

FRANCHISE DISCLOSURE DOCUMENT



SAMMY'S SLIDERS USA, LLC
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Winston-Salem, NC 27104
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www.sammyssliders.com

The franchise offered is for a Sammy's Sliders restaurant, which is a fast-casual restaurant featuring a chef-driven menu of gourmet sliders, hand breaded chicken fingers, hot dogs, salads, topped fries, ice cream shakes, and emphasizing prompt, courteous service in a clean, family-friendly, and genuine atmosphere (a "Sammy's Sliders Restaurant" or "Restaurant"). As the franchisor, we provide services to our franchisees, including assistance with training, operations, advertising, purchasing and promotional techniques. We currently offer and sell franchises for the right to independently own and operate a fast-casual service Restaurant from a traditional location.

The total investment necessary to begin operation of a Sammy's Sliders Restaurant ranges from \$328,300 to \$712,600, which includes between \$47,300 to \$51,700 that must be paid to us or our affiliates.

We also grant qualified parties the right to open and operate multiple Restaurants within a defined geographical area under our form of area development agreement. The total investment necessary to begin operating as a multi-unit owner will vary depending on how many Restaurants we grant you the right to open. By way of example, the total investment to enter into an area development agreement with us to open three (3) Restaurants ranges from \$368,300 to \$752,600, which includes: (i) an \$80,000 development fee that is paid to us upon execution of your development agreement; and (ii) the initial investment to open and commence operations of the first Restaurant you are granted the right to develop within your development area.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss availability of disclosures in different formats, contact the Franchise Administration Department of SAMMY'S SLIDERS USA, LLC, 100 Cambridge Plaza Drive, Winston-Salem, North Carolina 27104, (336) 760-4985.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at

www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: February 25, 2025

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits H and I.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the approved vendors and other 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 Sammy's Sliders 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 a Sammy's Sliders franchisee?	Item 20 and 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 that franchise or has verified the information in this document. To find out if your state has a registration requirements, or to contact your state, use the agency information in Exhibit A.

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in North Carolina. 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 North Carolina than in your own states.
2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
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. **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.
5. **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.

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

**NOTICE REQUIRED BY
STATE OF MICHIGAN**

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation is conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

- (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
- (ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

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

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

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

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

THE FRANCHISOR

To simplify the language in this Disclosure Document, “we,” “SAMMY’S SLIDERS,” or “us” means Sammy’s Sliders USA, LLC. “You” means the person or company that buys the franchise, including, if any, such company’s owners, partners, members, controlling shareholders, and guarantors. We were formed under the laws of North Carolina in September of 2023. Our principal business address is 100 Cambridge Plaza Drive, Winston-Salem, NC 27104. Exhibit A lists our agent for service of process in your state.

Our sole business since inception is selling franchises and providing training and other services to franchisees. We began offering franchises in October 2024. As of the Issue Date of this Disclosure Document, we have not sold franchises of any other kind. We do business and intend to do business under our corporate name and our then-current proprietary marks that we designate for use in connection with this franchise offering, which we may further develop and modify as we determine appropriate (collectively, the “Proprietary Marks”).

We do not directly operate any businesses of the type being franchised. We began offering franchises for the right to own and operate a System Restaurant as of the Issue Date of this Disclosure Document.

PARENTS, PREDECESSORS, AND AFFILIATES

We do not have any predecessors.

Our direct parent company is Sammy’s Sliders Enterprises, LLC (“SSE”), which was formed on December 21, 2023, and has a principal business address at 100 Cambridge Plaza Drive, Winston-Salem, North Carolina 27104.

SSE’s parent company is Propelled Partners, LLC (“Propelled”), a North Carolina limited liability company formed on November 3, 2022, with the same principal business address as us. Propelled currently owns and operates two (2) Sammy’s Sliders Restaurant in North Carolina (the “Company-Owned Restaurants”) that are substantially similar to the franchised business offered under this disclosure document. Propelled is also the registered owner of our Proprietary Marks and has granted us the right to use the Marks and to sub-license their use to our System franchisees.

As of the Issue Date, we have four (4) affiliates that require disclosure in this Item, namely:

1. Trium Food Services, LLC, a North Carolina limited liability company organized in June 2020 with a business address at 319 W. Maple St., Yadkinville, NC 27055. (the “Commissary”). As of the Issue Date, the Commissary serves as our designated and approved supplier for certain items that you must acquire and use in connection with your Franchised Business operations (an “Approved Supplier”); and
2. EAST COAST WINGS CORPORATION (“ECW”), a North Carolina corporation organized in 2002, that offers franchises for the right to own and operate full-service restaurant concept featuring wings/chicken and other menu items, as well as a full bar service in most instances, under the marks EAST COAST WINGS and/or EAST COAST WINGS + GRILL®). ECW has offered franchises since 2002 and, as of December 31, 2023, ECW had approximately 29 franchised locations, and 5 corporate-owned locations, open and operating.

3. Mid-Carolina Realty Group, Inc., is a North Carolina corporation with its principal offices at 100 Cambridge Plaza Drive, Winston-Salem, NC 27104 (“Mid-Carolina”). Mid-Carolina is currently an Approved Supplier, but not a required supplier, for certain site selection services for your Restaurant. Mid-Carolina was incorporated on October 23, 1995, and is wholly owned by Sam Ballas, our Chief Executive Officer. Mid-Carolina does not operate a business of the type being franchised.
4. Ethos Technologies, LLC (“Ethos”), a North Carolina limited liability company formed on March 31, 2014, is currently an approved supplier for computer and POS maintenance, information technology troubleshooting and related consulting. Its principal office address is 100 Cambridge Plaza Drive, Winston-Salem, NC 27104. Ethos is owned by us and Sam Ballas. Ethos does not operate a business of the type being franchised and has never sold franchises of any kind.

Except as provided above in this Item, none of the entities listed above under this heading (a) have ever offered franchises or licenses in any line of business, or (b) been involved in any other material business activities.

THE FRANCHISED BUSINESS

You will own and operate a fast casual dining Restaurant that features a chef-driven menu of gourmet sliders, hand breaded chicken fingers, hot dogs, salads, topped fries, ice cream shakes, and other menu items we authorize (collectively, the “Approved Products”). Our Restaurants are characterized by a unique system (collectively, the “System”) that includes special recipes and menu items; distinctive design, décor, color scheme, and furnishings; hardware and software programs; standards, specifications, and procedures for operations; training and assistance; and advertising and promotion programs, all of which we may improve, amend, and further develop from time to time.

A typical Restaurant is operated in leased space (freestanding or otherwise) located on or near main thoroughfares. As of the Issue Date of this Disclosure Document we offer and sell the right to operate a fast casual Restaurant, which utilizes a front of the house and back of the house staff and does not typically provide delivery services (except via third-party delivery/ordering platforms and as we otherwise approve in writing).

MULTI-UNIT OFFERING

We also offer qualified individuals and entities the right to open and operate multiple Franchised Businesses within a designated geographical area (the “Development Area”) under our current form of area development agreement that is attached to this Disclosure Document as Exhibit C (the “Development Agreement”), which will also outline a schedule or defined period of time in which you must open and commence operating each Franchised Business (a “Development Schedule”).

You will typically be required to sign a Franchise Agreement for your initial Franchised Business at the same time you sign your Development Agreement. You will be required to execute our then-current form of franchise agreement for each of the Franchised Businesses you open under the Development Schedule, which may contain terms or conditions that are different from those set forth in our current Franchise Agreement.

If we grant you the right to open multiple Franchised Businesses under a Development Agreement, you must pay us a development fee that is based on the number of franchises we grant you the right to open

within your Development Area (the “Development Fee”). The initial portion of this Development Fee (referred to as the “Initial Development Fee”) must be paid at the time you sign your Development Agreement with us, and you will be required to pay a subsequent development fee in connection with each additional Franchised Business (each, an “Additional Franchised Business”) you are granted closer to the time you sign a Franchise Agreement or lease for that Additional Franchised Business, as described more fully in Item 5 of the Disclosure Document.

MARKET AND COMPETITION

You will compete with our other franchisees, fast casual dining restaurants, full-service restaurants, grocers, and specialty stores that offer sliders and similar menu items, and similar type businesses. These include national and regional chains, as well as local operations. The relevant market is developed and competitive. Your ability to succeed with this franchise will in part be determined by your ability to compete with these other restaurant establishments. We do not expect or anticipate that your sales will be seasonal in nature.

INDUSTRY-SPECIFIC REGULATIONS

We are not aware of any regulations that are specific to the operation of a fast casual dining restaurant. However, state and local jurisdictions have enacted laws, rules, regulations, and ordinances that may apply to the operation of your Restaurant, including those that (a) establish general standards, specifications, and requirements for the construction, design, and maintenance of the Restaurant Premises; (b) regulate matters affecting the health, safety, and welfare of your customers, such as general health and sanitation requirements for restaurants; employee practices concerning the storage, handling, cooking, and preparation of food; restrictions on smoking; availability of and requirements for public accommodations, including restrooms; (c) set standards pertaining to employee health and safety; (d) set standards and requirements for fire safety and general emergency preparedness; (e) regulate the proper use, storage, and disposal of waste, insecticides, and other hazardous materials; (f) govern labor practices for your employees; (g) federal and state menu labeling laws; and (h) regulations governing the application of the Affordable Care Act. The Americans with Disabilities Act (“ADA”) also may apply to the operation of your Restaurant.

You should investigate whether there are regulations and requirements that may apply to the geographic area in which you are interested in locating your franchise and should consider both the effect and cost of compliance. You may employ salaried help and/or independent contractors and will be required to observe general employment laws and regulations. If necessary in your geographic area you may be required to obtain a catering license if we approve you to offer catering services within your territory.

ITEM 2. BUSINESS EXPERIENCE

Sam G. Ballas: Chief Executive Officer, Member of Board of Directors, and Chairman of the Board of Directors, Management Director

Mr. Ballas has served as our CEO and other positions above since our inception. Since 2002, Mr. Ballas has also served as the President, Chief Executive Officer and Chairman of the Board of ECW Enterprises, Inc. parent to East Coast Wings + Grill franchise systems. He is the Management Director of ZorAbility, an advisory and investment strategy firm which he founded.

Carrie Evans: Chief Development Officer (Dine Growth Group)

Ms. Evans, Chief Development Officer with Dine Growth Group since September 2024, has served as our

Chief Development Officer since September 2024. She served as Vice President of Franchise Development, and later as Director of Franchise Development, for Chicken Salad Chick in Atlanta, GA from July 2020 until July 2023.

Whitney Mann: Senior Vice President of Brand Operations

Mrs. Mann has served as our Senior Vice President of Brand Operations since April 2023. In addition to this role, Mrs. Mann has served as Executive Vice President of Operations at East Coast Wings Corporation from February 2022 to April 2023; as Vice President of Field Operations at East Coast Wings Corporation from February 2020 to February 2022; and as Director of Functional Analytics and Unit Level Economics at East Coast Wings Corporation from July 2018 to February 2020.

Ashley Mitchell: Vice President of Marketing

Ashley Mitchell has been our Vice President of Marketing since April 2024. Prior to that, Ms. Mitchell was a fractional Chief Marketing Officer for several franchisors under her consulting firm, MxM Consulting, LLC, from November 2023 to September 2024. From August 2022 to October 2023, she was Chief Marketing Officer/Senior Vice President, Marketing for Streamline Brands in Parker, Colorado. From March 2021 to July 2022, she served as Vice President, Marketing for Streamline Brands. From February 2019 to March 2021, she served as Vice President of Marketing and Communications for Soccer Shots Franchising in Middletown, Pennsylvania.

Greg Ballas: Vice President of Real Estate and Construction

Mr. Ballas has served as our Vice President of Real Estate and Construction since February 2025. Previously, he was our Construction/Development and Real Estate Director from April 2023 to February 2025. Mr. Ballas also currently serves as Vice President/Retail Division Manager of our affiliate, Mid-Carolina, since March 2020. Prior to that time, from August 2016 to May 2020, Mr. Ballas was a student at the University of North Carolina at Charlotte graduating from the Robert Niblock School of Business Management.

Brad Fishman: Vice President of Communications

Mr. Fishman has served as our Vice President of Communications since April 2023. Mr. Fishman is also CEO of Fishman Public Relations and has held this position since March 1992. Mr. Fishman is also a Board Member of Franchise Elevator in Northbrook, Illinois since June 2013, and FranFund in Fort Worth, Texas since March 2008.

Sammy Gianopoulos: Vice President Culinary/Supply Chain

Mr. Gianopoulos has served as our VP of Culinary/Supply Chain since our inception. Since June of 2019, Mr. Gianopoulos has also served as Vice President of Culinary/Supply Chain for getfried franchise USA, LLC, which was renamed to Sammy's Sliders USA, LLC in December of the same year. Mr. Gianopoulos currently is an investment partner with Fratelli's Italian Steak House in Winston -Salem, NC, Sammy G's Tavern in High Point, NC, and Three Bulls American Steak House in Clemmons, NC. Also is a Senior Director of Menu Ideation as Supply Chain for our affiliate Zorability.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this item.

ITEM 4. BANKRUPTCY

No bankruptcy is required to be disclosed in this item.

ITEM 5. INITIAL FEES

Franchise Agreement

Initial Franchise Fee

The initial franchise fee is \$40,000 (the “Initial Franchise Fee”), which is paid upon execution of your Franchise Agreement and is deemed fully earned and non-refundable upon payment.

Pre-Opening Inventory Package

Prior to opening your Restaurant, you must pay to our affiliate supplier an amount between \$800 to \$1,200 for certain supplies, gift cards, loyalty cards, spices and ingredients, smallwares, apparel and other inventory and equipment you will need to operate your Restaurant during its startup phase (the “Pre-Opening Inventory Package”). The fee for the Pre-Opening Inventory Package is uniformly imposed and is non-refundable upon payment.

Tech Environment Survey and Installation Fee

Prior to opening your Restaurant, you must pay our affiliate supplier a fee in the amount of \$1,100 in connection with our affiliate’s (i) on-site IT environment survey to ensure the premises of your Franchised Business is organized and wired appropriately to host the computer technology and hardware components we require, and (ii) the installation of the point-of-sale and other computer hardware and software we specify. In addition to the flat fee above, you must pay for the travel and accommodation expenses for our affiliate provider, currently estimated between \$400 to \$1,900. The Tech Environment Survey and Installation Fee is uniformly imposed and is non-refundable upon payment.

Initial Marketing Spend

You are required to spend between \$5,000 to \$7,5000 on initial marketing to promote and advertise the grand opening of your Restaurant within your Designated Territory (the “Initial Marketing Spend”), which must be expended during the time period beginning approximately sixty (60) days prior to the opening of your Restaurant through the first sixty (60) days following the opening of your Restaurant. We reserve the right to collect these funds and, with your input, spend them on marketing activities for you.

Development Agreement

Development Fee

If we grant you the right to open multiple Franchised Businesses under a Development Agreement, you must pay us a Development Fee based on the number of franchises we grant you the right to open within your Development Area.

The Development Fee is due upon execution of your Development Agreement and is calculated as follows: (i) \$40,000 for the Initial Franchised Business that we will grant you the right to open and operate under the Development Agreement; plus (ii) \$20,000 for the second and each additional Franchised

Business that you are granted the right to open under the Development Agreement. The Development Fee is paid as consideration for the territorial rights you are granted within your Development Area and is not tied to any pre-opening obligations that we must otherwise perform. As you execute franchise agreements for each Restaurant required to be opened pursuant to the Development Agreement, you will receive a credit against the then-current Initial Franchise Fee for the portion of the Development Fee attributable to that specific Restaurant. For clarity, please see the below example for a Development Agreement requiring the development and opening of three (3) Restaurants:

Restaurants in ADA	Year in Development Schedule	Initial Franchise Fee	% Due at Signing of ADA	Development Fee Due at Signing of ADA	IFF Credit for Development Fee Paid Upon Execution of Each FA	Balance Due at Signing of Franchise Agreement
1	1	\$40,000	100%	\$40,000	(\$40,000)	\$0
2	2	\$40,000	50%	\$20,000	(\$20,000)	\$20,000
3	3	\$40,000	50%	\$20,000	(\$20,000)	\$20,000
Totals		\$120,000		\$80,000		

Uniformity and Other Relevant Disclosures

All of the initial fees and expenditures described in this Item are: (i) uniformly calculated and imposed on our franchisees; and (ii) payable in lump sum. All of the fees are deemed fully earned upon receipt and non-refundable.

ITEM 6. OTHER FEES

Name of Fee ¹	Amount	Due Date	Remarks
Royalty	The greater of: (i) 5% of Gross Sale generated by your Franchised Business over the preceding calendar month (or 2-week reporting period); and (ii) the minimum monthly royalty (the “Minimum Royalty”) amounting to \$2,250/month (collectively, the “Royalty Fee”)	Currently, these payments are due monthly or bi-monthly based on the prior reporting period (monthly or 2-week period)	“Gross Sales” are defined at Section 4(d) of the Franchise Agreement. ² No Royalties are paid until the Restaurant begins operations. If the Restaurant is not open within 12 months of signing the franchise agreement, the minimum Royalty payments will be due and payable starting in the 13 th month.

Name of Fee ¹	Amount	Due Date	Remarks
Brand Development Fund	Currently, two percent (2%) of the Gross Sales generated by your Franchised Business over the preceding calendar month of operation.	Payment made by electronic funds transfer (EFT) each month. The calendar date for payment will be determined by us. We can change the payment interval with 30 days' prior written notice.	<p>We reserve the right to increase your Fund Contribution to an amount equal to three percent (3%) of the Gross Sales generated by your Franchised Business upon 60 days' prior written notice via the Manuals or otherwise.</p> <p>Additionally, if you are required to pay into a shopping center's marketing fund, we may permit you to reduce your contribution to the advertising fund by the amount contributed to the shopping center's fund.</p>
Local Advertising Requirement or "LAR"	You must expend a minimum monthly amount on the local promotion, advertising and marketing within your Designated Territory (your "LAR") amounting to 1% of the Gross Sales generated by your Franchised Business over the preceding calendar month of operations	Monthly, as agreed or invoiced with Approved Suppliers or other third-party providers	<p>In addition to the Initial Marketing Spend, you will be required to expend one percent (1%) of Gross Sales on advertising and marketing the Franchised Business within your Designated Territory.</p> <p>In the event that a brand-related audit is conducted and expenses are below 1% and the restaurant is not achieving the brand's benchmarks of unit level economics, we reserve the right to increase your LAR to an amount equal to 3% of the Gross Sales of your Franchised Business until such time that the applicable benchmarks are reached.</p>
Initial Marketing Spend	\$5,000 - \$7,500	As incurred	We reserve the right to collect these funds and, with your input, we will spend it on marketing activities for you. These expenditures will occur approximately 60 days prior to opening and continue through the first 30-60 days after opening.
Recurring Inventory and Other Purchases from Affiliate Supplier	Will vary based on demand and sales	As invoiced and agreed with then-current Approved Supplier	Currently, our Affiliate Supplier is the Approved Supplier for various inventory, supply and other required items that must be purchased once you open your Franchised Business.

Name of Fee ¹	Amount	Due Date	Remarks
Local Cooperative Fees	An amount determined by the Cooperative. Not currently assessed.	As required by the Cooperative	Cooperative payments are determined by majority vote of the cooperative members. 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.
Point-of-Sale System (POS System) and POS Software Fees	<p>Then-current fees charged by our approved supplier for the POS System.</p> <p>Currently, these third-party fees range from \$250 - \$450 per month, depending on your Restaurant's Specific POS configuration.</p>	As invoiced	<p>These amounts are due in connection with the POS System and related POS software that you will use in connection with the operation of your Restaurant.</p> <p>You must pay these fees to our approved supplier.</p>

Name of Fee ¹	Amount	Due Date	Remarks
Technology Fee	We do not currently charge a technology fee for certain technology we determine to associate with the System (a “Technology Fee”), but we expect to do so in the future.	First EFT draft each calendar year.	<p>We may collect a Technology Fee in connection with technology products or services we determine to (a) associate or utilize in connection with the System, and (b) use the Technology Fee to cover all or certain portion of the corresponding costs.</p> <p>We will commence collection of this Technology Fee in the first month following the opening of your Franchised Business.</p> <p>As of the Issue Date, a portion of the Technology Fee covers the license fees associated with our customized software that you must use to record and report (a) all prospective and existing Restaurant Data, including contact information, (b) Restaurant sales information, (c) various other information we designate/require and that we will have the right to access electronically and independently.</p> <p>If we modify the Technology Fee, we will provide you with 30 days’ prior written notice.</p>

Name of Fee ¹	Amount	Due Date	Remarks
Training Fee(s)	<p>Then-current training fee for the kind of training at issue.</p> <p>Currently, these training fees are as follows:</p> <p>\$180/day per trainer, plus (a) the costs and expenses incurred in connection with providing training, and (b) any overtime pay.</p>	Upon invoicing and, at our option, prior to provision of training.	<p>This fee is paid in connection with additional training/instruction that we may provide on an ongoing basis in connection with the opening, overall operation and development of your Restaurant.</p> <p>We reserve the right to charge this fee in connection with (a) re-training or replacement training with regards to the portions of the initial training that are designed for the franchisee owner and/or Operations Manager, (b) any training we require you to complete to cure a default under your Franchise Agreement with us (“Remedial Training”), (c) training you request we provide (other than the kind of day-to-day assistance described below), or (d) training we provide on-site at your Franchised Business.</p> <p>Please note that the \$180/day rate for our trainers assumes a working day of 8 hours or less and does not account for overtime wages. If such wages are incurred in connection with training provided to you, then you will be required to cover those wages.</p>
Renewal Fee	\$7,500	Prior to or upon renewal of your franchise rights.	There are other terms and conditions required in connection with any renewal of the franchise rights awarded under your Franchise Agreement.
Transfer Fee	\$7,500	When we approve franchise transfer.	<p>There are other terms and conditions required in connection with any transfer of the franchise rights awarded under your Franchise Agreement.</p> <p>In the event the proposed transfer is (a) from an individual to a company owned by that individual, or (b) involving the death or disability of Franchisee (or its principal), we only reserve the right to collect an administrative fee amounting to up to \$750 to help defray the costs associated with our evaluation/consent to any transfer.</p>

Name of Fee¹	Amount	Due Date	Remarks
New Supplier/Product Evaluation Fee	The greater of (a) actual out-of-pocket costs, or (b) \$1,500	On Demand	If requested by you, you will pay all fees and costs incurred by us to obtain the necessary information and evaluate suppliers prior to giving approval for new suppliers and products, or \$1,500, whichever is greater.
Site Selection Extension Fee	\$5,000	As incurred	You are required to obtain a site for the Restaurant which is acceptable to us within nine (9) months of signing the Franchise Agreement. You may request a one-time six-month extension of this deadline, which will be granted in our reasonable discretion, provided that (i) you make such request no later than fifteen (15) days prior to the expiration of the original deadline and (ii) you have paid to us a site selection extension fee of \$5,000, which is due and payable at the time you make the site extension request.
Audit Fee	The cost of audit.	At once if audit shows 3% or greater underpayment.	You also pay the underpayment, if any. We pay for the audit if underpayment is 3% or less.
Legal Expenses	The cost of legal expenses we incur.	As incurred.	You must reimburse us for legal expenses incurred by us on your behalf to assist with leasing and other legal compliance issues.
Collection and Interest Charges	18% or highest lawful rate if lower.	Immediately if payments not made when due.	This charge is in addition to other remedies such as late payment fees.
Indemnification	If any, will depend on unknown factors.	Defense cost when suit occurs. Indemnification when payment required.	You agree to defend, indemnify, and hold us harmless should we be sued as a result of something you do or fail to do.
Attorneys' Fees and Costs, and Arbitration	The fees incurred by us if we prevail in any litigation or other proceeding.	When court or arbitrator orders, if we win.	Loser pays winner's fees and costs to discourage meritless litigation and/or proceedings. We could have to pay your fees if you prevail.

Name of Fee ¹	Amount	Due Date	Remarks
Insurance Premium Reimbursement	Varies according to plan and provider.	Varies according to plan and provider. If we purchase, reimbursement to us due immediately on notice.	You may purchase through any provider. We must be named as additional insured. You must furnish us copies. If you do not purchase errors and omissions insurance, we may purchase it and you reimburse us.
Enforcement Costs	Will vary.	As incurred.	You must pay our costs of enforcement (including attorneys' fees and costs) if you do not comply with the Franchise Agreement. If we see no action on issues that tarnish our brand image or otherwise breach the Franchise Agreement, we reserve the right to engage our own lawyers at your expense to work on compliance. We will collect reimbursement from you by EFT for their fees.
Non-Reporting Enforcement Fee	\$1,000 fee if you fail to provide us with certain required financial information you are required to provide to us under your Franchise Agreement within 7 days after we give you notice of your reporting violation	As incurred.	<p>Your Franchise Agreement requires you to provide us with the profit and loss statement, balance sheet and certain other financials related to the performance of your Franchised Business at certain intervals throughout an operations year.</p> <p>To emphasize the importance these reports represent to the System, we will charge you a reporting violation fee amounting to \$1,000 (the "Non-Reporting Enforcement Fee") in connection with any such financial report if you fail to provide such report (a) as required under the Franchise Agreement, and (b) within 7 days of the date we send you notice of your reporting default under that agreement.</p>
Unapproved Advertising Enforcement Fee	1 st infraction: \$250 2 nd infraction: \$500 3 rd infraction: \$1,000	Upon notice of infraction. Will be collected by EFT.	See Section 5 of the Franchise Agreement for requirement on approval of advertising you develop. These fines would apply to any advertising materials or techniques used without following the procedures outlined in the Agreements. Any fine is in addition to other remedies under franchise agreement.

Name of Fee ¹	Amount	Due Date	Remarks
Other Enforcement-Related Fines ³	Up to \$1,000 per infraction.	Upon notice of infraction. Will be collected by EFT.	Failure to operate in accordance with operating standards or loss of the proprietary operations manual (“Operations Manual”).
Annual Convention	Not currently assessed. If we establish and hold an annual franchisee convention, we may charge a registration fee.	Upon notice of infraction. Will be collected by EFT.	We do not currently hold an annual convention, but reserve the right to establish and hold them in the future, and require your attendance. When established, we estimate a registration fee of up to \$1,000 per attendee. If you do not attend a required annual convention, we reserve the right to charge a non-attendance fee of \$1,000.
Insufficient Funds	\$50 plus any fee charged us for uncollected funds.	Upon notice.	Failure to have sufficient funds available for payments to us.
Management Fee	Up to \$500 per day	Upon notice of infraction. Will be collected by EFT.	Upon an event of default by you and failure to cure such default within the applicable time period (if any), we or our affiliate has the right, but not the obligation, to exercise complete authority with respect to the operation of your Restaurant until such time as we determine that the default has been cured, and you are otherwise in compliance with the Franchise Agreement. In the event we exercise these rights, you must reimburse us or our affiliate for all reasonable costs and overhead, if any, incurred in connection with the operation of your Restaurant including, without limitation, costs of personnel for supervising and staffing your Restaurant and their travel and lodging accommodations, plus a fee not to exceed \$500 per day.

Explanatory Notes to the Item 6 Chart Above:

1. All fees and expenses described in this Item 6 are non-refundable and, unless otherwise indicated, are imposed uniformly by, and are payable to, us. All flat fees described in this Item 6 are subject to adjustment due to inflation. Unless we have noted differently, we may increase these amounts based upon changes in market conditions, our cost of providing services and future policy changes, but we have no present plans to increase any fees. During our last fiscal year, all fees were uniformly applied to all franchisees.
2. The term “Gross Sales” means the total gross revenue that you derive from the operation of the Restaurant, including, but not limited to, revenue from services rendered by the Restaurant and from the sale of products or merchandise based on retail price before coupon, whether from sales

for cash or credit and regardless of the collection thereof. Gross Sales does not include: (i) sales taxes and service charges that a franchisee collects from customers and pays to the appropriate agency or party; (ii) gift card sales (but will include redemption); (iii) *bona fide* refunds and/or discounts provided to customers in accordance with our System standards and specifications; or (iv) sales to other franchisees and company-owned Restaurants. To be clear, Royalties on gift cards are assessed when the gift card is redeemed versus sold.

3. Fines can be imposed if you fail to comply with system standards. In particular, if you fail to submit the required financial reports by the 10th day of the following month, we will assess a penalty of \$500.00 and an administrative fee of \$50.00 per day until such reporting is received. (Franchise Agreement 10(g)).

