or if Franchisee is a partnership, or subsequent to execution hereof, Franchisee assigns this Agreement to a partnership, all partners and their spouses, or if Franchisee is a limited liability company, or subsequent to execution hereof Franchisee assigns this Agreement to a limited liability company, all members and managers and their spouses) hereby personally and unconditionally guarantee without notice, demand, or presentment, the payment of all of Franchisee's monetary and nonmonetary obligations under this Agreement, and any other agreement between Franchisee and Franchisor and/or Franchisor's affiliates, as if each were an original party to this or any other such agreement in his or her individual capacity. All such personal guarantors further agree to be bound by the restrictions of Franchisee's activities upon transfer, termination, or expiration and nonrenewal of this Agreement as if each were an original party to this Agreement in his or her individual capacity. All such personal guarantors and their spouses must execute a continuing personal guaranty in the form attached hereto as Exhibit A. If Franchisee is an individual, then, if required by Franchisor, Franchisee's spouse must execute a continuing personal guaranty in the form attached hereto as Exhibit A.

22 NOTICES

All notices and requests to be given under this Agreement to Franchisee may be sent via e-mail to the Franchise E-mail or Franchisee's e-mail as listed on the Data Sheet or in writing and delivered by either hand delivery or overnight mail by a recognized carrier offering a delivery receipt, to the address listed on the Data Sheet (which may be changed by written notice).

All notices to Franchisor shall be in writing and shall be delivered by either hand delivery or overnight mail by a recognized carrier offering a delivery receipt, to the following address (which may be changed by written notice):

Franchisor Name/Address: Attn: Kevin D. Ayers
Mac and Cheese Franchise Operations, LLC
621 N.W. 53 Street, #165
Boca Raton, Florida 33487

23 MISCELLANEOUS

23.1 Entire Agreement. This Agreement contains the entire Agreement of the parties. There are no representations either oral or written, except those contained in this Agreement. This written Agreement includes all representations between the parties. This Agreement may not be modified except by a written document signed by both parties. Nothing in the Agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document furnished to Franchisee.

23.2 Construction of Language. The language of this Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Franchisee, their obligations and liabilities will be joint and several. Headings are for reference purposes and do not control interpretation. Reference to Franchisee's "immediate family" means Franchisee's spouse, parents, children and siblings and Franchisee's spouse's parents, children and siblings. Reference to Franchisee's "principals" means Franchisee's partners, officers, directors, shareholders, members and managers, as

applicable. References to “Franchisor” and “Franchisee” include the party’s successors, assigns or transferees. The parties have had a reasonable opportunity to review this Agreement. In the event of an ambiguity or if a question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by all of the parties, and no presumptions or burdens of proof will arise in favor of any party by virtue of the authorship of any of the provisions of this Agreement.

23.3 Severability. If any provision of this Agreement is deemed invalid or inoperative for any reason, that provision will be deemed modified to the extent necessary to make it valid and operative or, if it cannot be so modified, it will then be severed, and the remainder of that provision will continue in full force and effect as if this Agreement had been signed with the invalid portion so modified or eliminated; provided, however, that if any part of this Agreement relating to payments to Franchisor or any of its affiliates or protection of the Proprietary Marks or the Confidential Information, including the Manuals and Franchisor’s other trade secrets, is declared invalid or unenforceable, then Franchisor at Franchisor’s option may terminate this Agreement immediately upon written notice to Franchisee.

23.4 State Law Applies. If any provision of this Agreement, including but not limited to its provisions for transfer, renewal, termination, notice of termination, or cure rights, is inconsistent with any valid law or regulation of the state in which the Franchised Business is located, then the valid law or regulation of that state applicable to the franchise will supersede any provision of this Agreement that is less favorable to Franchisee.

23.5 Additional Documentation. Franchisee must from time to time, subsequent to the date first set forth above, at Franchisor’s request and without further consideration, execute and deliver such other documentation or agreement and take such other action as Franchisor reasonably may require in order to effectuate the transactions contemplated herein. In the event that Franchisee fails to comply with the provisions of this Section, Franchisee hereby appoints Franchisor as Franchisee’s attorney-in-fact to execute any and all documents on Franchisee’s behalf, reasonably necessary to effectuate the transactions contemplated herein.

23.6 Force Majeure. Neither Franchisee nor Franchisor or Franchisor’s affiliates will be liable for loss or damage or deemed to be in breach of this Agreement or any related agreement if its failure to perform its obligations is not the fault nor within the reasonable control of the person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders. Any delay resulting from any such cause will extend the time of performance for the period of such delay or for such other reasonable period of time as the parties agree in writing, or will excuse performance, in whole or in part, as Franchisor deems reasonable.

23.7 Anti-Terrorist Activities. Franchisee certifies that neither Franchisee, nor Franchisee’s owners, principals, employees or anyone associated with Franchisee is listed in the Annex to Executive Order 13224 (the “Annex”). Franchisee agrees not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that Franchisee has no knowledge or information that, if generally known, would result in Franchisee, Franchisee’s owners, principals, employees, or anyone associated with Franchisee being listed in the Annex. Franchisee agrees to comply with and/or assist Franchisor to the fullest extent possible in Franchisor’s efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee certifies, represents, and warrants that none of Franchisee’s property or interests are subject to being “blocked” under any of the Anti-Terrorism Laws and that Franchisee and Franchisee’s owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that

Franchisee's indemnification responsibilities as provided in this Agreement pertain to Franchisee's obligations under this Section. Any misrepresentation by Franchisee under this Section or any violation of the Anti-Terrorism Laws by Franchisee, Franchisee's owners, principals or employees will constitute grounds for immediate termination, upon notice, of this Agreement and any other agreement Franchisee has entered into with Franchisor or one of Franchisor's affiliates, in accordance with the terms of this Agreement. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies lists and any other requirements of any Governmental Authority (including without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts or acts of war.

23.8 Attorneys' Fees. If Franchisee is in breach or default of any monetary or non-monetary obligation under this Agreement or any related agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), then Franchisee must pay all reasonable attorneys' fees, court costs and litigation expenses Franchisor incurs. If Franchisee institutes any legal action to interpret or enforce the terms of this Agreement, and Franchisee's claim in such action is denied or the action is dismissed, then Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

23.9 Submission of Agreement. Submission of this Agreement does not constitute an offer, and this Agreement shall become effective only upon the execution hereof by both Franchisor and Franchisee.

23.10 No Implied Covenant. Franchisor and Franchisee have negotiated the terms of this Agreement and agree that neither party shall claim the existence of an implied covenant of good faith and fair dealing to contravene or limit any term, condition or covenant of this Agreement.

23.11 Assumed Name Certificate. Franchisee shall file for and maintain an "Assumed Name Certificate" in the city, county and/or state where the Franchised Business is located. Franchisee shall furnish evidence of such filing to Franchisor thirty (30) days before opening.

23.12 Savings Clause. If any term hereof may be construed to obligate Franchisee to pay interest in excess of the highest legal amount, it is agreed that such term is a mistake in calculation or wording and, notwithstanding same, it is agreed that neither Franchisee nor any other person or entity obligated for the payment of any sums hereunder shall ever be obligated to pay interest in excess of the highest lawful amount.

23.13 Waiver and Delay. The acceptance by Franchisor of any payment specified to be paid by Franchisee hereunder with knowledge of a breach of any covenant or agreement hereof shall not be, nor be construed to be, a waiver of any breach of any term, covenant or condition of this Agreement. The failure or delay by Franchisor to enforce any of the provisions of this Agreement shall not constitute a waiver of rights or a waiver of any subsequent enforcement of the provisions of this Agreement. The waiver or remedy of any default or breach hereunder shall not waive or affect the default remedied or any prior or subsequent default. However, either party may, by written notice, unilaterally waive or reduce any

obligation or restriction of the other party. The waiver or reduction may be revoked at any time for any reason on ten (10) days' written notice. All rights and remedies herein enumerated shall be cumulative and none shall exclude any other right or remedy allowed by law, and said rights and remedies may be exercised.

24 ACKNOWLEDGMENTS

24.1 Independent Investigation. Franchisee acknowledges that Franchisee has conducted an independent investigation of the Franchised Business contemplated by this Agreement and recognizes that it involves business risks that make the success of the venture largely dependent upon Franchisee's business abilities and efforts. Franchisee acknowledges that Franchisee has been given the opportunity to clarify any provision of this Agreement that Franchisee may not have initially understood and that Franchisor has advised Franchisee to have this Agreement reviewed by an attorney.

24.2 No Guarantee of Earnings. Franchisee understands that Franchisor and any of Franchisor's representatives and/or agents with whom Franchisee has met have not made and are not making any guarantees as to the extent of Franchisee's success in Franchisee's Franchised Business, and have not and are not in any way representing or promising any specific amounts of earnings or profits in association with Franchisee's Franchised Business.

24.3 No Personal Liability. Franchisee agrees that fulfillment of any and all of Franchisor's obligations written in this Agreement or based on any oral communications that may be ruled to be binding in a court of law will be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company will be personally liable to Franchisee for any reason. This is an important part of this Agreement. Do not sign this Agreement if there is any question concerning its contents or any representations made.

IN WITNESS WHEREOF, and intending to be legally bound hereby, the parties hereto have caused this Agreement to be executed effective the date first set forth above.

FRANCHISEE

FRANCHISOR

Mac and Cheese Franchise Operations, LLC

By: _____

By: _____
Stephen Giordanella, Chief Executive Officer

Name: _____

Title: _____

EXHIBIT A
to
MAC AND CHEESE FRANCHISE OPERATIONS, LLC
FRANCHISE AGREEMENT (“Agreement”)

PERSONAL GUARANTY OF FRANCHISE AGREEMENT

This PERSONAL GUARANTY OF FRANCHISE AGREEMENT (“Guaranty Agreement”) is entered into by the following:

Guarantor: _____

Address: _____

RECITALS

Mac and Cheese Franchise Operations, LLC (“MCFO”) and _____ (“Corporate Entity”) entered into a franchise agreement (the “Agreement”) or the Agreement has been assigned to Corporate Entity whereby MCFO granted Corporate Entity a license to use Franchisor’s trademarks and system to open and operate an I Heart Mac and Cheese Franchise (“Franchise”) in the following Designated Territory:

Designated Territory:_____.

Guarantor is an owner, manager, officer and/or director of the Corporate Entity and acknowledges the benefits received by Guarantor from the Franchise Agreement; and

To induce MCFO to enter into the Franchise Agreement with the Corporate Entity, Guarantor has agreed to unconditionally enter into this Guaranty Agreement; and

In consideration of MCFO entering into the Agreement with the Corporate Entity, Guarantor promises and agrees to unconditionally and absolutely guarantee to MCFO that Guarantor shall pay to MCFO all monies owed under the Franchise Agreement, assume any and all obligations, covenants, conditions and liabilities as the Franchisee under the Agreement and fulfill and perform all obligations, covenants, warranties, non-competition covenants and all other terms and conditions as set forth in the Agreement.

NOW, THEREFORE, in consideration as cited herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Guarantor agrees as follows:

1. Guarantor hereby unconditionally accepts the Agreement in its present form including all obligations, covenants, conditions, liabilities, warranties, non-competition covenants, terms, etc.; and
2. Guarantor hereby unconditionally and absolutely individually guarantees to MCFO the performance of and compliance with all obligations, covenants, warranties, non-competition covenants and all other terms and conditions as set forth in the Agreement; and
3. Guarantor shall promptly pay all royalties, advertising fees, late charges and any other financial obligations under the Agreement; and
4. Guarantor hereby unconditionally and absolutely individually guarantees to MCFO the full and

prompt payment when due, whether at maturity or earlier by reason of acceleration or otherwise, any and all indebtedness, liabilities and obligations of the Agreement, together with interest and collection costs as are provided for in the Agreement; and

5. MCFO shall not be required to pursue any other remedies before invoking the benefits of Guarantor's guaranty herein; especially, without limitation, MCFO shall not be required to commence, pursue or exhaust any remedy against the Corporate Entity and/or any of the Corporate Entity's partners, owners, managers, shareholders or members; and
6. Should the legal status of the Corporate Entity change or the Corporate Entity ceases to exist through any means, whether by sale, dissolution, bankruptcy, etc., Guarantor shall continue to remit and also cover all payments due under the Agreement and other payments of the Corporate Entity under the new status and perform and comply with all obligations, covenants, warranties, non-competition covenants and other terms and conditions as set forth in the Agreement, according to the terms hereof, guaranteeing the performance of the terms, conditions and obligations in the Agreement; and
7. In the event of a merger, sale or reorganization of or with the Corporate Entity, Guarantor specifically agrees that this Guaranty Agreement will be a surviving agreement, as well as the liability of any merger, sale or reorganization of or with the Corporate Entity; and
8. In the event any payment by the Corporate Entity to MCFO is held to constitute a preference under the bankruptcy laws, or, if for any other reason MCFO is required to refund such payment or pay the amount thereof to any other party, such payment by the Corporate Entity to MCFO shall not constitute a release of Guarantor from any liability hereunder, and Guarantor agrees to pay such amount to MCFO on demand; and
9. Guarantor agrees that MCFO, at its sole discretion, and the Corporate Entity may from time to time amend the Agreement and the exercise of, or failure to exercise, such right to amend the Agreement shall in no way impair or diminish the obligations of Guarantor hereunder; and
10. This Guaranty Agreement shall inure to the benefit of any transferee, assignee, heir and successor in interest of MCFO. MCFO, as used herein, shall mean and include any successor to MCFO or any such heir, transferee, assignee or subsequent owner.
11. The provisions of this Guaranty Agreement shall not be interpreted to allow the status of the Corporate Entity or Guarantor's ownership interests in the Agreement to be altered without strict compliance with the terms of the Agreement.
12. Each person executing this Guaranty Agreement on behalf of any of the parties hereto represents and warrants that he/she has been fully empowered to execute this Guaranty Agreement and that all necessary action for the execution of this Guaranty Agreement has been taken. Further, that each person executing this Guaranty Agreement on behalf of any of the parties hereto represents and warrants that he/she has had the opportunity to have this Guaranty Agreement reviewed by counsel of his/her choice and has fully been advised by counsel of his/her choice regarding this Guaranty Agreement.
13. If any provision of this Guaranty Agreement shall for any reason be held to violate any applicable law, governmental rule or regulation, or if any provision of this Guaranty Agreement is held to be unenforceable or unconscionable, then the invalidity of such specific provisions herein shall not be held to invalidate the remaining provisions of this Guaranty Agreement.