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

A. SINGLE-UNIT RESTAURANT

TYPE OF EXPENDITURE	AMOUNT LOW	AMOUNT HIGH	METHOD OF PAYMENT	WHEN PAID	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee	\$40,000	\$40,000	One lump sum payable upon execution of the franchise agreement.	Franchise fee is due on signing franchise agreement.	Us
Inventory ²	\$3,500	\$8,500	Vendor terms.	Within 0 - 30 days of order.	Approved Supplier(s)
Pre-Opening Inventory Package	\$800	\$1,200	Lump sum	Within 0 – 30 days of order	Affiliate Supplier
Leasehold Improvements ³	\$105,000	\$337,000	Lump sum or (possibly) amortized by landlord.	Varies depending on your contract with supplier.	Supplier or Landlord
Lease-Related Payments -- 3 Months ³	\$16,000	\$18,000	As arranged with landlord	As arranged with landlord; deposit normally due upon Lease signing	Landlord/Lessor
Architecture/Project Management ⁴	\$10,000	\$19,500	Varies	Varies depending on contract with suppliers	Approved Supplier or Other Third-Party Provider You Select

TYPE OF EXPENDITURE	AMOUNT LOW	AMOUNT HIGH	METHOD OF PAYMENT	WHEN PAID	TO WHOM PAYMENT IS TO BE MADE
Professional Fees ⁵	\$0	\$3,000	Varies	Varies.	Third-Party Providers
Signage	\$10,000	\$14,000	Lump sum	Varies depending on contract with supplier.	Approved Suppliers
Furniture and Fixtures ⁶	\$14,000	\$18,000	50% upon order then pay balance upon delivery or as otherwise invoiced	Varies depending on contract with approved supplier.	Approved Suppliers and Third-Party Suppliers
Equipment & Smallwares	\$80,000	\$142,000	50% upon ordering and 50% prior to delivery or as otherwise invoiced	Varies depending on contract with supplier.	Approved Supplier and/or Leasing Company; Commissary
Artwork & Décor	\$8,000	\$12,000	As agreed	Prior to, upon or after installation as agreed to by supplier	Approved Supplier
POS Computer System; Software Fees and Telephone – 3 Months ⁷	\$2,900	\$5,900	As agreed	Varies depending on contract with supplier.	Approved Supplier (s)
Tech Environment Survey and Installation Fee; Costs and Expenses ⁸	\$1,500	\$3,000	As agreed	Before opening.	Affiliate Supplier
Video Surveillance System; Audio-Visual Equipment, Music and Entertainment System ⁹	\$5,100	\$15,000	As agreed	Before opening.	Vendor
Utility Deposits ¹⁰	\$500	\$2,500	Lump sum.	Usually before opening.	Landlord, utility company, etc.
Expenses Associated with Initial Training ¹¹	\$1,500	\$2,500	As incurred.	Before opening.	Air travel, hotels, meals, incidentals
Initial Marketing Spend	\$5,000	\$7,500	As Incurred	Upon Invoicing	Us
Permits and Licenses for Franchised Business Operations ¹²	\$500	\$1,000	As incurred	Before opening	State, local and municipal government agencies

TYPE OF EXPENDITURE	AMOUNT LOW	AMOUNT HIGH	METHOD OF PAYMENT	WHEN PAID	TO WHOM PAYMENT IS TO BE MADE
Additional Funds—3 Months ¹³	\$24,000	\$62,000	As agreed	(Money to work with through first 90 days – as incurred.)	Vendors, employees, utilities, landlord, suppliers, insurers, tradesmen, city, county
TOTAL¹³	\$328,300	\$712,600			

Explanatory Notes to Chart 7(A) Above:

1. *General.* Unless negotiated with a third-party, non-affiliated vendor, all payments disclosed in this Item are non-refundable. We will not finance any part of your initial investment (see Item 10 for additional details). Our standard franchise offering expects and assumes that you will secure the approved site for your Restaurant and timely open and commence operations of this Restaurant within the time periods prescribed in your Franchise Agreement.
2. *Inventory.* Because of the need for fresh inventory, a substantial amount of inventory turns over on a daily basis. The inventory estimate is for an initial supply of inventory to commence operation as well as training and mock night. As inventory is used, more inventory will need to be purchased.
3. *Leasehold Improvements.* These are expenses to lease and improve the Premises of your Restaurant in accordance with brand-specific standards representing a 2,400 square foot opportunity. The estimated costs in these line-items currently reflect an aggregate 17% to 20% increase in the most recent historical costs for these items/services due to inflation and supply-chain issues for manufacturing, equipment, and supplies. These projections assume the space is being leased. If you elect to own your own location, additional costs will be incurred. Impact fees vary in each jurisdiction (if and as applicable). Our low estimate represents second generation space improved and currently operating in our system. Our high estimate does not take into account tenant improvement allowances. Your jurisdiction may impose different fees. We encourage you to research the fee structure in your jurisdiction. You must lease or provide a suitable facility for the operations of the franchised Restaurant. You may choose a larger facility, but it will increase your operating costs. Our estimate in this category is based on you leasing the facility and on you leasing a facility based on the square footage of a typical Restaurant location. Additional factors that may impact the expenses of your leasehold improvement include the facility's location, its square footage, cost-per-square foot, renovation costs and any required maintenance fees. Your landlord may refund your security deposit, but most will not refund rental payments. You should ask your leasing agent or landlord about their refund policy before you sign a lease agreement. We do not require you to purchase or build a facility. You should seek professional advice if you choose to purchase or build. You will likely incur costs to renovate or remodel the space you lease. Your costs will vary depending on many factors, including the size, condition and location of the facility, local wage rates and the cost of materials. The amounts you pay for leasehold improvements are typically non-refundable. You should ask about the vendor you hire to renovate or remodel the facility about its refund policy before you patronize the vendor. It is important that you understand and accept that you are solely responsible for all lease negotiations and determinations, subject to our approval process. As of the Issue Date, we have an approved (but not required) provider for construction management and

services generally. Any franchisee that wants to obtain a competitive bid must present it to us and, at our option, require our approval.

4. *Architecture and Project Management.* You will need to incur architecture and project management expenses in connection with the development and build-out of your Restaurant and you must use our designated supplier for such services.
5. *Professional Fees.* You will need to retain an attorney, an accountant and other consultants to help you to establish your franchised Restaurant. Your cost will depend on the location of the franchised Restaurant and the prevailing rates of local attorneys, accountants and consultants. Your costs for these services are typically nonrefundable. You should inquire about the refund policy of the attorney, accountant or consultant at or before the time of hiring.
6. *Furniture and Fixtures.* We control the ordering of all furniture, fixtures and equipment. You will pay for and approve the order at the time specified by us.
7. *POS System; Software Fees and Telephone – 3 Months.* You must purchase and install our specified point-of-sale system, which is described in detail in Item 11. The amounts you pay for the POS System are typically non-refundable, or if refundable, you may be subject to a “re-stocking” fee. You should inquire about the return and refund policy of the supplier at or before the time of purchasing. In connection with the point-of-sale system, you must pay our approved supplier the ongoing fees described more fully in Items 6 and 11 of this Disclosure Document, and we account for the POS-related software fees you will pay in connection with your first three (3) months of Restaurant operations in this range. Given our current System standards and requirements, the range also accounts for certain technology components that are designed to protect against (a) chargebacks to the Franchisee (you), (b) cyber-theft for customer information. This range also include the amounts you will likely be required to expend over your first 3 months of Restaurant operations on a telephone system that meets our standards and specifications. Telephone pricing will vary depending upon local vendors and, as of the Issue Date, current System standards require your franchised Restaurant to have at least 3 telephone lines for use with the Restaurant.
8. *Tech Environment Survey and Installation Fee; Costs and Expenses.* Prior to opening your Restaurant, you must pay our affiliate supplier a fee in the amount of \$1,100 in connection with our affiliate’s (i) on-site IT environment survey to ensure the premises of your Franchised Business is organized and wired appropriately to host the computer technology and hardware components we require, and (ii) the installation of the point-of-sale and other computer hardware and software we specify. In addition to the flat fee above, you must pay for the travel and accommodation expenses for our affiliate provider, currently estimated between \$400 to \$1,900. The Tech Environment Survey and Installation Fee is uniformly imposed and is non-refundable upon payment.
9. *Video Surveillance System; Audio-Visual Equipment, Music and Entertainment System.* These figures include costs for video surveillance, security, television, alarms systems, music and entertainment system and the cost of installing the necessary equipment.
10. *Utility Deposits.* Market conditions will dictate whether landlord can obtain last month’s rent and security deposit up front. You may be required to pay deposits with your local utility companies if you are a new customer. Your utilities may include electric, telephone, gas and water. You may or may not receive a refund of your deposit. You should ask your local utility companies about the circumstances under which they refund deposits.

11. *Expenses Associated with Initial Training.* We do not charge to provide you with initial training; the cost is covered under the franchise fee you pay to us as described in Item 5 above. You are responsible for the costs associated with attending training at the location we specify in Item 11 below. These costs include transportation, meals, and lodging. Your total cost will vary based on who you choose to attend, how far they have to travel, and the type of accommodations you choose. These costs are typically non-refundable, but you should ask about refund policies before you patronize any vendor.
12. *Permits and Licenses.* You should investigate the permitting costs in your jurisdiction. Other State and local government agencies typically charge fees for occupancy permits, operating licenses and sales tax licenses. Your actual costs may vary based on the requirements of state and local government agencies. These fees are typically non-refundable. You should inquire about the cancellation and refund policy of the agencies at or before the time of payment.
13. *Additional Funds – 3 Months.* Prior to opening, you will be required to provide us with a bank approval letter showing sufficient start up working capital and additional funds. Credit terms will be negotiated by you directly with each vendor. You should have a 3-month cash reserve to cover the operations of the franchised Restaurant. Your cash reserves should be based on the total monthly cost of operating the franchised Restaurant. You should consider rent, salaries, utilities, maintenance, supplies, payroll, taxes, loan payments and other related operating costs to arrive at your 3-month reserves. Your costs will be affected by factors in the local market, local economic conditions, local competition where your franchised Restaurant is located, which we cannot predict. For example, the wages and rental rates in the area where your franchised Restaurant is located will affect the size of your cash reserve. You may need to have more or less money in your cash reserve. You may need to have additional working capital to cover for low sales or high operating costs. You should speak with a financial advisor to get a more accurate estimate of the amount you should have in reserve. The operating costs on which you may use the cash reserve are typically non-refundable, but you should ask about refund policies before you patronize any vendor. The payments made to third parties may be refundable depending on the terms offered by each third party. These estimates do not include any finance charges, interest or debt service obligations. The amounts shown are estimates only and may vary for many reasons including the capabilities of your management team, where you locate your Franchise and your business experience and acumen. You should review these estimates carefully with a business advisor or accountant before making any decision to buy a franchise.
14. *Total Estimated Initial Investment.* The estimate of costs assumes you will lease the location for their Restaurant. Given our standard franchise offering assumes you will lease any third-party premises from which the Restaurant is opened and operated, the Item 7 Chart above accounts for such lease-related payments and does not account for the costs of purchasing any such real property outright. You will need additional funds during the start-up phase of your business to pay employees, purchase supplies and pay other expenses. These amounts do not include any estimates for debt service. Your costs may be higher if government permits are restricted and/or in high demand. In compiling the information for this Chart, we relied on the company's history, knowledge, and experience in operating a similar business in the restaurant industry. Variances may result from local economic conditions, availability of materials and labor, the applicable state laws regarding liquor licensing and supply/demand associated with the same, and other conditions beyond our control. You must also pay the royalty and other related fees described in this Disclosure Document. Your actual costs will depend on factors like your management skills, experience and business acumen. You should base your estimated start-up expenses on the anticipated costs in your market and consider whether you will need additional cash reserves. We suggest that you review these figures carefully with your business advisor.

B. Multi-Unit Offering (Using 3 Restaurants as an Example)¹

YOUR ESTIMATED INITIAL INVESTMENT¹

TYPE OF EXPENDITURE	AMOUNT LOW	AMOUNT HIGH	METHOD OF PAYMENT	WHEN PAY	TO WHOM PAYMENT IS TO BE MADE
Development Fee ²	\$80,000	\$80,000	Lump Sum	Upon execution of Development Agreement	Us
Initial Investment to Open Initial Restaurant ³	\$288,300	\$672,600	See Chart A of this Item 7 for estimated initial investment to open a Restaurant.		
TOTAL⁴	\$368,300	\$752,600	This is the total estimated initial investment to enter into a Development Agreement for the right to own a total of three (3) Restaurants, as well as the costs to open and commence operating your Initial Restaurant for the first three (3) months (as described more fully in Chart A of this Item 7). See Note 3.		

Explanatory Notes to Chart 7(B) Above:

1. *Generally.* All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. This Chart details the estimated initial investment associated with executing a Development Agreement for the right to own and operate three (3) Restaurants, as well as the initial investment to open your Initial Restaurant under your Development Schedule.
2. *Development Fee.* The Development Fee is described in greater detail in Item 5 of this Disclosure Document, and this Development Fee is for the right to open and operate a total of three (3) Restaurants (provided you comply with your development obligations under the Development Agreement). If you choose to open three (3) or more Restaurants, your Development Fee will be calculated as the sum of the following: (i) \$40,000 for the initial Restaurant you are granted the right to open; plus (ii) \$20,000 for the second and each Additional Restaurant you are granted the right to open.
3. *Investment in Connection with Initial Restaurant.* This figure represents the total estimated initial investment required to open the initial fast casual-service Restaurant you agree to open and operate under the Development Agreement. You will be required to enter into our current form of franchise agreement to govern this Initial Restaurant at the same time you sign your Development Agreement. The range includes all the items outlined in Chart 7.A. of this Item, except for the \$40,000 Initial Franchise Fee because, upon full payment of the Development Fee, you will not be required to pay any Initial Franchise Fee in connection with your Initial Restaurant. Please see Chart 7.A. for more details on this initial investment range.
4. *Total Estimated Initial Investment.* Please note that this row does not include the initial investment you will need to undertake in connection with opening your second and any other Additional Restaurants you are granted the right to open under your Development Agreement (including the portion of the Initial Franchise Fee attributable to the additional Restaurant(s) that must be paid at the time you secure a lease or enter into a franchise agreement for each Additional Restaurant).

These amounts were not included because you are not likely to incur such amounts until more than three (3) months after you have opened your Initial Restaurant.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate all aspects of your Franchised Business in strict conformance with the methods, standards and specifications of our System. Our methods, standards, and specifications will be communicated to you in writing through our confidential Manuals and other proprietary guidelines and writings that we prepare for your use in connection with the Franchised Business and System. We may periodically 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 and Services.

You may only market, offer, sell and provide the Approved Products, as well as any services we authorize, 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 recipes and standards and specifications for storage/preparation/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 Restaurant other than our Approved Products, or use any item in connection with your Restaurant 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.

We have approved our affiliate, namely the Commissary, as the exclusive supplier to sell some of the supplies, spices, gift cards, loyalty cards, small wares, apparel and other inventory and equipment you will need to operate your Restaurant. In addition to routine purchases throughout the franchise relationship, you will purchase an initial supply of the inventory and supplies described above from the Commissary, as a Pre-Opening Inventory Package. Some of these products will only be available from the Commissary or other approved vendor. We reserve the right to require you to purchase additional supplies, inventory, equipment and products not described here from the Commissary in the future.

In addition, our approved affiliate, Mid-Carolina, may assist you in selecting the site for your Restaurant. If available and you have retained Mid-Carolina as your real estate broker, Mid-Carolina will receive a commission from the lessor of the property you lease for your Restaurant. Except for commissions paid to Mid-Carolina, we do not derive any revenue or any other material consideration from any lease you sign.

We also have approved suppliers for the following items you must purchase in connection with your Restaurant as of the Issue Date of this Disclosure Document: (i) certain furniture, fixtures, equipment and supplies you must purchase to buildout and/or operate your Restaurant; (ii) site selection and other real estate services (recommended but not necessarily required); (iii) credit card and merchant processing

services, including (a) gift/loyalty cards and related programs and processing services and (b) other credit card processing services; (iv) the POS hardware and software (including updated technology we introduce in the future), and other items, software and technology we designate for use in connection with the System, including but not limited to the preliminary evaluation of your premises and the installation of such systems; (iv) signage and décor items for your Restaurant; (v) inventory items and paper goods; (vi) spices, sauces and other foodstuffs; (vii) branded items and merchandise; (viii) marketing materials and services; and (ix) project management and related services associated with the buildout and design of your Restaurant.

You are required to purchase and maintain in good working order a laptop or desktop computer with standard productivity software and access to the internet for use in the back office in connection with all work not conducted via the POS System. You are not required to purchase this office computer from an approved supplier.

Since you must accept credit cards as a method of payment at your Franchise, you must comply with payment card infrastructure (“PCI”) industry and government requirements. PCI security standards are technical and operational requirements designed to protect cardholder data. The standards apply to all organizations that store, process or transmit cardholder data and cover technical and operational payment system components involving cardholder data. Notwithstanding the credit card processing requirement, we do not represent, nor certify to you or your customers that the credit card processing service approved or provided by us or an affiliate is compliant, whether or not certified as compliant, with the PCI Data Security Standards.

Other than the Commissary, Mid-Carolina, and Ethos, neither we, any affiliate, nor our owners are currently approved suppliers or own an interest in an approved supplier, however, we reserve the right to do so in the future.

We do not provide Franchisees with any material benefits based upon a Franchisee’s use of approved suppliers, but you must use such suppliers to comply with your obligations under your Franchise Agreement with us.

Method of Approving Suppliers.

We may, but are not obligated to, grant your request to: (i) offer any products or services in connection with your Restaurant that are not Approved Products and Services; 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 supplier or non-approved product evaluation fee when submitting your request. If you make such a proposal, we reserve the right to charge you the greater of (a) the costs/expenses we incur in evaluating/testing your proposal, or (b) \$1,500 per proposal. We may ask you to submit samples or information so that we can make an informed decision whether the goods, equipment, supplies or supplier meet our specifications and quality standards. In evaluating a supplier that you propose to us, we consider not only the quality of the particular 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 90 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. If you do not receive a notification from us within that 90-day period, the supplier is deemed disapproved. 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.

Revenue Derived

We and/or our affiliates may derive revenue from, or on account of, purchases that our System franchisees must make in connection with the development or ongoing operation of Franchised Businesses. As of our fiscal year ended December 31, 2024, neither we nor our affiliates derived any revenue on account of System franchisee purchases.

Required Purchase Percent of 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 80% to 95% of your total costs incurred in establishing your Franchised Business, and approximately 45% to 70% 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 Premises.

Warranty and Customer Service Requirements.

Our franchisees guaranty the satisfaction of our customers. Therefore, if a customer complains about the food or another aspect of their dining experience, we have established certain procedures you are required to follow to resolve the concern, which could result in not charging the customer for the services provided or providing discounts for future services.

Purchasing or Distribution Cooperatives.

We may, when appropriate, negotiate purchase arrangements, including price terms, with designated and Approved Suppliers on behalf of the System. We may 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 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 do not currently have any purchasing or distributing cooperatives, but we reserve the right to create such cooperatives in the future.

Insurance.

You are obligated to obtain and maintain at your own expense, such insurance that we require from time to time from a nationally-recognized insurance company and at all times during the term of the Franchise Agreement maintain in force and pay the premiums for all types of public liability insurance with complete operations coverage, with limits of liability for bodily injury, personal injury and advertising injury of not less than \$2,000,000, with limits of liability for property damage of not less than \$1,000,000 in each occurrence, \$2,000,000 of public and product liability coverage, non-owned vehicle coverage of at least \$500,000 for Restaurants, and business interruption insurance covering at least one full year of interrupted operations. You are currently required to maintain, in the amounts we prescribe from time to time, cyber liability coverage in the amount we specify in the Franchise Agreement, including, but not limited to, property damage, fraud, and business interruption.

Approved Premises and Lease.

You must obtain our approval of the premises for your Restaurant before you acquire the site (“Premises”). You must also obtain our approval of any contract of sale or lease for the Premises before you execute the contract or lease. You must also ensure that you comply with all of our System standards and specifications related to the build-out, remodeling and/or construction of your Franchised Business at the Premises. In the future, we may provide you with a template form of Letter of Intent or proposed Lease to use in connection with your Lease negotiations.

As previously discussed, we currently have Approved Suppliers for certain project management as well as construction/build-out services, which we may require you to use in the establishment of your Restaurant.

ITEM 9. FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION IN AGREEMENT	SECTION IN DEVELOPMENT AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Sections 2, 5 and 6	Section 1 and Exhibit A of the Development Agreement	Items 7, 8, and 11
b. Pre-opening purchases/leases	Sections 4, 5 and 6	Nothing Additional (see Franchise Agreements signed)	Item 8
c. Site development and other pre-opening requirements	Sections 2, 5 and 6	Sections 1, 5 and Exhibit A of the Development Agreement	Items 7, 11

OBLIGATION	SECTION IN AGREEMENT	SECTION IN DEVELOPMENT AGREEMENT	DISCLOSURE DOCUMENT ITEM
d. Initial and ongoing training	Sections 5 and 6	Nothing Additional (see Franchise Agreements signed)	Item 11
e. Opening	Sections 5 and 6	Nothing Additional (see Franchise Agreements signed)	Items 5, 7, 11
f. Fees	Sections 3, 4, 9 and 13(E)	Section 2	Items 5, 6, 7, and 17
g. Compliance with standards and policies/Operations Manual	Sections 5 and 6	Nothing Additional (see Franchise Agreements signed)	Items 13 and 15
h. Trademarks and proprietary information	Section 7	Nothing Additional (see Franchise Agreements signed)	Items 13 and 14
i. Restrictions on products/services offered	Sections 5 and 6	Nothing Additional (see Franchise Agreements signed)	Item 16
j. Warranty and customer service requirements	Section 6	Nothing Additional (see Franchise Agreements signed)	Item 15
k. Territorial development and sales quotas	Not Applicable	Section 1 and Exhibit A of the Development Agreement	Not Applicable
l. Ongoing product/service purchases	Sections 5 and 6	Nothing Additional (see Franchise Agreements signed)	Not Applicable
m. Maintenance, appearance and remodeling requirements	Section 6	Nothing Additional (see Franchise Agreements signed)	Item 9
n. Insurance	Sections 6 and 11	Nothing Additional (see Franchise Agreements signed)	Items 6 and 9
o. Advertising	Sections 4, 5, 6 and 9	Nothing Additional (see Franchise Agreements signed)	Items 6 and 9
p. Indemnification	Section 11	Nothing Additional (see Franchise Agreements signed)	Item 6
q. Owner's participation/management/staffing	Section 6	Nothing Additional (see Franchise Agreements signed)	Item 15

OBLIGATION	SECTION IN AGREEMENT	SECTION IN DEVELOPMENT AGREEMENT	DISCLOSURE DOCUMENT ITEM
r. Records and reports	Sections 4, 6 and 10	Nothing Additional (see Franchise Agreements signed)	Items 6, 16 and 17
s. Inspections and audits	Section 5 and 10	Nothing Additional (see Franchise Agreements signed)	Item 6
t. Transfer	Section 13	Section 8	Item 17
u. Renewal	Section 3	Nothing Additional (see Franchise Agreements signed)	Item 17
v. Post-termination obligations	Sections 14(B) and 16	Sections 12 and 13	Item 17
w. Non-competition covenants	Section 14	Section 16	Item 17
x. Dispute resolution	Sections 19 and 21	Sections 13 through 22	Items 6 and 17

ITEM 10. FINANCING

Neither we, nor our affiliates or agents, offer direct or indirect financing to franchisees, nor do we guarantee your obligations.

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

Except as disclosed below, we need not provide any assistance to you.

Pre-Opening Assistance

1. If you have entered into a Development Agreement, we will discuss and agree upon your Development Area under your Development Agreement.

2. We will provide site selection guidelines and assistance (as described more fully below in this Item 11), as we deem appropriate in our discretion, in connection with selecting the Premises for each of your Restaurant(s). We will also review, and subsequently approve/reject, any proposed lease or purchase agreement for each location that you propose as a Premises for any Franchised Business. We do not typically own premises and lease them to franchisees. (Franchise Agreement, Sections 2(B) and 5(F));

3. Once you secure a Premises that we approve for a Restaurant, we will define your Designated Territory for that Restaurant and include its boundaries in a Data Sheet attached as Exhibit A to your Franchise Agreement. (Franchise Agreement, Section 2(D));

4. We may provide on-site assistance and training at your Premises (the “On-Site Assistance”). We may also decide, at our reasonable discretion, that you require more than the standard seven (7) to ten (10) days of On-Site Assistance. If we provide such additional On-Site Assistance, you

will be required to pay the salary and expenses of our representatives for each additional day of On-Site Assistance. (Franchise Agreement, Section 5(B)).

5. We will provide you with a list of our Approved Products and Services and Approved Suppliers (to the extent we have designated them), either as part of the Manuals or otherwise in writing. We do not deliver or install these items. (Franchise Agreement, Section 5(E));

6. We will review and approve your signage, the proposed layout and design of your Premises (which must be prepared by our Approved Supplier unless we agree otherwise in writing), as well the equipment, furniture and fixtures used in connection with your Franchised Business, as we deem appropriate and advisable in our discretion. We do not assist franchisees in conforming the Premises to local ordinances and/or building codes, nor with obtaining any required permits and/or the hiring and training of employees. (Franchise Agreement, Section 6(H));

7. We will assist in managing the process and designating the appropriate furniture, fixtures, and equipment (“FF&E”) for your restaurant based on the specific requirements of your Premises. You will be responsible for ordering the FF&E we designate. You will be responsible for the cost of such items. Subject to the requirements of the Approved Suppliers, you may be required to pay 50% of the cost upon ordering and the balance upon delivery of the FF&E. (Franchise Agreement, Section 6(H).)

Initial Training Program and Related Training Disclosures

We will provide you and other management personnel you designate with our proprietary initial training program (the “Initial Training Program”) regarding our System methods and techniques related to the establishment and operation of a franchised Restaurant. We will provide this training to you and two (2) managers tuition-free, but you are solely responsible for all costs and expenses you (and all other attendees) incur in connection with attending the Initial Training Program. You may be required to engage at least one (1) operations manager (“Operations Manager”), and the Operations Manager(s) you do hire must attend and complete our training program. If we approve your franchise operating with an Operations Manager, all said managers must successfully complete the training program, unless we waive this requirement. Other managers may attend said training, and you will be required to pay for the extra managers to attend such training. (See Item 6 — Initial Training for more information.)

We plan to conduct the training program on demand, with prior notification to balance your convenience with the efficiencies achieved by training several classes at a time. All phases of training will be conducted at our corporate office or at an alternate location we designate (e.g., a franchisee restaurant), and it is generally 14 days in duration. You must complete the training program to our satisfaction before we will authorize you to open your Restaurant.

This Initial Training Program does not include the seven (7) to ten (10) days of On-Site Assistance we will also provide at your Restaurant prior to opening.

The Initial Franchise Fee includes the cost of initial training for up to three persons pre-opening. You bear all indirect training costs and expenses, such as salary expenses of your employees and all expenses of travel, lodging, meals, and other living expenses you and your designees incur.

The training program will typically be provided in “phases” as follows:

Phase 1: Classroom education – Standard operating procedures, chart of accounts, technology support, POS education, loyalty programs, guest feedback platform, distribution, vendors, order and receiving, cost of sales analysis, labor tracking,

unit level economics, hiring and retention, new restaurant opening, hospitality guide, safe food handling requirements, employee relations, marketing

Phase 2: In restaurant education – Front of house position education, back of house position education, shift change, opening and closing procedures, management functions, managing technology platforms.

Phase 3: Corporate day and certification; Q+A session

The exact amount of time spent on each part of the training will depend on the time required for mastery by the student participating in the training and achieving 90 percent on all training materials and tests. We use various trainers throughout the training program, but all of the trainers will be certified by us as having mastered the subject matter they are teaching and have a minimum of 5 years of restaurant experience. In addition to our training program, you will be required to obtain while in training your Serve Safe Certificate. Your managers will be required to pass this required test prior to your opening day.

The following table provides a basic overview of the topics of instruction comprising our initial training:

TRAINING PROGRAM

SUBJECT	HOURS OF ON THE JOB TRAINING	HOURS OF CLASSROOM TRAINING	LOCATION
Serve Safe	0.0	8.0	Third-Party Training Provider’s Designated Training Location for this Third-Party Training
Sammy’s Sliders Evaluations and Compliance	1.0	1.0	Corporate Office, Winston-Salem/Training Store
Marketing	0.0	4.0	Corporate Office, Winston-Salem/Training Store
Unit Level Economics	0.0	4.0	Corporate Office, Winston-Salem/Training Store
Loyalty/Rewards Programs	0.0	1.0	Corporate Office, Winston-Salem/Training Store
Guest Services	0.0	1.0	Corporate Office, Winston-Salem/Training Store
Hiring Talent	0.0	1.0	Corporate Office, Winston-Salem/Training Store
Mock Night/Grand Opening	0.0	1.0	Corporate Office, Winston-Salem/Training Store
Food Binder	12.0	2.0	Corporate Office, Winston-Salem/Training Store
POS and Reporting	8.0	4.0	Corporate Office, Winston-Salem/Training Store
Manager Log	4.0	1.0	Corporate Office, Winston-Salem/Training Store
FOH Training	13.0	0.0	Corporate Office, Winston-Salem/Training Store

SUBJECT	HOURS OF ON THE JOB TRAINING	HOURS OF CLASSROOM TRAINING	LOCATION
BOH Training	50.0	0.0	Corporate Office, Winston-Salem/Training Store
Supply Chain/Vendors/US Food Order	6.0	2.0	Corporate Office, Winston-Salem/Training Store
Manager Duties	14.0	2.0	Corporate Office, Winston-Salem/Training Store
TOTAL	108.0	32.0	

The initial training program will be supervised by Whitney Mann, who has 20 years of relevant industry experience and over three (3) years of experience working with us and our affiliates. Before we approve or schedule you (or any of your initial personnel) to attend any portion of the Initial Training Program, you must: (i) submit, and obtain our approval of, your Initial Marketing Spend; (ii) undertake all steps to establish the EFT Account to use in connection with your Restaurant, including ensuring that both we and our designee has all authorizations and approvals necessary to access this EFT Account; (iii) demonstrate that you have all required insurance policies in place and that such policies name us and our designees as additional insureds; and (iv) provide us with completed and signed copies of all exhibits to your Franchise Agreement, to the extent such exhibits have not been signed or need to be updated/completed. (Franchise Agreement, Section 5(B)).

In addition to the Initial Training Program, we may make an online training course available for your staff if and when such a training course is established.

While we are not required to do so, at about the time of opening we may send an officer, staff member, or a designated Franchisee or contractor to attend if possible, the opening of your Restaurant, to assist you. (Franchise Agreement Section 5). We typically will provide a front and back operations trainer from our staff 3-4 days prior to the scheduled opening date, opening day, and 6 consecutive days thereafter.

If you enter into a Development Agreement with us to operate multiple franchised Restaurants, then please be advised that you must: (i) supply a “front of house” trainer and a “back of house trainer” to complete the training team requirements at the time of initial training in connection with your second franchised Restaurant, who will in turn (a) work with our trainers in connection with the provision of the on-site training and assistance, and (b) receive, as we determine appropriate, additional training and guidance from our training personnel; and (ii) supply 1 “front of house” trainer, 1 “back of house” trainer, and one supervisor trainer to complete the training team requirements in connection with the third franchised Restaurant and any Additional Restaurant at the time that the initial training program must be completed in connection with that Restaurant, who will in turn be responsible for providing all instruction and training to the personnel of that Restaurant.