14. Guarantor agrees that to take any and all necessary steps, sign and execute any and all necessary documents, agreements or instruments that are or will be required to implement the terms of this Guaranty Agreement, and Guarantor shall refrain from taking any action, either expressly or impliedly, which would have the effect of prohibiting or hindering the enforcement of this Guaranty Agreement.
15. Guarantor agrees that this Guaranty Agreement is performable in Palm Beach County, Florida and Guarantor waives the right to be sued elsewhere and agree that this Guaranty Agreement and its application will be governed by the laws of the State of Florida. In the event of a default or dispute, Guarantor agrees that any dispute procedures or requirements under the Agreement and the venue as provided in the Agreement shall apply to this Guaranty Agreement. Guarantor further hereby waives all questions of personal jurisdiction for the purposes of carrying out this provision and specifically consents to jurisdiction in Palm Beach County, Florida.
16. If an action is commenced in connection with the enforcement of any provision of this Guaranty Agreement, Guarantor agrees to pay MCFO reasonable costs and expenses, including attorney's fees, in the event MCFO prevails on most issues regarding this Guaranty Agreement.
17. This Guaranty Agreement may be executed in any number of counterparts and by Guarantor on separate counterparts, each of which, when so executed and delivered, shall be deemed an original and all of which taken together constitute but one and the same instrument.

THIS GUARANTY AGREEMENT is effective as of _____.

GUARANTOR:

Signing individually

EXHIBIT B
to
MAC AND CHEESE FRANCHISE
OPERATIONS, LLC
FRANCHISE AGREEMENT

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned, namely _____ (“Assignor”), hereby assigns and transfers to Mac and Cheese Franchise Operations, LLC, a Delaware limited liability company with a principal business address at 621 N.W. 53 Street, #360, Boca Raton, Florida 33487 (“Assignee”), all of Assignor’s right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit 1 (the “Lease”) respecting premises commonly known as _____. This Assignment is for collateral purposes only and, except as specified herein, Assignee has no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously assigned or transferred, and is not obligated to assign or transfer, any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under the franchise agreement for a Franchised Business between Assignee and Assignor (the “Franchise Agreement”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, or upon expiration or termination of the Franchise Agreement or this Agreement, Assignee has the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor will have no further right, title or interest in the Lease. Assignor hereby authorizes the landlord under the Lease (the “Lessor”) to disclose to Assignee, upon its request, sales and other information furnished to the Lessor by Assignor.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it must elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing.

If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and instead of Assignor for the purpose of effecting such extension or renewal.

ASSIGNOR:

Dated: _____

SIGNED AND SEALED this
day of _____, 20

Notary Public

CONSENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the aforescribed Lease hereby:

(a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;

(b) Agrees that Assignee has the right, but must not be obligated, to cure any default by Assignor under the Lease within 30 days (or such longer period of time as reasonably necessary to cure the default, so long as Assignee commences the cure within 30 days and thereafter diligently pursues the cure to completion) after delivery by Lessor of notice thereof in accordance with paragraph (a) above;

(c) Consents to the foregoing Collateral Assignment and agrees that if Assignee takes possession of the premises demised by the Lease and confirms to Lessor the assumption of the Lease by Assignee as tenant thereunder, Lessor must recognize Assignee as tenant under the Lease, provided that Assignee cures within the time period set forth above the defaults, if any, of Assignor under the Lease; and

(d) Agrees that Assignee may further assign the Lease to a person, firm or corporation who must agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Lessor and upon such assignment Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise.

Dated: _____

LESSOR:

By: _____

Print Name: _____

Title: _____

EXHIBIT C
to
MAC AND CHEESE FRANCHISE OPERATIONS, LLC
FRANCHISE AGREEMENT

CONDITIONAL ASSIGNMENT
OF FRANCHISEE'S TELEPHONE NUMBERS AND LISTINGS

1. _____ ("Assignor"), in exchange for valuable consideration provided by Mac and Cheese Franchise Operations, LLC ("Assignee"), receipt of which is hereby acknowledged, hereby conditionally assigns to Assignee all telephone numbers, facsimile numbers, domain names, as well as any listings associated therewith, utilized by Assignor in the operation of an I HEART MAC AND CHEESE store located at the following address: _____ (the "Assigned Property"). The Assigned Property includes the following:

Telephone Number(s): _____

Facsimile Number(s): _____

Domain Name(s) (as permitted by Franchisor under the Franchise Agreement): _____

2. The conditional agreement will become effective automatically upon termination or expiration of Assignor's franchise agreement. Upon the occurrence of that condition, Assignor must do all things required by the telephone company and/or domain name registrar to assure the effectiveness of the assignment of Assigned Property as if the Assignee had been originally issued such Assigned Property and the usage thereof.

3. Assignor agrees to pay the telephone company and/or domain name registrar, on or before the effective date of assignment, all amounts owed for the use of the Assigned Property up to the date this Assignment becomes effective. Assignor further agrees to indemnify Assignee for any sums Assignee must pay the telephone company to effectuate this Assignment and agrees to fully cooperate with the telephone company and/or domain name registrar, as well as the Assignee, in effectuating this Assignment.

ASSIGNOR:

By: _____

Name: _____

Title: _____

Date: _____

ASSIGEE:

**MAC AND CHEESE FRANCHISE
OPERATIONS, LLC**

By: _____
Stephen Giordanella, Chief Executive Officer

Date: _____

EXHIBIT D
to
MAC AND CHEESE FRANCHISE OPERATIONS, LLC
FRANCHISE AGREEMENT

CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT
(for managers and other key employees)

In consideration of my being a _____ of _____ (“Franchisee”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that Franchisee has acquired the right from Mac and Cheese Franchise Operations, LLC (the “Company”) to establish and operate an I HEART MAC AND CHEESE store (the “Franchised Business”) and the right to use, in the operation of the Franchised Business, the Company’s trade names, trademarks and service marks (the “Proprietary Marks”) and the Company’s unique and distinctive format and system relating to the establishment and operation of Franchised Businesses (the “System”), as they may be changed, improved and further developed from time to time in the Company’s sole discretion, at the following authorized and accepted location:

_____ (the “Accepted Location”).

1. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain trade secrets, operating procedures, sources of supply, advertising materials, equipment specifications, any information contained in the Mac and Cheese Franchise Operations, LLC operations manual (the “Manuals”), the Company’s proprietary recipes and standards and specifications for food preparation and service, any proprietary software the Company may now or in the future create, copyrighted materials, and other methods, techniques and know-how concerning the operation of the Franchised Business which may be communicated to me or of which I may be apprised by virtue of my employment at the Franchised Business (the “Confidential Information”). Certain information, including (a) food recipes, (b) current customer and prospective customer names, addresses, and other information, (c) customer service purchasing histories, and (d) sources of suppliers and purchasing arrangements with suppliers, also constitute the trade secrets and Confidential Information of the Company.

2. Any and all information, knowledge, know-how, and techniques that the Company specifically designates as confidential will be deemed to be Confidential Information for purposes of this Confidentiality and Restrictive Covenant Agreement (“Agreement”).

3. As an employee of Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Manuals and other general assistance during the term of this Agreement.

4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

5. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I will hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as an employee of the Franchisee, and will continue not to

disclose any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

6. Except as otherwise approved in writing by the Company, I will not, while in my position with Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own, maintain, engage in, be employed by, or have any interest in any other business that operates or licenses any other establishment that primarily offers macaroni and cheese, grilled cheese sandwiches, or other food items offered or authorized for sale by System franchisees, except for a Franchised Business operating under the System and Proprietary Marks.

7. I agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

8. I understand and acknowledge that the Company will have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

9. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

10. This Agreement will be construed under the laws of the State of Florida (without reference to its conflict of laws principals). The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

Signature: _____

Name: _____

ACKNOWLEDGED BY FRANCHISEE

By: _____

Name: _____

Title: _____

EXHIBIT E
to
MAC AND CHEESE FRANCHISE OPERATIONS, LLC
FRANCHISE AGREEMENT

ELECTRONIC FUNDS WITHDRAWAL
AUTHORIZATION

Bank Name _____ :

ABA# _____ :

Acct. No. _____ :

Acct. Name _____ :

Effective as of the date of the signature below, I, identified below, ("Franchisee") hereby authorize Mac and Cheese Franchise Operations, LLC ("Franchisor") or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to make the following payments to Franchisor under any Franchise Agreement with Franchisor: (1) all Royalty fees, (2) all Brand Fund Contributions, and (3) any and all other fees due to the Franchisor or the Franchisor's affiliates pursuant to the Franchise Agreement executed between Franchisor and Franchisee or any other agreements between Franchisee and Franchisor or Franchisor's affiliates. Such withdrawals will occur as provided in the Franchise Agreement. Franchisor is also authorized to deposit funds into the above-referenced account, electronically or otherwise. This authorization will remain in full force and effect until terminated in writing by Franchisee. Franchisee will provide Franchisor, in conjunction with this authorization, a voided check from the above- referenced account.

AGREED:

FRANCHISEE:

By: _____

Name: _____

Title: _____

EXHIBIT C
TO THE MAC AND CHEESE FRANCHISE OPERATIONS, LLC
FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

MAC AND CHEESE FRANCHISE OPERATIONS, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2022

MAC AND CHEESE FRANCHISE OPERATIONS, LLC
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MONIS J. SIDDIQUI, CPA P.C.
Certified Public Accountant
917.309.5670

INDEPENDENT AUDITOR'S REPORT

To the member
Mac and Cheese Franchise Operations, LLC

Opinion

We have audited the financial statements of Mac and Cheese Franchise Operations, LLC which comprise the balance sheets as of December 31, 2022, and 2021, the related statement of operations and changes in member's (deficit) and cash flows for the years ended December 31, 2022, and 2021 the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Mac and Cheese Franchise Operations, LLC as of December 31, 2022, and 2021 and the results of its operations and its cash flows for the 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 (GAAS). 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 Mac and Cheese Franchise Operations, 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.

Emphasis of a Matter

As discussed in note 8 to the financial statements, December 31, 2021, ending stockholder's deficit and 2021 financial statements have been restated to correct certain misstatements discovered subsequent to the issuance of the Company's financial statements for the year ended December 31, 2021. Our opinion is not modified with respect to this matter.

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 Mac and Cheese Franchise Operations, 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 GAAS 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, 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 Mac and Cheese Franchise Operations, 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 Mac and Cheese Franchise Operations, 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.

A handwritten signature in purple ink that reads "Monis Siddiqui, CPA P.C.".

Monis Siddiqui CPA
Bellerose, New York
April 10, 2023

MAC AND CHEESE FRANCHISE OPERATIONS, LLC
BALANCE SHEETS

		YEAR ENDED DECEMBER 31	
		2022	2021
<u>ASSETS</u>			
Cash	\$	459,645	\$ 894,591
Deferred commission expense		184,650	174,500
Inventory		61,601	62,914
Prepaid expenses		9,642	28,320
Note Receivable		10,137	—
Rebate Receivable		37,872	—
Accounts receivable		73,821	39,594
Total current assets		837,368	1,199,919
 Fixed assets		 75,247	 40,208
Security Deposit		20,000	—
Deferred commission expense, net of current		762,481	689,647
 Total Assets		 \$ 1,695,096	 \$ 1,929,774
 <u>LIABILITIES AND MEMBER'S (DEFICIT)</u>			
Current liabilities			
Accounts payable and accrued expenses	\$	300,824	\$ 211,183
PPP loan payable		—	132,394
SBA loan payable		3,011	—
Sales Tax Payable		7,877	—
Payroll taxes payable		32,396	145,586
Deferred franchise fees		633,934	604,542
Total current liabilities		978,042	1,093,705
 Deferred franchise fees, net of current		 2,716,349	 2,187,004
SBA loan payable		151,989	155,000
 Member's (Deficit)		 (2,151,284)	 (1,505,935)
 Total Liabilities and Member's (Deficit)		 \$ 1,695,096	 \$ 1,929,774

See notes to financial statements

MAC AND CHEESE FRANCHISE OPERATIONS, LLC
STATEMENTS OF OPERATIONS AND MEMBER'S (DEFICIT)

	YEAR ENDED DECEMBER 31	
	2022	2021
Revenues		
Franchise fees	\$ 816,763	\$ 1,018,645
Royalties	616,898	263,782
Marketing fees	609,455	160,364
Equipment Sale	22,755	—
Other	103,753	126,912
	<u>2,169,624</u>	<u>1,569,703</u>
 General and Administrative Expenses	 <u>2,184,577</u>	 <u>1,542,025</u>
 Operating loss	 (14,953)	 27,678
 Other income-PPP grant	 <u>132,394</u>	 <u>94,567</u>
 Net Income (Loss)	 117,441	 122,245
 Members' (Deficit)-Beginning	 (1,505,935)	 (2,005,329)
 Member Contributions(Distributions)	 (762,790)	 377,149
 Members' (Deficit)-Ending	 <u>\$ (2,151,284)</u>	 <u>\$ (1,505,935)</u>