Operations Manual

We will loan you one copy of our confidential and proprietary Manuals. You must operate your Restaurant in accordance with the Manuals and all applicable laws and regulations. You must keep the Manuals confidential and current, and you may not copy any part of the Manuals. You are required to keep a copy of the Manuals at your Premises, and if there is a dispute relating to the contents of the Manuals, then the master copy (which we maintain at our corporate headquarters) will control.

If you lose any hard copy and/or otherwise compromise access to any of our Manuals, you must pay us \$1,000. Your employees are to see them only on a need to know basis, subject to confidentiality

agreements. We may modify this material from time to time and its modified terms are binding on you. Most of the volumes of the Operations Manual are provided electronically and not in paper format. The Operations Manuals currently contain a total of approximately 367 pages, and the table of contents is set forth in Exhibit F.

We reserve the right to disclose updates to the Manuals in writing in any manner, including electronic means such as e-mail, our website and any intranet or extranet that we establish in connection with the System. We may periodically amend, update or replace the contents of the Manuals. Beginning on the 30th day (or any longer time we specify) after our delivery of written notice, you will comply with each amended, updated or replaced provision. Revisions to the Manuals will be based on what we, in our sole discretion, deem is in the best interests of the System, including promoting quality, enhancing good will, increasing efficiency, decreasing administrative burdens, or improving our and our franchisees' profitability.

Site Selection

You must assume all costs, liabilities, expenses and responsibility for: (i) locating, obtaining and developing a Premises for your Restaurant; and (ii) constructing, equipping, remodeling and/or building out the Premises for use as a Restaurant, all in accordance with our System standards and specifications. We may provide you with our current written site selection guidelines, to the extent such guidelines are in place, and any other site selection counseling and assistance we believe is advisable. Our guidelines for site selection may require that you conduct, at your expense, an evaluation of the demographics of the market area for the location. We may then use these factors in determining the suitability of your proposed site for the Premises of your Franchised Business.

In deciding whether to approve a site, we may also consider, among other things: (i) demographic characteristics, traffic patterns, allowed design and building, parking, visibility, allowed signage, and the predominant character of the neighborhood surrounding the proposed site; (ii) competition from other businesses selling similar products and services within the area and the proximity of the site to these businesses, as well as the nature of all other businesses in proximity to the site; (iii) zoning restrictions, soil and environmental issues, and other commercial characteristics; and (iv) the size, appearance, and other physical characteristics of the proposed site.

We must also have the opportunity to review and approve/reject any lease or purchase agreement for a proposed Premises before you enter into such an agreement. We may condition our approval on a number of conditions, including: (i) providing a written representation from the landlord of the Premises that you will have the right to operate the Franchised Business throughout the term of your Franchise Agreement; and (ii) executing our current form of consent and agreement of landlord attached to the Franchise Agreement as Exhibit C. (Franchise Agreement, Sections 5(F), 6(A) and Exhibit C).

We will use reasonable efforts to approve or reject any proposed location (and corresponding lease/purchase agreement) within thirty (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 approval of a proposed location within this 30-day period, the proposed location will be deemed rejected. Our approval only means that the site meets our minimum requirements for a Restaurant. (Franchise Agreement, Section 5).

Typical Length of Time to Open Your Business

The typical length of time we estimate between your signing of the Franchise Agreement or Development Agreement (or first paying us money) and opening your Restaurant is approximately 12 months. Prior to opening your business, you must perform the following tasks. We may assist you in this effort. You must secure a site for your Restaurant within 7 months of signing the Franchise Agreement and open your Restaurant no later than 12 months after you sign the Franchise Agreement. If we fail to agree on a site, or you fail to open the Restaurant with the required time period, your Franchise Agreement will be subject to termination. (Franchise Agreement, Section 6.)

TASK	TIME FRAME	FORM OF HELP
Complete Business Plan	8-12 months before opening	Guidance from us as we deem appropriate
Sign Development Agreement	8-12 months before opening	Assistance from us as we deem appropriate
Sign Franchise Agreement	8-12 months before opening	Assistance from us as we deem appropriate
Discovery Day- Observe SAMMY'S SLIDERS Operations	8-12 months before opening	Assistance and Guidance from us as we deem appropriate
Conduct Site Research	6-8 months before opening	Assistance from us as we deem appropriate
Establish Vendor Relationships	5-6 months before opening	Assistance from us as we deem appropriate
Complete Lease Negotiations	3-5 months before opening	Assistance from us as we deem appropriate
Build Out Space	3-4 months before opening	Guidance from us as we deem appropriate
Attend Phase 1 Initial Training	2-3 months before opening	Manuals and Classroom Training from us, as we deem appropriate
Attend Phase 2 Initial Training	2-3 months before opening	Manuals and In store Training from us as we deem appropriate
Submit Opening Orders	1-2 weeks before opening	Assistance from us as we deem appropriate

The factors that may increase or decrease the time periods discussed above are: the amount of time and effort you commit to the site selection process and the construction of your Restaurant; the availability of acceptable sites within the geographical area you choose; your ability to obtain a lease, financing and building permits; your credit and personal financials, zoning, and licensing requirements. Delays or a lack of effort by you, your contractors, or your prospective landlord will increase these time periods, and will result in the delayed training of your staff. We will only send trainers after you pass your last inspection and you are permitted to open by state and local regulations.

If you have entered into a Development Agreement to open and operate multiple Franchised Businesses, your Development Agreement will include a Development Schedule containing a deadline by which you must have each of your Franchised Businesses open and operating. Your Development Schedule may depend on the number of Franchised Businesses you are granted the right to open and operate. (Development Agreement, Section 5).

If you fail to open any Restaurant within the appropriate time period outlined in the Development Agreement, we may terminate your Development Agreement. You will not have any further development rights within the Development Area upon termination of your Development Agreement, except to continue operating the Restaurant(s) that were already open and operating as of the termination date. We must approve of the Premises you choose for each Restaurant you are required to open under the Development Agreement.

If you change your employment, business or financial status before the opening of your Restaurant, you do so at your own risk. Any and all such changes should be made only as a result of careful thought and advanced planning after obtaining advice from appropriate professional advisors.

Post-Opening Obligations

1. We may require you and, if applicable, your Operations Manager to attend annual additional/refresher courses, as we deem necessary in our sole discretion (“Additional Training”). You may be required to pay our then-current Training Fee (as disclosed more fully in Item 6 above) for any Additional Training you and your employees attend. You will also be solely responsible for all expenses incurred in attending Additional Training. (Franchise Agreement, Section 5(D)).

2. We may provide you with continuing consultation and advice, as we deem necessary in our sole discretion, regarding the management and operation of the Franchised Business. We may provide this assistance by telephone, facsimile, or intranet communication, as we deem advisable and subject to the availability of our personnel. (Franchise Agreement, Section 5(H)).

3. We will approve or deny any advertising/marketing materials you wish to use in connection with your Franchised Business as described more fully below in this Item 11 under the heading “Advertising and Marketing.” (Franchise Agreement, Section 5(I)).

4. We will approve or disapprove your requests to: (i) purchase and/or offer non-approved products or services in connection with the Franchised Business; and (ii) make Required Purchases from suppliers other than our then-current Approved Suppliers. (Franchise Agreement, Section 5).

5. We may schedule and hold an annual conference, as we deem advisable in our sole discretion, to discuss the current state of the System, improvements to the System, hold discussion forums for System franchisees and recognize certain franchisees. In the event we schedule a conference, we may require you to attend for up to five (5) days each year. You will be responsible for the costs and expenses you incur in connection with any annual conference/convention (lodging, travel, meals, etc.), but we will not charge you an attendance/registration fee. If you do not attend a scheduled required event, we may charge a non-attendance fee of \$1,000 per required attendee (Franchise Agreement, Section 5(Q)).

6. We will display the contact information of your Franchised Business on the website that we or our designee maintains to advertise and promote our brand, our Proprietary Marks and other Restaurant locations, provided you are in compliance with the terms of your Franchise Agreement. We will also have the right to discontinue operation of the Website at any time without notice to you. We may require that you maintain and utilize a specific e-mail account in connection with the Restaurant. You may not establish or operate a website, web page, domain name, Internet address, blog, forum or email address that in any way concerns, discusses or alludes to us, the System or your Restaurant without our written consent. The Proprietary Marks may not be used as part of, in conjunction with, to establish, or to operate any domain names, Internet addresses, blogs, forums or Networking Media Sites, unless specifically approved by us. You may not post, and must take such steps as necessary to ensure that your employees do not post, any information to any online site (networking, social media, etc.) relating to us, the System,

the Proprietary Marks, or the Restaurant that (a) does not comply with our social networking guidelines described in the Operating Manuals, (b) is derogatory, disparaging, or critical of us, the System, or the Proprietary Marks, (c) is offensive, inflammatory or indecent, or (d) harms the goodwill and/or public image of the System and/or the Proprietary Marks. You may not establish or permit or aid anyone else to establish any links to any website or any other electronic or computer-generated advertising or communication arrangement which we may create. Subject to the terms of the Franchise Agreement and Operations Manual, we may make available to you a sub-page on the Website that will be located at a sub-domain of the Website to be specified by us (the "Subpage"). You will be permitted to upload content onto the Subpage solely to promote, and provide customers information related to your Restaurant. You may only upload content onto the Subpage in accordance with terms of the Franchise Agreement and any guidelines, directives or specifications (collectively, "Subpage Standards") issued by us. The Subpage may not contain content which references any other Restaurants other than your Restaurant. You may not upload, publish, display, or otherwise include or use any content on the Subpage without receiving our approval. Once we approve the initial content of the Subpage, you must submit any changes to us before you make any changes. We may, at any time, cease to make the Subpage available to you or the public. We may also design the Website for taking delivery orders from customers and routing that to you. We will be solely responsible for the development of all online ordering. Upon the termination or expiration of the Franchise Agreement for any reason or a default under the Franchise Agreement for any reason, you may not upload, content, onto, or otherwise use, the Subpage shall immediately cease and we may cease to make the Subpage available to you. Please see below in this Item 11 under the heading "Advertising and Marketing" for further information. (Franchise Agreement, Section 5(J)).

7. We also may maintain one or more social media sites (e.g., www.twitter.com; www.facebook.com, or such other social media sites). You may not establish or maintain any social media sites utilizing any user names, or otherwise associating with the Proprietary Marks, without our advance written consent. We may designate from time to time regional or territory-specific user names/handles to be maintained by you. You must adhere to the social media policies established from time to time by us and you will require all of your employees to adhere to the social media policy as well

8. We may administer and maintain a System-wide brand development Fund, as we determine appropriate in our discretion, for the benefit of the System. (Franchise Agreement, Section 5(M)).

9. We may conduct, as we deem advisable in our sole discretion, inspections of the premises and audits of the Franchised Business and your operations generally to ensure compliance with our System standards and specifications as well as to consult in the development and growth of your Franchised Business. We may also prepare written reports outlining any recommended or required changes or improvements in the operations of your franchised Restaurant, as we deem appropriate in our sole discretion, and detail any deficiencies that become evident as a result of any inspection or audit. If any inspection reveals any deficiencies, you will be responsible for our costs in conducting such inspection. (Franchise Agreement, Section 5(L)).

10. We may supplement, revise or otherwise modify the Manuals, as we deem necessary or prudent in our sole discretion, which may, among other things, provide new operations concepts and ideas. We may provide you with these updates through various mediums, including mail, e-mail and our System-wide intranet. (Franchise Agreement, Section 2(G)).

11. If we deem appropriate, establish and maintain a Mystery Shops Program and/or Quality Assurance/Food Audits Program, as we deem appropriate in our discretion. (Franchise Agreement, Section 5(L)).

12. We may: (i) research new recipes, ingredients, equipment, products, services and methods

of doing business and provide you with information we have developed as a result of this research, as we deem appropriate in our sole discretion; and (ii) create and develop additional products and services to be offered or provided as Approved Products and Approved Services at or from a Restaurant, including proprietary products and services sold under the marks we designate. (Franchise Agreement, Section 2(G) and 5(K)).

Advertising and Marketing

Advertising Generally

All advertising and promotion materials that you use in connection with your Restaurant must be created by or 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. (Franchise Agreement, Section 9(A)).

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 ten (10) days prior to publication. We will use commercially reasonable efforts to notify you of our approval or disapproval of your proposed materials within 30 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 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. (Franchise Agreement, Section 9(B)). Failure to follow our instructions regarding pre-approval of advertising materials will result in fines. These fines will be as follows: 1st infraction: \$250, 2nd infraction: \$500 and third infraction: \$1,000. Imposition of these fines will in no way waive our right to consider your use of unapproved advertising as a default-triggering event, such as that described at Franchise Agreement Section 15(B).

Brand Development Fund (or "Fund")

We reserve the right to establish and administer a brand development fund (the "Fund") for the benefit of the entire System. We intend to use the Fund to meet certain costs related to maintaining, administering, directing, conducting and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which we believe will enhance the image of the System. As of the Issue Date, you must contribute to our Fund in an amount equal to two percent (2%) of the Gross Sales generated by your Franchised Business in the preceding calendar month. We may increase your Fund Contribution after the initial 12-month period disclosed above to an amount equal to up to three percent (3%) of the Gross Sales generated by your Franchised Business during the immediately preceding month upon 60 days' prior written notice in the Manuals or otherwise.

We, or an Affiliate (or another entity we specify), will direct and determine all programs the Fund finances, with sole control over all creative and business aspects of the Fund's activities. We have the sole discretion to settle or forgive any accrued and unpaid Fund contributions owed by a franchisee. With any advertising funds paid, we have sole discretion as to how and where the money is spent to promote, enhance, or further the growth of the system, including, without limitation, promotional marketing, public relationships, and advertising expenses, hiring marketing, public relations and advertising agencies and

internal personnel to assist in developing the brand name and average unit volumes, expenses associated with listings in any form of media, subsidies of premiere/marquis restaurants designed to garner media attention and promote the brand name, travel expenses in connection with promotions and marketing meetings, training, development of Proprietary Marks and trademarked materials, production of circulars, media, advertisements, coupons, and promotional materials (including point of purchase materials), market research, developing training tools designed to assist System franchisees, the cost of developing and maintaining a System websites and other digital marketing tools, developing and deploying mystery shopper programs and for any other use we determine. Additionally, we can use the Fund to pay for expenses incurred in developing and maintaining non-franchise sales portion of our corporate website. We are not required to spend any advertising funds in your specific area or territory. Materials provided by the Fund to all Franchisees may include video and audio-files, mats, posters, banners, and miscellaneous point-of-sale items. The Fund periodically may give you sample advertising, marketing, promotional formats and materials at no cost. We or an Affiliate may sell you multiple copies of such materials at the direct cost of producing them, plus any related shipping, handling, and storage charges.

We occasionally provide for placement of advertising on behalf of the entire franchise system, including Franchisees. However, most placement is on a local basis, typically by local advertising agencies hired by individual Franchisees or advertising cooperatives. While we have not yet done so, we have the right in the future to use advertising fees paid by our Franchisees to place advertising in national media (including broadcast, print or other media). Advertising funds are used to promote the products sold by Franchisees. A brief statement regarding the availability of information regarding the purchase of a franchise may be included in advertising and other items produced using the Fund; provided that we will not use Fund funds principally to sell franchises.

We, or an Affiliate, will account for the Fund separately from our and its other funds (although we or it need not keep Fund contributions in a separate bank account) and not use the Fund for any of our or its general operating expenses. However, the Fund may reimburse us and Affiliate for the reasonable salaries and benefits of personnel who manage and administer, or otherwise provide assistance or services to, the Fund; the Fund's administrative costs; travel-related expenses of personnel while they are on Fund business; meeting costs; overhead relating to Fund business; conducting public relations and quality and operational enhancement programs; on-site training of personnel; and other expenses we and Affiliate incur administering or directing the Fund and its programs, including conducting market research, preparing advertising, marketing, promotional, and lead-generation formats and materials, collecting and accounting for Fund contributions, paying taxes due on Fund contributions received, and any other costs or expenses we and Affiliate incur operating or as a consequence of the Fund. The Fund is not a trust, and we and Affiliate do not owe you fiduciary obligations for maintaining, directing, or administering the Fund or for any other reason.

We have the right to establish in the future an affiliate or other business entity to collect Fund Contributions from our System franchisees. We expect that the Fund will be administered by us and/or our accounting and marketing personnel under our direction. We may have the Fund borrow from us or other lenders to cover any Fund deficits. We may have the fund invest any surplus for the Fund's future use. You will be able to obtain an accounting annually upon written request to our Chief Executive Officer at our principal place of business 120 days after our latest fiscal year end. We claim no power to require that advertising cooperatives be formed, changed, dissolved or merged. (Franchise Agreement - Section 9).

We will not be required to spend any of your Fund Contributions in the Designated Territory you are awarded under your Franchise Agreement, and we will provide you with an unaudited accounting of the Fund within 120 days after our fiscal year end (upon your written request). We are not required to have the Fund audited, but we may do so and use the Fund Contributions to pay for such an audit. If we do not spend all Fund Contributions in a given year, any excess funds will rollover into the Fund for use during

the following year. We will have the right to modify or discontinue the Fund (if established), as we deem appropriate in our sole discretion.

In our fiscal year ended December 31, 2024, we did not collect or expend any Fund Contributions.

The Fund will not be used principally to develop materials and programs to solicit franchisees. However, media, materials, and programs (including the System website) prepared using Fund contributions may describe the franchise program, reference the availability of franchises and related information, and process franchise leads. We have the right, but no obligation, to use collection agents and institute legal proceedings at the Fund's expense to collect unpaid Fund contributions. We also have the right to forgive, waive, settle, and compromise all claims by or against the Fund. We and any Affiliate assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Fund.

Regional Cooperatives.

We reserve the right to establish regional cooperatives that are comprised of a geographical market area that contain two (2) or more Restaurants (whether a Franchised Business or Affiliate-owned) (each a "Cooperative"). If we assign your Restaurant to a Cooperative we establish, you must work with the other Restaurant owners in your Cooperative and us to develop and implement regional advertising campaigns designed to benefit all the Restaurants within the geographical boundaries of the Cooperative. We have not established any Cooperatives as of the Issue Date of this Disclosure Document. We will have the right to establish, modify, merge and dissolve Cooperative as we deem appropriate. Any amounts you expend on Cooperatives will be credited towards your Local Advertising Requirement. (Franchise Agreement, Section 9(H))

Franchise Advisory Council.

While we are not required to do so, we may create and maintain a Franchise Advisory Council ("FAC") that will be permitted to provide advice to us on various matters, including advertising generally. The FAC will serve in an advisory capacity only and will have no operational or decision-making power. Four of the members are elected by franchisees and one member is appointed by our CEO. We have the power to change or dissolve an FAC, once established, at any time upon 30 days' prior written notice in the Manuals or otherwise. (Franchise Agreement, Section 9(F)).

Initial Marketing Spend

You are required to spend a minimum of \$5,000-\$7,500 on initial marketing (the "Initial Marketing Spend"). The cost of the Initial Marketing Spend depends upon the market, media buying power, and the number of Restaurants in the existing market. This amount includes the estimated cost of radio advertising, public relations, direct mail, coupons, circulars, and other forms of media. We may require that you pay this amount to us and, with your input, we will spend it on marketing activities for you. These expenditures will occur approximately 60 days prior to opening and continuing through the first 30-60 days after opening. (Franchise Agreement, Section 9(C)).

Local Advertising Requirement (or "LAR")

In addition to the Initial Marketing Spend, you must make a minimum expenditure each month amounting to one percent (1%) of Gross Sales on advertising and marketing the Franchised Business within the Designated Territory (the "Local Advertising Requirement"). We may request proof that you are spending the Local Advertising Requirement each month, and in the event our audit indicates that you have

not expended the Local Advertising Requirement during any reporting period, we may require you to contribute to the Brand Development Fund the difference between the LAR expenditure requirement and what has been actually expended in your Territory.

Computer System/Point of Sale System

You are required to use point of sale hardware and accounting software approved by us, including, without limitation, touchscreens, printers, cash drawers, a server and modem, and assorted cables and mounting hardware. We estimate that the costs of the hardware associated with your POS system will be approximately \$2,900 to \$5,900, depending on the (a) design/layout of your franchised Restaurant, and (b) the number of POS terminals you use (as well as the design/layout) at your Restaurant.

You are also required to have an office scanner to scan documents to us, and you must provide us with electronic and independent access to your security cameras. You will be required to give us continuous access via the internet to your security cameras to allow us to assist you in training and compliance with system standards. We have no liability to you for our use of or failure to use this access privilege. You are required to license our designated POS software that, as of the Issue Date, has a monthly subscription of no more than \$250-\$450 per month for software service fee.

The software for your point of sale system may be either proprietary to us or commercially produced software. While the hardware and software are not proprietary, you are required to purchase the approved hardware and software we require from either our Approved Supplier or a supplier you select. In order to promote system-wide compatibility, we may, at our option, in the future require you to purchase the software and/or computer hardware from us or a different designated supplier. You must purchase or lease the required hardware, modem, and communications software as designated by us. As the current computer system requirements change, you may be required to upgrade or update your hardware and software. There are no restrictions on the frequency or the cost of upgrading. If the software you are required to use is proprietary to us, we will grant you a license to use the software upon signing the software licensing agreement and payment of the license fee. Currently we do not have any proprietary software, but we may develop some in the future. We have the right to impose a monthly maintenance for such proprietary software. You must pay the monthly maintenance fee if you wish to use the proprietary software (which we may raise upon 90 days' notice).

ITEM 12. TERRITORY

Franchise Agreement

Upon the latter of your execution of the Franchise Agreement or Site Selection Addendum – which will depend on whether we have approved your Restaurant location when you sign your Franchise Agreement – you will be awarded a geographical area around your premises wherein we will not open or locate, or license any third party the right to open or locate, another Restaurant that utilizes the Proprietary Marks and System for so long as you are not in default of your Franchise Agreement (your “Designated Territory”) and subject to our reserved rights set forth in this Item below

Typically, your Designated Territory will be a radius around your Restaurant premises but we may base your Designated Territory on an area around your premises that contains a certain population. If your Designated Territory is not based on the population and other demographics of the region wherein your Restaurant is located, then your radius will typically be between a radius of 3 miles around that premises, unless your Restaurant is located in (a) a city or other urban area, or (b) other densely populated business district. If that is the case, your Designated Territory will typically be a radius around your Restaurant premises that is between .5 miles and 1 mile.

Upon termination or expiration of your Franchise Agreement, you will no longer have any rights within the Designated Territory. We may also terminate your territorial rights within your Designated Territory in lieu of terminating your Franchise Agreement if your Franchise Agreement is subject to termination. Otherwise, the territorial rights granted within your Designated Territory under a Franchise Agreement are not contingent upon achieving a certain sales volume, market penetration, or any other contingency and cannot be altered.

The size of your Designated Territory may vary from other System franchisees based on the location and demographics surrounding your Premises. The factors that we consider in determining the size of your Designated Territory include current and projected market demand, demographics and population based on our research and experience, median household income, presence of other businesses, location of competitors, traffic patterns, access and visibility, location of other Restaurants, our future development and other market conditions.

The boundaries of your Designated Territory may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map attached to the Data Sheet. The sources we use to determine the population within your Designated Territory will be publicly available population information (such as data published by the U.S. Census Bureau or other governmental agencies and commercial sources).

Your Designated Territory is protected only to the extent that no one may locate another Restaurant utilizing our then-current Proprietary Marks and System from a traditional location within the boundaries of your Designated Territory. We and our affiliates reserve the right, however, to open and operate, or license a third party the right to open or operate, another Restaurant within your Designated Territory if it is located at a Non-traditional Site (as described more fully below in this Item and in Item 1). For this reason, we must disclose the following: You will not receive an exclusive territory. You may face competition from other franchises, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Relocation of a Restaurant

You may not relocate the site of the original Restaurant without our express written permission. Should you relocate the Restaurant without such permission the new location will be treated as an entirely new franchise sale subject to new initial franchise fees as provided in the Franchise Agreement and to such other provisions as would apply to a new franchise sale. If your landlord terminates your right to possession of your approved business premises before the term of your Franchise Agreement expires, then you and we must determine a new location within 60 days.

Development Agreement

When you sign your Development Agreement, you will receive a Development Area that is mutually agreed upon by the parties, and you will maintain certain territorial rights within this Development Area until the earlier of (i) the date you have executed a franchise agreement for each Restaurant you were granted the right to open under your Development Agreement, (ii) the date your Development Agreement is terminated for breach or failure to meet your development obligation, or (iii) the date your Development Agreement expires. During the term of the Development Agreement, we will not operate, nor allow any other party to operate, a Restaurant using the Proprietary Marks and System, from a physical location in your Development Area (except at Non-traditional Sites as described in this Item). Your Development Area under the Development Agreement will most likely be larger than the Designated Territory granted in connection with a typical Franchise Agreement (but that may not always be the case).

You will lose your territorial rights within the Development Area you are granted under your Development Agreement if your Development Agreement is terminated on the grounds set forth in your agreement. Otherwise, you will not lose your territorial rights until the expiration of your Development Agreement.

Your Development Agreement does not grant to you a license to (a) operate a franchised Restaurant, or (b) utilize our Proprietary Marks, both of which may only be granted through a franchise agreement with us. The Development Agreement simply grants to you the right to develop a designated number of Restaurants within your Development Area in accordance with the agreed-upon Development Schedule.

Permitted and Restricted Sales and Advertising Activities

All Restaurants may sell their products and services to any customer that visits the Restaurant location, regardless of whether that customer resides within the Designated Territory granted in connection with that Restaurant.

Each Restaurant, however, is to be operated solely as a retail restaurant business, and you must not: (i) offer or sell any items through any alternative channels of distribution, including e-commerce, telemarketing, mail order catalogs, computer and/or Internet marketing or any other system (in other words, in any fashion other than selling to the patrons visiting your Restaurant, unless we authorize a specific off-site event that your Restaurant may service); or (ii) to sell any product at a lower price to persons who do not dine in your Restaurant than you charge at the time in connection with regular dine-in customers (subject to applicable federal and/or state laws).

You may not sell any products through group buying services such as Groupon or Living Social or otherwise offer discounts or coupons without our prior written approval.

Reserved Rights

We and our affiliates reserve the right to open and operate, as well as license third parties the right to open and operate, any Restaurant or other location that utilizes the Proprietary Marks and System at non-traditional locations such as hospitals, malls, mobile food trucks/carts, institutions (such as hospitals and schools), airports, casinos, parks (including theme parks), military installations, sports arenas and/or other captive venues (collectively, the “Non-traditional Sites”), within or outside the Designated Territory.

We and our affiliates also reserve the right to: (i) open and operate, or license third parties the right to open and operate, Restaurants or other locations utilizing the Proprietary Marks and System from any location outside of your Designated Territory or, if appropriate, Development Area; (ii) market, offer and sell products that are similar to the menu items offered and sold by a Restaurant under a primary mark that is different than the Proprietary Marks, regardless of location; (iii) manufacture, offer, sell and distribute products identical or similar to the Approved Products in any alternative channel of distribution, within or outside the Designated Territory or Development Area (including the Internet and other e-commerce channels, wholesale stores, grocery stores, mail order, catalog sales, etc.); (iv) to 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 those offered by the Restaurant (but under different marks), within or outside your Designated Territory or Development Area; (v) otherwise offer and sell our proprietary sauces, mixing sauces and dips/rubs to other retail chains, provided such chains are operated under mark(s) that are different than the Proprietary Marks, regardless of location; and (vi) 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, if appropriate, Development Agreement.

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, 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 inside 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 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.

Other Relevant Disclosures

Except as described in Item 1 of this Disclosure Document, neither we nor our affiliates sell similar goods or services to the Approved Products and Approved Services offered by Franchised Businesses under our Proprietary Marks or a different mark or brand, but we reserve the right to do so as described in this Item.

Neither the Franchise Agreement nor the Development Agreement provide you with any right or option to open and operate additional Franchised Businesses (other than as specifically provided for in your Development Agreement if you are granted multi-unit development rights). Regardless, each Franchised Business you are granted the right to open and operate must be governed by its own specific form of Franchise Agreement. Neither your Development Agreement nor your Franchise Agreement grants to you any option, right of first refusal, or similar rights to acquire additional franchises within the Development Area or Territory (as applicable) or otherwise.

You may purchase additional franchises from us on our then-current terms, provided you meet our then-current criteria for a new franchisee and/or multi-unit owner. Besides the rights listed in this Item, you have no other rights of first refusal or option rights on additional territory.

[Remainder of Page Intentionally Left Blank. Item 13 Continues Below]

ITEM 13. TRADEMARKS

You will have the limited right to use the Proprietary Marks we designate for use in connection with the System. As of the Issue Date, our parent company Propelled Partners, LLC (“TM Licensor”) is the owner of the following Proprietary Marks that have been registered, or applied for registration, as indicated, on the Principal Register of the United States Patent and Trademark Office (“USPTO”):

MARK	REGISTRATION NO.	REGISTRATION DATE
SAMMY’S SLIDERS	7,541,910	October 22, 2024
	7,541,911	October 22, 2024

MARK	SERIAL NO.	FILING DATE
	98699191	August 14, 2024
BEYOND THE BUN	98574252	May 29, 2024

We were granted the right to use the Proprietary Marks and to sublicense their use to our System franchisees pursuant to a royalty-free perpetual trademark license agreement dated October 22, 2024. We expect and intend to file all required affidavits with the USPTO for the Proprietary Mark above, as and when they become due. We are not aware of any agreements in effect that significantly limit our rights to use or license the use of the Proprietary Marks listed in this Item in a manner material to the franchise.

With regard to the latter two (2) Marks listed above, we do not have a federal registration for these principal trademarks. Therefore, these trademarks do not have as many legal rights and benefits as a federally registered trademark. If our right to use these trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

We may also license our franchisees any additional marks that we develop or designate for use in connection with the operation of a Restaurant. In addition to the principal marks, we have other secondary

trademarks used to promote the business, including certain menu items or design marks using our logo, which marks we also license to you. Some of these marks are registered trademarks and others we claim common law trademark protection.