See notes to financial statements

MAC AND CHEESE FRANCHISE OPERATIONS, LLC
STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31	
	2022	2021
Operating Activities		
Net Income (Loss)	\$ 117,441	\$ 122,245
Depreciation	11,724	13,839
Adjustments to reconcile net (loss) to net cash provided by operating activities:		
Changes in assets and liabilities		
Inventory	1,313	(13,979)
Deferred commission expense	(82,984)	(136,872)
Prepaid expenses	18,678	(28,320)
Accounts receivable	(34,227)	83,292
Note Receivable	(10,137)	—
Rebate Receivable	(37,872)	—
Security Deposit	(20,000)	—
Payroll taxes payable	(113,190)	145,586
Accounts payable and accrued expenses	89,641	18,663
Sales Tax Payable	7,877	—
Deferred franchise fees	558,737	95,355
	<u>507,001</u>	<u>299,809</u>
Investing Activities		
Loss on sale of Equipment	25,265	—
Fixed asset acquisitions	(71,488)	(25,774)
	<u>(46,223)</u>	<u>(25,774)</u>
Financing Activities		
PPP loan forgiveness	(132,934)	(94,567)
PPP loan	—	132,934
SBA loan	—	100
Member contributions (distributions)	(762,790)	377,149
	<u>(895,724)</u>	<u>415,616</u>
Net Increase in Cash	(434,946)	689,651
Cash-Beginning	894,591	204,940
Cash-Ending	<u>\$ 459,645</u>	<u>\$ 894,591</u>

See notes to financial statements

MAC AND CHEESE FRANCHISE OPERATIONS, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

1. THE COMPANY- The Company was organized in Delaware in April 2017 as limited liability company. The Company is a single member LLC owned by Mac and Cheese Franchise Group, LLC. The Company offers franchises for the operation of a fast-casual restaurant featuring customizable, made to order macaroni and cheese and grilled cheese sandwiches.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting- The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or disbursement of funds.

Franchise Arrangements- The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate an exercise studio using the system for a specified number of years.

Concentration of Credit Risk— Financial instruments that potentially expose the Company to concentration of credit risk primarily consists of cash and cash equivalents. The balances in the Company's cash accounts exceeded the Federal Deposit Insurance Company's (FDIC) insurance limit of \$250,000 by \$209,295. The Company maintains its cash and cash equivalents with accredited financial institutions.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

Cash- Cash consists of unrestricted cash on deposit at financial institutions.

Taxes on Income -The company has elected to be taxed as a limited liability company for federal and state income tax purposes. Income and expense of the Company pass through directly to them ember and is reported on its tax return.

Revenue Recognition — In May 2014, the FASB issued a new accounting standard ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)", that attempts to establish a uniform basis for recording revenue to virtually all industries' financial statements. The revenue standard's core principle is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. Additionally, the new guidance requires enhanced disclosure to help financial statement users better understand the nature, amount, timing and uncertainty of the revenue recorded.

The new standard will change how the Company records initial franchise fees from franchisees, area developer fees and brand development fees. Under Legacy GAAP, franchise fees, which are non-refundable, were recognized as income when substantially all services to be performed by the Company

MAC AND CHEESE FRANCHISE OPERATIONS, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

and conditions relating to the sale of the franchise were performed or satisfied, which generally occurred when the franchisee commenced operations.

3. DEFERRED FRANCHISE FEES AND COMMISSION EXPENSE

In compliance with the Financial Accounting Standards Board ("FASB") new accounting standards for revenue recognition ("Topic 606"), the Company records its non-refundable franchise fees, net of amounts earned based on allowable direct services, as deferred revenues, to be recognized over the life of the franchise agreement. The non-refundable franchise fees received but not yet earned as of December 31, 2022, and 2021, were \$3,350,283 and \$2,791,546 respectively.

Additionally, the Company recognizes commission expense paid for the sale of franchises over the life of the respective franchise agreements. The deferred commission expenses at December 31, 2022 and 2021, were \$947,131 and \$864,147, respectively.

4. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful life of the asset, which is five years. Expenditures for repairs and maintenance are charged to expense as incurred. Property and equipment consist of office equipment, computer equipment and automobiles. At December 31, 2022 and 2021 these assets had a book value of \$75,247 and \$40,208 respectively. Depreciation expenses for the years ended December 31, 2022, and 2021 were \$11,724 and \$13,839, respectively.

5. BRAND DEVELOPMENT FEES

As per the franchise agreements, the Company collects marketing fees on a continuing basis. These funds are used to advertise the brand name on behalf of all franchisees. For the years ending December 31, 2022, and 2021 the company collected \$609,455 and \$120,449 in marketing fees, respectively. For the years ending December 31, 2022, and 2021 the company expensed \$773,858 and \$124,106 on brand name marketing, respectively.

6. EIDL LOAN

On June 15, 2020, The Partnership entered an Economic Injury Disaster Loan ("EIDL") with the U.S. Small Business Administration ("SBA") in the amount of \$150,000. The Loan was secured by the assets of the Partnership and payable in monthly installments of \$731 including interest at 3.75%. Final payments are due May 2050. The Partnership is allowed to make advance payments on this loan. The balance of the loan at December 31, 2022 was \$155,000.

MAC AND CHEESE FRANCHISE OPERATIONS, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

6. EIDL LOAN (cont'd)

Long-term debt at December 31, 2022 are scheduled to mature as follows:

Due in 2023	\$	3,011
Due in 2024		3,126
Due in 2025		3,245
Due in 2026		3,369
Due in 2027		3,497
Thereafter		138,752
	\$	<u>155,000</u>

7. COVID-19 AND THE PAYCHECK PROTECTION PROGRAM

During the first quarter of 2021 the Partnership received an unsecured loan in the amount of \$132,394 under the Paycheck Protection Program (the "PPP") which was established under the Coronavirus Aid, Relief and Economic Security Act ("the CARES Act"). Under the CARES Act loan forgiveness is available for the sum of documented payroll costs, covered rent payments and covered utilities during the measurement period beginning on the date of first disbursement of the PPP Loans.

The Partnership received forgiveness of the debt in 2022 and has elected to recognize government grant income separately within other income to present a clear distinction in its financial statements between its operating income and the amount of net income resulting from the PPP forgiveness.

8. PRIOR YEAR ADJUSTMENT

A restatement to the year ended December 31, 2021, financial statements was made to correct an overstatement of prepaid commission by \$106,218 and Deferred revenues by \$916,633 to implement ASU No. 2014-09, Revenue from contracts with Customers (Topic 606), and to correct an understatement of franchise fee revenue of \$916,633 and an understatement of commission expenses of \$106,218. The net adjustment as of December 31, 2021, resulted in an increase of \$810,415 to shareholders' equity. As a result, net income for year ended December 31, 2021 increased by \$810,415.

9. SUBSEQUENT EVENTS-

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events have been evaluated through April 24, 2023, which is the date the financial statements were available to be issued.

MAC AND CHEESE FRANCHISE OPERATIONS, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2021

MAC AND CHEESE FRANCHISE OPERATIONS, LLC
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BARRY KNEPPER
CERTIFIED PUBLIC ACCOUNTANT
33202 SPRUCE POND CIRCLE PLAINVIEW, NEW YORK 11803

INDEPENDENT AUDITOR'S REPORT

To the member
Mac and Cheese Franchise Operations, LLC

Opinion

We have audited the financial statements of Mac and Cheese Franchise Operations, LLC which comprise the balance sheets as of December 31, 2021, and 2020, the related statement of operations and changes in member's (deficit) and cash flows for the years ended December 31, 2021 and 2020 the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Mac and Cheese Franchise Operations, LLC as at December 31, 2021 and 2020 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Mac and Cheese Franchise Operations, 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 Mac and Cheese Franchise Operations, 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 GAAS 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, 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 Mac and Cheese Franchise Operations, 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 Mac and Cheese Franchise Operations, 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.

A handwritten signature in black ink, appearing to read 'Barry Khepper', is written over the printed name.

Barry Khepper
Plainview, New York
April 18, 2022

MAC AND CHEESE FRANCHISE OPERATIONS, LLC
BALANCE SHEETS

		DECEMBER 31	
		2021	2020
<u>ASSETS</u>			
Cash	\$	894,591	\$ 204,940
Deferred commission expense		115,675	98,610
Inventory		62,914	48,935
Prepaid expenses		28,320	—
Accounts receivable		39,594	122,886
Total current assets		1,141,094	475,371
 Fixed assets		 40,208	 28,813
Deferred commission expense, net of current		854,690	628,665
 Total Assets		<u>\$ 2,035,992</u>	<u>\$ 1,132,849</u>
 <u>LIABILITIES AND MEMBER'S (DEFICIT)</u>			
Current liabilities			
Accounts payable and accrued expenses	\$	211,183	\$ 192,520
PPP loan payable		132,394	94,567
SBA loan payable		—	3,000
Payroll taxes payable		145,586	—
Deferred franchise fees		134,100	102,012
Total current liabilities		623,263	392,099
 Deferred franchise fees, net of current		 3,574,079	 2,594,179
SBA loan payable		155,000	151,900
 Member's (Deficit)		 (2,316,350)	 (2,005,329)
 Total Liabilities and Member's (Deficit)		<u>\$ 2,035,992</u>	<u>\$ 1,132,849</u>

See notes to financial statements

MAC AND CHEESE FRANCHISE OPERATIONS, LLC
STATEMENTS OF OPERATIONS AND MEMBER'S (DEFICIT)

	YEAR ENDED DECEMBER 31	
	2021	2020
Revenues		
Franchise fees	\$ 102,012	\$ 78,235
Royalties	263,782	127,251
Marketing fees	160,364	78,775
Other	126,912	53,829
	<u>653,070</u>	<u>338,090</u>
General and Administrative Expenses	<u>1,435,807</u>	<u>1,089,019</u>
Operating loss	(782,737)	(750,929)
Other income-PPP grant	<u>94,567</u>	<u>—</u>
Net Loss	(688,170)	(750,929)
Members' (Deficit)-Beginning	(2,005,329)	(713,880)
Member Contributions(Distributions)	<u>377,149</u>	<u>(540,520)</u>
Members' (Deficit)-Ending	<u>\$ (2,316,350)</u>	<u>\$ (2,005,329)</u>

See notes to financial statements

MAC AND CHEESE FRANCHISE OPERATIONS, LLC
STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31	
	2021	2020
Operating Activities		
Net (Loss)	\$ (688,170)	\$ (750,929)
Depreciation	13,839	694
Adjustments to reconcile net (loss) to net cash provided by operating activities:		
Changes in assets and liabilities		
Inventory	(13,979)	(48,935)
Deferred commission expense	(243,090)	(461,917)
Prepaid expenses	(28,320)	20,000
Accounts receivable	83,292	(118,029)
Payroll taxes payable	145,586	—
Accounts payable and accrued expenses	18,663	108,043
Deferred franchise fees	1,011,988	1,750,265
	<u>299,809</u>	<u>499,192</u>
Investing Activities		
Fixed asset acquisitions	<u>(25,774)</u>	<u>(37,930)</u>
Financing Activities		
PPP loan forgiveness	(94,567)	94,567
PPP loan	132,934	—
SBA loan	100	154,900
Member contributions	377,149	—
Member distributions	—	(540,520)
	<u>415,616</u>	<u>(291,053)</u>
Net Increase in Cash	689,651	170,209
Cash-Beginning	204,940	—
Cash-Ending	<u>\$ 894,591</u>	<u>\$ 204,940</u>

See notes to financial statements

MAC AND CHEESE FRANCHISE OPERATIONS, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. THE COMPANY- The Company was organized in Delaware in April 2017 as a limited liability company. The Company is a single member LLC owned by Mac and Cheese Franchise Group, LLC. The Company offers franchises for the operation of a fast casual restaurant featuring customizable, made to order macaroni and cheese and grilled cheese sandwiches.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting- The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or disbursement of funds.

Franchise Arrangements- The Company's franchise arrangements include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate an exercise studio using the system for a specified number of years.

Concentration of Credit Risk— Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. The balances in the Company's cash accounts exceeded the Federal Deposit Insurance Company's (FDIC) insurance limit of \$250,000 by \$627,699. The Company maintains its cash and cash equivalents with accredited financial institutions.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

Cash- Cash consists of unrestricted cash on deposit at financial institutions.

Taxes on Income - The Company has elected to be taxed as a limited liability company for federal and state income tax purposes. Income and expense of the Company pass through directly to the member and is reported on the member's tax return.

Revenue Recognition — In May 2014, the FASB issued a new accounting standard ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)", that attempts to establish a uniform basis for recording revenue to virtually all industries' financial statements. The revenue standard's core principle is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. Additionally, the new guidance requires enhanced disclosure to help financial statement users better understand the nature, amount, timing and uncertainty of the revenue recorded.

MAC AND CHEESE FRANCHSIE OPERATIONS, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31,2021

The new standard will change how the Company records initial franchise fees from franchisees, area developer fees and brand development fees. Under Legacy GAAP, franchise fees, which are non-refundable, were recognized as income when substantially all services to be performed by the Company and conditions relating to the sale of the franchise were performed or satisfied, which generally occurred when the franchisee commenced operations.