Presently, there are no agreements in effect that significantly limit our rights to use or license the use of the Proprietary Marks listed in this Item in a manner material to the franchise. We are not aware of any infringing use of our primary Proprietary Marks that could materially affect your use of them.

You must promptly notify us of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Proprietary Marks. We have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including the right to settle the proceedings or litigation. We have the exclusive right, but not the obligation, to affirmatively prosecute actions against third parties for infringement or threatened infringement of the Proprietary Marks.

We will defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks. If we, in our sole discretion, determine that you have used the Proprietary Marks in accordance with the Franchise Agreement, we will pay the cost of defending the action, including the cost of any judgment or settlement. If we, in our sole discretion, determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement, you will be required to pay for the defense or to reimburse us for costs we incurred in providing the defense, including the cost of any judgment or settlement. In the event of any litigation relating to your use of the Proprietary Marks, you are required to sign all documents and assist us, as we deem necessary, to carry out the 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 your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs in performing such acts.

We are not aware of any superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in any state; however, a federal trademark registration does not necessarily protect the use of the concerned mark against a prior user in a given relevant market area. Therefore, before entering into the Franchise Agreement, you should make every effort to ascertain that there are no existing uses of the Proprietary Marks or confusingly similar marks being used in the market area where you wish to do business. You should immediately notify us of any confusingly similar marks you discover.

We are the lawful and sole owner of the domain name sammysliders.com. You cannot register any of the Proprietary Marks now or hereafter owned by us or any abbreviation, acronym or variation of the Proprietary Marks, or any other name that could be deemed confusingly similar, as Internet domain names. We retain the sole right to advertise the system on the Internet and to create, operate, maintain and modify, or discontinue using of a website using the Proprietary Marks. You may access our website thru your assigned Restaurant web page. Except as we may authorize in writing in advance, however, you cannot: (i) link or frame our website; (ii) conduct any business or offer to sell or advertise any products or services on the worldwide web; and (iii) create or register any Internet domain name in connection with your franchise.

You may use only the Proprietary Marks which we designate and may use them only in the manner we authorize and permit. Any goodwill associated with Proprietary Marks, including any goodwill which might be deemed to have arisen through your activities, inures directly and exclusively to our benefit. You may use the Proprietary Marks only for the operation of the Restaurant and only at the Franchisee Location or in advertising for the Restaurant. You must use all Proprietary Marks without prefix or suffix and in conjunction with the symbols “SM,” “TM,” “S” or “R,” as applicable. You may not use the Proprietary Marks in connection with the offer or sale of any services or products which we have not authorized for use

in connection with the System. You may not use the Proprietary Marks as part of your corporate or other legal name. We must approve your corporate name and all fictitious names under which you propose to do business in writing before use. You must use your corporate or limited liability company name either alone or followed by the initials “D/B/A” and a business name containing one or more of the Proprietary Marks we designate. You must promptly register at the office of the county in which your Restaurant is located, or such other public office as provided for by the laws of the state in which your Restaurant is located, as doing business under such assumed business name.

All of your advertising must prominently display the Proprietary Marks and must comply with our standards for using the Proprietary Marks. All such advertising is subject to our prior written approval, which we will not unreasonably withhold. We reserve the right to approve all signs, stationery, business cards, forms, and other materials and supplies bearing the Proprietary Marks. You may use the Proprietary Marks including, without limitation, trade dress, color combinations, designs, symbols, and slogans, only in the manner and to the extent specifically permitted by the Franchise Agreement or by our prior written consent. You must submit to us and we must approve all advertising, publicity, signs, decorations, furnishings, equipment or other materials employing the Proprietary Marks, or related marks, before first publication or use. We will not unreasonably withhold our approval. You must identify yourself as the owner of the Restaurant (in the manner we prescribe) in conjunction with any use of the Proprietary Marks including, without limitation, on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations as we may designate in writing at the Restaurant premises.

We reserve the right to substitute different Proprietary Marks for use in identifying the System and the businesses operating thereunder. You must discontinue using all Proprietary Marks which we have notified you, in writing, have been modified or discontinued within 10 days of receiving written notice and must promptly begin using such additional, modified or substituted Proprietary Marks at your expense.

ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We do not own any registered patents or copyrights which are material to the franchise, however, we claim common law copyright and trade secret protection for several aspects of the franchise System including our Operations Manual, 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 Franchise System and any of our copyrighted materials in our discretion, and we 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 or Development Agreement, as applicable, you will receive information which we consider trade secrets and confidential information. You may not, during the term of the Franchise Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any trade secrets including our proprietary recipes, sauces and ingredients, operating systems, other standards and specification for the preparation and presentation of food and beverages, price marketing mixes related to products and services offered under the System, supplier networks, copyrighted materials including the Operations Manual, and other methods, techniques, and know-how concerning the operation of the Restaurant (“Confidential Information”) you will acquire in your capacity as our franchisee. 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 manager and any personnel having access to any of our Confidential Information to sign an agreement stating that they will maintain the confidentiality of information they

receive in connection with their employment and restricting their right to work for a competitor while they are employed by you. Such agreement, which will be in a form that we prescribe, will identify us as a third party beneficiary to the agreement and give us independent enforcement rights.

The Franchise Agreement or Development Agreement provide that if you, your employees, or principals develop any new concept, process or improvement in the operation or promotion of the Restaurant, including variations on proprietary recipes or other food and beverage items, you must promptly notify us and provide us with all necessary related information, without compensation. Any new concept, process or improvement will become our sole property and we will be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related to such new concepts. You and your principals will assign to us any rights you may have or acquire in new concepts you or your employees develop, including the right to modify such concept, process or improvement, and otherwise will waive and/or release all rights of restraint and moral rights to any new concepts you or your employees develop. You and your principals agree to assist us 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 us with all necessary documentation for obtaining and enforcing such rights. You and your principals will irrevocably designate and appoint us as your 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 such provisions of the Franchise Agreement and/or Development Agreement are found to be invalid or otherwise unenforceable, you and your principals will grant to us 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 the Franchise Agreement, directly or indirectly infringe on your rights to the new concepts.

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

We encourage but do not require you to personally supervise the Restaurant, and prefer to select franchisees who favor and appear committed to a “hands on” and well-informed approach to the business. We strongly recommend that you devote a substantial amount of time to your Restaurant, whether or not you engage a manager. The Restaurant must be directly supervised and managed by a person, identified to us and approved by us, who has undergone our training program or for whom, based on his or her experience, we have waived this requirement. If you are not willing to be the full-time operator of your business, then you will be required to engage a manager approved by us (the “Operations Manager”).

Your Operations Manager(s) must sign our prescribed form of Confidentiality and Non-Competition Agreement. If and when an Operations Manager leaves his or her employment at your Franchised Business, you must recruit a new Operations Manager within thirty (30) days and submit the replacement’s qualifications to us for our review and approval (which may be conditioned on completion of all Management Criteria) before substituting a new Operations Manager at any of your locations (unless you resume taking over the day-to-day operations of the Franchised Business on a full-time basis).

Your Restaurant must, at all times, be managed and staffed with at least one (1) individual who has successfully completed our Initial Training Program. In the event that you operate more than one Restaurant, you must have a properly trained Operations Manager at each Restaurant you own and operate.

In addition to the Franchise Agreement, both you and your spouse will be required to sign guarantees of performance in which you will guarantee the performance of your Restaurant’s obligations to us. The only restriction we place on the manager of your business is that the manager must execute a

confidentiality and non-competition agreement similar to the one you will execute if you purchase a franchise from us.

We expect that you will keep your Restaurant open and operating during those hours where the majority of our franchised Restaurants are open or as otherwise recommended in our Operations Manual, but as an independent contractor you may deviate from our recommended hours if (a) there are local regulations or landlord restrictions that affect your ability to actively operate your Restaurant, or (b) you otherwise provide us with notice in writing of your hours of operation and an explanation regarding any material deviation from our recommended hours of operation. Once you have been open and operating for a period of six (6) months, you must maintain at least \$25,000 in the bank account you designate for EFT and otherwise for use in connection with your Restaurant.

Each of your principal owners and their spouse must sign the franchise agreement, in the form of Exhibit B, as either the franchisee or the guarantor. In either event, by signing the franchise agreement each Principal and their spouse agrees to perform, and guarantees, all of the franchisee's obligation to us and our affiliates (including the obligations under this Agreement) and agrees to be bound by the restrict covenants, the confidentiality provisions and certain other provisions contained in the Franchise Agreement.

You may not use any Mark as part of any corporate name or with modifying words, terms, designs, or symbols except for those licensed by us. You may not use any Trademark in connection with any business or activity, other than the business conducted by you according to Franchise Agreements entered into between you and us, or in any other manner not explicitly authorized in writing by us.

All personnel employed by you in connection with the operation of your Restaurant must maintain standards of sanitation, cleanliness and demeanor as may be established by us. All personnel must wear uniforms or other clothing approved by us. In addition, you must ensure that all employees whose duties include customer service have sufficient literacy and fluency in the English language (or such other language that is the primary language in your market) to adequately serve the public at your Restaurant.

You will be solely responsible for all employment-related decisions associated with your Franchised Business personnel, including hiring, firing, scheduling and compensation. Nothing in the Franchise Agreement or Development Agreement is intended, or may be construed to, establish or create any kind of employer-employee or joint employer relationship between (a) us, and (b) you and your personnel.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all of the products which we require and only the products which we authorize for the System, in the manner we prescribe. You will not offer to sell or provide at or through the Restaurant any merchandise, products or services that have not approved in advance in writing, or use the premises for any other purpose other than the operation of the Restaurant. 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.

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 are not allowed to solicit customers outside of your Designated Territory without our prior written approval. You will at all times maintain sufficient levels of inventory to adequately satisfy consumer demand. You must stop using offering disapproved products or services immediately upon notice that such services or

products have been discontinued. 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. We reserve the right to charge you a fee up to \$1,000 per occurrence if you sell or offer disapproved products or services. If the law prohibits the use or sale of any product or service, use must cease immediately.

Your grant of a Franchised Business does not include: (i) any right to offer any services via e-commerce except through a website designated by us; (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 our services in any channel of distribution not specifically identified in the Franchise Agreement.

Any off-site catering must be done in accordance with procedures we establish and must not be provided in a shopping center or mall where we or another franchise operate a Restaurant. Although there are no restrictions on the retail customers or trade area you may serve from your Restaurant, as a practical matter, you will be limited to serving customers who choose to visit the Restaurant.

You will be obligated to offer and sell those new products and to participate in all local, regional and promotional program initiatives and campaigns adopted by us in which we require you to participate. We have the right to designate which of our franchisees may, or will be required to, participate in new product or service tests, new or modified product or service offerings and other programs and initiatives that we may, from time to time, develop. If we designate you for participation in any such program, initiative or campaign, you must participate when and as required by us. There are no limits on rights to require you to offer and sell those new products or to participate in those programs, initiatives and campaigns.

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.

A. Franchise Agreement

	Provision	Section in Franchise Agreement	Summary
a.	Term of the Franchise	Section 3	The initial term is for ten (10) years commencing on the date we execute your Franchise Agreement.
b.	Renewal or extension of the term	Section 3	You have the right to be considered for 2 additional (and consecutive) five (5) year renewal terms.
c.	Requirements for franchisee to renew or extend	Section 3	You must notify us in writing. In order to renew (which means renewing your franchise relationship with us), you must: not have any uncured material defaults under your Franchise Agreement (including any monetary defaults) or any other agreement between you and us or the landlord of the Premises; not have received three (3) or more separate, written notices of material default from Franchisor with respect to this Agreement in the 24-month period preceding the renewal request date or

	Provision	Section in Franchise Agreement	Summary
			renewal date, or two (2) or more such notices within the 12-month period preceding the renewal request date or renewal date; be in good financial standing; have continued right of possession to the Premises; complete required renovation and modernization of your Franchised Business; pay us our then-current Renewal Fee; execute our then-current form of franchise agreement (which may contain materially different terms and conditions than your original franchise agreement), including higher fees and a modified or smaller protected area; We may require you to complete our then-current refresher training course, and pay the appropriate training fee (currently, \$250/day per trainee); pay a renewal fee; and execute a general release in our favor (as well as related parties). Upon inspection of the premises, we may require you to complete interior renovation and remodeling, replace any equipment item that is not in good condition, and update of all information technology equipment, software, services, systems, and interior and exterior signage to current standards.
d.	Termination by franchisee	Not Applicable	You may terminate the Franchise Agreement on any grounds available under applicable law.
e.	Termination by franchisor without cause	Not Applicable	Not Applicable
f.	Termination by franchisor with "cause"	Section 15	We may terminate your Franchise Agreement with cause as described in (g)-(h) of this Item 17 Chart.
g.	"Cause" defined – curable defaults	Section 15(B) Section 15(C)	<p>You must cure all monetary defaults under your Franchise Agreement within 10 days of being provided with notice by us, as well as the following defaults: failure to purchase any Required Item; failure to purchase from our Approved Suppliers; any purchase of a non-approved item or offering of a product/service at the Franchised Business that we have not authorized; failure to pay us, our Affiliates, or our Approved Suppliers any amount due, and failure to obtain any necessary permit/certificate/approval to operate the Franchised Business.</p> <p>If you receive notice that you have failed to provide us with access to your POS system, you must cure such a default within 3 days.</p> <p>Except as provided above and those defaults listed in (h) of this Item 17 Chart, you must cure all other defaults and violations of any provision of your Franchise Agreement or any other agreement with us or our affiliates within 30 days of being provided with notice of your default(s).</p>

	Provision	Section in Franchise Agreement	Summary
h.	“Cause” defined - defaults which cannot be cured	Section 15(A) Section 15(B)	<p>Your Franchise Agreement may be terminated automatically and without notice from us if: you become insolvent or make a general assignment for the benefit of creditors; a bankruptcy petition is filed by or against you and not dismissed within 30 days; a bill in equity or appointment of receivership is filed in connection with you or the Franchised Business; a receiver or custodian of your assets of property is appointed; a final judgment in the amount of \$10,000 or more is entered against you and not satisfied within 60 days (or longer period if we consent); you attempt to make an invalid transfer in violation of Section 13 of your Franchise Agreement.</p> <p>Your Franchise Agreement may be terminated by us upon written notice and no opportunity to cure if: you commit and fraud or misrepresentation in connection with your Franchised Business; you or other required attendees fail to timely complete our Initial Training Program; you receive three (3) or more notices to cure defaults under Section 15(C) of your Franchise Agreement in any 24-month period, or you receive two (2) or more such notices in any 12-month period (whether or not subsequently cured); you violate any in-term restrictive covenants; you misuse the Proprietary Marks, Proprietary Information or other confidential information provided to you; misuse an proprietary software that might be developed; you fail to cure any default under any other agreement you have with our affiliates or any Approved Supplier within the appropriate cure period; you default under your lease for the Premises and fail to timely cure; you fail to open and commence operations within the required time period; you abandon your Franchised Business; you are convicted of a felony or any other crime of moral turpitude or offense that will adversely affect the System; you take any property of the Franchised Business for personal use; there are insufficient funds in your EFT Account on three (3) or more occasions in any 12-month period; or if you commit repeated violations of any applicable law.</p>

	Provision	Section in Franchise Agreement	Summary
i.	Franchisee's obligations on termination/non renewal	Section 16	Upon termination or early expiration of the Franchise Agreement, your obligations include: immediately discontinuing the use of the Proprietary Marks and trade dress; cease doing business in a form or manner that may give the general public the impression that you are operating a Franchised Business; return of the Manuals of any other Proprietary Information to us; provide us with all customer information, lists and applicable contracts; cancel or, at our option, assign us all telephone/facsimile numbers and domain names (if permitted) used in connection with the Franchised Business (as well as all related listings) to us or our designee; comply with all post-term restrictive covenants; at our written option, assign the lease for the Premises to us; pay us all outstanding amounts; comply with our option to purchase the business, if we so choose; and provide us with written confirmation of compliance with these obligations within 30 days.
j.	Assignment of contract by franchisor	Section 13	No restrictions on our right to assign.
k.	"Transfer" by franchisee – defined	Sections 13(A) and 13(C)	Includes any transfer of Franchise Agreement, assets of the Franchised Business, or ownership change in you.
l.	Franchisor approval of transfer by franchisee	Section 13(A)	We must approve all transfers, but we will not unreasonably withhold our approval if you meet our conditions.
m.	Conditions for franchisor approval of transfer	Section 13(E) Section 13(F)	We have the right to impose the following conditions on any transfer by you: all of your obligations under the Franchise Agreement have been satisfied; you cure all existing defaults; the new franchisee must meet our then-current qualifications and criteria for a new franchisee; transferee must assume all of your obligations under the Franchise Agreement; transferee must complete our training program; transferee must execute our then-current form of franchise agreement; transferee must pay our Transfer Fee and successfully complete our Initial Training Program (and pay the applicable training fee); and you must execute a general release in our favor (as well as related parties). You will not be required to pay any transfer fee in the event: (i) you wish to transfer your rights under the Franchise Agreement to a newly-established legal business entity that is wholly owned by you and established solely for purposes of operating the Franchised Business under that Franchise Agreement; or (ii) you are required to encumber certain assets of the Franchised Business (or subordinate Franchisor's security interest with respect to the Franchised Business) in order to receive SBA or other traditional bank financing, provided we otherwise approve of the transfer.
n.	Franchisor's right of first refusal to acquire	Section 13(D)	Except in certain circumstances (death/disability or transfer from individual franchisee to business entity), you must provide

	Provision	Section in Franchise Agreement	Summary
	franchisee's business		us with a period of 30 days to match any third-party bona fide offer to purchase any interest in the Franchise Agreement or Franchised Business. If we do not exercise this right, then you will have 60 days to effectuate the transfer to the third party that made the offer on those exact terms – if the transfer does not occur or the proposed terms of the offer change in any way, then we will have another 30 days to exercise our right of first refusal.
o.	Franchisor's option to purchase franchisee's business	16(H)	We have the right, but not the obligations, to purchase all or any portion of the assets of your Franchised Business upon expiration/termination of your Franchise Agreement at book value.
p.	Death or disability of franchisee	Section 13(B)	<p>You will have a period of 90 days to find a suitable legal representative that we approve to continue the operation of your Franchised Business, provided that person completes our Initial Training Program and pays the appropriate tuition fee.</p> <p>During this 90-day period, we may step in and operate the Franchised Business on your behalf and pay ourselves a reasonable amount to reimburse our costs associated with this operation on your behalf. We are not under any obligation to step in and operate your business during this period.</p>
q.	Non-competition covenants during the term of the franchise	Section 14(A)	Neither you, your principals, guarantors, owners or Operations Managers, nor any immediate family member of you, your principals, guarantors, owners or Operations Managers, may: (i) own, operate, or otherwise be involved with, Competing Business (as defined in the Franchise Agreement); (ii) employ or seek to employ any of employees or us, our affiliates or any other System franchisee or induce such persons to leave their employment; or (iii) divert, or attempt to divert, any prospective customer to a Competing Business.
r.	Non- competition covenants after the franchise is terminated or expires	<p>Section 14(B)(1)</p> <p>Section 14(B)(2)</p>	<p>For a period of two (2) years after the termination/expiration/transfer of your Franchise Agreement, neither you, your principals, guarantors, owners, Operations Managers, nor any immediate family member of you, your principals, guarantors, owners, Operations Managers, may own, operate or otherwise be involved with any business that is involved in the licensing or franchising of Competing Businesses at any location within the United States where we can demonstrate we have offered this franchise offering.</p> <p>For a period of two (2) years after the termination/expiration/transfer of your Franchise Agreement, neither you, your principals, guarantors, owners, Operations Managers, nor any immediate family member of you, your principals, guarantors, owners, Operations Managers, may own, operate or otherwise be involved with and Competing Business within a ten (10) mile radius of: (i) the perimeter of your</p>

	Provision	Section in Franchise Agreement	Summary
			<p>Designated Territory; (ii) any other Restaurant location that exists or is under development as of the date your Franchise Agreement is terminated, expires or is transferred; or (iii) any other Development Area granted by Franchisor to open Restaurants under the Proprietary Marks as of the date this Agreement expires or is terminated.</p> <p>During this two (2) year period, these parties are also prohibited from: (i) soliciting business from customers of your former Franchised Business; (ii) contacting any of our suppliers/vendors for a competitive business purpose; or (iii) soliciting any employees of us, our affiliates or any other System franchisee to discontinue their employment.</p>
s.	Modification of the agreement	Section 18(D)	Your Franchise Agreement may not be modified, except by a writing signed by both parties. With that said, we may modify the System and Manuals as we deem appropriate in our discretion from time to time.
t.	Integration/merger clause	Sections 18 and 22	Only the terms of the Franchise Agreement and this Disclosure Document are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreement is intended to disclaim the representations made in this Disclosure Document.
u.	Dispute resolution by arbitration or mediation	Section 21(B) Section 21(C)	<p>You must first submit all dispute and controversies arising under the Franchise Agreement to our management and make every effort to resolve the dispute internally.</p> <p>At our option, all claims or disputes arising out of the Franchise Agreement must be submitted to non-binding mediation, which will take place in Winston-Salem, North Carolina. You must notify us of any potential disputes and we will provide you with notice as to whether we wish to mediate the matter or not. If the matter is mediated, the parties will split the mediator's fees and bear all of their other respective costs of the mediation.</p>
v.	Choice of forum	Sections 21(D) and 21(E)	Winston-Salem, North Carolina; North Carolina courts (subject to state law)
w.	Choice of law	Section 21(A)	North Carolina law, except federal Lanham Act (subject to state law)

B. Development Agreement

	Provision	Section in Development Agreement	Summary
a.	Term of franchise	7.1	The Development Agreement will commence on the date it is fully executed and end on the earlier of (a) the last day of the calendar month that the final Franchised Business is required to be opened and operating under the Development Schedule or (b) the day that the final Franchised Business is opened.
b.	Renewal or extension of the term	Not Applicable	Not Applicable.
c.	Requirements for you to renew or extend	Not Applicable	Not Applicable.
d.	Termination by you	Not Applicable	Not Applicable.
e.	Termination by us without cause	Not Applicable	Not Applicable.
f.	Termination by us with cause	7.2	We may terminate your Development Agreement with cause.
g.	Cause defined - default which can be cured	Not Applicable	Not Applicable.
h.	Cause defined - default which cannot be cured	7.2	Your Development Agreement can be terminated by us if: (i) you cease to actively engage in development activities in the Development Area or otherwise abandon your development business for three (3) consecutive months, or any shorter period that indicates an intent by you to discontinue development of the Franchised Businesses within the Development Area; (ii) you become insolvent or are adjudicated bankrupt, or if any action is taken by Franchisee, or by others against you, under any insolvency, bankruptcy or reorganization act, or if you make an assignment for the benefit of creditors or a receiver is appointed by you; (iii) you fail to meet your development obligations under the Development Schedule for any single Development Period, and fail to cure such default within 30 days of receiving notice thereof; and (iv) any Franchise Agreement that is entered into in order to fulfill your development obligations under the Development Agreement is terminated or subject to termination by us, pursuant to the terms of that Franchise Agreement.
i.	Your obligations on termination/ non-renewal	Not Applicable	Not Applicable.
j.	Assignment of contract by us	9	We have the right to assign our rights under the Development Agreement.

	Provision	Section in Development Agreement	Summary
k.	“Transfer” by you - definition	9	Any transfer in you (if you are an entity) or your rights/obligations under the Development Agreement.
l.	Our approval of transfer by franchisee	9	You may not transfer any rights or obligations under the Development Agreement without our prior written consent.
m.	Conditions for our approval of transfer	Not Applicable	Not Applicable.
n.	Our right of first refusal to acquire your business	Not Applicable	Not Applicable.
o.	Our option to purchase your business	Not Applicable	Not Applicable.
p.	Your death or disability	Not Applicable	Not Applicable.
q.	Non-competition covenants during the term of the franchise	Not Applicable	Nothing additional. Please see non-competition covenants set forth in your Franchise Agreement(s) entered into under the Development Agreement.
r.	Non-competition covenants after the franchise is terminated or expires	Not Applicable	Nothing additional. Please see non-competition covenants set forth in your Franchise Agreement(s) entered into under the Development Agreement.
s.	Modification of the Development Agreement	29	Any modification of the Development Agreement must be in writing and signed by both parties.
t.	Integration/ merger clauses	29	Only the terms of the Development Agreement are binding (subject to state law). Any representations or promises made outside of the disclosure document and the Development Agreement may not be enforceable.
u.	Dispute resolution by mediation	15	You must first notify us of any disputes arising under or related to your Development Agreement and attempt to resolve the dispute through internal dispute resolution with our management. At our option, any disputes or claims that are not resolved by internal dispute resolution must, at our option, be subject to non-binding mediation that will take place in Winston-Salem, North Carolina. We will notify you if we decide to mediate any claim or dispute under the Franchise Agreement and/or Development Agreement, but we are not required to mediate any claim or dispute we have with you if we do not wish to do so.
v.	Choice of forum	17	Litigation in Winston-Salem, North Carolina; North Carolina courts (subject to state law)
w.	Choice of law	1311	North Carolina law, except federal Lanham Act (subject to state law)

ITEM 18. PUBLIC FIGURES

We use no public figures to promote the franchise.

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 a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item, for example, by providing information about possible performance at a particular location or under particular circumstances.

Historic Financial Performance Representation

In this Item 19, we disclose certain historical financial performance information of our one (1) affiliate-owned Restaurant (the “Company-Owned Restaurant”) that (a) operates under the Proprietary Marks and utilizes our proprietary System, (b) opened in Winston-Salem, North Carolina in December 2023 and operated from January 1, 2024, through December 31, 2024 (the “Measurement Period”), and (c) offers menu items that are identical or substantially similar to the Approved Products our franchised Restaurants are or will be authorized to offer. Please see the notes following the chart in this Item for additional characteristics regarding the Company-Owned Restaurant during the Measurement Period. We have excluded from this Item 19 the financial performance of one (1) additional affiliate-owned Restaurant located in North Carolina, because it opened during the Measurement Period and therefore was not open and operating for the entirety of the Measurement Period.

The information below has been reported to us by the owner of the Company-Owned Restaurant, and we have not audited this information. Written substantiation of the historical information provided below will be provided to the prospective franchisee upon reasonable request.

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

[Remainder of Page Intentionally Left Blank. Item 19 Continues Below]

Disclosed Financial Performance of Company-Owned Restaurant During the Measurement Period
(1/1/2024 – 12/31/2024)

	Q1 2024			Q2 2024			Q3 2024			Q4 2024			TOTALS
	January	February	March	April	May	June	July	August	September	October	November	December	
Gross Sales ¹	\$72,452.96	\$93,746.28	\$100,674.41	\$94,011.64	\$89,885.08	\$98,476.02	\$99,027.77	\$103,418.33	\$83,317.90	\$87,795.28	\$92,080.19	\$95,262.63	\$1,110,138.49
Sales Tax ²	\$4,450.35	\$5,766.31	\$6,207.77	\$5,808.46	\$5,552.51	\$6,121.42	\$6,094.19	\$6,440.98	\$5,440.29	\$5,456.20	\$5,708.55	\$5,863.32	\$68,910.35
Net Sales ³	\$68,002.61	\$87,979.97	\$94,466.64	\$88,203.18	\$84,332.57	\$92,354.60	\$92,933.58	\$96,977.35	\$77,877.61	\$82,339.08	\$86,371.64	\$89,389.31	\$1,041,228.14
Cost of Sales (%) ⁶	39%	33%	35%	34%	32%	39%	34%	36%	36%	38%	30%**	31%**	35%

Notes to Item 19:

A. General Notes

- (1) The historical financial performance representation included in this Item 19 includes certain performance information reported by the Company-Owned Restaurant for the Measurement Period only. It is not a projection of what you can expect to achieve in connection with the operation of a franchised Restaurant, or a projection of what the Company-Owned Restaurant will achieve in the future.
- (2) The information presented in this Item 19 discloses only the Gross Sales, Sales Tax, and Net Sales reported by the Company-Owned Restaurant during the Measurement Period, as reflected in the above chart. It does not include or reflect any operating expenses incurred by the Company-Owned Restaurant, including but not limited to rent and other occupancy-related expenses, labor and employment expenses, payroll taxes, insurance costs, bank and merchant account fees, accounting fees, repairs and maintenance expenses, meals and entertainment, and other expenses that you will incur in operating a franchised Restaurant.
- (3) You are strongly encouraged to develop your own business plan for your franchise, including capital budgets, financial statements, projects, pro forma financial statements, and other elements appropriate to your circumstances before you invest in this franchise opportunity. We encourage you to consult with your own accounting, business, and legal advisers to assist you in preparing your business plan.
- (4) Other than the Sales Tax information reported above, the information presented in this Item 19 excludes tax liabilities. You will be responsible for all taxes incurred in connection with the operation of your franchised Restaurant. You are strongly encouraged to consult with a tax professional before investing in this franchise opportunity.
- (5) In October 2024, we entered into a distribution agreement for all brand food and beverage distribution with a large regional distribution company that is a subsidiary of a larger national distribution company, with reach throughout the continental United States. The entry into this distribution agreement accounts for the significant reduction in Cost of Sales in November and December of 2024.

B. Defined Terms.

- (1) “Gross Sales” means the total reported revenues and receipts from the sale of all products and services sold through the Company-Owned Restaurant during the Measurement Period, as reported to us by the Company-Owned Restaurant.
- (2) “Sales Tax” means the total amount of sales tax collected by the Company-Owned Restaurant during the Measurement Period and remitted to the appropriate tax authority, as reported to us by the Company-Owned Restaurant. You may incur different sales tax rates depending upon the state and municipality in which your franchised Restaurant is located. You are encouraged to consult with a tax professional before investing in this franchise opportunity.
- (3) “Net Sales” means Gross Sales less Sales Tax.
- (4) “Cost of Sales (%)” means the cost of all food, beverage, paper products, and chemicals, excluding any standing inventory, incurred by the Company-Owned Restaurant during the Measurement Period, expressed as a percentage of Gross Sales. It does not include the cost of salaries, wages, taxes, general administration, professional fees, or standing inventory.

Other than the preceding financial performance representation, 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 the franchisor's management by contacting Sam G. Ballas, Chief Executive Officer, in writing, at 100 Cambridge Plaza Drive, Winston-Salem, NC 27104, or by phone at (336) 760-4985, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. LIST OF OUTLETS AND FRANCHISE INFORMATION

Table 1
System-wide Outlet Summary for years 2022, 2023, and 2024

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Company Owned	2022	0	0	0
	2023	0	1	+1
	2024	1	2	+1
Total Outlets	2022	0	0	0
	2023	0	1	+1
	2024	1	2	+1

Table 2
Transfers from Franchisees to New Owners (Other than the Franchisor)
for years 2022, 2023, and 2024

STATE	YEAR	NUMBER OF TRANSFERS
Totals	2022	0
	2023	0
	2024	0

Table 3
Status of Franchised Outlets
For years 2022, 2023, and 2024

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS - OTHER REASONS	OUTLETS AT END OF THE YEAR
Totals	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

Table 4
Status of Company-Owned Outlets
For years 2022, 2023 and 2024

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEE	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEE	OUTLETS AT END OF THE YEAR
North Carolina	2022	0	0	0	0	0	0
	2023	0	1	0	0	0	1
	2024	1	1	0	0	0	2
Totals	2022	0	0	0	0	0	0
	2023	0	1	0	0	0	1
	2024	1	1	0	0	0	2

Table 5
Projected Openings as of December 31, 2024

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY-OWNED OUTLETS IN THE NEXT FISCAL YEAR
North Carolina	0	0	1
TOTALS	0	0	0

- Among the attached Exhibits you will find:
 - Exhibit H lists the names of all (a) open System franchisees and the addresses and telephone numbers of their franchised Outlets (if open), (b) System franchisees that signed a Franchise Agreement with us but were not yet open, as of December 31, 2024.

- Exhibit I lists the name, city, state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document.
- Please note that we do not have any System franchisees operating under the Proprietary Marks as of the Issue Date, as we are a new franchise offering.
- If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three (3) fiscal years, we have not signed any confidentiality agreements with current or former franchisees that would restrict their ability to share their experience with the System.

There are no independent franchisee organizations that have been asked to be and otherwise require disclosure in this Item.

ITEM 21. FINANCIAL STATEMENTS

Attached as Exhibit D is our (i) audited financial statements as of December 31, 2024, and (ii) our unaudited opening day balance sheet dated October 31, 2024. Our fiscal year ends on December 31st. We have not been franchising for three (3) or more years and, as such, we are not able (and are not required) to provide three (3) years of audited financial statements.

ITEM 22. CONTRACTS

Copies of the following contracts or documents are also attached as Exhibits to the disclosure agreement:

Franchise Agreement (and Exhibits)	Exhibit B
Development Agreement (and Exhibits)	Exhibit C
State Specific Addenda	Exhibit E
Sample Termination and Release	Exhibit G
Compliance Certification	Exhibit J

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: Sam Ballas, c/o Sammy’s Sliders USA, LLC, 100 Cambridge Plaza Drive, Winston-Salem, NC 27104, or at telephone number (336) 760-4985 or via electronic transaction platform(s).

EXHIBIT A
TO THE SAMMY'S SLIDERS USA, LLC
FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS

California Department of Financial Protection &
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 2000
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 Street, 21st Floor
New York, NY 10005

(212) 416-8236

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

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: Sam G. Ballas
Sammy's Sliders USA, LLC
100 Cambridge Plaza Drive
Winston-Salem, NC 27104

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

Commissioner of the Department of Financial
Protection & Innovation
One Sansome St., #600
San Francisco, California 94104

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

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 280
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

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 SAMMY'S SLIDERS USA, LLC
FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

SAMMY'S SLIDERS USA, LLC
FRANCHISE AGREEMENT

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Exhibit A: Data Sheet

Exhibit B: Form of Personal Guaranty

Exhibit C: Form of Landlord Consent and Agreement

Exhibit D: EFT Withdrawal Authorization Form

Exhibit E: Form of Confidentiality and Non-Competition Agreement (for use by Franchisee for Management Personnel of the Franchised Business and Officers/Directors of the Franchisee)

Exhibit F: Accountant Authorization

Exhibit G: Conditional Assignment of Telephone/Facsimile Numbers and Domain Names

Exhibit H: Franchisee Questionnaire/Compliance Certification

**SAMMY’S SLIDERS USA, LLC
FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (the “Agreement”) is made and entered into on this ___ day of _____, 20___ (“Effective Date,”) by and between: (i) Sammy’s Sliders USA, LLC, a North Carolina limited liability company with its principal place of business at 100 Cambridge Plaza Drive, Winston-Salem, NC 27104 (the “Franchisor”); and (ii) _____, a (resident of) (corporation organized in) (limited liability company organized in) _____ with a business address at _____ (the “Franchisee”).

RECITATIONS

A. Franchisor and its affiliate/principals, as a result of the expenditure of time, skill, effort, and money, have developed a unique system (the “System”) for operating retail eating establishments specializing in dine-in and carry-out featuring menu items including gourmet sliders, hand breaded chicken fingers, hot dogs, salads, topped fries, ice cream shakes, beverages, and other items that Franchisor authorizes (collectively, the “Approved Products”), utilizing the System and proprietary marks (each, a “Restaurant”).

B. Franchisor’s System is comprised of various distinguishing elements, including without limitation: methodology and procedures for the establishment and operation of a Restaurant; site selection guidance and criteria; specifications for the design, layout and construction of the interior of the Restaurant; standards and specifications for the furniture, fixtures and equipment located within a Restaurant; established relationships with approved or designated suppliers for certain products and services; and standards and specifications for advertising, bookkeeping, sales and other aspects of operating a Restaurant. The parties agree and acknowledge that Franchisor may change, improve, further develop, or otherwise modify the System from time to time as it deems appropriate in its discretion. Franchisee hereby acknowledges and agrees that: (i) while the System and Franchisor’s related materials contain information that, in isolated form, could be construed as being in the public domain, they also contain significant proprietary and confidential information which makes the System unique as a whole; and (ii) the combined methods, information, procedures, and theories that make up the total System or are contained in the relevant manuals that are proprietary and confidential.

C. The System and Restaurants are identified by the Franchisor’s then-current proprietary marks, including the current mark SAMMY’S SLIDERS and certain other trade names, trademarks, service marks and trade dress that Franchisor designates for use in connection with each Restaurant (collectively, the “Proprietary Marks”), all of which Franchisor may modify, update, supplement or substitute in the future as Franchisor deems appropriate. The parties agree and acknowledge that Franchisor has established substantial goodwill and business value in its Proprietary Marks, expertise, and System.

D. Franchisor is in the business of granting qualified parties a franchise for the right to independently own and operate a single Restaurant utilizing the Proprietary Marks and System at a location that Franchisor approves in writing.

E. 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, and understands and acknowledges the importance of Franchisor’s high and uniform standards of quality, appearance, and service to the value of the System.

F. Franchisee desires to acquire a non-exclusive franchise for the right to operate a single Restaurant from an approved location, and has submitted an application to obtain such a franchise from Franchisor.

G. Franchisor is willing to grant Franchisee the right to operate a Restaurant based on the representations contained in the franchise application and subject to the terms and conditions set forth in this Agreement.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

1. PREAMBLES, ACKNOWLEDGEMENTS AND REPRESENTATIONS OF FRANCHISEE

- A. Franchisee acknowledges and represents that Franchisor, itself or through any officer, director, employee, or agent, has not made, and Franchisee has not received or relied upon, any oral, written, visual, express, or implied information, representations, warranties, guarantees, or promises regarding the amount of sales levels or income Franchisee might expect to earn from the franchise granted hereby, except as set forth in the Franchise Disclosure Document.
- B. The business venture contemplated by this Agreement involves business risks.
- C. Franchisee's success will be largely dependent upon Franchisee's ability as an independent businessperson.
- D. Franchisee has received, read, and does understand this Agreement and any attachments.
- E. Franchisee understands and agrees that the restaurant industry is highly competitive with constantly changing market conditions.
- F. Franchisee acknowledges and agrees that Franchisor has fully and adequately explained each provision of this Agreement to Franchisee's satisfaction.
- G. Franchisee has consulted with Franchisee's own advisors with respect to the legal, financial, and other aspects of this Agreement, the business franchised hereby, and the prospects for such business. Franchisee either has consulted with such advisors or has deliberately declined to do so.
- H. Any written inquiries made to Franchisor by Franchisee pertaining to the nature of this franchise were answered in writing to the satisfaction of Franchisee.
- I. Franchisee has had the opportunity and adequate time to independently investigate, analyze, and construe both the franchise being offered hereunder and the terms and provisions of this Agreement utilizing the services of legal counsel, accountants, and other advisors (if Franchisee so elects).

- J. Any and all applications, financial statements, and representations submitted to Franchisor by Franchisee, whether oral or in writing, were complete and accurate when submitted and are complete and accurate as of the date of execution of this Agreement unless the same has been otherwise amended in writing. Franchisee states that he/she is not (a) presently involved in any business activity that could be considered competitive in nature, unless heretofore disclosed to Franchisor in writing, or (b) violating any existing contractual obligations by entering into this agreement.
- K. Franchisee agrees not to contest, directly or indirectly, Franchisor's ownership, title, right, or interest in its names or Proprietary Marks, trade secrets, methods, procedures, know-how, or advertising techniques which are part of Franchisor's business, or contest Franchisor's sole right to register, use, or license others to use such names or Proprietary Marks, trade secrets, methods, procedures, or techniques.
- L. Franchisee's signature to this Agreement has not been induced by any representation inconsistent with the terms of this Agreement or inconsistent with the Franchise Disclosure Document given to Franchisee by Franchisor.
- M. Franchisee represents and warrants that Franchisee is not a party to or subject to any order or decree of any court or government agency which would limit or interfere in any way with the performance by Franchisee of the obligations under this Agreement and that Franchisee is not a party, and has not within the last ten (10) years been a party, to any litigation, bankruptcy, or legal proceedings other than those heretofore disclosed to Franchisor in writing.
- N. Franchisee agrees and acknowledges that it is solely responsible for ensuring that: (i) it acquires and maintains all business licenses, permits and approvals, including, but not limited to alcohol and liquor licenses and those that are specifically required to offer and provide restaurant services, that are necessary to operate the Franchised Business at the Premises (defined below) and within the Designated Territory (defined below); and (ii) the Franchised Business is otherwise operated in full compliance with all federal, state and local laws and regulations where the Franchisee is located.
- O. Franchisee agrees and acknowledges that: (i) Franchisor may enter into franchise agreements with other franchisees that may contain provisions, conditions, and obligations that differ from those contained in this Agreement, including without limitation, franchise agreements for the operation of a Restaurant; and (ii) the existence of different forms of agreement and the fact that Franchisor and other franchisees may have different rights and obligations does not affect the parties' duty to comply with the terms of this Agreement.

2. **GRANT OF FRANCHISE**

- A. **Grant of Franchise.** Franchisor hereby grants Franchisee, subject to the terms, conditions, and obligations of this Agreement, a non-exclusive right and license to use the Proprietary Marks and receive the other benefits of the System in connection with the establishment and operation of a single Restaurant (the "Franchised Business").
- B. **Approved Premises; Site Selection Area.** The Franchised Business must be operated from a single location that Franchisor reviews and approves (the "Premises"). If the parties have not agreed on a Premises as of the date this Agreement is executed, Franchisor will designate a general marketing area (the "Site Selection Area") on the data sheet attached

to this Agreement as Exhibit A (the “Data Sheet”) wherein Franchisee must locate and secure the Premises as detailed more fully in Section 6(A) of this Agreement. Franchisee acknowledges and agrees that: (i) it does not have any territorial rights within the Site Selection Area; (ii) Franchisor may permit other new franchisees to search for the location of their franchised Restaurant within the same Site Selection Area that is assigned to Franchisee under this Agreement if Franchisor determines in its discretion that the Site Selection Area is large enough to contain additional franchises; and (iii) potential locations for each franchised Restaurant, and resulting Designated Territories (as defined below), within the Site Selection Area will be reviewed and rejected/granted on a first-to-propose basis.

- C. **Relocation of Premises.** Once the Franchisor approves the Premises of the Franchised Business, the location will be set forth in the Data Sheet. Franchisee may only use the Premises to operate the Franchised Business. Franchisee may not relocate the Franchised Business to any location other than the Premises without Franchisor’s prior written consent, which Franchisor will not unreasonably withhold, provided: (i) Franchisee secures an alternate location for the Franchised Business within the Designated Territory (as defined below) that meets Franchisor’s then-current site selection criteria for the premises of a Restaurant; and (ii) Franchisee reimburses Franchisor for all costs incurred in connection with reviewing and approving the relocation and new premises. If Franchisee’s landlord terminates Franchisee’s right to possess the Premises before the term of the Franchise Agreement expires, then Franchisee must find and receive Franchisor’s approval of a suitable replacement location within 60 days.
- D. **Designated Territory.** Upon locating and securing a Premises, Franchisor will designate a geographical area surrounding the Premises wherein Franchisor will not open or operate, or license a third party the right to open or operate, another Restaurant utilizing the System and Proprietary Marks (the “Designated Territory”), for so long as Franchisee is in compliance with this Agreement. The boundaries of the Designated Territory, once determined by Franchisor, will be described in the Data Sheet. Franchisee acknowledges that it does not have any other territorial rights within the Designated Territory.
- E. **Rights Not Granted.** Franchisee acknowledges and agrees that this Agreement does not afford Franchisee any rights or options to open any additional Restaurants and that Franchisee does not have any right to sub-license or sub-franchise any of the rights granted hereunder. Franchisee may not use the Proprietary Marks or System for any purpose other than promoting and operating the Franchised Business at the Premises. Franchisor will have sole discretion as to whether it decides to grant Franchisee the right to open any additional Restaurants, each of which will be governed by a separate form of Franchisor’s then-current franchise agreement.
- F. **Reservation of Rights.** Notwithstanding anything contained in this Agreement, Franchisor and its affiliates hereby reserve the exclusive right to: (i) open and operate, and license third parties the right to open or operate, other Restaurants utilizing the Proprietary Marks and System outside the Designated Territory; (ii) market, offer and sell the Approved Products offered by the Franchised Business and other Restaurants through alternate channels of distribution, including without limitation, via the Internet and other e-commerce channels, grocery stores, direct mail or wholesale, at any location; (iii) acquire, or be acquired by, any company, including a company operating one or more businesses offering products or services offered by a Restaurant, located within or outside your Designated Territory, and subsequently operate (or license a third party the right to operate)

these locations; (iv) open and operate, or license third parties the right to open or operate, businesses that offer products and services similar to the Franchised Business under marks other than the Proprietary Marks at any location; (v) open and operate, or license third parties the right to open or operate Restaurants in non-traditional sites, including, but not limited to, sports and entertainment stadiums, arenas, entertainment complexes, malls, other shopping outlets, food courts, and train stations and airports, both within and outside of Franchisee's Designated Territory, with determination of what constitutes a non-traditional site subject to Franchisor's sole discretion; and (v) use, and license others the right to use, the Proprietary Marks and System to engage in any other activity not expressly prohibited by this Agreement.

- G. **Modification of System.** Franchisor reserves the right to supplement, revise or otherwise modify the System or any aspect/component thereof, and Franchisee agrees to promptly accept and comply with any such addition, subtraction, revision, modification or change and make such reasonable expenditures as may be necessary to comply with any change that Franchisor makes to the System. Any change or modification that Franchisor makes to the System will not materially alter Franchisee's fundamental rights under this Agreement. Moreover, Franchisor will provide Franchisee with a reasonable amount of time to comply with any change or modification to the System once Franchisee has been notified of such change/modification in writing (via the Operations Manual or otherwise).

3. **TERM AND RENEWAL**

- A. **Term.** Unless previously terminated pursuant to this Agreement, the term of this Agreement shall be for a period of ten (10) years ("Initial Term") commencing as of the Effective Date.
- B. **Renewal.** Franchisee may submit a request to renew this Agreement for up to two (2) additional terms of five (5) years each, and must provide each request to renew no less than six (6) months and no more than nine (9) months prior to the end of the then-current term. Failure to provide such notice to Franchisor will be deemed an indication that Franchisee does not wish to renew the franchise relationship. Franchisor shall not unreasonably withhold its approval of such requests for renewal, provided Franchisee complies with the following conditions:
1. Franchisee must not have: (i) any uncured material defaults under this Agreement (including any monetary defaults) or any other agreement between Franchisee and Franchisor or the landlord of the Premises, either at time of Franchisee's renewal request or at the time of renewal; and (ii) received three (3) or more separate, written notices of material default from Franchisor with respect to this Agreement in the 24-month period preceding the renewal request date or renewal date, or two (2) or more such notices in the 12-month period preceding the renewal request date or renewal date.
 2. Franchisee must execute Franchisor's then-current form of franchise agreement, which may contain materially different terms and conditions from those contained in this Agreement, within thirty (30) days of the date Franchisee is provided with Franchisor's then-current form of franchise agreement.
 3. Franchisee pays Franchisor a renewal fee equal to Seven Thousand Five Hundred Dollars (\$7,500), at least ninety (90) days prior to the expiration of the then-current

term. Franchisee will not be required to pay an additional Initial Franchisee Fee (as defined in Section 4) upon renewal.

4. Franchisee and/or the Operations Manager (as defined in this Agreement and as applicable) attends any training refresher course prescribed by Franchisor at least thirty (30) days before the expiration of the then-current term of this Agreement, and pays Franchisor's then-current refresher training tuition fee for each attending trainee. Franchisee will also be responsible for all expenses incurred in connection with attending this refresher training.
5. Franchisee executes a general release under seal, in a form satisfactory to Franchisor, of any and all claims it may have against Franchisor and its officers, directors, shareholders, and employees in their corporate and individual capacities, including without limitation, all claims arising out of or related to (a) this Agreement, or (b) any federal, state, or local law, rule, or ordinance.
6. Franchisee must have participated in and supported the training procedures, purchasing, marketing, advertising, promotional, and other operational and training programs recommended or provided by Franchisor to the satisfaction of Franchisor.
7. Franchisee or transferee agrees, at its sole cost and expense, to re-image, renovate, refurbish, and modernize the Premises and Franchised Business within the time frame required by Franchisor, including the design, equipment, signs, interior and exterior décor items, displays, inventory assortment and depth, fixtures, furnishings, trade dress, color scheme, presentation of trademarks and service marks, supplies, and other products and materials, as necessary to meet Franchisor's then-current System standards, specifications, and design criteria for a newly opened Restaurant.

4. FEES AND PAYMENTS

- A. **Fees.** In consideration of the rights and license granted herein, Franchisee shall pay the following amounts:
 1. Upon execution of this Agreement, Franchisee must pay Franchisor an initial franchise fee of Forty Thousand Dollars (\$40,000.00) (the "Initial Franchise Fee"). The parties acknowledge and agree that the Initial Franchise Fee will be deemed fully earned and non-refundable under any circumstances upon payment.
 2. Each month the Franchised Business is open and operating (and/or required to be open and operating under this Agreement), Franchisee must pay Franchisor an ongoing royalty fee amounting to the greater of: (i) five percent (5%) of the Gross Sales (as defined in Section 4(D)) generated by the Franchised Business during the preceding calendar month; or (ii) Two Thousand Two Hundred Fifty Dollars (\$2,250) per month (the "Royalty Fee").
 3. On the calendar day designated by Franchisor following the end of each calendar month that the Franchised Business is open, Franchisee shall contribute to the System-wide marketing fund (the "Fund") established by Franchisor. Franchisee must contribute such amount as Franchisor may designate from time to time, in an

amount up to three percent (3%) of the Gross Sales (as defined in this Section 4(D)) generated by the Franchised Business over the preceding calendar month of operation.

4. If Franchisor allocates certain portions of the Fund to create/produce advertising materials to be used by System franchisees, then Franchisee must cover the costs associated with shipping such materials to the Restaurant.
5. In connection with the required computer software to be used in connection with the point-of-sale system at the Restaurant (the "POS System"), Franchisee shall pay the then-current license and support fees charged by third party providers in connection with such POS System.
6. Prior to opening the Restaurant, Franchisee shall pay to Franchisor or its designated affiliate a fee in the amount of \$1,100, plus costs and expenses (collectively, the "Tech Environment Survey and Installation Fee"), in connection with such affiliate's conducting an on-site IT environment survey and supervising the installation of the point-of-sale and other computer hardware and software that Franchisor designates.
7. All other training/tuition fees, evaluation fees, as well as all amounts necessary to purchase marketing materials, inventory or other supplies from Franchisor or its affiliates must be paid on an ongoing basis, as described more fully in this Agreement.

B. **Method of Payment.** With the exception of the Initial Franchise Fee, Franchisee shall pay all fees and other amounts due to Franchisor and/or its affiliates under this Agreement through an electronic funds transfer program (the "EFT Program"), under which Franchisor automatically deducts all payments owed to Franchisor under this Agreement, or any other agreement between Franchisee and Franchisor or its affiliates, from the bank account Franchisee provides to Franchisor for use in connection with EFT Program (the "EFT 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. At least ten (10) days prior to opening the Franchised Business, Franchisee shall provide Franchisor with: (i) Franchisee's bank name, address and account number; and (ii) a voided check from such bank account. Contemporaneous with the execution of this Agreement, Franchisee shall sign and provide to Franchisor and Franchisee's bank, all documents, including Franchisor's form of EFT Authorization Form attached as Exhibit D to this Agreement, necessary to effectuate the EFT Program and Franchisor's ability to withdraw funds from such bank account via electronic funds transfer. Franchisee shall immediately notify Franchisor of any change in Franchisee's banking relationship, including any change to the EFT Account.

C. **Access to Computer System.** Franchisor may, without notice to Franchisee, have the right to independently and remotely access and view Franchisee's computer system used in connection with the Franchised Business (the "Computer System") via the Internet, other electronic means or by visiting the Restaurant, in order to obtain Gross Sales, tenant occupancy rates and other available information that Franchisor reasonably requests about the Franchised Business. Franchisee hereby consents to Franchisor using and disclosing to third parties (including, without limitation, prospective franchisees, financial institutions, legal and financial advisors), for any purpose or as may be required by law, any financial

or other information contained in or resulting from information, data, materials, statements and reports received by Franchisor or disclosed to Franchisor in accordance with this Agreement. Franchisee must obtain and use the Computer System hardware, software and other components that Franchisor prescribed for use in connection with the Franchised Business, and utilize and participate in any intranet/extranet that Franchisor establishes in connection with the System.

- D. **Gross Sales.** “Gross Sales” means the total revenue generated by your Franchised Business, including but not limited to all revenue generated from the sale and provision of any and all Approved Products and Services offered at your Franchised Business, as well as all proceeds from any business interruption insurance related to the non-operation of your Franchised Business. “Gross Sales” does not include (a) tips received by employees of the Franchised Business, (b) any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, or (c) the value of any allowance issued or granted to any client of the Franchised Business that is credited in good faith by Franchisee in full or partial satisfaction of the price of the Approved Products or Services offered in connection with the Franchised Business.
- E. **Gross Sales Reports.** Franchisor reserves the right to require Franchisee to send Franchisor a signed Gross Sales report (a “Gross Sales Report”), on a weekly and/or monthly basis as specified by Franchisor, detailing the following information: (i) Gross Sales of the Franchised Business from the preceding Business Week; (ii) Franchisee’s calculated Royalty Fee and Fund Contribution (if appropriate) based on the Gross Sales from the preceding reporting period; and (iii) any other information Franchisor may require for that reporting period. Franchisor may, as it deems necessary in its sole discretion, change the form and content of the Gross Sales Reports from time to time. The parties agree and acknowledge that Franchisor may modify the interval at which it collects Franchisee’s Royalty Fee, Fund Contribution and other recurring fees under this Agreement upon thirty (30) days’ written notice (i.e., Franchisor may provide Franchisee with notice that it will be collecting these fees on a monthly rather than weekly basis). In such event, Franchisee’s reporting obligations may also be modified by Franchisor accordingly. Upon execution of this Agreement, Franchisee shall sign the form of Accountant Authorization attached hereto as Exhibit F.
- F. **Late Payments.** If any payment due under this Agreement is not received by Franchisor by the scheduled date due, Franchisee shall be in default under this Agreement. If any payment is overdue, Franchisee shall pay interest to the Franchisor, in addition to the overdue amount, at a rate of one and one-half percent (1.5%) per month, beginning from the date of non-payment or underpayment, until paid. Entitlement to collect such interest shall be in addition to any and all other remedies Franchisor may have. Franchisee agrees to pay Fifty Dollars (\$50.00) for each check given or electronic transfer made to Franchisor that is dishonored, fails to process, or is returned.
- G. **Taxes Owed by Franchisee.** No payments to be made to Franchisor by Franchisee, whether for royalties, advertising, merchandise, special programs, or otherwise, may be reduced on account of the imposition by any federal, state, or local authority of any tax, charge, or assessment, or by any claim Franchisee may have against Franchisor. All taxes, charges, or assessments shall be paid by Franchisee to the taxing authorities when due, in addition to the amounts due to Franchisor.

- H. **Non-Reporting Enforcement Fee.** In the event Franchisee (1) fails to provide to Franchisor any (a) profit and loss statement or balance sheet, or (b) any other financial report or document that Franchisor requires hereunder, and (2) does not cure the foregoing default by providing any such financials and/or other report within seven (7) days of the date Franchisor provides notice to Franchisee of said default, then Franchisee will be required to pay Franchisor a non-reporting enforcement fee amounting to \$1,000 (the “Non-Reporting Enforcement Fee”). This fee requirement is in addition to all other remedies that Franchisor has hereunder and/or under applicable law in connection with Franchisee’s reporting violation.
- I. **Security Interest.** Franchisee hereby grants to Franchisor a security interest in all of Franchisee’s interests in the real estate where the franchise is located (if Franchisee purchases its Premises), as well as all improvements to that real estate. Franchisee further grants to Franchisor a security interest in all furniture, furnishings, equipment, fixtures, inventory, and supplies located at or used in connection with the Franchised Business, whether now or hereafter leased or acquired, together with all attachments, accessions, accessories, additions, substitutions, and replacements therefore, as well as all cash and non-cash proceeds derived from insurance, the disposition of any such collateral to secure payment and performance of all debts, liabilities, and obligations of any kind of Franchisee to Franchisor under this Agreement, whenever and however incurred, any promissory note given by Franchisee to Franchisor, or any other agreement between them. Franchisee hereby authorizes Franchisor to file and record all financing statements, financing statement amendments, continuation financing statements, fixture filings, and other documents necessary or desirable to evidence, perfect, and continue the priority of the security interests granted herein. Franchisee agrees and understands that it must promptly execute and deliver any such documents to Franchisor upon request.
1. Notwithstanding anything contained in Section 4(I) of the Franchise Agreement to the contrary, Franchisee does not grant Franchisor any security interest in any real property associated with the Franchised Business if such real property is being leased by the Franchisee.
 2. The parties agree that Franchisor will not execute on any security interest granted to Franchisor under Section 4(I) of the Franchise Agreement unless Franchisee fails to cure a material default under the Franchise Agreement within the applicable time period for cure after Franchisor has provided Franchisee with proper notice of such default(s).
- J. **Inability to Operate Franchised Business.** If Franchisee is unable to operate the Franchised Business due to damage or loss to the Premises caused or created by a casualty, act of God, condemnation, or other condition over which Franchisee has no control, then Franchisor will waive the Royalty Fee due under this Agreement for a period of time that Franchisor reasonably determines is necessary for the Franchised Business to repair the damage/loss to the Premises and resume operations (or relocate the Franchised Business to a different approved location within the Designated Territory), with said waiver period not to exceed one hundred and twenty (120) days commencing from the date Franchisee gives Franchisor notice of the damage or loss.
- K. **Compliance with Gift Card Redemption Policies.** Franchisee agrees and acknowledges that Franchisor has set forth policies and guidelines regarding Franchisee’s redemption of gift cards at the Franchised Business that were purchased at a System Restaurant other than

the Franchised Business (and vice versa), along with directives and guidelines for how any compensation will be allocated amongst the Franchised Business and the other Restaurant(s) at issue. Franchisee agrees and acknowledges that such policies and guidelines may affect Franchisee's payment obligations under this Agreement, whether to Franchisor and/or to a different Restaurant location, but agrees to strictly comply with such directives, policies and guidelines as set forth and updated by Franchisor in the Manuals or otherwise in writing.

- L. **Technology Fee.** Franchisor may charge Franchisee an on-going technology fee to pay for certain aspects of Franchisee's computer system and/or software ("Technology Fee"). Franchisor may designate and/or 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.

5. **DUTIES OF FRANCHISOR**

- A. **Initial Training Program.** Franchisor shall offer and make available an initial training program (the "Initial Training Program") for Franchisee and other management personnel Franchisee designates, provided the parties attend at the same time. One of the trainees must be Franchisee (or one of Franchisee's principals responsible for the Franchised Business if Franchisee is an entity) and, if applicable, one (1) of the other attendees must be Franchisee's operations manager that will be responsible for the day to day management of the Franchised Business (the "Operations Manager"). The Initial Training Program will be conducted at Franchisor's corporate headquarters or other facility that Franchisor designates, subject to the schedules and availability of Franchisor's training personnel. Franchisor will provide the Initial Training Program to additional owners of Franchisee or managers of the Franchised Business (subject to the availability of Franchisor's staff), provided Franchisee pays Franchisor its then-current additional training fee for each individual that attends in addition to the first three (3) individuals (as well as any expenses incurred).
- B. **On-Site Assistance Training.** If and as Franchisor deems appropriate in its discretion, Franchisor may provide seven (7) to ten (10) days of on-site assistance and training at the Premises prior to the opening of the Franchised Business (the "On-Site Assistance Training"). Franchisor may determine, in its reasonable discretion, that Franchisee requires more than the standard seven (7) to ten (10) days of On-Site Assistance Training if Franchisee or Franchisee's personnel are not able to demonstrate that they adequately understand and can follow the System standards and specification for operation as conveyed by Franchisor in the Initial Training Program and the first seven (7) to ten (10) days of On-Site Assistance Training. In the event Franchisor or its personnel provides additional On-Site Assistance Training due to Franchisee's inability to follow System standards and specifications, Franchisee will be responsible for the costs and expenses incurred by Franchisor and its personnel in connection with providing such additional training.
- C. **Replacement Personnel Training.** Franchisor will also provide the Initial Training Program to any replacement personnel or those who attend but fail to complete the program as well, provided Franchisee pays Franchisor's then-current additional training fee (as well as any expenses incurred).