3.DEFERRED FRANCHISE FEES AND COMMISSION EXPENSE-In compliance with the Financial Accounting Standards Board ("FASB") new accounting standards for revenue recognition ("Topic 606"), the Company records its non-refundable franchise fees, net of amounts earned based on allowable direct services, as deferred revenues, to be recognized over the life of the franchise agreement. The non-refundable franchise fees received but not yet earned as of December 31, 2021, and 2020, were \$3,708,179 and \$2,696,278 respectively.

The Company recognizes commission expense paid for the sale of franchises over the life of the respective franchise agreements. The deferred commission expenses at December 1,2021 and 2020, were \$970,365 and \$727,275, respectively.

5. PROPERTY AND EQUIPMENT- Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful life of the asset, which is five to seven years. Expenditures for repairs and maintenance are charged to expense as incurred. Property and equipment consist of office equipment, computer equipment and automobiles. At December 31, 2021 and 2020 these assets had a book value of \$40,208 and \$ 28,313 respectively. Depreciation expense for the years ended December 31, 2021, and 2020 was \$13,839 and \$694, respectively.

6. BRAND DEVELOPMENT FEES- As per the franchise agreements, the Company collects marketing fees on a continuing basis. These funds are used to promote the brand[= on behalf of all franchisees. For the years ending December 31, 2021, and 2020 the Company collected \$160,364 and \$127,251 in marketing fees, respectively.

7. SUBSEQUENT EVENTS- The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events have been evaluated through April 18,2022, which is the date the financial statements were available to be issued.

MAC AND CHEESE FRANCHISE OPERATIONS, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2020

MAC AND CHEESE FRANCHISE OPERATIONS, LLC
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INDEPENDENT AUDITOR'S REPORT

To the Member

Mac and Cheese Franchise Operations, LLC

We have audited the accompanying financial statements of Mac and Cheese Franchise Operations, LLC (the "Company") which comprise the balance sheets as of December 31, 2020 and 2019 and the related statements of operations, changes in member's deficit and cash flows for the years ended December 31, 2020 and 2019 and the related notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes 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.

Auditor's Responsibility

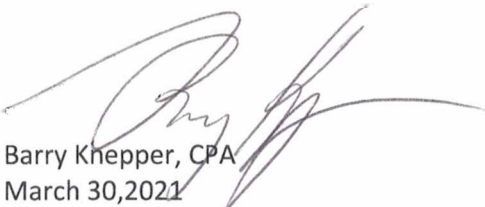
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mac and Cheese Franchise Operations, LLC as of December 31, 2020 and 2019 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.


Barry Knepper, CPA
March 30, 2021

MAC AND CHEESE FRANCHISE OPERATIONS, LLC
BALANCE SHEETS

		DECEMBER 31	
		2020	2019
<u>ASSETS</u>			
Cash	\$	204,940	\$ 34,731
Inventory		48,935	—
Deferred commission expense		727,275	265,358
Prepaid commission		—	10,000
Accounts receivable		122,886	4,857
Total current assets		1,104,036	314,946
 Fixed assets		 28,813	 1,577
	\$	<u>1,132,849</u>	<u>\$ 316,523</u>
 <u>LIABILITIES AND MEMBER'S DEFICIT</u>			
Current liabilities			
Accounts payable and accrued expenses	\$	192,520	\$ 84,477
PPP loan payable		94,567	—
SBA loan payable		3,000	—
Deferred franchise fees		2,696,191	945,926
Total current liabilities		2,986,278	1,030,403
 SBA loan payable, net of current portion		 151,900	 —
 Member's Deficit		 (2,005,329)	 {713,880}
 Total Liabilities and Member's Deficit	\$	<u>1,132,849</u>	<u>\$ 316,523</u>

See notes to financial statements

MAC AND CHEESE FRANCHISE OPERATIONS,LLC
STATEMENTS OF OPERATIONS AND MEMBER'S (DEFICIT)

	YEAR ENDED DECEMBER 31	
	2020	2019
Revenues		
Royalties	\$ 127,251	\$ 55,218
Franchise fees	78,235	173,950
Marketing fees	78,775	—
Other	53,829	10,647
	<u>338,090</u>	<u>239,815</u>
General and Administrative Expenses	<u>1,089,019</u>	<u>376,807</u>
Net (loss)	(750,929)	(136,992)
Member's Deficit-Beginning	(713,880)	(205,665)
Member Distributions	<u>(540,520)</u>	<u>(498,155)</u>
Member's Deficit-Ending	\$ (2,005,329)	\$ (840,812)
Revenue Recognition Adjustment (ASC 606)	<u>—</u>	<u>126,932</u>
	<u><u>\$ (2,005,329)</u></u>	<u><u>\$ (713,880)</u></u>

See notes to financial statements

MAC AND CHEESE FRANCHISE OPERATIONS, LLC
STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31	
	2020	2019
Operating Activities		
Net (Loss)	\$ (750,929}	\$ (136,992}
Depreciation	694	—
Adjustments to reconcile net (loss) to net cash provided by operating activities:		
Changes in assets and liabilities		
Inventory	(48,935}	—
Deferred commission expense	(461,917}	(277,500}
Prepaid commssion	20,000	(10,000}
Accounts receivable	(118,029}	3,903
Accounts payable and accrued expenses	108,043	83,310
Deferred franchise fees	1,750,265	866,050
	<u>499,192</u>	<u>528,771</u>
Investing Activities		
Fixed asset acquisitions	<u>(37,930)</u>	<u>(1,576)</u>
Financing Activities		
PPP loan	94,567	—
SBA loan	154,900	—
Member distribtuions	(540,520}	(498,155}
	<u>(291,053)</u>	<u>(498,155)</u>
Net Increase in Cash	170,209	29,040
Cash-Beginning	34,731	5,691
Cash-Ending	<u><u>\$ 204,940</u></u>	<u><u>\$ 34,731</u></u>

See notes to financial statements

MAC AND CHEESE FRANCHISE OPERATIONS, LLC
NOTES TO FINANCIAL STATEMENTS

1. THE COMPANY-Mac and Cheese Franchise Operations, LLC ("the Company") was organized in Delaware in April 2017 as a limited liability company. The Company is a single -member LLC owned by Mac and Cheese Franchise Group, LLC.

The Company offers franchises for the operation of a fast casual restaurant featuring customizable, made to order macaroni and cheese and grilled cheese sandwiches.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting-The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or disbursement of funds.

Franchise Arrangements-The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate an exercise studio using the system for a specified number of years.

Concentration of Credit Risk-Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. The balances in the Company's cash accounts did not exceed the Federal Deposit Insurance Company's (FDIC) insurance limit of \$ 250,000. The Company maintains its cash and cash equivalents with accredited financial institutions.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

Cash-Cash consists of unrestricted cash on deposit at financial institutions.

Taxes on Income - The Company has elected to be taxed as a limited liability corporation for federal and state income tax purposes. Income and expenses for the Company pass through directly to the member and is reported on its income tax returns.

Revenue Recognition - In May 2014, the FASB issued a new accounting standard ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)", that attempts to establish a uniform basis for recording revenue to virtually all industries' financial statements. The revenue standard's core principle is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. Additionally, the new guidance requires enhanced disclosure to help financial statement users better understand the nature, amount, timing and uncertainty of the revenue recorded.

MAC AND CHEESE FRANCHISE OPERATIONS, LLC
NOTES TO FINANCIAL STATEMENTS (continued)

The new standard will change how the Company records initial franchise fees from franchisees, area developer fees and brand development fees. Under Legacy GAAP, franchise fees, which are non-refundable, were recognized as income when substantially all services to be performed by the Company and conditions relating to the sale of the franchise were performed or satisfied, which generally occurred when the franchisee commenced operations.

In January 2021 the FASB issued ASU 2021-02 which allows a non- public franchisor to use a practical expedient when identifying performance obligations with its franchisees .The practical expedient allows for the treatment of certain pre-opening expenses as distinct from the franchise license .These pre-opening services consist of the following activities:

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing facilities for their intended use, including related financing, architectural and engineering services and lease negotiation.
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manual and similar materials concerning operations, administration and record keeping.
- Bookkeeping, information technology and advisory's services, including setting up the franchisee's records and advising the franchisee about income, real estate and other taxes or about regulations affecting the franchisee's business.
- Inspection, testing and other quality control programs.

The Company elected to apply the practical expedient as of December 31,2019, As a result the Company recorded deferred revenue and a cumulative effect adjustment to decrease accumulated deficit by \$126,932 on our balance sheet consisting of a decrease of the unamortized portion of franchise fees of \$139,074 and a decrease in the unamortized portion of commissions paid of \$12,142.

The adoption of the new guidance will also change the reporting of brand development fund contributions from franchisees and the related advertising fund expenditures, which are not currently included in the Statements of Earnings but are reported on the balance Sheet. The new guidance requires these advertising fund contributions and expenditures to be reported on a gross basis in the Statements of Earnings, which will impact our total revenues and expenses although we do not expect a material impact on net income as the fund is managed such that revenues and expenses are generally offsetting.

3. COVID-19 AND THE PAYCHECK PROTECTION PROGRAM-The global outbreak of COVID-19 was declared a pandemic by the World Health Organization and a national emergency by the U.S. government in March 2020 and has negatively affected the U.S. economy. The continuing impact on the Company's business has contributed to and may continue to have a material adverse effect on the Company's business, results of operations, financial condition, and cash flows. At this time the full impact cannot be determined. During the second quarter of 2020 the Company received an unsecured loan in the amount of \$94,567 under the Paycheck Protection Program (the "PPP") which was established under the Coronavirus Aid, Relief and Economic Security Act ("the CARES Act"). Under the CARES Act loan forgiveness is available for the sum of documented payroll costs, covered rent payments and covered utilities during the measurement period beginning on the date of first disbursement of the PPP Loans. The PPP loan matures five years from the date of the first disbursement of proceeds to the

Company and accrues interest at a fixed rate of 1%. Payments are deferred for at least the first six months and payable in 54 equal consecutive monthly installments of principal and interest commencing upon expiration of the deferral period of the PPP loan date. The Company anticipates that the loan will be totally forgivable in full when it submits its forgiveness application in 2021.

4. LOAN PAYABLE- The Company obtained a U.S. Small Business Administration("SBA") loan in the amount of \$150,000 in June 2020. The loan is payable in 360 monthly payments of \$751 of interest and interest beginning 12 months from the date of issuance with an interest rate of 3.75%. Collateral for the loan is all tangible and intangible assets of the Company. Principal payment due are \$1402, \$2,883, \$2,993, \$3,107 and \$3,226 for the years ending December 31, 2021 through 2025, respectively, with the balance of \$140,290 due thereafter.

5. RELATED PARTY TRANSACTIONS- The Company is party to a Sublicense Agreement with its parent for the exclusive worldwide license to sell franchises using the I I Heart and Mac and Cheese Marks in connection with the operation of restaurants to independent third partite franchisees. The annual license fee is \$100 per franchise per year.

6. SUBSEQUENT EVENTS- The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events have been evaluated through March 30, 2021, which is the date the financial statements were available to be issued.

EXHIBIT D
TO THE MAC AND CHEESE FRANCHISE OPERATIONS, LLC
FRANCHISE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA
TO THE FDD, FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT

CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

The Agreement between Mac and Cheese Franchise Operations, LLC ("MACFO") and Franchisee is amended and revised as follows for use in California:

1. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains provisions that are inconsistent with the law, the law will control.
2. The Franchise Agreement provides for termination upon bankruptcy, and the Area Development Agreement authorizes Franchisor to terminate the Area Development Agreement if Developer becomes insolvent or is adjudicated bankrupt. These provisions may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 et seq.).
3. The Franchise Agreement contains covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.
4. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.
5. Neither the franchisor nor any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 79a et seq., suspending or expelling such persons from membership in such association or exchange.
6. Prospective Franchisees and Developers are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of an Area Developer Agreement restricting venue to a forum outside the State of California.
7. The Franchise Agreement and the Area Development Agreement require application of the laws of Florida. These provisions may not be enforceable under California law.
8. You must sign a general release if you renew or transfer your franchise. California Corporation Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).
9. The Franchise Agreement contains liquidated damages clauses. Under California Civil Code, Section 1671, certain liquidated damages clauses are unenforceable.
10. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF

THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

11. OUR WEBSITE, www.iheartmacandcheese.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.
12. The Department of Financial Protection and Innovation requires Franchisor to obtain a surety bond because of its financial condition. Franchisor has obtained a surety bond in the sum of \$300,000, and that bond is on file with the California Department of Financial Protection and Innovation. If Franchisor fails to strictly comply with all applicable provisions of, and all orders, rules, and regulations issued pursuant to California Law, Franchisor may become liable for the payment of the bond sum to the State of California for the use and benefit of any person(s) that have a claim under the conditions of the bond obligation.
13. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified by this Addendum, and all of the respective rights and obligations of the parties remain as written unless modified by this Addendum.

This Addendum is effective as of _____.

MACFO:

FRANCHISEE:

Mac and Cheese Franchise Operations, LLC

By: _____
Stephen Giordanella
Chief Executive Officer

Name: _____

HAWAII ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

For use in Hawaii, the following information replaces, supplements and/or otherwise amends, as the case may be, the corresponding disclosures in the main body of the text of the Mac and Cheese Franchise Operations, LLC Franchise Disclosure Document:

Remittance of the Initial Franchise Fee is deferred and must be remitted to Franchisor on or before the opening of the Franchise.

**ADDENDUM TO FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF HAWAII**

In Hawaii, the Franchise Agreement is amended as follows:

1. The Franchise Agreement is amended as follows:

“Remittance of the Initial Franchise Fee is deferred and must be remitted to Franchisor on or before the opening of the Franchise.”