- D. **Additional and Refresher Training.** Franchisor may, as it deems appropriate in its discretion, develop additional and refresher training courses, and require Franchisee and its management to attend such courses. Franchisor will require Franchisee and its designated attendees to pay Franchisor's then-current additional training fee (in addition to Franchisee's obligation to pay for any expenses incurred).
- E. **Manuals.** Franchisor will loan Franchisee one (1) copy of its proprietary and confidential operations manual prior to the opening of the Franchised Business, as well as any other instructional manuals as Franchisor deems appropriate (collectively, the "Manuals"). Franchisor will also loan Franchisee a list of: (i) all furniture, fixtures, equipment, inventory, supplies and other items that Franchisee is required to purchase or lease in connection with the establishment and ongoing operation of the Franchised Business (collectively, the "Required Items"); (ii) a list of all suppliers from which Franchisee must purchase or lease any Required Items, which may be Franchisor or its affiliates (collectively, the "Approved Suppliers"); and (iii) a list of the Approved Products and Services that Franchisee is authorized to offer, sell or provide at and from the Franchised Business, including membership/loyalty programs and services. The foregoing lists may be provided as part of the Manuals or otherwise in writing prior to opening, and Franchisor has the right to revise, supplement or otherwise modify these lists and the Manuals at any time upon written notice to Franchisee. Franchisor may also establish and maintain Franchisor's website portal, wherein Franchisor may post content that will automatically become part of, and constitute a supplement to, the Manuals, all of which Franchisee must strictly comply with promptly after such content is posted or otherwise listed as part of the manuals on such website portal.
- F. **Site Selection Assistance.** Franchisor will provide Franchisee with site selection assistance and guidance with regards to Franchisee's selection of a Premises for the Franchised Business, including Franchisor's then-current site selection criteria, as it deems appropriate in its sole discretion. Franchisor may require that Franchisee use an Approved Supplier for site selection assistance. Franchisor will also review and approve of any location the Franchisee proposes for the Franchised Business. Franchisor must approve of Franchisee's proposed location, as well as the lease for the Premises (the "Lease") or purchase agreement for the location, prior to Franchisee entering into any such agreement for that location to serve as the Premises of the Franchised Business. Franchisor may condition its approval of any Lease for the proposed Premises on the landlord's execution of Franchisor's form of Consent and Agreement of Landlord attached to this Agreement at Exhibit C. Franchisor will use reasonable efforts to review and approve of any proposed Premises location and corresponding Lease within thirty (30) days of receiving all reasonably requested information from Franchisee.
- G. **Initial Marketing Assistance.** Franchisor may assist Franchisee, as it deems appropriate in its discretion, in developing and conducting the initial marketing program (as described more fully in Section 9 of this Agreement), which program shall be conducted at Franchisee's expense.
- H. **Opening Assistance/Continuing Assistance.** Franchisor may, as it deems appropriate and advisable in its sole discretion, provide opening assistance and continuing advisory assistance in the operation of the Franchised Business. Franchisor's determination not to provide any particular service, either initial or continuing, shall not excuse Franchisee from any of its obligations under this Agreement.

- I. **Review of Advertising Materials.** Franchisor will review and approve/reject any advertising or marketing materials proposed by Franchisee in connection with the Franchised Business as described more fully in Section 9 of this Agreement. Failure to follow our instructions regarding pre-approval of advertising materials will result in the following fines: 1st infraction: \$250; 2nd infraction: \$500; and third infraction: \$1,000.
- J. **Website.** For so long as Franchisor has an active website containing content designed to promote Franchisor's brand, System and Proprietary Marks (collectively, the "Website"), Franchisor will list the contact information of the Franchised Business on this Website, provided Franchisee is not in material default under this Agreement. Franchisor may also provide Franchisee with one or more email address(es), as it deems appropriate in its discretion, which Franchisee must use only in connection with the Franchised Business.
- K. **Private Label Products.** Franchisor may directly, or indirectly through Franchisor's affiliates or designated vendors, develop and provide Franchisee with 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.
- L. **Inspections of the Franchised Business and Premises.** Franchisor will, as it deems appropriate in its sole discretion, conduct inspections and/or audits of the Franchised Business and Premises to ensure that Franchisee is operating its Franchised Business in compliance with the terms of this Agreement, the Manuals and the System standards and specifications. Such inspections may include inspections of the Premises, taking photographs and/or videotape of the Restaurant's common area, taking samples of any Approved Products for sale at the Restaurant, interviewing and surveying Franchisee's personnel and customers, inspecting any and all books and records, and conducting mystery shop services. Franchisor is not responsible for ensuring that the Franchised Business is being operated in compliance with all applicable laws and regulations.
- a. Franchisor may establish a mystery shops program ("Mystery Shops Program") whereby a third-party vendor will patronize the Franchised Business and grade its experience based on criteria established by Franchisor or the third-party vendor. If established, Franchisee shall pay for the costs of the surveys conducted under the Mystery Shops Program to either Franchisor or a third-party vendor.
- b. Franchisor may also conduct quarterly service evaluations of the Franchised Business. Franchisee shall comply with any changes requested by Franchisor based on the quarterly evaluations.
- M. **Administration of Fund.** Franchisor will administer the Fund as it deems advisable to the System in its sole discretion as described more fully in Section 9 of this Agreement.
- N. **No Assumption of Liability.** Franchisor shall not, by virtue of any approvals or advice provided to the Franchisee under this Agreement, including site selection or other approval provided under this Section 5, 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 Premises 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 Premises, that the development of the Premises is free of error, nor that the Franchised Business is likely to achieve any level of volume, profit or success.

- O. **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.
- P. **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 ninety (90) days following the opening of the Franchised Business. Absent such notice to Franchisor, Franchisee acknowledges, agrees and grants that Franchisor complied with all of its pre-opening and opening obligations set forth in this Agreement.
- Q. **Annual Conference.** Franchisor may establish and conduct an annual conference for all System Restaurant owners and operators, and may require Franchisee to attend this conference for no more than five (5) days each year. Franchisee will be solely responsible for all expenses incurred in attending the annual conference (including any employee wages).

6. **DUTIES OF FRANCHISEE**

- A. **Secure a Premises.** Franchisee must secure a Premises and open and commence operating the Franchised Business within one (1) year of executing this Agreement, unless Franchisor agrees to an extension of time in writing. If Franchisor has designated an Approved Supplier for site selection assistance, then Franchisor may require that Franchisee use this Approved Supplier. If Franchisee is entering into a Lease for the proposed Premises, the form of Lease must be approved by Franchisor and Franchisee must ensure that the Lease contains the following terms as a condition to Franchisor's approval thereof:
 - 1. The leased Premises will only be used as a System Restaurant offering only the Approved Products and Services that Franchisor designates;
 - 2. Franchisor has the right to enter the Premises to make any modifications necessary to protect Franchisor's Proprietary Marks;
 - 3. Upon Franchisor's request, the landlord shall supply Franchisor with a current copy of the Lease;
 - 4. The landlord will notify Franchisor in writing of and upon the failure of Franchisee to cure any default by Franchisee under the Lease, and provide Franchisor with an opportunity to cure the default on behalf of Franchisee within a reasonable period of time;
 - 5. Franchisor will have the option, but not the obligation, to assume or renew the Lease and the occupancy of the business premises, including the right to sublease to another party operating a System Restaurant, for all or any part of the remaining term of the Lease only if: (i) the Franchise Agreement or Lease is terminated for cause; (ii) Franchisee is in default under the Lease and, if applicable, fails to cure within the time period provided for in the Lease; (iii) Franchisee is in material

default of the Franchise Agreement and fails to cure said default(s) within the applicable time period (if any) thereunder; or (iv) either the Franchise Agreement or Lease expires (and Franchisee does not renew in accordance with the respective terms of those agreements). Franchisor will not have the right to assume any Lease in the event Franchisee is relocating the Franchised Business from the Premises governed by the Lease in accordance with the terms of this Agreement. In the event Franchisor assumes the Lease under this Section, Franchisor will not be obligated to pay to the landlord past due rent, common area maintenance, and/or other charges attributable to more than one (1) month. The landlord shall give Franchisor thirty (30) days upon termination of Franchisee's rights under the Lease to exercise this option, which Franchisee must do in writing; and

6. The Lease may not be materially amended, assigned, or terminated without Franchisor's prior written approval.

B. **Access to Franchisor for Inspection of Premises**. Upon the surrender of the Premises, Franchisee must conduct a physical inventory so that there is an accurate accounting of inventory, fixtures, furniture, supplies and equipment on hand, and shall provide a signed copy of this physical inventory to Franchisor as of the date of surrender of the Premises. Franchisor shall have the right to enter the Premises at its convenience and conduct said physical inventory on its own.

C. **Compliance with Lease**. Franchisee must comply with both the Lease and any additional leasehold covenants and regulations of the building in which the Premises is located. In the event the landlord of the Premises terminates the Lease due to Franchisee's default thereunder, this termination will also constitute a material breach of this Agreement by Franchisee. In the event Franchisor provides appropriate notice as described in Section 6(A) above and assumes control of the Premises and the operation of the former Franchised Business upon the termination or expiration of the Lease, the future operation of that Restaurant by Franchisor shall not be as an agent of Franchisee and Franchisor shall not be required to account to Franchisee as a result thereof.

D. **Construction and Build-Out**.

1. Franchisee must complete all construction and build-out of the Premises in a manner consistent with Franchisor's System standards, specifications and any agreed-upon plans and open the Franchised Business to the public no later than nine (12) months after the date this Agreement is executed. Franchisor may recommend that Franchisee use an Approved Supplier for construction management services. Franchisor must provide its prior written consent before Franchisee may open the Franchised Business, and Franchisor reserves the right to inspect the construction and/or build-out of the Franchised Business at any reasonable time prior to the opening date. Should Franchisee fail to open the Franchised Business for operation within the prescribed period (or, if applicable, within any extended period of time Franchisor approves in writing), this Agreement will be deemed terminated upon written notice from Franchisor to Franchisee without the necessity of further action or documentation by either party.
2. The parties further agree and acknowledge that if Franchisee is opening and operating the Franchised Business pursuant to its development obligations under an Area Development Agreement ("ADA") with Franchisor, then that ADA will control the

timeline for opening and operating the Franchised Business in the event there is an inconsistency between the ADA and this Agreement. Franchisee must open and commence operations of the Franchised Business within the time period prescribed in the development schedule set forth in the ADA (even if Franchisor does not require Franchisee to execute this Agreement until Franchisee has secured an approved Premises for the Franchised Business).

- E. **Required Licenses and Permits.** 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 Premises in the Designated Territory, including all required licenses and permits related to operation of a restaurant or establishment offering food and the other Approved Products and Services provided at the Franchised Business.
- F. **Approved Products and Services.** Franchisee must only offer and sell only the Approved Products and Services at the Franchised Business. Franchisee may not offer or provide any other products/services and must not deviate from Franchisor's System standards and specification related to the manner in which the Approved Products and Services are offered and sold, unless Franchisor provides its prior written consent. Franchisor has the right to add additional, delete or otherwise modify certain of the Approved Products and Services from time to time in the Manuals and otherwise in writing, as it deems appropriate in its sole discretion. In the event of a dispute between Franchisee and Franchisor concerning Franchisee's right to carry any particular product or to offer any specific service, Franchisee will immediately remove the disputed products from inventory, remove the disputed service from those services offered at the Premises, or, if the same are not already in inventory or such services not yet being offered, will defer offering for sale such products and services pending resolution of the dispute.
- G. **Other Devices Prohibited at Premises.** Franchisee is specifically prohibited from installing, displaying, or maintaining any vending machines, gaming machines, automatic teller machines, internet kiosks, public telephones (or payphones), or any other electrical or mechanical device in the Restaurant other than those Franchisor prescribes or approves.
- H. **Fixtures, Furniture, Signs and Inventory.** Franchisee must maintain at all times during the term of this Agreement and any renewals hereof, at Franchisee's expense, the Premises and all fixtures, furnishings, signs, and inventory therein as necessary to comply with Franchisor's standards and specifications as prescribed in the Manuals or otherwise in writing. Franchisee must also make such additions, alterations, repairs, and replacements to the foregoing as Franchisor requires. Franchisor will not require Franchisee to make material renovations or refurbishments to the Premises of the Franchised Business in excess of Twenty Thousand Dollars (\$20,000) during the first two (2) years of the Term, unless the expenditure is (a) necessary for menu item production as determined by Franchisor, and (b) associated with the modification of the Marks used at Franchisee's Outlet. FRANCHISEE ACKNOWLEDGES THAT EQUIPMENT, ALTERATIONS AND RENOVATIONS REQUIRED BY FRANCHISOR MAY INVOLVE SUBSTANTIAL ADDITIONAL INVESTMENT BY FRANCHISEE DURING THE TERM OF THIS AGREEMENT. In addition, Franchisor reserves the right to require Franchisee to purchase and install a vehicle wrap approved by Franchisor for any vehicle(s) to be used in connection with catering services.

- I. **Compliance with Applicable Laws.** Franchisee must at all times conduct and operate the Franchised Business in accordance with all federal, state, and local laws, ordinances, and regulations applicable thereto, including any laws and regulations related to operating restaurants or businesses serving food. Franchisee will have sole authority and control over the day-to-day operations of the Franchised Business and Franchisee's employees and/or independent contractors. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Franchised Business, 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. At no time will Franchisee or Franchisee's employees be deemed to be employees of Franchisor or Franchisor's affiliates.
- J. **Required Items.** Franchisee must: (i) purchase any and all Required Items that Franchisor designates for use in connection with the Franchised Business, including without limitation, all products, supplies, inventory, fixtures, Computer System, parts, and materials required for the operation of the Franchised Business; (ii) ensure that all Required Items meet Franchisor's standards and specifications; and (iii) purchase all items Franchisor specifies from the Approved Supplier(s) that Franchise designates, which may include Franchisor or its affiliate(s). Franchisee agrees and acknowledges that Franchisor and/or its affiliates may derive revenue from the offer and sale of Required Items.
- K. **Alternative Supplier Approval.** If 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, to the extent 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 also provide Franchisor, for testing purposes, a sample of the item Franchisee wishes to purchase. 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. Franchisor will use commercially reasonable efforts to notify Franchisee in writing whether or not Franchisee's request is approved or denied within thirty (30) days of: (i) Franchisor's receipt of all supporting information from Franchisee regarding Franchisee's request under this Section; and (ii) if applicable, Franchisor's completion of any inspection or testing associated with Franchisee's request. If Franchisor does not provide written approval within this time period, then Franchisee's request will be deemed denied. Franchisor may, but is not obligated to, provide Franchisee's proposed supplier with its specifications for the item that Franchisee wishes the third-party to supply, provided that third-party executes Franchisor's prescribed form of non-disclosure agreement. Each supplier that Franchisor approves must comply with Franchisor's usual and customary requirements regarding insurance, indemnification and non-disclosure. If Franchisor approves any supplier, Franchisee may enter into supply contracts with such third party, but under no circumstances will Franchisor guarantee Franchisee's performance of any supply contract. Franchisor may re-inspect and 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. Nothing in this

Section shall 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.

- L. **Computer Issues.** Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting itself from computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders.
- M. **Promotional Materials Display.** Franchisee must openly and prominently display franchise promotional materials provided or designated by Franchisor and participate in any ongoing System-wide sales, specials or other promotions that Franchisor designates.
- N. **Initial Training.** Franchisee and each of its management personnel must attend and successfully complete the Initial Training Program prior to opening the Franchised Business, and pay Franchisor the appropriate additional training fees for any additional person(s) that attend the program other than the first three (3) individuals. Franchisee must also cover all costs associated with personnel of Franchisee attending the Initial Training Program. Before Franchisor approves or schedules Franchisee (or any of Franchisee's initial personnel) to attend any portion of the Initial Training Program, Franchisee must: (i) submit, and obtain Franchisor's approval of, Franchisee's initial marketing spend; (ii) undertake all steps to establish the EFT Account to use in connection with the Restaurant, including ensuring that both Franchisor and its designee has all authorizations and approvals necessary to access this EFT Account; (iii) demonstrate that Franchisee has all required insurance policies in place and that such policies name Franchisor and its designees as additional insureds; and (iv) provide Franchisor with completed and signed copies of all exhibits to your Franchise Agreement, to the extent such exhibits have not been signed or need to be updated/completed. Franchisee must also complete any additional or refresher training the Franchisor is permitted to require Franchisee to attend each year, and Franchisee must attend Franchisor's annual conference if conducted.
- O. **Training of Employees.** Franchisee or at least one (1) of Franchisee's personnel that has successfully completed the Initial Training Program must conduct training classes for, and properly train, all of Franchisee's employees on sales, advertising, maintenance of the Premises, the POS and computer system, as well as any other information that is relevant to each employee's role with the Franchised Business, including Franchisor's standards and specifications for operating the Franchised Business, as Franchisor may set forth in the Manuals or otherwise in writing. Further, at least one person that has completed the Initial Training Program must manage the Franchised Business at all times.
- P. **Hours of Operation.** Franchisee shall keep the Franchised Business open and in normal operation for such minimum hours and days as Franchisor may prescribe in the Manuals or otherwise in writing, and must ensure that the Franchised Business is sufficiently staffed.
- Q. **Image.** Franchisee shall maintain the image of the Franchised Business at all times in accordance with Franchisor's standards and specifications, including: (i) ensuring that the

Premises is maintained in a clean and orderly manner; and (ii) ensuring that all equipment, furniture and fixtures remain in good, clean condition and is properly displayed. Franchisor may require Franchisee to refurbish, renovate and/or otherwise substantively modify the interior of the Franchised Business, including the furniture, fixtures and equipment used at the Premises, no more than once every ten (10) years (unless the change is required in connection with a renewal or transfer of this Agreement) so that the Premises and Franchised Business conform with Franchisor's then-current System standards and specifications for a new System Restaurant.

- R. **Customer Lists.** Franchisee must (i) maintain a list of all of its current and former customers, as well as their purchase history and any membership agreements associated therewith, at the Premises, and (ii) make such lists and contracts available for Franchisor's inspection upon request. Franchisee must promptly provide this information, which is deemed "Confidential Information" hereunder, to Franchisor upon expiration or termination of this Agreement for any reason.
- S. **Promotional/Maximum Prices; Pricing Guidelines.** To the extent permitted under applicable law, Franchisee must follow Franchisor's general pricing guidelines, including any promotional or maximum prices set by Franchisor for a particular Approved Product or Service. As an independent contractor, however, Franchisee may exercise flexibility in meeting competition, offering specials, and adapting to local market conditions. Franchisor may request information from Franchisee that has been used to substantiate any reduction in pricing to meet market conditions.
- T. **Operation of Franchised Business and Customer Service.** Franchisee will be responsible for the day-to-day operation of the business. Franchisee shall manage and operate the Franchised Business in an ethical and honorable manner, and must ensure that all those working at the Franchised Business provide courteous and professional services to customers and always keep its customers' interests in mind while protecting the goodwill of the Proprietary Marks, System and the Franchised Business. Franchisee must handle all customer complaints and requests for returns and adjustments in a manner consistent with Franchisor's standards and specifications, and in a manner that will not detract from the name and goodwill enjoyed by Franchisor. Franchisee must consider and act promptly with respect to handling of customer complaints, and implement complaint response procedures that Franchisor outlines in the Manuals or otherwise in writing.
- U. **Access to Restaurant.** To determine whether Franchisee is complying with this Agreement, Manuals and the System, Franchisor and its designated agents or representatives may at all times and without prior written notice to Franchisee: (i) inspect the Premises; (ii) observe and monitor the operation of the Franchised Business for consecutive or intermittent periods as Franchisor deems necessary; (iii) interview personnel and customers of the Franchised Business; and (iv) inspect, audit and/or copy any books, records, and agreements relating to the operation of the Franchised Business, including all financial information. Franchisee agrees to cooperate with Franchisor fully in connection with these undertakings by Franchisor (if taken). If Franchisor exercises any of these rights, Franchisor will not interfere unreasonably with the operation of the Franchised Business.
- V. **Personal Participation by Franchisee.** Franchisee shall designate an individual to serve as the "Operations Manager" for the Outlet. The Operations Manager shall meet the following qualifications:

(i) The Operations Manager shall devote full time and best efforts to the supervision and conduct of the development and operation of the Outlet and shall agree in writing to be bound by the non-competition and confidentiality covenants set forth in this Agreement at such time he or she becomes the Operations Manager, or an owner of an interest in Franchisee.

(ii) The Operations Manager shall be approved by Franchisor and shall complete Franchisor's initial training requirements and shall participate in and complete to Franchisor's satisfaction all additional training as may be reasonably required by Franchisor. If at any time for any reason the Operations Manager no longer qualifies to act as such, Franchisee shall promptly designate another Operations Manager subject to the same qualifications set forth in this Section 6.

- W. **Management of the Outlet.** The Operations Manager and one or more competent managers approved by Franchisor (who shall have completed Franchisor's initial training program to Franchisor's satisfaction) shall personally devote their full time and best efforts to the management and operation of the Outlet in order to ensure compliance with this Agreement and to maintain Franchisor's high standards. Management responsibility shall include, without limitation, presence of the Operations Manager, manager, or an assistant manager who has successfully completed any training required by Franchisor before being designated as an Operations Manager, manager, or assistant manager at the Outlet during all business hours; maintaining the highest standards of product quality and consistency; maintaining the Outlet in the highest condition of sanitation, cleanliness and appearance; and supervising employees to ensure that the highest standard of service is provided and to ensure that Franchisee's employees deal with customers, suppliers, Franchisor, and all other persons in a courteous and polite manner. The Franchisor shall receive advance written notice of any change in the Operations Manager or assistant manager.
- X. **Credit Cards.** Franchisee must accept credit cards at the Premises to facilitate sales, including Visa, MasterCard, American Express, Discover and any other major credit cards designated by Franchisor.
- Y. **Payments to Franchisor.** Franchisee agrees to promptly pay Franchisor all payment and contributions that are due to Franchisor, its affiliates or any Approved Supplier.
- Z. **Employment Decisions.** Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Franchised Business, 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. Franchisee's employees must be competent, conscientious, and properly trained. Franchisee agrees and acknowledges that: (i) nothing in this Agreement or franchise relationship shall create any kind of joint employer or employer-employee relationship between (a) Franchisee, and (b) Franchisee and any Restaurant personnel; and (ii) Franchisee must indemnify, defend and hold harmless in connection with any costs or damages arising out of any such claim or cause of action.
- AA. **Bookkeeping Software.** Franchisor may require Franchisee to use a third-party provider (other than QuickBooks) for bookkeeping services if Franchisee (i) fails to timely and

accurately provide any and all required reports under this Agreement, or (ii) underreports the Gross Sales of the Restaurant at any time.

- BB. **Annual Conference.** Franchisee must attend the annual business conference held by Franchisor, if conducted. This obligation cannot be delegated to non-shareholder managers. Franchisee will be responsible for all transportation, lodging, food and other costs incurred by the manager in attending the annual business conference. If Franchisee's representatives do not attend the annual business conference, Franchisor reserves the right to charge Franchisee a non-attendance fee in an amount up to \$1,000.

7. **PROPRIETARY MARKS AND OTHER INTELLECTUAL PROPERTY RIGHTS**

- A. **Ownership of Proprietary Marks.** Franchisee acknowledges the exclusive ownership and/or right to use the Proprietary Marks by Franchisor, and Franchisee agrees that during the term of this Agreement and after its expiration or termination Franchisee will not directly or indirectly contest or aid in contesting the validity of the Proprietary Marks or the ownership or rights of the Proprietary Marks by Franchisor. Furthermore, Franchisee intends and hereby concedes that any commercial use Franchisee may make of the Proprietary Marks shall contribute and inure to the commercial use and benefit of Franchisor, which Franchisor may claim to strengthen and further secure ownership of the Proprietary Marks.
- B. **Permitted Use.** It is understood and agreed that the use by Franchisee of Franchisor's Proprietary Marks applies only in connection with the operation of the Franchised Business at the Premises, and includes only such Proprietary Marks as are now designated, or which may hereafter be designated in the Manuals or otherwise in writing as part of the System (which might or might not be all of the Proprietary Marks pertaining to the System owned by the Franchisor), and does not include any other mark, name, or indicia of origin of Franchisor now existing or which may hereafter be adopted or acquired by Franchisor.
- C. **Use of Proprietary Marks in Advertising and Signage.** To develop and maintain high, uniform standards of quality and service and thereby protect Franchisor's reputation and goodwill, as well as that of the System, Franchisee agrees to:
1. Operate and advertise the Franchised Business only under the Proprietary Marks authorized by Franchisor as specified in this Agreement or the Manuals;
 2. Maintain and display signage and advertising bearing the Proprietary Marks that reflects the current commercial image of the System and, upon notice from Franchisor, to immediately discard and cease use of Proprietary Marks or other imagery that has become obsolete and no longer authorized by Franchisor.
 3. Upon Franchisor's request, Franchisee hereby covenants and agrees that it will affix in a conspicuous location in or upon the Premises, a sign containing the following notice: "This business is owned and operated independently by (*name of franchisee*) who is an authorized licensed user of the trademark, SAMMY'S SLIDERS (or other Proprietary Mark we designate), under a license agreement with Sammy's Sliders USA, LLC."
- D. **Proprietary Marks are Sole Property of Franchisor.** Franchisee acknowledges that the Proprietary Marks, System, Manual, and all other information and items delivered to

Franchisee by Franchisor pursuant to this Agreement or in furtherance of the System, including without limitation, video and audio tapes or disks, information communicated by electronic means, and intellectual property, are the sole and exclusive property of Franchisor, and Franchisee's right to use the same are contingent upon Franchisee's continued full and timely performance under this Agreement. Franchisee acknowledges it acquires no rights, interests, or claims to any of said property, except for Franchisee's rights to use the same under this Agreement for the term hereof and strictly in the manner prescribed. Franchisee agrees that it will not, during the term of this Agreement or any time thereafter, contest or challenge the sole and exclusive proprietary rights of Franchisor (and, if appropriate, Franchisor's affiliates) to the Proprietary Marks, System, Manuals, special recipes, ingredients, menu items, and other information, intellectual property, and items delivered or provided or to which Franchisee obtains access under this Agreement, nor shall Franchisee claim any proprietary interest in such property. Franchisee agrees that it will not adopt, display, attempt to register or otherwise use any names, marks, insignias, or symbols in any business that are or may be confusingly similar to the Proprietary Marks licensed under this Agreement.