FRANCHISEE

FRANCHISOR

Mac and Cheese Franchise Operations, LLC

By:_____

By:_____

Stephen Giordanella, Chief Executive Officer

Name:_____

Title:_____

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF ILLINOIS

For franchises and Franchisee/developers subject to the Illinois Franchise Disclosure Act of 1987 and the Illinois General Rules and Regulations under the Franchise Disclosure Act, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Mac and Cheese Franchise Operations, LLC. Franchise Disclosure Document.

Item 17 shall be supplemented to include the following disclosure:

Illinois Law governs the Franchise Agreement and the Development Agreement.

The conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

The Franchise Agreement provides that the law of a forum outside of Illinois applies. However, the foregoing choice of law clause should not be considered a waiver of any right conferred upon you by the provisions of the Illinois Franchise Disclosure Act of 1987 and the Rules and Regulations under the Act with respect to the offer and sale of a franchise and the franchise relationship. Where required under Illinois law, the laws of the State of Illinois will govern.

Any provision which designates jurisdiction or venue or requires Franchisee to agree to jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which is otherwise enforceable in Illinois, except mediation may take place outside the State of Illinois.

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void." To the extent that any provision in the Agreement is inconsistent with Illinois law, Illinois law will control.

The following is added to the end of Item 5:

The Illinois Attorney General has required us to obtain a surety bond because of our financial condition. We have obtained a surety bond in the sum of \$45,000, and that bond is on file with the Illinois Attorney General. If we fail to strictly comply with all applicable provisions of, and all orders, rules, and regulations issued pursuant to Illinois Law, we may become liable for the payment of the bond sum to the State of Illinois for the use and benefit of any person(s) that have a claim under the conditions of the bond obligation.

**ADDENDUM TO FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF ILLINOIS**

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees' rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.

The Illinois Attorney General has required us to obtain a surety bond because of our financial condition. We have obtained a surety bond in the sum of \$45,000, and that bond is on file with the Illinois Attorney General. If we fail to strictly comply with all applicable provisions of, and all orders, rules, and regulations issued pursuant to Illinois Law, we may become liable for the payment of the bond sum to the State of Illinois for the use and benefit of any person(s) that have a claim under the conditions of the bond obligation.

FRANCHISEE

FRANCHISOR

Mac and Cheese Franchise Operations, LLC

By:_____

By:_____

Stephen Giordanella, Chief Executive Officer

Name:_____

Title:_____

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MARYLAND**

For franchises and franchisee subject to the Maryland Franchise Registration and Disclosure Law, the following information replaces, supplements and/or otherwise amends, as the case may be, the corresponding disclosures in the main body of the text of the Mac and Cheese Franchise Operations, LLC Franchise Disclosure Document:

Item 5

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, we secured a surety bond in the amount of \$150,000 from Old Republic Surety Company. A copy of the bond is on file at Maryland's State authority is the Office of the Attorney General, Securities Division, 200 St. Paul Place, Baltimore, Maryland 21202. Also, a copy is attached in Exhibit K.

Item 17.

The general release required as a condition to renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

With respect to this Item's discussion of our right to terminate you upon your bankruptcy, this provision in the Franchise Agreement may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq.*).

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of a franchise.

Exhibit J

With respect to the Franchisee Questionnaire/Compliance Certification, all representations requiring prospective franchisees to assent to a release, estoppel or waiver of any liability are not intended to nor shall they as act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

**AMENDMENT TO THE FRANCHISE AGREEMENT REQUIRED BY
THE STATE OF MARYLAND**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Mac and Cheese Franchise Operations, LLC Franchise Agreement agree as follows:

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, the general release required as a condition of renewal, transfer, or resale of an existing franchise by a franchisee shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Despite the provisions of Article 18, Franchisee may sue in the State of Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. All representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. Termination upon Franchisee's insolvency might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but Franchisor intends to enforce the provision to the extent enforceable.

5. Despite the provisions of Article 18, Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

6. Any claims arising under the Maryland Franchise and Disclosure Law must be brought within three years after the grant of the franchise.

7. Section 3 of the Franchise Agreement is hereby supplemented and amended as follows:

Based upon the Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, the Franchisor has secured a surety bond in the amount of \$150,000 from Old Republic Surety Company. A copy of the bond is on file at Maryland's State authority is the Office of the Attorney General, Securities Division, 200 St. Paul Place, Baltimore, Maryland 21202. Also, a copy is attached in Exhibit K.

8. **Unopened Franchises.** The franchisor has signed a significant number of franchise agreements to franchisees who have not opened their outlets. If other franchisees have experienced this problem, you also may experience delays in getting your own outlet opened.

FRANCHISEE

By: _____

Name: _____

FRANCHISOR

Mac and Cheese Franchise Operations, LLC

By: _____
Stephen Giordanella, Chief Executive Officer

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MINNESOTA

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

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

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

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

Item 6 of the Franchise Disclosure Document and Section 3 of the Franchise Agreement are revised to comply with Minnesota Statute 604.113 which places a \$30 maximum on service charges for non-sufficient funds.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

FRANCHISEE

FRANCHISOR

Mac and Cheese Franchise Operations, LLC

By: _____

Name: _____

By: _____
Stephen Giordanella, Chief Executive Officer

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF NEW YORK**

All references to “Disclosure Document” shall be deemed to include the term “Disclosure Document” as used under New York law.

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

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

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

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

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought

by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled “Requirements for franchisee to renew or extend,” and Item 17(m), entitled “Conditions for franchisor approval of transfer”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”:

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of forum”, and Item 17(w), titled “Choice of law”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF NORTH DAKOTA

In North Dakota, the Disclosure Document is amended as follows to conform to North Dakota law:

Item 17 (c) is revised to omit any requirement that a general release be signed as a condition of renewal.

Item 17(i) is amended to add the following: “To the extent provisions in the Franchise Agreement or the Disclosure Document requires the franchisee to consent to termination or liquidated damages in violation of Section 51-19-09 of the North Dakota Franchise Investment Law, such provisions are void and not enforceable.”

Item 17 (r) is amended to add the following: “To the extent that covenants not to compete apply to periods after the term of the franchise, contrary to Section 9-08-06, N.D.C.C, they are generally considered unenforceable in the State of North Dakota.”

Item 17 (u) of the Disclosure Document and Section 28.2 of the Franchise Agreement are amended to state that the site of any mediation or arbitration is agreeable to all parties.

Item 17 (v) (choice of forum) of the Disclosure Document is amended to add the following: “Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.”

Item 17 (w) (choice of law) is amended to add the following: “Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

Item 17(i) of the Disclosure Document and Section 17.3 of the Franchise Agreement requires the franchisee to consent to termination or liquidated damages. The Commissioner has determined this to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Delete the provision each place it appears in the disclosure document and agreements used in North Dakota.

The State of North Dakota has required us to obtain a surety bond because of our financial condition. We have obtained a surety bond, and, if we fail to strictly comply with all applicable provisions of, and all orders, rules, and regulations issued pursuant to North Dakota Law, we may become liable for the payment of the bond sum to the State of North Dakota for the use and benefit of any person(s) that have a claim under the conditions of the bond obligation.

**ADDENDUM TO FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF NORTH DAKOTA**

In North Dakota, the Franchise Agreement is amended as follows to conform to North Dakota law:

1. The Franchise Agreement is amended as follows:
“Any provision requiring the Franchisee to sign a general release upon renewal in violation of the laws of the State of North Dakota is void.”
2. The Franchise Agreement is amended as follows:
“Covenants not to compete such as those contained herein are generally considered unenforceable in the State of North Dakota.”
3. The Franchise Agreement is amended as follows:
“Any site for arbitration or mediation must be agreeable to all parties.”
4. The Franchise Agreement is amended as follows:
“Any provision requiring Franchisee to consent to the jurisdiction of courts in Florida in violation of the laws of the State of North Dakota is void.”
5. The Franchise Agreement is amended as follows:
“Any provision providing for the governing law in violation of the laws of the State of North Dakota is void.”
6. The Franchise Agreement is amended as follows:
“Any provision requiring a consent to waiver of trial by jury in violation of the laws of the State of North Dakota is void.”
7. The Franchise Agreement is amended as follows:
“Any provision requiring a consent to a waiver of exemplary and punitive damages in violation of the laws of the State of North Dakota is void.”
8. The Franchise Agreement is amended as follows:
“Any provision requiring a consent to a limitation of claims within one (1) year in violation of the laws of the State of North Dakota is void.”
9. The Franchise Agreement is amended as follows:
“To the extent any provisions herein require the Franchisee to consent to termination or liquidated damages in violation of Section 51-19-09 of the North Dakota Franchise Investment Law, such provisions are void and not enforceable.”
10. Section 23.8 of the Franchise Agreement is amended as follows:
“**Attorneys’ Fees.** The prevailing party in any legal action filed pursuant this Agreement is entitled to recover all costs and expenses, including attorneys’ fees, from the other party.”

FRANCHISEE

FRANCHISOR

Mac and Cheese Franchise Operations, LLC

By: _____

Name: _____

By: _____
Stephen Giordanella, Chief Executive Officer

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE COMMONWEALTH OF VIRGINIA**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Mac and Cheese Franchise Operations, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Item 5 of the Franchise Disclosure Document and Section 3 of the Franchise Agreement are shall be amended by the addition of the following paragraph at the conclusion of the Item and Section:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

Item 17 h. of the Franchise Disclosure Document and Section 15 of the Franchise Agreement shall be amended by the addition of the following paragraph at the conclusion of the Item and Section:

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

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

FRANCHISEE (IF AN INDIVIDUAL)

Signature

Print Name

OR (IF FRANCHISEE IS A BUSINESS ENTITY)

NAME OF FRANCHISEE ENTITY

By: _____

Name: _____

Title: _____

FRANCHISOR:

**MAC AND CHEESE FRANCHISE
OPERATIONS, LLC**

By: _____

Name: _____

Title: _____

WASHINGTON FRANCHISE DISCLOSURE DOCUMENT ADDENDUM

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The State of Washington has required us to obtain a surety bond because of our financial condition. We have obtained a surety bond, and, if we fail to strictly comply with all applicable provisions of, and all orders, rules, and regulations issued pursuant to Washington Law, we may become liable for the payment of the bond sum to the State of Washington for the use and benefit of any person(s) that have a claim under the conditions of the bond obligation.

Use of Franchise Brokers. The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

WASHINGTON FRANCHISE AGREEMENT ADDENDUM

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The State of Washington has required us to obtain a surety bond because of our financial condition. We have obtained a surety bond, and, if we fail to strictly comply with all applicable provisions of, and all orders, rules, and regulations issued pursuant to Washington Law, we may become liable for the payment of the bond sum to the State of Washington for the use and benefit of any person(s) that have a claim under the conditions of the bond obligation.

The undersigned does hereby acknowledge receipt of this addendum.

Date signed is _____.

FRANCHISOR

By: _____

Name: _____

Title: _____

FRANCHISOR

Mac and Cheese Franchise Operations, LLC

By: _____

Stephen Giordanella, Chief Executive Officer

EXHIBIT E
TO THE MAC AND CHEESE FRANCHISE OPERATIONS, LLC
FRANCHISE DISCLOSURE DOCUMENT

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EXHIBIT F
TO THE MAC AND CHEESE FRANCHISE OPERATIONS, LLC
FRANCHISE DISCLOSURE DOCUMENT
SAMPLE TERMINATION AND RELEASE AGREEMENT

TERMINATION OF LICENSE AGREEMENT AND MUTUAL RELEASE

This TERMINATION OF LICENSE AGREEMENT AND MUTUAL RELEASE ("Release Agreement") is entered into by and between the following parties:

1st Party:

Franchisor: Mac and Cheese Franchise Operations, LLC, a Delaware limited liability company

Address: 621 N.W. 53 Street, #165, Boca Raton, Florida 33487

2nd Party:

Former Franchisee: _____

Address: _____

RECITALS

Franchisor and Former Franchisee entered into a franchise agreement (the "Agreement") whereby Franchisor granted Former Franchisee a license to use Franchisor's trademarks and system to open and operate an I Heart Mac and Cheese Franchise ("Franchise") in the following Designated Territory:

Designated Territory: _____.

Former Franchisee is in the process of acquiring or has acquired a lease for the purpose of opening the Franchise outside of the Designated Territory and desires to terminate this Agreement, execute a new franchise agreement with a new area as the designated territory and transfer payment of the applicable initial franchise fee to the new franchise agreement;

Franchisor agrees to such termination of the Agreement and execution of a new franchise agreement conditioned on the execution of all required documents by Former Franchisee; and

On the terms set forth below, Franchisor and Former Franchisee desire to terminate and cancel the Agreement, and both parties desire to release one another from all obligations under the Agreement, except as hereinafter specifically reserved, and release one another of and from any and all claims, demands or causes of action as set out herein.

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that for and in consideration of good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Franchisor and Former Franchisee agree as follows:

1. Termination and Assignment of Rights and Assets. The Agreement is hereby terminated by mutual agreement and Former Franchisee hereby releases and assigns to Franchisor and Franchisor accepts assignment of all rights under the Agreement. Former Franchisee understands that a new franchise agreement must be executed by the Former Franchisee granting the right to open and operate a Franchise within a new area and that this Release Agreement will not be executed by Franchisor until such new franchise agreement is executed by all required parties. Upon full execution of this Release Agreement by all parties, Former Franchisee shall have no rights under the Agreement or the Designated Territory.

2. Consideration and Representations of Franchisor. In consideration of the releases herein, the

representations of Former Franchisee herein and other valuable consideration, upon execution of this Release Agreement, Franchisor shall terminate the Agreement and release Former Franchisee from all obligations under the Agreement except those obligations listed herein and those that expressly survive the termination of the Agreement.

3. Consideration and Representations of Former Franchisee. In consideration of the releases herein, the representations of Franchisor herein, termination of the Agreement, allowance by Franchisor to adjust the designated territory for the new franchise agreement, allowance by Franchisor of any extensions to open as provided in any new franchise agreements for any franchises and the transfer of funds to the new franchise agreement to satisfy the initial franchise fee requirement of the new franchise agreement, Former Franchisee hereby agrees to the termination of the Agreement and releases Franchisor from all obligations under the Agreement.

4. Mutual Releases. Franchisor does hereby fully release and forever discharge Former Franchisee, his/her heirs, executors, representatives, successors and assigns of and from any and all liability and obligations arising out of or in any way connected with the Agreement; and, except the provisions of this Release Agreement and any indemnification obligations of Former Franchisee under the Agreement, which Franchisor might or could have against Former Franchisee.

Former Franchisee, his/her heirs, executors, representatives, successors and assigns do hereby fully, unconditionally and absolutely release and forever discharge Franchisor and its respective officers, directors, stockholders, attorneys, employees, parent, subsidiaries, affiliates, agents, successors and assigns, from and against any and all claims, actions, causes of action, liabilities, tort claims, good faith and fair dealing claims, distributor claims, demands, damages, costs, suits, debts, covenants, controversies, attorneys' fees and other charges, accrued or which may ever accrue, whether based in contract or tort, whether known or unknown, liquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal or equitable, which the Former Franchisee has, have had or may have, which relate to or arise out of any and all franchise relationships, whether open or closed; any agreement of any kind or type to specifically include but not be limited to any and all franchise agreements; any offer and sale of any franchise; and/or, any development and operation of any franchise, whether open or closed, with the Franchisor. Any claims, causes of action, liabilities, obligations, tort claims, or damages of any and every kind, of whatever nature, whether known or unknown, accrued or which may ever accrue, whether based on contract, tort or statute, arising from or in any way related to Former Franchisee and/or any and all franchise relationships; any agreement of any kind or type; any offer and sale of any franchise; and/or, any development and operation of any franchise with Franchisor which are not released as a result of this Release Agreement are hereby assigned to the Franchisor by Former Franchisee.

5. Confidentiality, Non-Disclosure and Nondisparagement. Former Franchisee agrees to maintain the terms of this Release Agreement in strict confidence, and Former Franchisee agrees that it will not disclose, disseminate, or publicize, or cause or permit to be disclosed, disseminated, or publicized, the existence or terms of this Release Agreement, including the consideration or any approximation or allocable amount thereof; or the fact that Former Franchisee has entered into this Release Agreement to any person, corporation, association, government agency, or other entity. Former Franchisee is not, however, precluded from disclosing the terms of this Release Agreement to their accountants, attorneys, tax preparers, any governmental or judicial authority which require disclosure of this Release Agreement, and/or as otherwise required by law ("Permitted Recipients"). Former Franchisee agrees all Permitted Recipients are bound by this confidentiality provision and must execute all necessary documents with such Permitted Recipients to provide such confidentiality. In addition, Former Franchisee agrees that it will not make any disparaging remarks about Franchisor, its systems, franchises, Former Franchisees, employees or anything else connected with Franchisor and its affiliated companies.

6. Survival of Rights Hereunder. Notwithstanding the releases contained herein, all rights and obligations created under this Release Agreement will survive the execution of this Release Agreement and the conditions,

covenants, obligations, duties and releases contained herein.

7. Authority to Execute. Each person executing this Release Agreement on behalf of any of the parties hereto represents and warrants that he or she has been fully empowered to execute this Release Agreement, and that all necessary action for the execution of this Release Agreement has been taken.

8. Successors and Assigns. The provisions of this Release Agreement shall inure to the benefit of and be binding upon the heirs, successors and assigns in interest of the parties. The release herein of any claim against any party hereto will, at the option of such party, bind and inure to the benefit of the principals, agents, representatives, successors and assigns of the undersigned, and will, at the option of such party, inure to the benefit of all other persons, firms, corporations, agents, or principals against whom the claims released herein might be asserted.

9. Indemnity Regarding Assignment of Claims. Each of the parties hereto represents and warrants to each other party that it has not heretofore assigned or transferred, or purported to assign or transfer to any person, entity or corporation whatsoever, any of the claims released hereunder. Each party agrees to indemnify and hold harmless each other party against any claim, demand, debt, obligation, liability, cost, expense, right of action or cause of action based on, arising out of, or in connection with any such transfer or assignment or purported transfer or assignment.

10. Captions. The captions of the paragraphs of this Release Agreement are solely for the convenience of the parties, are not a part of this Release Agreement and will not be used for the interpretation of any provision of this Release Agreement.

11. Severability. If any provision of this Release Agreement shall for any reason be held violative of any applicable law, governmental rule or regulation, or if said agreement is held to be unenforceable or unconscionable, then the invalidity of such specific provisions herein shall not be held to invalidate the remaining provisions of this Release Agreement.

12. Further Assurances. Each party agrees that it shall take any and all necessary steps, sign and execute any and all necessary documents, agreements or instrument which are required to implement the terms of this Release Agreement and each party shall refrain from taking any action, either expressly or impliedly, which would have the effect of prohibiting or hindering the performance of the other party to this Release Agreement.

13. Resolution of Disputes.

a. Non-Binding Mediation. Former Franchisee agrees to attempt to resolve any dispute between Former Franchisee and Franchisor that arises out of this Release Agreement by agreeing to mediate any dispute that Former Franchisee has with Franchisor regarding any aspect of this Release Agreement, prior to bringing any action in court or arbitration against Franchisor. Any such mediation shall be non-binding and shall be conducted in accordance with Franchisor's then current procedures for mediation (the "Procedures") which will be made available to Former Franchisee upon written request by Former Franchisee to Franchisor. Notwithstanding anything to the contrary, this provision shall not bar either party from obtaining injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, without having to engage in mediation. All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others and shall not be offered or admissible in any other proceeding or legal action whatever. Former Franchisee and Franchisor shall each bear its own respective costs and expenses of mediation with each paying one-half (½) the cost of the mediator or mediation service and the mediator's costs and expenses. All non-binding mediations will occur at the then current location of Franchisor's corporate offices, or other place where Franchisor may designate or agree in writing.

b. Institution of Legal Proceedings. Former Franchisee shall not institute any legal or administrative proceeding for claims arising out of a dispute pursuant to this Release Agreement without first attempting to resolve the dispute through negotiation and non-binding mediation as set forth in this Release Agreement. If the dispute has not been resolved through negotiation or mediation pursuant to this Section, then Former Franchisee may initiate litigation in accordance with this Release Agreement.

c. This Release Agreement shall become valid when executed and accepted by Franchisor. The parties agree that it shall be deemed made and entered into in the State of Florida and shall be governed and construed under and in accordance with the laws of the State of Florida.

d. Former Franchisee and Franchisor acknowledge and agree that the U.S. District Court that has jurisdiction in Boca Raton, Florida, or if such court lacks jurisdiction, the judicial district or county courts (or successor) that has jurisdiction in and for Boca Raton, Florida, shall be the venue and exclusive proper forum in which to adjudicate any case or controversy arising either, directly or indirectly, under or in connection with this Release Agreement or the relationship between Franchisor and Former Franchisee except to the extent otherwise provided in this Release Agreement and the parties further agree that, in the event of litigation arising out of or in connection with this Agreement or the relationship between Franchisor and Former Franchisee in these courts, they will not contest or challenge the jurisdiction or venue or jurisdiction of these courts.

14. Costs, Expenses and Attorney's Fees. If an action is commenced between the parties in connection with the enforcement of any provision of this Release Agreement, the prevailing party will be entitled to reasonable costs and expenses, including attorneys' fees.

15. Entire Agreement. This Release Agreement represents the entire agreement between the parties and supersedes all prior negotiations, representations or agreements between the parties, either written or oral. This Release Agreement may be amended only by written instrument designated as an amendment to this Release Agreement and executed by all parties.

16. Counterparts. This Release Agreement may be executed in any number of counterparts and by each of the parties on separate counterparts, each of which when so executed and delivered shall be deemed an original and all of which taken together constitute but one and the same instrument.

17. Effective Date. This Release Agreement is effective as of _____.

Franchisor:

Franchisee:

Mac and Cheese Franchise Operations, LLC

By: _____
Stephen Giordanella, Chief Executive Officer

By: _____
Name: _____

EXHIBIT G
TO THE MAC AND CHEESE FRANCHISE OPERATIONS, LLC
FRANCHISE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

*Denotes not yet open

<u>Territory</u>	<u>Owner</u>	<u>Franchise Address</u>	<u>Phone</u>	
AL_Auburn	Robert Reuse	AL		*
AL_Birmingham Downtown-AUB	Raj Patel	Birmingham, AL 35233		*
AL_Dothan	Ethan Varney;Michael Burdick	Dothan, AL 36301		*
AL_Enterprise	Ethan Varney;Michael Burdick	Enterprise, AL 36330		*
AL_Florence	Shivam Patel	Florence, AL 35630		*
AL_Hoover	Robert Reuse	2503 John Hawkins Pkwy, Suite 101, Hoover, AL 35244	(205) 438-6011	
AL_University of Alabama	Raj Patel	Tuscaloosa, AL		*
AL-Birmingham- Samfor Univ	Raj Patel	Birmingham, AL		*
AR_Benton	Michael McNamara & Sahil Hameerani	20320 I-30 N Suite 100, Benton, AR 72019	(501) 943-2222	
AZ_Chandler-East	Brian Lambert	3111 W Chandler Blvd, Chandler, AZ 85226	(480) 805-2900	
AZ_Gilbert	James Maragh	AZ 85365		*
AZ_Glendale	Mike Cook	17045 North 59th Ave #106, Glendale, AZ 85308		*
AZ_Scottsdale- North	Alec Amicucci	16500 North Scottsdale Road, Suite 105, Scottsdale, AZ 85254	(480) 590-1470	
AZ_Tempe-ASU	BJL Ventures, LLC;Brian Lambert	Tempe, AZ		*
AZ_Tempe-South	BJL Ventures, LLC;Brian Lambert	1342 W. Warner Road, Suite 108B, Tempe, AZ 85284	(480) 940-2314	
CA_Arden-Arcade	"Christina ""Christy"" Decelle"	Arden, CA 95825		*
CA_Big Bear Lake	Blu Bryan	Big Bear Lake, CA 92315		*
CA_EL Segundo	Dennis Cruz	CA 90245		*
CA_Fresno	David Danenberg	CA		*
CA_Lake Arrowhead	Blu Bryan	Lake Arrowhead, CA 92352		*
CA_Palm Springs	Blu Bryan	190 South Indian Canyon Drive, Palm Springs, CA 92262	(760) 531-7900	
CA_Sacramento- West	Amritpal Saini;Bhupinder Kaur	CA		*
CA_San Francisco- SouthWest	Ronnie Khoury	CA 94132		*
CA_San Jose	Niraj Toprani	CA 95118		*
CA_Turlock	Ben Bazar	CA		*
CA_Visalia	David Danenberg	CA		*
CO_Central Park	Mac Daddy Colorado II, LLC;Vu Tran	2003 Central Park Boulevard, Ste. 100, Denver, CO 80238		*

CO_Colorado Springs-North	Kerry Mand	12229 Voyager Pkwy, Suite 120, Colorado Springs, CO 80921		*
CO_Colorado Springs-North Central	Kerry Mand	Colorado Springs, CO 80918		*
CO_Highlands Ranch-West	Vu Tran	1100 Sergeant Jon Stiles Drive, Highlands Ranch, CO 80129	(650) 239-4180	
CT_Enfield	Luis R. Cotto	Enfield, CT 6082		*
FL_Cape Coral	Joel Orrison	2209 Santa Barbara Boulevard, Cape Coral, FL 33991		*
FL_Altamonte Springs	Kyle Fowler	931 Florida Highway 434, Altamonte Springs, FL 32714	(407) 755-3464	
FL_Coral Springs	Carlos Rodriguez	3111 North University Drive, Coral Springs, FL 33065	(954) 800-3780	
FL_Destin	Tejbir Chalal	Destin, FL 32563		*
FL_Doral	Enrique Campos	Doral, FL 33193		*
FL_Fort Lauderdale	Paige Dutton ;Whitney Dutton	6317 North Andrews Avenue, Fort Lauderdale, FL 33311		*
FL_Fort Myers-East	Emmanuel Etienne	Fort Myers, FL 33913		*
FL_Homestead	Enrique Campos	Homestead, FL 33032		*
FL_Jupiter	Lana Sukhman	1695 West Indiantown Road, Jupiter, FL 33458	(561) 405-6187	
FL_Kendall	Enrique Campos	Kendall, FL 33156		*
FL_Kissimmee-East	Thomas Curran	Kissimmee, FL 34744		*
FL_Kissimmee-West	Thomas Curran	Kissimmee, FL 34741		*
FL_Lake Mary	Kyle Fowler	FL		*
FL_Lakeland-North	David Poole	Lakeland, FL 33809		*
FL_Leesburg	David Centeno	Leesburg, FL 34748		*
FL_Mobile Franchise	Hector Gonzalez;Maria Alvarez	FL		*
FL_Naples	Alfonso Olivos	8845 Founder St., Naples, FL 34120	(239) 300-0500	
FL_Navarre	Tejbir Chalal	Navarre, FL 32563		*
FL_Orlando-UCF	Budry Blaise;Ken Docsol	Orlando, FL 32816		*
FL_Palm Coast	Britney Conway;Lee Molkentin	Palm Coast, FL 32164		*
FL_Pembroke Pines	Enrique Ros;Ros Mac Pines LLC	15999 Pines Blvd, Suite 102, Pembroke Pines, FL 33027	(954) 544-2588	
FL_Tallahassee-West	Bianca Varney;Ethan Varney;Michael Burdick;Rebecca Burdick	799 West Gaines St, Ste 113, Tallahassee, FL 32304	(850) 765-7874	
FL_Wellington	Lana Sukhman	FL		*
FL_Westlake	Fredricka Morgan	Westlake, FL 33470		*
GA_Athens	Felker Ward	1650 Hickory St., Athens, GA 30601	(706) 534-5414	
GA_Atlanta	Mita Patel	Atlanta, GA 29045		*
GA_Atlanta-NE	Ramon Rivers	Atlanta, GA 30308		*
GA_Augusta-North	Brandie Taylor	826 Cabela Drive, Augusta, GA 30909	(762) 222-7452	
GA_East Point	Felker Ward	East Point, GA 30349		*