- E. **Legal Action Involving Proprietary Marks.** Franchisee agrees to cooperate with and assist Franchisor in connection with any legal action brought by or against either of them regarding the protection and preservation of the Proprietary Marks, System, or the Manuals, special recipes, ingredients, menu items, and other information and intellectual property delivered to Franchisee or used by Franchisee under this Agreement.
- F. **Confidential Information.** Franchisee agrees that all documents, papers, notes, and other materials, as well as work products containing or derived from the proprietary information or from the knowledge of, or in connection with, the operation of the Franchised Business, will be Confidential Information (as defined in this Agreement) that is the exclusive property of Franchisor. Franchisee agrees that it will have no proprietary interest in any work product developed or used by it that arises out of the operation of the Franchised Business. Franchisee will, from time to time as may be requested by Franchisor, do all things that may be necessary to establish or document Franchisor's ownership of any such work product, including without limitation, the execution of assignments.
- G. **Improvements.** Franchisee agrees to disclose promptly to Franchisor any and all 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"), all of which shall be automatically and without further action owned by Franchisor without compensation to Franchisee (including all intellectual property rights therein). Whenever requested to do so by Franchisor, Franchisee 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.
- H. **Modification or Substitution of Marks by Franchisor.** If in Franchisor's reasonable determination, the use of Proprietary Marks in connection with the System will infringe or potentially infringe upon the rights of any third party, weakens or impairs Franchisor's

rights in the Proprietary Marks, or it otherwise becomes advisable at any time in Franchisor's sole discretion for Franchisor to modify, discontinue, or to use one (1) or more additional or substitute trade or service Proprietary Marks then upon notice from Franchisor, Franchisee will terminate or modify, within a reasonable time, such use in the manner prescribed by Franchisor. If Franchisor changes the Proprietary Marks in any manner, Franchisor will not reimburse Franchisee for any out-of-pocket expenses that Franchisee incurs to implement such modifications or substitutions. Franchisor is not obligated to reimburse Franchisee for any loss of goodwill or revenue associated with any modified or discontinued Proprietary Mark or good offered, nor is Franchisor responsible for reimbursing Franchisee for any other costs or damages

- I. **Other Modification or Substitution of Proprietary Marks.** Franchisee agrees not to make any changes or amendments whatsoever in or to the use of the Proprietary Marks unless directed by Franchisor in writing.
- J. **Cease Use of Marks on Termination/Non-Renewal.** Upon termination or expiration and non-renewal of this Agreement, Franchisee agrees to immediately cease use, in any manner whatsoever, of any of the Proprietary Marks or any other Proprietary Marks or trade names that may be confusingly similar to the Proprietary Marks.
- K. **Disconnection of Telephone Number upon Termination/Renewal.** Franchisee acknowledges that there will be substantial confusion among the public if, after the termination or expiration and non-renewal of this Agreement, Franchisee continues to use advertisements and/or the telephone number listed in the telephone directory or online under or containing the Proprietary Marks or any name similar to it. Thus, effective upon the termination or expiration and non-renewal of this Agreement, Franchisee agrees to direct the telephone company servicing Franchisee, per Franchisor's request, to disconnect the telephone number used in connection with the Franchised Business or transfer such number to Franchisor or to any person or location of Franchisor's choosing. If Franchisee fails to take these steps, Franchisee shall be deemed to have hereby irrevocably appointed Franchisor as Franchisee's attorney-in-fact for purposes of directing and accomplishing such transfer. Franchisee understands and agrees that, notwithstanding any billing arrangements with any telephone company or yellow pages directory company, Franchisor will be deemed for purposes hereof to be the subscriber of such telephone numbers, with full authority to instruct the applicable telephone or yellow pages directory company as to the use and disposition of telephone listings and numbers. Franchisee hereby agrees to release, indemnify, and hold such companies harmless from any damages or loss as a result of following Franchisor's instructions.
- L. **Non-Exclusive Use of Proprietary Marks.** Franchisee understands and agrees that its right to use the Proprietary Marks is non-exclusive, that Franchisor in its sole discretion has the right to grant licenses to others to use the Proprietary Marks and obtain the benefits of the System in addition to the licenses and rights granted to Franchisee under this Agreement, and that Franchisor may develop and license other trademarks or service marks in conjunction with systems other than the System on any terms and conditions as Franchisor may deem advisable where Franchisee will have no right or interest in any such other trademarks, licenses, or systems.
- M. **Acknowledgements.** With respect to Franchisee's use of the Proprietary Marks pursuant to this Agreement, Franchisee acknowledges and agrees that:

1. Franchisee shall not use the Proprietary Marks as part of Franchisee's corporate or any other business name, domain name, e-mail address or any social media or social networking profile/page;
 2. Franchisee shall not hold out or otherwise use the Proprietary Marks to perform any activity or incur any obligation or indebtedness in such a manner as might in any way make Franchisor liable therefor without Franchisor's prior written consent; and
 3. Franchisee shall execute any documents and provide such other assistance deemed necessary by Franchisor or its counsel to obtain protection for Proprietary Marks or to maintain the continued validity of such Proprietary Marks.
- N. **No Unauthorized Use.** Franchisee acknowledges that the use of the Proprietary Marks outside the scope of this license without Franchisor's prior written consent is an infringement of Franchisor's exclusive right to use the Proprietary Marks and, during the term of this Agreement and after the expiration or termination hereof, Franchisee covenants not to directly or indirectly commit an act of infringement, contest or aid in contesting the validity or ownership of Franchisor's Proprietary Marks, or take any other action in derogation thereof.
- O. **Notification of Infringement.** Franchisee shall notify Franchisor within five (5) calendar days of any suspected infringement of, or challenge to, the validity of the ownership of, or Franchisor's right to use, the Proprietary Marks licensed hereunder. Franchisee will not communicate with any persons other than Franchisor or Franchisor's legal counsel in connection with any such infringement, challenge, or claim. Franchisee acknowledges that Franchisor has the right to control any administrative proceeding or litigation involving the Proprietary Marks. In the event Franchisor undertakes the defense or prosecution of any litigation relating to the Proprietary Marks, Franchisee agrees to execute any and all documents and to do such acts and things as may be necessary in the opinion of counsel for Franchisor to carry out such defense or prosecution.
- P. **Indemnification Regarding Marks.** Franchisor will indemnify and defend Franchisee against any third-party claim brought against Franchisee that arises solely out of Franchisee's authorized use of the Proprietary Marks licensed under this Agreement in connection with the Franchised Business, provided: (i) such use is in full compliance with Franchisor's standards and specifications; and (ii) Franchisee notifies Franchisor in writing of this third-party claim within three (3) calendar days of receiving notice or otherwise learning of the claim. Franchisor will have complete control over the defense and, if appropriate, settlement negotiations and resolution regarding the claims described in this Section, including the right to select legal counsel Franchisor deems appropriate. Franchisee must fully cooperate with Franchisor in connection with Franchisor's defense or settlement of any third-party claim that Franchisor determines to take control of under this Section 7. Notwithstanding anything in this Section to the contrary, Franchisor's liability under this Section shall be limited to no more than the Initial Franchise Fee paid under this Agreement.
- Q. **Other Obligations of Franchisee.** In addition to all other obligations of Franchisee with respect to the Proprietary Marks licensed herein, Franchisee agrees:

1. To feature and use the Proprietary Marks solely in the manner prescribed by Franchisor and not use the Proprietary Marks on the internet except as approved in writing by Franchisor; and
2. To observe all such requirements with respect to service mark, trademark and copyright notices, fictitious name registrations, and the display of the legal name or other identification of Franchisee as Franchisor may direct in writing from time to time.

8. OPERATIONS MANUALS AND CONFIDENTIAL/CONFIDENTIAL INFORMATION

- A. **Compliance with Manuals.** In order to protect the reputation and goodwill of Franchisor and the System, and to maintain uniform standards of operation under Franchisor's Proprietary Marks, Franchisee shall conduct the Franchised Business in strict accordance with Franchisor's Manuals.
- B. **Control of the Franchised Business.** Franchisee acknowledges the Manuals provided by Franchisor to Franchisee is intended to protect Franchisor's standards, systems, names, and marks and is not intended to control day-to-day operation of Franchisee's business. Franchisee further acknowledges and agrees that the Franchised Business will be under the control of the Franchisee at all times.
- C. **Confidential Information.** In connection with the operation of the Franchised Business, Franchisee will from time to time become acquainted with, work with, and even generate certain information, procedures, techniques, data, special recipes, ingredients, menu items, and materials that are and, by this Agreement, will become proprietary to Franchisor. Franchisee and all persons signing this Agreement agree to keep confidential any of Franchisor's trade secrets or proprietary information as defined below and will not use such for its or their own purpose or supply or divulge same to any person, firm, association, or corporation except as reasonably necessary to operate the Franchised Business.
- D. **Trade Secrets and Confidential Information.** The confidentiality requirements set forth in the preceding paragraph will remain in full force and effect during the term of this Agreement and in perpetuity after its termination or expiration and non-renewal. Franchisor's trade secrets and proprietary/confidential information include the following:
 1. The Manuals, as well as information related to the following: (i) site-selection criteria for Restaurants; (ii) methods, techniques and trade secrets for use in connection with the System for the establishment and operation of a Restaurant; (iii) marketing research and promotional, marketing and advertising programs for the Franchised Business and Restaurants generally; (iv) knowledge of specification for and suppliers of, and methods of ordering, certain products, fixtures, furnishings, equipment and inventory used at the Franchised Business and Restaurants generally; (v) knowledge of the operating results and financial performance of any Restaurant utilizing the System; (vi) customer communication and loyalty programs, along with data used or generated in connection with those programs; (vii) Franchisor's other instructional manuals, as well as any training materials and information Franchisor has developed for use in connection with the System; (viii) information regarding the development of the Proprietary Marks; (ix) information generated by, or used or developed in, the operation of the Franchised Business, including customer names, addresses, telephone numbers

and any other information contained in the Franchised Business's computer system; and (x) the design, build-out and any construction/remodeling plans for the interior and exterior of the Franchised Business and Restaurants generally;

2. The special recipes, ingredients, menu items, and storage/preparation/cooking/presentation techniques and methodology associated with the Approved Products; and
3. Any other information that may be imparted to Franchisee from time to time and designated by Franchisor as confidential (collectively, the "Confidential Information").

E. **Confidential Information as Property of Franchisor.** Franchisee acknowledges and agrees that the Confidential Information and any business goodwill of the Franchise are Franchisor's sole and exclusive property and that Franchisee will preserve the confidentiality thereof. Upon the termination or expiration and non-renewal of this Agreement, all items, records, documentation, and recordings incorporating any Confidential Information will be immediately turned over by Franchisee, at Franchisee's sole expense, to Franchisor or to Franchisor's authorized representative.

F. **Information Not Proprietary.** Excepted from Confidential Information for purposes of non-disclosure to any third parties by Franchisee and/or its Restricted Persons (as hereinafter defined) is information that:

1. Becomes publicly known through no wrongful act of Franchisee or Restricted Persons; or
2. Is known by Franchisee or Restricted Persons without any confidential restriction at the time of the receipt of such information from Franchisor or becomes rightfully known to them without confidential restriction from a source other than Franchisor.

G. **Reasonable Efforts to Maintain Confidentiality.** Franchisee shall at all times treat the Confidential Information as confidential and shall use all reasonable efforts to keep such information secret and confidential. The Manuals must remain at the Premises and be kept in a secure location, under lock and key, except when it is being studied by Franchisee or Franchisee's employees. Franchisee shall not, at any time without Franchisor's prior written consent, copy, scan, duplicate, record, distribute, disseminate, or otherwise make the Manuals available to any unauthorized person or entity, in whole or in part.

H. **Prevention of Unauthorized Use or Disclosure.** Franchisee shall adopt and implement all reasonable procedures as Franchisor may prescribe from time to time to prevent the unauthorized use or disclosure of any of the Confidential Information. Franchisee must ensure and require that all of its officers, agents, directors, shareholders, trustees, beneficiaries, partners, employees, spouses of employees, and independent contractors who may obtain or who are likely to obtain knowledge concerning the Confidential Information (collectively, "Restricted Persons") execute Franchisor's prescribed form of confidentiality agreement that will be in substantially the same form attached to this Agreement as Exhibit E (the "Confidentiality and Non-Competition Agreement"). Franchisee must obtain a signed copy of the Confidentiality and Non-Competition Agreement from any such person prior to, or at the same time of, that person undertaking

its role and/or employment or association with Franchisee or the Franchised Business. Franchisee's spouse or significant other shall also be bound by the same requirement and shall sign the same Confidentiality and Non-Competition Agreement. Franchisee must provide Franchisor with a copy of each signed Confidentiality and Non-Competition Agreement within ten (10) days of Franchisor's request.

- I. **Loan of Manuals.** Franchisor will loan one (1) copy of the Manuals to Franchisee. The Manuals shall at all times remain the sole property of Franchisor and must be returned to Franchisor upon termination or expiration and non-renewal of this Agreement.
- J. **Modification of Manuals.** In order for Franchisee to benefit from new knowledge, information, methods, and technology adopted and used by Franchisor in the operation of the System, Franchisor may from time to time revise the Manuals, and Franchisee agrees to adhere to and abide by all such revisions (at its expense). Franchisee agrees at all times to keep its copy of the Manuals current and up-to-date. In the event of any dispute as to the contents of Franchisee's Manual, the terms of the master copy of the Manuals maintained by Franchisor at its home office shall be controlling. Out-of-date pages must be returned to Franchisor immediately upon replacement. Franchisor may provide any supplements, updates or revisions to the Manuals via the Internet, email, the System-wide intranet/extranet or any other electronic or traditional mediums it deems appropriate.

9. **ADVERTISING**

- A. **Advertising and Sales Promotion Programs.** Franchisor may from time to time develop and create advertising and sales promotion programs designed to promote and enhance the collective success of all or some of the 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 (at Franchisee's expense) and subsequently use certain other advertising or promotional materials that Franchisor designates for use in connection with the Franchised Business.
- B. **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 unapproved plans and materials to Franchisor, and Franchisor will have thirty (30) days to notify Franchisee of its approval or disapproval of such materials. If Franchisor does not provide its specific approval of the proposed materials within this thirty (30) day period, the proposed materials will be deemed rejected. 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. 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.

- C. **Initial Marketing Spend.** Franchisee must spend a minimum amount equal to Five Thousand Dollars (\$5,000), but not more than Seven Thousand Five Hundred Dollars (\$7,500) to promote and advertise the grand opening of the Franchised Business within the Designated Territory (“Initial Marketing Spend”), which must be expended during the time period beginning approximately sixty (60) days prior to the opening of the Franchised Business through the first sixty (60) days following the opening of the Franchised Business. Franchisor reserves the right to collect the Initial Marketing Spend directly from Franchisee in order to implement the initial marketing campaign on Franchisee’s behalf.
- D. **Local Advertising Requirement.** In addition to the Initial Marketing Spend, Franchisee shall be required to expend one percent (1%) of Gross Sales on advertising and marketing the Franchised Business within the Designated Territory (the “Local Advertising Requirement”). Franchisee may expend any additional sums it wishes on local advertising within its Designated Territory. In the event that Franchisor determines that Franchisee has not complied with the Local Advertising Requirement, Franchisor reserves the right to require Franchisee to contribute to the Brand Development Fund the difference between the amount of Local Advertising Requirement and what the Franchisee actually expended on local marketing in the Designated Territory.
1. Upon Franchisor’s request, Franchisee must provide Franchisor with invoices or other proof of its monthly expenditures on local advertising and marketing.
 2. Franchisee must ensure that: (i) the Franchised Business has a dedicated phone line for use in connection with the Franchised Business only (and no other business, including any other System franchise); (ii) the Franchised Business is listed in the appropriate Internet-based directories that Franchisor designates.
 3. Franchisee may not advertise and promote the Franchised Business outside of the Designated Territory, unless (a) the geographic area wherein Franchisee wishes to advertise is contiguous to the Designated Territory and that area has not been granted to any other System location or System franchisee/developer, or (b) Franchisor otherwise provides its prior written consent in writing.
- E. **Brand Development Fund.** Franchisor has established a brand development Fund designed to promote the System, Proprietary Marks and SAMMY’S SLIDERS brand generally. Franchisee must contribute to the Fund in an amount equal to two percent (2%) of the Gross Sales generated by the Franchised Business per month. Franchisor reserves the right to increase the Fund contribution to an amount equal to three percent (3%) of the Gross Sales generated by the Franchised Business. All payments by Franchisee to the Fund are non-refundable upon payment, and Franchisor will account separately for all sums paid to the Fund. The Fund will be maintained and administered by Franchisor or Franchisor’s designee as follows:
1. Franchisor will use Fund and all contributions to it and any earnings on it, exclusively for preparing, directing, conducting, placing, and administering advertising, marketing, public relations, and/or promotional programs and materials, and any other activities, that Franchisor believes would enhance the image of the System, Proprietary Marks, and Approved Products or Services.

2. Franchisor is not obligated to spend monies from the Fund in any particular Franchisee's market in proportion to the payments to the Fund made by the Franchisee in that market. Franchisor does not represent that it will spend any particular amount of advertising funds locally, regionally, or nationally.
3. The Fund may be used to meet any and all costs of: maintaining, administering, directing, and preparing advertising, including any and all digital marketing/advertising content, as well as employing technology designed to enhance the System or that is otherwise associated with training tools designed to assist Restaurant owners. This includes, among other things, direct mail advertising, marketing surveys and other public relations activities, developing and maintaining the Franchisor's Website, employing advertising and public relations agencies, purchasing promotional items, providing other marketing materials and services to the Restaurants operating under the System, and any other activities that Franchisor determines appropriate to develop the brand and/or System. These costs may include the proportionate salary share of Franchisor's employees that devote time and render services for advertising and promotion or the administration of the Fund, including administrative costs, salaries, and overhead expenses related to administering the Fund and its programs. No part of the Fund shall be used by Franchisor to defray any of its general operating expenses, other than those Franchisor allocates to the advertising described in this Section or other activities reasonably related to the administration or direction of the Fund.
6. Franchisor shall administratively segregate all contributions to the Fund on its books and records. All such payments to the Fund may be deposited in Franchisor's general operating account, may be commingled with Franchisor's general operating funds, and may be deemed an asset of Franchisor, subject to Franchisor's obligation to expend the monies in the Fund in accordance with the terms hereof. Franchisor may, in its sole discretion, elect to accumulate monies in the Fund for such periods of time, as it deems necessary or appropriate, with no obligation to expend all monies received in any fiscal year during that fiscal year. In the event Franchisor's expenditures for the Fund in any one (1) fiscal year shall exceed the total amount contributed to the Fund during such fiscal year, Franchisor shall have the right to be reimbursed to the extent of such excess contributions from any amounts subsequently contributed to the Fund or to use such excess as a credit against its future contributions. The parties do not intend that the Fund be deemed a trust.
7. Franchisor shall, on an annual basis, account for the operation of the Fund and prepare an unaudited financial statement evidencing such accounting, which will be available to Franchisee provided Franchisee makes written request no later than ninety (90) days after the Franchisor's fiscal year end. Franchisor will not be required to provide an audit with respect to the Fund, and Franchisor may dissolve the Fund at any time after it is established.

F. **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 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 Restaurants, 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.

- G. **Website.** Franchisor agrees that it will establish an interior page on its corporate website to display the Premises and contact information associated with the Franchised Business for so long as (i) the Franchised Business is open and actively operating, and (ii) this Agreement is not subject to termination. Franchisee may not establish any separate website or other Internet presence in connection with the Franchised Business, System or Proprietary Marks without Franchisor's prior written consent. If approved to establish a separate website, Franchisee shall comply with Franchisor's policies, standards and specifications with respect to the creation, maintenance and content of any such website. Franchisee specifically acknowledges and agrees that any website owned or maintained by or for the benefit of Franchisee shall be deemed "advertising" under this Agreement, and will be subject to (among other things) Franchisor's approval as described in this Section 9. Franchisee may not promote or otherwise list its Franchised Business, or the Proprietary Marks or System, on any social media or networking site, including without limitation, Facebook, LinkedIn, Instagram, Pinterest, X, or YouTube, without Franchisor's prior written consent. Franchisor shall have the right to modify the provisions of this Section relating to Franchisee's use of separate websites and social media, as Franchisor determines necessary or appropriate.
- H. **Cooperatives.** Franchisor may establish regional advertising cooperatives that are comprised of multiple Restaurant owners located within a geographical region that Franchisor designates (each, a "Cooperative"). If Franchisor establishes a Cooperative and designates Franchisee as a member thereof, Franchisee may be required to contribute to the Cooperative in an amount not to exceed Franchisee's Local Advertising Requirement each month. All amounts paid to a Cooperative will be credited towards Franchisee's Local Advertising Requirement. Franchisor shall have the right to specify the governing rules, terms and operating procedures of any Cooperative.

10. **ACCOUNTING AND RECORDS**

- A. **Maintenance of Records.** Franchisee must, in a manner satisfactory to Franchisor and in accordance with generally accepted accounting principles, maintain original, full, and complete register tapes, computer files, back-up files, other records, accounts, books, data, licenses, contracts, and product vendor invoices which shall accurately reflect all particulars relating to the Franchised Business, as well as other statistical and financial information and records Franchisor may require. All of this information must be kept for at least three (3) years, even if this Agreement is no longer in effect. Upon Franchisor's request, Franchisee must furnish Franchisor with copies of any or all product or equipment supply invoices reflecting purchases by or on behalf of the Franchised Business. In addition, Franchisee shall compile and provide to Franchisor any statistical or financial information regarding the operation of the Franchised Business, the products and services sold by it, or data of a similar nature, including without limitation, any financial data that Franchisor believes that it needs to compile or disclose in connection with the sale of franchises or that Franchisor may elect to disclose in connection with the sale of franchises. All data provided to the Franchisor under this Section 10 shall belong to Franchisor and may be used and published by Franchisor in connection with the System (including in Franchisor's franchise disclosure documents).

- B. **Examination and Audit of Records.** Franchisor and its designated agents shall have the right to examine and audit Franchisee's records, accounts, books, computer files, and data at all reasonable times to ensure that Franchisee is complying with the terms of this Agreement. If such audit discloses that Franchisee has underreported the Gross Sales of the Franchised Business or any amount due to Franchisor by two percent (2%) or more in any given reporting period (weekly, monthly or otherwise), then Franchisee must: (i) reimburse Franchisor any costs/expenses incurred in connection with conducting the inspection and audit; and (ii) pay any amount due and owing Franchisor as a result of Franchisee's underreporting, along with any accrued interest on said amounts.
- C. **Computer System for Records.** Franchisee shall record all transactions and Gross Sales of the Franchised Business on a Computer System that is approved by Franchisor, which must contain software that allows Franchisee to record accumulated sales without turning back, resetting or erasing such sales. Franchisor will, at all times and without notice to Franchisee, have the right to independently and remotely access and view Franchisee's Computer System as described in Section 4 of this Agreement.
- D. **Computer System Files and Passwords.** Franchisee will not install or load any computer software on the hard disks of the Computer System used in connection with the Franchised Business without Franchisor's prior written consent. All computer and file passwords associated with the Computer System must be supplied as a list to Franchisor by Franchisee, along with any modifications or changes to that list. The passwords to access the Computer System located at the Premises or used by the Franchised Business, as well as all computer files and records related to the Franchised Business, are the exclusive property of Franchisor and Franchisee must provide Franchisor with these files and information upon the termination or expiration of this Agreement.
- E. **Current Contracts, Listings and Projects.** At any time and upon request of Franchisor, Franchisee shall provide Franchisor with a copy or summary listing, at Franchisor's discretion, of all current contracts, listings, agreements, and projects that Franchisee is involved in or working with.
- F. **Tax Returns.** Upon Franchisor's request, Franchisee shall furnish the Franchisor with a copy of each of its reports, returns of sales, use and gross receipt taxes, and complete copies of any state or federal income tax returns covering the operation of the Franchised Business, all of which Franchisee shall certify as true and correct.
- G. **Submission of Performance Reports.** Franchisee shall submit to Franchisor, for review or auditing, financial statements, including a balance sheet and income statement prepared on a monthly basis, Gross Sales reports and performance reports for monthly periods, and such forms, reports, records, information, and data as Franchisor may reasonably designate, in the form and place reasonably required by Franchisor, including without limitation, by electronic telecommunications data transmission methods, upon request and as specified from time to time in the Manuals or otherwise in writing. Such reporting shall be submitted no later than the tenth (10th) day of the month following the reporting period or such other date specified in writing by Franchisor. Failure to do so will result in Franchisor's assessment of a penalty of Five Hundred Dollars (\$500.00) and an administrative fee of Fifty Dollars (\$50.00) per day until such reporting is received. If Franchisee prepares and submits to Franchisor monthly profit and loss statements, Franchisor may require Franchisee to have a certified public accountant review such statements on a quarterly basis, the expense of which shall be borne entirely by the Franchisee, and then submit such

quarterly reviews to the Franchisor. Franchisee also shall immediately notify Franchisor in writing when one or more liens or judgments are filed against the Franchisee, the Franchised Business and/or any of the personal guarantors (if any) under this Agreement.

- H. **Submission of Financial Statements and Tax Returns.** Franchisee shall submit, within (a) copies of a balance sheet, profit and loss statement and cash flow report for the Franchised Business operations that, at Franchisor's option, is prepared and certified by a certified public accountant which cover the previous twelve (12) months of operations of the Franchised Business within 45 days of each calendar/fiscal year-end, and (b) monthly profit and loss statements each month on or before the 5th of each month for the immediately preceding month of operations. Each financial submission shall be certified by Franchisee as true and correct. The fiscal year of the Franchised Business must coincide with the calendar year. Franchisee also shall submit, within five (5) days of their filing, its federal and state tax returns for each year during the term of this Agreement; provided, however, that if Franchisee is not a corporation or partnership, Franchisee may, at its option, submit only those schedules to its personal tax filings which reflect the revenues and expenses of the Franchised Business. Franchisee's failure to provide any report will result in Franchisee being charged the Non-Reporting Enforcement Fee if Franchisee fails to provide such report(s) within the time period discussed in Section 4(H).
- I. **Right to Require Audit if Franchisee Underreports.** In the event a prior audit or inspection conducted by Franchisor (or its designee) has revealed that Franchisee has been underreporting the Gross Sales of the Franchised Business by two percent (2%) or more for any reporting period as described in Section 10(B), then Franchisor may require Franchisee to provide, at the Franchisee's expense, audited financial statements that comply with GAAP and GAAS for Franchisee's fiscal year within 120 days of Franchisee's fiscal year end.
- J. **Change to Ownership of Franchisee.** In addition to the foregoing statements, Franchisee must provide Franchisor with written reports regarding any authorized change to: (i) the listing of all owners and other holders of any type of interest (legal or beneficial) in Franchisee or the Franchised Business; and (ii) Franchisee's partners, officers, directors, as well as any Operations Manager that manage the day-to-day operations of the Franchised Business. Franchisee will notify Franchisor in writing within ten (10) days after any such change, unless Franchisor is required to first notify Franchisor and obtain its approval prior to making any such change.
- K. **Payroll.** Franchisee acknowledges the Franchisor's stated best practice is to utilize a payroll service which will include as part of its service the impounding and payment of all employee withholding taxes payable to the Internal Revenue Service and state and local taxing authorities. Franchisee will be responsible for all charges related to the payroll service. In addition, upon Franchisor's request Franchisee must submit copies of all quarterly form 941s and all proofs of payment related thereto to Franchisor within ten (10) days of the date such forms and payments are submitted to pertinent governmental agencies.
- L. **Minimum Operating Account Balance.** Once the Franchised Business has been open and operating for a period of six (6) months, Franchisee must maintain an average daily balance of \$25,000 in the bank account that Franchisee designates for use in connection with the Franchised Business. Franchisor may request that Franchisee provide all information necessary to evidence that Franchisee is complying with this obligation, including without

limitation, bank statements that have (a) been verified by the bank, and (b) signed and certified as accurate by Franchisee.

11. INSURANCE AND INDEMNIFICATION

A. **Required Insurance.** Franchisee shall, at its own expense and no later than the earlier of (a) the date on which Franchisee uses any of the Proprietary Marks, or (b) the date Franchisee begins building out the Premises, procure and maintain in full force and effect throughout the term of this Agreement the types of insurance enumerated in the Manuals or otherwise in writing (whether the Franchised Business is open or not). This insurance shall be in such amounts Franchisor or the lessor of the Premises designates from time to time. In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee shall procure:

- 1) fire, extended coverage, vandalism, malicious mischief and special extended peril insurance at not less than ninety percent (90%) of the actual replacement value of the building (if owned), and contents, and improvement.
- 2) workers' compensation and other insurance required by law;
- 3) comprehensive general liability insurance on an occurrence basis naming Franchisor and its officers, directors and employees as an additional insured as follows;
- 4) Bodily injury to or death of one or more persons with minimum coverage of Two Million Dollars (\$2,000,000);
- 5) property damage or destruction with minimum coverage of One Million Dollars (\$1,000,000) per occurrence;
- 6) public and product liability with minimum coverage of Two Million Dollars (\$2,000,000); and
- 7) non-owned vehicle coverage with minimum coverage of Five Hundred Thousand Dollars (\$500,000).
- 8) Cyber security insurance coverage with minimum coverage of One Million Dollars (\$1,000,000).
- 9) Any other insurance Franchisor requires.

Franchisee must buy insurance only from carriers rated A-VIII or better by A.M. Best and Company, Inc. (or similar criteria as Franchisor periodically specifies), unless Franchisor designates specific carriers from which Franchisee must purchase coverage (in which case Franchisee may only purchase from the designated carrier(s)). Franchisor may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, changing economic conditions, or other relevant changes in circumstances. All insurance policies Franchisee purchases must name Franchisor and any affiliate Franchisor designate as additional insureds, and provide for thirty (30) days' prior written notice to Franchisor of a policy's

material modification or cancellation. The cost of Franchisee's premiums will depend on the insurance carrier's charges, terms of payment, and Franchisee's insurance and payment histories. Franchisee shall make timely delivery of certificates of all required insurance to Franchisor, each of which shall contain a statement by the insurer that the policy will not be cancelled or materially altered without at least thirty (30) days' prior written notice to Franchisor. The procurement and maintenance of such insurance shall not relieve Franchisee of any liability to Franchisor under any indemnity requirement of this Agreement.

- B. **Failure to Procure and Maintain Insurance.** If Franchisee fails for any reason to procure and maintain the required insurance coverage, Franchisor has the right and authority (without having any obligation to do so) to immediately procure such insurance coverage, in which case Franchisee must: (i) reimburse Franchisor for the costs incurred to obtain the required insurance (including any premium amounts paid); and (ii) pay Franchisor its then-current administrative fee, as may be reasonably charged by Franchisor as consideration for securing the required insurance on Franchisee's behalf.
- C. **Indemnification.** Franchisee, as a material part of the consideration to be rendered to Franchisor, agrees to indemnify, defend and hold Franchisor, as well as Franchisor's directors, officers, principals/owners, managers, shareholders, affiliates, subsidiaries, employees, servants, agents, successors and assignees (collectively, the "Indemnitees"), harmless from and against any and all losses, damage, claims, demands, liabilities and causes of actions of every kind or character and nature, as well as costs and expenses incident thereto (including reasonable attorneys' fees and court costs), that are brought against any of the Indemnitees (collectively, the "Claims") that arise out of or are otherwise related to Franchisee's ownership, construction, management, or operation of the Franchised Business in any manner. Notwithstanding the foregoing, at Franchisor's option, Franchisor may choose to engage counsel and defend against any such Claim and may require immediate reimbursement from the Franchisee of all expenses and fees incurred in connection with such defense.

12. **INDEPENDENT CONTRACTOR**

- A. **No Fiduciary Relationship.** In all dealings with third parties, including without limitation, employees, suppliers, and customers, Franchisee shall disclose in an appropriate manner acceptable to Franchisor that it is an independent entity licensed by Franchisor. Nothing in this Agreement is intended by the parties hereto either to create a fiduciary relationship between them or to constitute the Franchisee an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of Franchisor for any purpose whatsoever.
- B. **Independent Contractor Relationship.** It is understood and agreed that Franchisee is an independent contractor and is in no way authorized to make any contract, agreement, warranty, or representation or to create any obligation on behalf of Franchisor. Upon Franchisor's request, Franchisee must display a sign in its Franchised Business displaying the following phrase (or something similar): "This Restaurant is independently owned and operated pursuant to a license agreement." Neither this Agreement nor Franchisor's course of conduct is intended, nor may anything in this Agreement (nor Franchisor's course of conduct) be construed to state or imply that Franchisor is the employer of Franchisee's employees and/or independent contractor.