GA_Locust Grove	Truptesh Bhakta	GA		*
GA_Marietta-SE	Felker Ward	3000 Windy Hill Road SE, Unit 180, Marietta, GA 30067		*
GA_McDonough	Iris Hernandez	McDonough, GA 30253		*
IA_Iowa City-West	LaQuanda Hoskins	IA		*
IL_Gurnee	Dennis Sommo	Gurnee, IL 60031		*
IL_Lincoln Park	Dennis Sommo	Lincoln Park, IL		*
IL_Schaumburg	Dennis Sommo	5 Woodfield Mall, Schaumburg, IL 60173	(224) 653-8709	
IL_Urbana	Rick Rohrer	202 East University Ave, Ste E, Urbana, IL 61801	(217) 607-2062	
IN_Avon	Matthew Griffin	Avon, IN 46123		*
IN_Elkhart	Nilesh Soni;Sanya Soni	2101 Bypass Road, Elkhart, IN 46514	(574) 333-3251	
IN_Fishers	Matthew Griffin	Fishers, IN 46250		*
IN_Greenwood	Seema Bhatnagar	Greenwood, IN		*
IN_Lawrence	Seema Bhatnagar	Lawrence, IN 46226		*
IN_Merriville	Seema Bhatnagar	Merriville, IN 46410		*
IN_Mishawaka	Nilesh Soni	Mishawaka, IN 46545		*
IN_Noblesville	Matthew Griffin	Noblesville, IN		*
IN_Plainfield	Matthew Griffin	Plainfield, IN 46168		*
IN_South Bend	Alvin Woods	South Bend, IN 46619		*
IN_West Lafayette	Seema Bhatnagar	IN		*
IN_Westfield	Corporate	637 E State Street IN-32, Westfield, IN 46074	(979) 485-9488	
IN_Whitestown	Matthew Griffin	Whitestown, IN 46075		*
IN_Zionsville	Matthew Griffin	Zionsville, IN 46077		*
MA_Springfield-East	Luis R. Cotto	Springfield, MA 1119		*
MA_Worcester	Jacqueline Martir;Milan Parker	Worcester, MA 1610		*
MD_Baltimore - Southeast	Fredrick Leaf;Michael Miller	Valparaiso, IN 46383		*
MD_Bel Air	Fredrick Leaf;Michael Miller	Belair, MD 21015		*
MD_Lutherville-Timonium	Fredrick Leaf;Michael Miller	MD		*
MD_Perry Hall	Fredrick Leaf;Michael Miller	4365 Ebenezer Road, Perry Hall, MD 21236		*
MD_Towson	Fredrick Leaf;Michael Miller	Townson, MD 21286		*
MI_East Lansing	Paul Hamby	East Lansing, MI 48825		*
MI_Grand Rapids	LaQuanda Hoskins;PRH Restaurant Group, LLC	Grand Rapids, MI 49503		*
MI_Saginaw	LaQuanda Hoskins;Letisha Randle;PRH Restaurant Group, LLC	4588 State Street, Saginaw, MI 48603	(989) 341-1998	
MI_Troy	LaQuanda Hoskins;PRH Restaurant Group, LLC	Troy, MI 48084		*
MN_Woodbury	Jason Smith;MN Mac & Cheese LLC	425 Commerce Drive, Woodbury, MN 55125	(651) 728-7005	
MO_Ballwin	Jay Lory	Ballwin, MO 63011		*
MS_Biloxi	John Eustace;Steven Curtindale	Biloxi, MS 39350		*

MS_Gulfport	John Eustace;Steven Curtindale	2093 E Pass Rd, Gulfport, MS 39507	(228) 437-3010	
NC_Concord	Mohammad Saadat (Hashem)	Concord, NC 28027		*
NC_Gastonia	Matthew Cain	Gastonia, NC 28054		*
NC_Greenville	LaQuanda Hoskins	Greenville, NC 27858		*
NC_Matthews	LaTaunya Blanks	Matthews, NC 28105		*
NC_Raleigh-North	Adonis Blue	5011 Falls of Neuse Road, Raleigh, NC 27609		*
NC_Steele Creek	LaTaunya Blanks	Steele Creek, NC 28278		*
ND_Bismarck-North	Jesse Vetter	4521 Ottawa Street, Bismarck, ND 58503	(701) 751-2345	
NJ_Hoboken	Vikram Bir	Hoboken, NJ		*
NJ_Jersey City	Vikram Bir	Jersey City, NJ		*
NM_Albuquerque-East	Autumn Santangelo;Kyle Santangelo	Albuquerque, NM 87111		*
NM_Farmington	Autumn Santangelo;Kyle Santangelo	4903 East Main Street, Farmington, NM 87402	(505) 258-4730	
NM_Rio Rancho	Autumn Santangelo;Kyle Santangelo	Rio Rancho, NM 87124		*
NV_Las Vegas - Bridgeport	Zar Zanganeh	5130 South Fort Apache Rd, Las Vegas, NV 89148	(702) 875-4566	
NY_Nassau/Suffolk Co. 2	Daniel Dollard ;Michael Norris;Vinny Greco	NY		*
NY_Nassau/Suffolk Co. 3	Daniel Dollard ;Michael Norris;Vinny Greco	NY		*
NY_Nassau/Suffolk Co. 4	Daniel Dollard ;Michael Norris;Vinny Greco	NY		*
NY_Nassau/Suffolk Co. 5	Daniel Dollard ;Michael Norris;Vinny Greco	NY		*
NY_Nassau/Suffolk Co. 6	Daniel Dollard ;Michael Norris;Vinny Greco	NY		*
NY_Nassau/Suffolk Co. 7	Daniel Dollard ;Michael Norris;Vinny Greco	NY		*
NY_Nassau/Suffolk Co. 8	Michael Norris;Vinny Greco	NY		*
NY_Nassau/Suffolk Co. 9	Daniel Dollard ;Michael Norris;Vinny Greco	NY		*
NY_Plattsburgh	Robert Leonard	Plattsburgh, NY 12901		*
OH_College Hill	Thang Vo	6211 Hamilton Ave, Cincinnati, OH 45224		*
OH_Deer Park	Thang Vo	Deer Park, OH 45236		*
OH_Westlake	Aziz Abdelrahim	Westlake, OH 44145	(440) 340-4493	
OK_Bixby	Stephanie Lopez	8010 East 106th Street, Tulsa, OK 74133	(918) 970-4449	
OK_Norman-OU	Stephanie Lopez	OK		*
OK_Stillwater-NorthWest	Stephanie Lopez	OK		*
OK_Tulsa-East	Stephanie Lopez	Tulsa, OK 74112		*
OK_Tulsa-Southeast	Stephanie Lopez	Tulsa, OK 74113		*
ON_Richmond Hills	Hirad Sorkhabi	Richmond Hills, ON L4C 7A6		*
PA_Dunmore	Purvesh Patel	Dunmore, PA 18512		*

SC_Columbia-NE	Mita Patel	1033 Roberts Branch Pkwy, Columbia, SC 29203	(803) 728-0535	
SC_Greenville	Hank Enriquez	SC		*
SC_Indian Land	Matthew Cain	10092 Charlotte Highway, Ste #104, Indian Land, SC 29707	(803) 228-4009	
SC_Summerville	Franco Valentino	SC		*
SC_West Columbia	Robin Patel	2712 Emmanuel Church Rd., West Columbia, SC 29170	(803) 520-6451	
TN_Chattanooga-East	Kris Waters;Kyle Waters ;Waters Hospitality Group, LLC	Chattanooga, TN 37421		*
TN_Hixson	Kris Waters;Kyle Waters ;Waters Hospitality Group, LLC	5513 Highway 153, Ste. 109, Hixson, TN 37343		*
TX_Clear Lake	Jeff Stublar	Clear Lake, TX 77062		*
TX_College Station-South	Gurdev Singh	11667 FM 2154, Ste 400, College Station, TX 77845	(979) 485-9488	
TX_Conroe	Verlan Hoopes	Conroe, TX 77301		*
TX_Deer Park	Jeff Stublar	8015 Spencer Highway, Deer Park, TX 77536	(832) 780-0133	
TX_Denton	Evan Boone	Denton, TX 76210		*
TX_Frisco	Evan Boone	Frisco, TX 75034		*
TX_Galveston	Devora Torrence	Galveston, TX 77550		*
TX_Highland Village	Ricardo Araujo	2250 FM 407, Highland Village, TX 75077	(469) 451-5029	
TX_League City	Jeff Stublar	League City, TX 77573		*
TX_Little Elm	Evan Boone	Little Elm, TX 75068		*
TX_North Richland Hills-North	PratiK Soni	8528 Davis Blvd., Suite 128, North Richland Hills, TX 76180		*
TX_Pasadena	Jeff Stublar	Pasadena, TX 77502		*
TX_Richmond	Stephanie Lopez	TX 77469		*
TX_San Antonio	Anthony McBride;Zachary Northcutt	San Antonio, TX 78249		*
TX_San Antonio-Schertz	Demetrius Roberts	TX		*
TX_San Marcos	Devora Torrence	San Marcos, TX 78666		*
TX_Sugar Land - South	Stephanie Lopez	TX		*
TX_Woodlands-Southwest	Anthony McBride;MacNorth Ventures, LLC;Zachary Northcutt	26400 Kuykendahl Rd., #C130, Tomball, TX 77375	(832) 422-3360	
UT_Payson	Cody Molyneaux	Payson, UT 84651		*
VA_Chesapeake-West	Martell Cuffee	Chesapeake, VA 23323		*
VA_Tysons Corner	Md Ballil	Tysons Corner, VA 22102		*
WA_Bothell	James Tassani	Bothell, WA 98012		*
WA_Federal Way	Kaysser Rose Lim	Federal Way, WA 98023		*
WA_Lakewood	Kaysser Rose Lim	Lakewood, WA 98499		*
WA_Midland	Kaysser Rose Lim	Midland, WA 98404		*

EXHIBIT H
TO THE MAC AND CHEESE FRANCHISE OPERATIONS, LLC
FRANCHISE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

<u>Owner</u>	<u>Address</u>	<u>Phone</u>
Carlos Rodriguez	11173 NW 15th Street, Coral Springs, Florida 33071	(786) 307-7586
Charles Martin	3460 Banks Rd., Apt 106, Margate, Florida 33063	(954) 673-3588
Charris Edwards	12708 South 4th Street, Jenks, Oklahoma 74037	(918) 605-8330
Gurdev Singh	4770 Sequoia Tree Avenue, Las Vegas, Nevada 89139	(586) 354-7779
James Maragh	3194 South Ragen Drive, Yuma, Arizona 85365	(928) 257-0338
Laura Livingston	1511 Co Road Northwest 1090, Sulphur Bluff, Texas 75481	(979) 595-8579
Mohammad Saadat (Hashem)	12436 Stirling Trace Court, Pineville, North Carolina 28277	(704) 953-1810

EXHIBIT I
TO THE MAC AND CHEESE FRANCHISE OPERATIONS, LLC
FRANCHISE DISCLOSURE DOCUMENT

COMPLIANCE CERTIFICATION

FRANCHISEE QUESTIONNAIRE/COMPLIANCE CERTIFICATION

As you know, MAC AND CHEESE FRANCHISE OPERATIONS, LLC (“we”, “us”), and you are preparing to enter into a Franchise Agreement for the right to open and operate one (1) or more I HEART MAC AND CHEESE franchises (each, a “Franchised Business”). The purpose of this Questionnaire is to: (i) determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading; (ii) be certain that you have been properly represented in this transaction; and (iii) be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it prior to you signing the Franchise Agreement and paying us the appropriate franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer on the back of this sheet or provide explanation on a separate sheet.

- Yes____ No ____ 1. Have you received and personally reviewed the Franchise Agreement, as well as each exhibit or schedule attached to these agreements that you intend to enter into with us?
- Yes____ No ____ 2. Have you received and personally reviewed the Franchise Disclosure Document we provided?
- 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 the information contained in the Disclosure Document and the Franchise Agreement you intend to enter into with us?
- Yes____ No ____ 5. Have you reviewed the Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor and discussed the benefits and risks of operating the Franchised Business(es) with these professional advisor(s) or have you had the opportunity to do so?
- Yes____ No ____ 6. Do you understand the success or failure of your Franchised Business(es) will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as demographics of your Accepted Location, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?
- Yes____ No ____ 7. Do you understand we have only granted you certain, limited territorial rights under the Franchise Agreement, and that we have reserved certain rights under the Franchise Agreement?
- Yes____ No ____ 8. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the providing of services under the I HEART MAC AND CHEESE mark or any other mark at any location outside your Designated Territory under the Franchise Agreement without regard to the proximity of these activities to you’re the premises of your Franchised Business(es)?
- Yes____ No ____ 9. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be mediated, at our option, in Boca Raton, Florida?

- Yes____ No ____ 10. Do you understand the Franchise Agreement provides that you can only collect compensatory damages on any claim under or relating to the Franchise Agreement and are not entitled to any punitive, consequential or other special damages?
- Yes____ No ____ 11. Do you understand the sole entity or person against whom you may bring a claim under the Franchise Agreement is us?
- Yes____ No ____ 12. Do you understand that the Franchisee (or one of its principals if Franchisee is an organization), as well as any Designated Managers (as defined in the Franchise Agreement), must successfully complete the appropriate initial training program(s) within 45 to 60 days prior to opening before we will allow the Franchised Business to open?
- Yes____ No ____ 13. Do you understand that we require you to successfully complete certain initial training program(s) and if you do not successfully complete the applicable training program(s) to our satisfaction, we may terminate your Franchise Agreement?
- Yes____ No ____ 14. Do you understand that we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises?
- Yes____ No ____ 15. Do you understand that we will send written notices, as required by your Franchise Agreement, to your e-mail address or to either your Franchised Business or home address until you designate a different address by sending written notice to us?
- Yes____ No ____ 16. Do you understand that we will not approve your purchase of an I Heart Mac and Cheese franchise, or we may immediately terminate your Franchise Agreement, if we are prohibited from doing business with you under any anti-terrorism law enacted by the United States Government?
- Yes____ No ____ 17. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Franchised Business that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?
- Yes____ No ____ 18. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Franchised Business will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?
- Yes____ No ____ 19. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?
- Yes____ No ____ 20. Is it true that no broker, employee or other person providing services to you on our behalf has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property or services from you in connection with a Franchised Business purchase with exception of those payments or loans provided in the Disclosure Document?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Dated: _____, 20____

Dated: _____, 20____

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Dated: _____, 20____

Dated: _____, 20____

GIVE A COMPLETE EXPLANATION OF ANY NEGATIVE RESPONSES ON BACK OF THIS PAGE (REFER TO QUESTION NUMBER)

EXHIBIT J
TO THE MAC AND CHEESE FRANCHISE OPERATIONS, LLC
FRANCHISE DISCLOSURE DOCUMENT

COPY OF MARYLAND BOND

BOND NO. RLP5938061

STATE OF MARYLAND
SECURITIES DIVISION
FRANCHISOR SURETY BOND

KNOW ALL MEN BY THESE PRESENTS, THAT

Mac and Cheese Franchise Operations, LLC
(Name of Franchisor)

a limited liability company

(Description or form of business organization, including State of Incorporation), with business offices at

621 NW 53rd Street, Suite 360, Boca Raton, FL 33487
(Address)

as Principal, and Old Republic Surety Company a corporation duly organized
(Name of Surety)
under the laws of the State of Wisconsin and authorized to do
business in the State of Maryland, as Surety, are hereby held and firmly bound to the State of Maryland, in the sum
of One Hundred Fifty Thousand and 00/100 Dollars
Thousand Dollars (\$ 150,000.00). For the payment of this sum, Principal and Surety bind themselves, their
representatives, successors and assigns, jointly and severally by these presents.

WHEREAS, Principal has applied for registration as a franchisor to offer and sell franchises in Maryland, as
required under the Maryland Franchise Registration and Disclosure Law, Title 14, Subtitle 2, Business Regulation
Article, Annotated Code of Maryland, (2010 Repl. Vol.) (the Maryland Franchise Law); and

WHEREAS, Principal executes this surety bond under §14-217 of the Maryland Franchise Law, as a
condition of its registration to offer and sell franchises in Maryland;

NOW, THEREFORE, the Principal agrees as follows:

1. Principal shall obey all applicable rules, regulations and statutes of the State of Maryland, now or
hereafter existing and all other applicable laws now or hereafter existing, affecting or relating to the offer or sale
of franchises and area franchises.
2. Principal shall in all respects be bound to any and all applicable requirements and provisions required to be in
this bond by existing and future statutes, rules and regulations of the State of Maryland, and laws, the same as
though such requirements and provisions were fully set forth in this bond, and by reference such requirements
and provisions are made a part hereof.
3. Principal shall in all respects be bound to perform and fulfill, up to and until the time at which a franchisee's or
subfranchisor's business is fully operational, all undertakings, covenants, terms, conditions and agreements of
any contract, or of any modification to a contract duly authorized by the parties to the contract, that the
Principal makes with these franchisees, or subfranchisors.
4. This bond is for the benefit of the State of Maryland and all persons purchasing franchises and area franchises
from Principal.
5. This bond shall become effective at 12:01 AM on 11/17/2020
(time of day) (date)

It may be cancelled by Surety and Surety relieved of liability with respect to a franchise agreement entered into
by Principal after the effective date of cancellation. Cancellation is effective 90 days after the Maryland
Securities Commissioner and Principal receive written notice from Surety of cancellation. Notwithstanding any
such cancellation, coverage under this bond remains effective with respect to any franchise agreements
entered into by Principal prior to the effective date of cancellation.

Old Republic Surety Company
(Name of Surety)

By: [Signature]
(Signature of Attorney in Fact) Jeremy J. Crawford

Mac and Cheese Franchise Operations, LLC
(Name of Franchisor)

By: [Signature]
(Signature of Officer, Partner, or Sole Proprietor)

Approved as to form:

Assistant Attorney General

Date

INSTRUCTIONS:

1. This side is to be completed by a notary public for both the Principal and the Surety.
2. Please attach the Power of Attorney and Certified Copy of the Corporate Resolution for the Surety listed herein.

STATE OF Florida)
COUNTY OF Palm Beach) ss.

ACKNOWLEDGMENT OF PRINCIPAL

(INDIVIDUAL PROPRIETORSHIP)

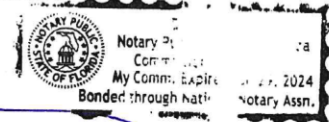
The foregoing instrument was acknowledged before me this _____ day of _____, _____
by _____
(Name of Person Acknowledged)

(CORPORATION)

The foregoing instrument was acknowledged before me this 18 day of Nov, 2020
by Stephen Giordanello, President of
(Name of Corporation President)
Mac and Cheese Franchise Operations LLC Delaware
(Name of Corporation) (State of Incorporation)
corporation, on behalf of the corporation.

(PARTNERSHIP)

The foregoing instrument was acknowledged before me this _____ day of _____, _____
by _____, a partner on behalf of
(Name of Acknowledging Partner)
_____, a partnership.
(Name of Partnership)



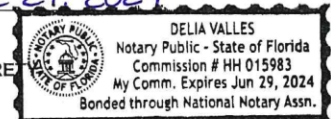
Notary Public

NOTARY SEAL

Cty: Boca Raton, FL Comm. Exp: June 29, 2024

STATE OF MINNESOTA)
COUNTY OF ANOKA) ss.

ACKNOWLEDGMENT OF SURETY



The foregoing instrument was acknowledged before me this 17th day of November, 2020

by Jeremy J. Crawford, Attorney In Fact
(Name and Title of Officer or Agent)
of Old Republic Surety Company
(Name of Corporation Acknowledging)
a Wisconsin corporation, on behalf of the corporation.
(State of Incorporation)

Notary Public

NOTARY SEAL

Cty: Anoka Comm. Exp: 01/31/2025





POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That OLD REPUBLIC SURETY COMPANY, a Wisconsin stock insurance corporation, does make, constitute and appoint:
MICHAEL D. WILLIAMS, WILLIAM J. NEMEC, JEREMY J. CRAWFORD of GOLDEN VALLEY, MN

its true and lawful Attorney(s)-in-Fact, with full power and authority for and on behalf of the company as surety, to execute and deliver and affix the seal of the company thereto (if a seal is required), bonds, undertakings, recognizances or other written obligations in the nature thereof, (other than bail bonds, bank depository bonds, mortgage deficiency bonds, mortgage guaranty bonds, guarantees of installment paper and note guaranty bonds, self-insurance workers compensation bonds guaranteeing payment of benefits, asbestos abatement contract bonds, waste management bonds, hazardous waste remediation bonds or black lung bonds), as follows:

ALL WRITTEN INSTRUMENTS

and to bind OLD REPUBLIC SURETY COMPANY thereby, and all of the acts of said Attorneys-in-Fact, pursuant to these presents, are ratified and confirmed. This appointment is made under and by authority of the board of directors at a special meeting held on February 18, 1982.

This Power of Attorney is signed and sealed by facsimile under and by the authority of the following resolutions adopted by the board of directors of the OLD REPUBLIC SURETY COMPANY on February 18, 1982.

RESOLVED that, the president, any vice-president or assistant vice president, in conjunction with the secretary or any assistant secretary, may appoint attorneys-in-fact or agents with authority as defined or limited in the instrument evidencing the appointment in each case, for and on behalf of the company to execute and deliver and affix the seal of the company to bonds, undertakings, recognizances, and suretyship obligations of all kinds; and said officers may remove any such attorney-in-fact or agent and revoke any Power of Attorney previously granted to such person.

RESOLVED FURTHER, that any bond, undertaking, recognizance, or suretyship obligation shall be valid and binding upon the Company

- (i) when signed by the president, any vice president or assistant vice president, and attested and sealed (if a seal be required) by any secretary or assistant secretary; or
- (ii) when signed by the president, any vice president or assistant vice president, secretary or assistant secretary, and countersigned and sealed (if a seal be required) by a duly authorized attorney-in-fact or agent; or
- (iii) when duly executed and sealed (if a seal be required) by one or more attorneys-in-fact or agents pursuant to and within the limits of the authority evidenced by the Power of Attorney issued by the company to such person or persons.

RESOLVED FURTHER that the signature of any authorized officer and the seal of the company may be affixed by facsimile to any Power of Attorney or certification thereof authorizing the execution and delivery of any bond, undertaking, recognizance, or other suretyship obligations of the company; and such signature and seal when so used shall have the same force and effect as though manually affixed.

IN WITNESS WHEREOF, OLD REPUBLIC SURETY COMPANY has caused these presents to be signed by its proper officer, and its corporate seal to be affixed this 2nd day of April, 2020.

Karen J. Haffner
Assistant Secretary



OLD REPUBLIC SURETY COMPANY

Alan Pavlic
President

STATE OF WISCONSIN, COUNTY OF WAUKESHA - SS

On this 2nd day of April, 2020, personally came before me, Alan Pavlic and Karen J. Haffner, to me known to be the individuals and officers of the OLD REPUBLIC SURETY COMPANY who executed the above instrument, and they each acknowledged the execution of the same, and being by me duly sworn, did severally depose and say: that they are the said officers of the corporation aforesaid, and that the seal affixed to the above instrument is the seal of the corporation, and that said corporate seal and their signatures as such officers were duly affixed and subscribed to the said instrument by the authority of the board of directors of said corporation.



Kathryn R. Pearson
Notary Public

My Commission Expires: September 28, 2022

(Expiration of notary's commission does not invalidate this instrument)

CERTIFICATE

I, the undersigned, assistant secretary of the OLD REPUBLIC SURETY COMPANY, a Wisconsin corporation, CERTIFY that the foregoing and attached Power of Attorney remains in full force and has not been revoked; and furthermore, that the Resolutions of the board of directors set forth in the Power of Attorney, are now in force.

40-5304



Signed and sealed at the City of Brookfield, WI this 17th day of November, 2020.

Karen J. Haffner
Assistant Secretary

ORSC 22262 (3-06)

STATE EFFECTIVE PAGE

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Florida, Hawaii, Kentucky, Indiana, Maryland, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Texas, Utah, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws if an effective date is noted below for the state:

State	Effective Date
California	
Florida	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

EXHIBIT K
TO THE MAC AND CHEESE FRANCHISE OPERATIONS, LLC
FRANCHISE DISCLOSURE DOCUMENT

RECEIPTS

RECEIPTS (OUR COPY)

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If MAC AND CHEESE FRANCHISE OPERATIONS, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first. Illinois requires that you acknowledge receipt of the state specific addenda for the State of Illinois as part of this disclosure document.

If MAC AND CHEESE FRANCHISE OPERATIONS, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit A of this Franchise Disclosure Document.

The Issue Date of this Disclosure Document is April 24, 2023.

A list of franchisor's agents registered to receive service of process is listed as Exhibit A to this Franchise Disclosure Document.

I have received a Franchise Disclosure Document with an issue date of April 24, 2023, which contained the following Exhibits.

Exhibit A – List of State Administrators and List of
Agents for Service of Process
Exhibit B – Franchise Agreement
Exhibit C – Financial Statements
Exhibit D – State Specific Addenda
Exhibit E – Operations Manual Table of Contents

Exhibit F – Sample Termination and Release Agreement
Exhibit G – List of Franchisees
Exhibit H – List of Franchisees that Left the System in the
Past Year or That Have Failed to Communicate
with Us in the 10 Weeks Preceding the Issue Date
Exhibit I – Compliance Certification
Exhibit J – Copy of Maryland Bond
Exhibit K - Receipts

The franchise seller(s) for this offering is/are as follows: Joe Amodio, 621 N.W. 53 Street, #360, Boca Raton, Florida 33487; 561-300-5343.

By: _____

Name: _____

Date: _____

RECEIPTS (KEEP THIS COPY)

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Name: _____

Date: _____