13. TRANSFER AND ASSIGNMENT

- A. **Franchisee Right to Transfer.** Franchisee's rights under this Agreement are personal, and Franchisee shall not sell, transfer, assign or encumber Franchisee's interest in this Agreement or the Franchised Business (or undertake any of the actions identified in Section 13(C) of this Agreement) without Franchisor's prior written consent. Any sale, transfer, assignment or encumbrance made without Franchisor's prior written consent shall be voidable at Franchisor's option and shall subject this Agreement to termination as specified herein.
- B. **Death or Disability.**
1. In the event of Franchisee's death, disability or incapacitation (or the death, disability or incapacitation of Franchisee's principals/owners/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 ninety (90) days from the date of death, disability or incapacity (the "90 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 the franchise, or has furnished a personal guaranty of any partnership, corporate or limited liability company 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.
 2. Franchisor is under no obligation to operate the Franchised Business, or incur any obligation on behalf of any incapacitated franchisee, during or after the 90 Day Period. If necessary, Franchisee (or Franchisee's legal representative, as applicable) shall appoint a previously approved acting interim manager to operate the Franchised Business during the 90 Day Period. In the event of Franchisee's death, disability, absence or otherwise, Franchisor may (but is not required to) operate the 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 in Franchisor's sole discretion. Franchisor may pay itself a reasonable amount to reimburse Franchisor for Franchisor's management services and other costs. Franchisor may obtain approval of a court or arbitrator for any such arrangements, the attorney's fees and other costs incurred in connection with obtaining such approval to be charged against the assets and/or revenues of the 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 the Franchised Business.

3. Franchisor will not collect any transfer fee if there is a transfer under this Section 13(B) to an immediate family member of the Franchisee that Franchisor approves pursuant to Section 13(E).
- C. **Ownership.** In addition to those acts described in Section 13(A), a transfer or assignment requiring Franchisor's prior written consent shall 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 which 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, or member or manager owning having an ownership interest in the surviving entity after the proposed transfer will be required to personally guarantee Franchisee's obligations under this Agreement. A transfer pursuant to (i) and (iii) above shall not be subject to Franchisor's right of first refusal as set forth in Section 13(D).
- D. **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 Section 13(C) hereof or in the event of Franchisee's death/disability as set forth in Section 13(B)), Franchisee shall first offer to sell such interest to Franchisor on the same terms and conditions as offered by such third party. Franchisee shall 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, Franchisee shall have a period not to exceed sixty (60) days to complete the transfer described in the Letter of Intent subject to the conditions for approval set forth in Section 13(E) of this Agreement. Franchisee shall effect 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 shall not be unreasonably withheld, a transfer to an existing partner or shareholder, or a transfer as a result of the death, disability or incapacitation of a shareholder or partner, in accordance with the provisions set forth below, is not subject to Franchisor's first right of refusal.
- E. **Conditions for Approval.** Franchisor may condition Franchisor's approval of any proposed sale or transfer of the Franchised Business or of Franchisee's interest in this Agreement or any other acts of transfer described in Section 13(C) upon satisfaction of the following occurrences:
1. All of Franchisee's accrued monetary obligations to Franchisor, Franchisor's affiliates, and Franchisor's designated/approved suppliers and vendors, are satisfied;
 2. Franchisee must cure all existing defaults under this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, Franchisor's designated/approved suppliers and vendors, within the period permitted for cure and have substantially complied with such agreements during their respective terms;

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;
4. Franchisee or transferee shall provide Franchisor a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules, including transferee's assumption of and agreement to faithfully perform all of Franchisee's obligations under this Agreement;
5. The transferee shall demonstrate to Franchisor's satisfaction that he or she meets 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; however, transferee shall not be in the same business as Franchisor either as licensor, franchisor, independent operator or licensee of any other business or chain which is similar in nature or in competition with Franchisor, except that the transferee may be an existing franchisee of ours;
6. The transferee shall execute Franchisor's then-current franchise agreement (which may contain materially different terms than this Agreement) for the remaining balance of Franchisee's term under this Agreement, assuming all of Franchisee's obligations under this Agreement, with transferee's term commencing on the date the transferee executes the then-current franchise agreement;
7. Franchisee or transferee shall pay Franchisor a transfer fee equal to Seven Thousand Five Hundred Dollars (\$7,500).
8. The transferee shall satisfactorily complete Franchisor's Initial Training Program at the transferee's expense within the time frame Franchisor sets forth, and pay Franchisor then-current initial training fee for transferee and one other person to attend training (the transferee will also be responsible for all costs and expenses associated with attending the initial training program);
9. Franchisee (and Franchisee's principals/guarantors if Franchisee is a partnership, corporation or limited liability company) must comply with the post-termination provisions of this Agreement;
10. The transferee must demonstrate that is has obtained or maintained, within the time limits set by Franchisor, all permits and licenses required for the continued operation of the Franchised Business;
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;
12. The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises;

13. The purchase price and terms of the proposed transfer must not be 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;
14. Franchisee must request that Franchisor provide the prospective transferee with Franchisor's current form of disclosure document and Franchisor shall not be liable for any representations not included in the disclosure document; and
15. Franchisor shall have the right to disclose to any prospective transferee such revenue reports and other financial information concerning Franchisee and Franchised Business as Franchisee has supplied Franchisor hereunder.

Franchisor will not unreasonably withhold its consent to a proposed transfer or assignment requested by Franchisee, provided the foregoing conditions are met. Franchisor's approval of a transfer shall not operate as a release of any liability of the transferring party nor shall such approval constitute a waiver of any claims Franchisor may have against the transferring party. Furthermore, Franchisor agrees that Franchisee will not be required to pay any transfer fee in the event: (i) Franchisee wishes to transfer its rights under the Franchise Agreement to a newly-established legal business entity that is wholly owned by Franchisee and established solely for purposes of operating the Franchised Business under the Franchise Agreement; or (ii) Franchisee is required to encumber certain assets of the Franchised Business (or subordinate Franchisor's security interest thereto) in order to receive SBA or other traditional bank financing, provided Franchisor otherwise approves of the transfer.

- F. **Transfer from an Individual Franchisee to Business Entity.** 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 or training tuition fees set forth in Section 13(E)(7)-(8), and such assignment will not be subject to Franchisor's right of first refusal in Section 13(D): (i) the corporation or limited liability company is newly organized and its activities are confined to operating the Franchised Business; (ii) Franchisee is, and at all times remains, the owner of 51% or more of the outstanding shares of the corporation or a controlling interest in the limited liability company; (iii) the corporation or limited liability company agrees in writing to assume all of Franchisee's obligations hereunder; and (iv) all stockholders of the corporation, or members and managers of the limited liability company, as applicable, personally guarantee prompt payment and performance by the corporation or limited liability company of all its obligations to Franchisor and Franchisor's affiliates, under this Agreement and any other agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and execute the Personal Guaranty attached to this Agreement as Exhibit B.
- G. **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.

14. **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 that Franchisor has developed. As such, Franchisee agrees to the covenants in this Section to protect Franchisor, the System, Proprietary Marks and Franchisor's other franchisees.

A. **During the Term of this Agreement.** During the term of this Agreement, neither Franchisee, its principals, owners, guarantors or Operations Manager(s), nor any immediate family of Franchisee, its principals, owners, guarantors or Operations Manager(s), may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

1. Own, maintain, engage in, be employed or serve as an officer, director, or principal of, lease space to, lend money or extend credit to, or have any other interest in or involvement with: (i) any other restaurant or business that (a) is a fast-food or fast-casual restaurant that primarily serves hamburgers, sliders, and/or topped fries (the "Competitive Products") or (b) otherwise generates twenty percent (20%) or more of its revenue from the combined sale of Competitive Products (each, a "Competing Business"); or (ii) offers or grants licenses or franchises, or establishes joint ventures, for the ownership or operation of a Competing Business. For purposes of this Agreement, a Competing Business does not include the following: any business operated by Franchisee under a Franchise Agreement with Franchisor; or any business operated by a publicly-traded entity in which Franchisee owns less than two percent (2%) legal or beneficial interest;
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
3. Divert, or attempt to divert, any prospective customer to a Competing Business in any manner.

B. **After the Term of this Agreement.**

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, its principals, owners and guarantors, nor any member of the immediate family of Franchisee, its principals, owners or guarantors, may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation, be involved with any business that competes in whole or in part with Franchisor by offering or granting licenses or franchises, or establishing joint ventures, for the ownership or operation of a Competing Business. The geographic scope of the covenant contained in this Section is any location where Franchisor can demonstrate it has offered or sold franchises as of the date this Agreement is terminated or expires.
2. For a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement or assignment of this Agreement by Franchisee, regardless of the cause, neither Franchisee, its principals, owners and guarantors, nor any immediate family member of Franchisee, its principals, owners or guarantors, may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

- a. Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to, or otherwise have any interest in or involvement with any other Competing Business: (i) within the Designated Territory; or (ii) within a ten (10) mile radius of (a) the perimeter of the Designated Territory, (b) any other Restaurant (whether franchised or company-owned) that is open or under development as of the date this Agreement is terminated or expires (or as of the date Franchisee assigns this Agreement), or (c) any other development area territory granted by Franchisor to open Restaurants under the Marks as of the date this Agreement expires or is terminated; or
 - b. To the extent permitted by and subject to applicable law, solicit business from customers of Franchisee's former Franchised Business or contact any of Franchisor's suppliers or vendors for any competitive business purpose, nor solicit any of Franchisor's other employees, or the employees of Franchisor's affiliates or any other System franchisee to discontinue employment.
- C. **Intent and Enforcement.** It is the parties' intent that the provisions of this Section 14 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 shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 14 by Franchisee, any of Franchisee's principals, or any member of the immediate family of Franchisee or Franchisee's principals, Franchisor shall 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 14 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 14, 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 14 that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 14 in no way prevents any such person from earning a living. Franchisee further acknowledges and agrees that the time limitation of this Section 14 shall be tolled during any default under this Section 14.
- D. **Confidentiality and Non-Competition Agreement.** Franchisee must ensure that all management personnel of the Franchised Business, as well as any officers and directors of Franchisee, execute Franchisor's then-current form of Confidentiality and Non-Competition Agreement (which will be in substantially the same form as the document attached to this Agreement as Exhibit E). Franchisee must furnish Franchisor a copy of each executed agreement.
- E. **No Defense.** Franchisee hereby agrees that the existence of any claim Franchisee may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants contained in this Section 14. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) that Franchisor incurs in connection with the enforcement of this Section 14.

15. DEFAULT AND TERMINATION

Franchisor may terminate this Agreement as described in this Section, and Franchisee agrees and acknowledges that the defaults, or failure to cure such defaults within the appropriate time period prescribed below (if any), shall constitute “good cause” and “reasonable cause” for termination under any state franchise laws or regulations that might apply to the operation of the Franchised Business.

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

1. The Franchisee becomes insolvent or makes a general assignment for the benefit of creditors, unless otherwise prohibited by law;
2. A petition in bankruptcy is filed by Franchisee or such a petition is filed against and consented to by Franchisee and not dismissed within thirty (30) days;
3. A bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian in connection with the Franchisee or Franchised Business (or assets of the Franchised Business) is filed and consented to by Franchisee;
4. A receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed;
5. A final judgment in excess of Ten Thousand Dollars (\$10,000.00) against Franchisee remains unsatisfied or of record for sixty (60) days or longer (unless a bond is filed or other steps are taken to effectively stay enforcement of such judgment in the relevant jurisdiction), except that Franchisor may provide Franchisee with additional time to satisfy the judgment if Franchisee demonstrates that it is using commercially reasonable efforts to resolve the issues related to the judgment; or
6. Franchisee attempts to sell, transfer, encumber or otherwise dispose of any interest in Franchisee, this Agreement or the Franchised Business in violation of Section 13 hereof.

B. **Termination upon Notice.** Franchisor has the right to terminate this Agreement upon notice to Franchisee without providing Franchisee any opportunity to cure with respect to any of the following breaches or defaults:

1. If Franchisee or Franchisee’s owners/principals commit any fraud or misrepresentation in the establishment or operation of the Franchised Business, including without limitation, any misrepresentation made in Franchisee’s franchise application;
2. If Franchisee and any other required attendees fail to attend and complete the Initial Training Program within the time period prescribed in this Agreement;
3. If Franchisee receives from Franchisor three (3) or more notices to cure any defaults or violations under Section 15(C) of this Agreement during any twenty

four (24) month period, or two (2) or more such notices during any twelve (12) month period, whether or not these breaches were timely cured;

4. If Franchisee or Franchisee's owners/principals violate any of the in-term covenant not to compete or any of the other restrictive covenants set forth in Section 14 of this Agreement;
5. If Franchisee misuses the Proprietary Marks or Confidential Information in any manner, or otherwise violates any provision of this Agreement related to the use of the Proprietary Marks, Confidential Information and any other confidential materials provided by Franchisor (including those provisions related to non-disclosure of the Manuals and other confidential materials that Franchisor loans to Franchisee);
6. If Franchisee misuses any proprietary software that Franchisor designates for use in connection with the Franchised Business;
7. If Franchisee or any of Franchisee's principals default on any other agreement with Franchisor or any affiliate or Approved Supplier of Franchisor, and such default is not cured within the prescribed time period set forth in that other agreement;
8. If Franchisee defaults under the lease for the Premises and does not cure within the prescribed period of time thereunder, or if Franchisee otherwise loses its right to possess and control the Premises to operate the Franchised Business at any time during the term of this Agreement (except in cases of *force majeure* and cases where Franchisor has previously approved Franchisee's relocation request and Franchisee timely relocates);
9. If Franchisee fails to open and commence operations of the Franchised Business within the time period prescribed in Section 6 of this Agreement;
10. If Franchisee fails to cure any of the following violations under this Agreement within ten (10) days of being notified by Franchisor: (i) failure to offer only those Approved Products and Services that Franchisor authorizes at the Franchised Business; (ii) any purchase of any non-approved item or service for use in connection with the Franchised Business; or (iii) failure to purchase any Required Item that Franchisor designates as necessary for the establishment or operation of the Franchised Business from the appropriate Approved Supplier(s) that Franchisor designates;
11. If Franchisee voluntarily or otherwise abandons the Franchised Business. For purposes of this Agreement, the term "abandon" means: (i) failure to actively operate the Franchised Business for more than three (3) business days without Franchisor's prior written consent; or (ii) any other conduct on the part of Franchisee or its principals that Franchisor determines indicates a desire or intent to discontinue operating the Franchised Business in accordance with this Agreement or the Manuals;
12. If Franchisee fails to provide Franchisor with access to Franchisee's POS system, Computer System or registers located at the Franchised Business as required under

this Agreement, and fails to remedy this default within three (3) business days of being notified by Franchisor;

13. If Franchisee fails to pay Franchisor, its affiliates or any of its Approved Suppliers any amount that is due and owing Franchisor within ten (10) days of the date that Franchisor (or other party owed the money) notifies Franchisee of the outstanding amount that is due and owed;
14. If Franchisee fails, for a period of fifteen (15) days after notification of non-compliance by appropriate authority, to comply with any law or regulation applicable to the operation of the Franchised Business;
15. If Franchisee fails, for a period of ten (10) days after notification of non-compliance, to obtain any other licenses, certificates, permits or approvals necessary to operate the Franchised Business at the Premises;
16. If Franchisee, any person controlling, controlled by, or under common control with the Franchisee, any principal officer or employee of Franchisee, or any person owning an interest in Franchise is convicted of a felony or any other crime or offense (even if not a crime) that is reasonably likely in the sole opinion of Franchisor to adversely affect the System, any System unit, the Proprietary Marks, or the goodwill associated therewith;
17. If Franchisee takes for Franchisee's own personal use any assets or property of the Franchised Business, including inventory, employee taxes, FICA, insurance or benefits;
18. If there are insufficient funds in Franchisee's EFT Account to cover a check or EFT payment due to Franchisor or its affiliates under this Agreement three (3) or more times within any twelve (12) month period; or
19. If Franchisee commits repeated violations of any health, zoning, sanitation, or other regulatory law, standard, or practice; operates the business in a manner that presents a health or safety hazard to its employees or customers; or if Franchisee loses its approval from any city, state, or other regulatory agency to operate a business that provides restaurant services or offers food.

C. **Termination upon Notice and 30-Day Cure Period.** Except for those defaults set forth in Sections 15(A)-(B) of this Agreement, Franchisor may terminate this Agreement upon notice to Franchisee in the event Franchisee: (i) breaches or violates any other covenant, obligation, term, condition, warranty, or certification under this Agreement, including Franchisee's failure to comply with any of Franchisor's other System standards and specifications in the operation of the Franchised Business as set forth in the Manuals; and (ii) fails to cure such breach or violation within thirty (30) days of the date Franchisee is provided with notice thereof by Franchisor.

D. **Step-In Rights.** In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right or any other rights hereunder, if this Agreement is subject to termination due to Franchisee's failure to cure any default within the applicable time period (if any), then Franchisor has the right, but not the obligations, to enter the Premises and exercise complete authority with respect to the operation of the Franchised Business until such time

that Franchisor determines, in its reasonable discretion, that the default(s) at issue have been cured and that Franchisee is otherwise in compliance with the terms of this Agreement. In the event Franchisor exercises these “step-in rights,” Franchisee must reimburse Franchisor for all reasonable costs and overhead that Franchisor incurs in connection with its operation of the Franchised Business, including without limitation, costs of personnel supervising and staffing the Franchised Business and any travel, lodging and meal expenses. Additionally, Franchisor will be entitled to a management fee amounting to Five Hundred Dollars (\$500) per day. If Franchisor undertakes to operate the Franchised Business pursuant to this Section, Franchisee must indemnify, defend and hold Franchisor (and its representatives and employees) harmless from and against any Claims that may arise out of Franchisor’s operation of the Franchised Business.

16. **POST-TERM OBLIGATIONS**

Upon the expiration or termination of this Agreement, Franchisee shall immediately:

- A. **Cease Operation of Franchised Business and Affiliation with Franchisor.** Cease to be a franchise owner of Franchised Business under this Agreement and cease to operate the former Franchised Business under the System. Franchisee shall not thereafter directly or indirectly represent to the public that the former Franchised Business is or was operated or in any way connected with the System or hold itself out as a present or former franchise owner of Franchise at or with respect to the Premises;
- B. **Return Manuals and Confidential Information.** Return to Franchisor the Manuals and all trade secrets, Confidential Information (including customer lists and information) and other confidential materials, equipment, software and property owned by Franchisor and all copies thereof. Franchisee shall retain no copy or record of any of the foregoing; provided, however, that Franchisee may retain its copy of this Agreement, any correspondence between the parties, and any other document which Franchisee reasonably needs for compliance with any applicable provision of law;
- C. **Assignment of Customer Contracts, Telephone/Facsimile Numbers and Domain Names.** Take such action as may that Franchisor designates to: (i) provide and assign to Franchisor the then-current and up-to-date customer list and any membership contracts to Franchisor; and (ii) transfer, disconnect, forward, or assign all telephone/facsimile numbers and domain names used in connection with the Franchised Business, as well as any white and yellow page telephone references, advertisements, and all trade and similar name registrations and business licenses to Franchisor or its designee and cancel any interest which Franchisee may have in the same (as Franchisor directs in its sole discretion). Franchisee agrees to execute all documents necessary to comply with the obligations of this Section, including the form Conditional Assignment of Telephone/Facsimile Numbers and Domain Names attached to this Agreement as Exhibit F;
- D. **Cease using Proprietary Marks.** Cease to use in advertising or in any manner whatsoever any methods, procedures, or techniques associated with the System in which Franchisor has a proprietary right, title, or interest; cease to use the Proprietary Marks and any other marks and indicia of operation associated with the System; and remove all trade dress, physical characteristics, color combinations, and other indications of operation under the System from the Premises. Without limiting the generality of the foregoing, Franchisee agrees that, in the event of any termination or expiration and non-renewal of this Agreement, it will remove all signage bearing the Proprietary Marks, deliver the fascia for

such signs to Franchisor upon Franchisor's request, and remove any items that are characteristic of the System "trade dress" from the Premises. Franchisee agrees that Franchisor or a designated agent may enter upon the Premises at any time to make such changes at Franchisee's sole risk and expense and without liability for trespass. Upon Franchisor's request, Franchisee must provide all materials bearing the Proprietary Marks to Franchisor upon expiration or termination of this Agreement for any reason, without cost to Franchisor;

- E. **Compliance with Post-Term Covenants.** Comply with the post-term covenants not to compete and other restrictive covenants set forth in Section 14 of this Agreement;
- F. **Written Evidence of Compliance.** Provide Franchisor with written evidence that they have complied with the post-term obligations, within thirty (30) days' notice of termination or scheduled expiration of the franchise; and
- G. **Payment of Outstanding Amount.** Pay Franchisor all amounts owed to Franchisor under the terms of this Agreement.
- H. **Purchase of Assets.** Franchisor shall have the option, but not the obligation, within thirty (30) days after the date of termination, expiration, and non-renewal of this Agreement to purchase any and all of Franchisee's assets from the Franchised Business at a purchase price equal to net depreciated book value. If Franchisor elects this option, Franchisor will deliver written notice to Franchisee. Franchisor will have the right to inspect equipment at any time during this thirty (30) day period. If Franchisor elects to purchase equipment as part of the asset purchase, Franchisor will be entitled to, and Franchisee must provide, all customary warranties and representations as to compliance with law, the maintenance, function, and condition of the equipment and Franchisee's good title to the equipment (including, but not limited to, that Franchisee owns the equipment free and clear of any liens and encumbrances).

17. **TAXES AND INDEBTEDNESS**

- A. **Taxes.** Franchisee must promptly pay when due any and all federal, state, and local taxes, including without limitation, unemployment, workers' compensation, and sales taxes which are levied or assessed with respect to any services or products furnished, used, or licensed pursuant to this Agreement and all accounts or other indebtedness of every kind incurred by Franchisee in the operation of the Franchised Business.
- B. **Debts and Obligations.** Franchisee hereby expressly covenants and agrees to accept full and sole responsibility for any and all debts and obligations incurred in the operation of the Franchised Business.

18. **WRITTEN APPROVALS; WAIVERS; FORMS OF AGREEMENT; AMENDMENT**

- A. **Franchisor's Approval.** Whenever this Agreement requires or Franchisee desires to obtain Franchisor's approval, Franchisee shall make a timely written request. Unless a different period is specified in this Agreement, Franchisor shall respond with its approval or disapproval within fifteen (15) days of receipt of such request. If Franchisor has not specifically approved a request within such fifteen (15) day period, such failure to respond shall be deemed as a disapproval of any such request.

- B. **No Waiver.** No failure of Franchisor to exercise any power reserved to it by this Agreement and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of Franchisor's right to demand exact compliance with any of the terms herein. No waiver or approval by Franchisor of any particular breach or default by Franchisee; no delay, forbearance, or omission by Franchisor to act or give notice of default or to exercise any power or right arising by reason of such default hereunder; and no acceptance by Franchisor of any payments due hereunder shall be considered a waiver or approval by Franchisor of any preceding or subsequent breach or default by Franchisee of any term, covenant, or condition of this Agreement.
- C. **Terms of Other Franchise Agreements.** No warranty or representation is made by the Franchisor that all System franchise agreements heretofore or hereafter issued by Franchisor do or will contain terms substantially similar to those contained in this Agreement. Further, Franchisee recognizes and agrees that Franchisor may, in its reasonable business judgment due to local business conditions or otherwise, waive or modify comparable provisions of other franchise agreements heretofore or hereafter granted to other System franchise owners in a non-uniform manner.
- D. **Modification of System and Manuals.** Except as provided in Section 22 and Franchisor's right to unilaterally modify the System and Manuals, no amendment, change, or variance from this Agreement shall be binding upon either Franchisor or Franchisee unless set forth in writing and signed by both parties.
- E. **No Disclaimers of Franchise Disclosure Document.** Nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document.

19. **ENFORCEMENT**

- A. **Full Access to Premises for Inspection.** In order to ensure compliance with this Agreement and enable Franchisor to carry out its obligation under this Agreement, Franchisee agrees that Franchisor and its designated agents shall be permitted, with or without notice, full and complete access during business hours to inspect the Premises and all records thereof, including but not limited to, records relating to Franchisee's customers, suppliers, employees, and agents. Franchisee shall cooperate fully with the Franchisor and its designated agents requesting such access.
- B. **Injunctive Relief.** The Franchisor or its designee shall be entitled to obtain without bond, declarations, temporary and permanent injunctions, and orders of specific performance in order to enforce the provisions of this Agreement relating to Franchisee's use of the Proprietary Marks, the obligations of Franchisee upon termination or expiration of this Agreement, and assignment of the franchise and ownership interests in Franchisee or in order to prohibit any act or omission by Franchisee or its employees which constitutes a violation of any applicable law or regulation, which is dishonest or misleading to prospective or current customers of businesses operated under the System, which constitutes a danger to other franchise owners, employees, customers, or the public or which may impair the goodwill associated with the Proprietary Marks.
- C. **No Withholding of Payments.** Franchisee agrees and acknowledges that it may not withhold payments or amounts of any kind due to Franchisor on the premise of alleged nonperformance by Franchisor of any of its obligations hereunder.

- D. **Costs and 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), Franchisee must reimburse Franchisor for all costs/expenses incurred in connection with enforcing its rights under this Agreement including all reasonable attorneys' fees, court costs and litigation expenses. 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, 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.

20. NOTICES

Any notice required to be given hereunder shall be in writing and shall be either mailed by certified mail, return receipt requested, or delivered by a recognized courier service, receipt acknowledged. Notices must be provided to each party at the respective addresses set forth below:

To Franchisor: SAMMY'S SLIDERS USA, LLC
Attn: Sam G. Ballas, CEO
100 Cambridge Plaza Drive
Winston-Salem, NC 27104

With a copy to: Daniel Z. Nussbaum, Esq.
Fisher Zucker, LLC
21 South 21st Street
Philadelphia, PA 19103

To Franchisee: _____

Any notice complying with the provisions hereof will be deemed delivered at the earlier of: (i) three (3) days after mailing; or (ii) the actual date of delivery or receipt (as evidenced by the courier). Each party shall have the right to designate any other address for such notices by providing the other party(ies) with written notice thereof at the addresses above, and in such event, all notices to be mailed after receipt of such notice shall be sent to such other address.

21. GOVERNING LAW AND DISPUTE RESOLUTION

- A. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina, without reference to this state's conflict of laws principles.
- B. **Internal Dispute Resolution.** Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's management, after providing notice as set forth in Section 21(G) of this Agreement, and make every effort to resolve the dispute internally. 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 shall survive termination or expiration of this Agreement.

- C. **Mediation.** At Franchisor's option, all claims or disputes between Franchisee and Franchisor (or its affiliates) arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisee and Franchisor (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 Section 21(B) above, will be submitted first to mediation to take place at Franchisor's principal offices in North Carolina 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 with 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 mediator fees equally. This agreement to mediate will survive any termination or expiration of this Agreement. The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 21(C) 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): (i) any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information or other confidential information; (ii) any of the restrictive covenants contained in this Agreement; and (iii) any of Franchisee's payment obligations under this Agreement.
- D. **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 in-term covenant not to compete, as well as any other violations of the 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.

- E. **Venue.** Subject to Section 21(C) of this Agreement, the parties agree that any actions arising out of or related to this Agreement must be initiated and litigated to conclusion exclusively in the state court of general jurisdiction closest to Winston-Salem, North Carolina, or, if appropriate, the United States District Court for the Middle District of North Carolina (unless settled by the parties after such action is initiated). Franchisee acknowledges that this Agreement has been entered into in the State of North Carolina, and that Franchisee is to receive valuable and continuing services emanating from Franchisor's headquarters in North Carolina, including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts of North Carolina as set forth in this Section.
- F. **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 dispute resolution provisions set forth in this Section 21, each having authority to specifically enforce the right to mediate/arbitrate claims asserted against such person(s) by Franchisee.
- G. **Notice Requirement.** As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within sixty (60) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.
- H. **No Withholding of Payments.** Franchisee shall not withhold 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.
- I. **Limitation of Actions.** 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 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 shall be barred as a claim, counterclaim, defense, or set-off. 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.
- J. **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, that 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 shall continue in full force and effect, including, without limitation, the waiver

of any right to claim any consequential damages. Nothing in this Section or any other provision of this Agreement shall be construed to prevent Franchisor from claiming and obtaining expectation or consequential damages, including lost future royalties for the balance of the term of this Agreement if it is terminated due to Franchisee's default, which the parties agree and acknowledge Franchisor may claim under this Agreement.

- K. **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 SHALL 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 FRANCHISE AND/OR ANY GOODS OR SERVICES.
- L. **WAIVER OF CLASS ACTIONS.** THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE 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.

22. **SEVERABILITY AND CONSTRUCTION**

- A. Should any provision of this Agreement for any reason be held invalid, illegal, or unenforceable by a court of competent jurisdiction, such provision shall be deemed restricted in application to the extent required to render it valid, and the remainder of this Agreement shall in no way be affected and shall remain valid and enforceable for all purposes, both parties hereto declaring that they would have executed this Agreement without inclusion of such provision. In the event such total or partial invalidity or unenforceability of any provision of this Agreement exists only with respect to the laws of a particular jurisdiction, this paragraph shall operate upon such provision only to the extent that the laws of such jurisdiction are applicable to such provision. Each party agrees to execute and deliver to the other any further documents which may be reasonably required to make fully the provisions hereof. Franchisee understands and acknowledges that Franchisor shall have the right in its sole discretion on a temporary or permanent basis, to reduce the scope of any covenant or provision of this Agreement binding upon Franchisee without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees that it will comply forthwith with any covenant as so modified, which shall be fully enforceable.
- B. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but such counterparts together shall constitute the same instrument.
- C. The table of contents, headings, and captions contained herein are for the purposes of convenience and reference only and are not to be construed as a part of this Agreement. All terms and words used herein shall be construed to include the number and gender as the context of this Agreement may require. The parties agree that each Section of this

Agreement shall be construed independently of any other Section or provision of this Agreement.

23. **ACKNOWLEDGMENTS**

- A. Franchisee acknowledges that it received a complete copy of this Agreement for a period not less than fourteen (14) calendar days, during which time conducted an independent investigation of the business licensed hereunder to the extent of Franchisee's desire to do so. Franchisee recognizes and acknowledges that the business venture contemplated by this Agreement involves business risks, and that its success will be largely dependent upon the ability of the Franchisee as an independent businessperson. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received, any warranty or guarantee, express or implied, that Franchisee will be successful in this venture or that the business will attain any level of sales volume, profits, or success. Franchisee acknowledges that this Agreement, the franchise disclosure document ("FDD"), and the exhibits hereto constitutes the entire Agreement of the parties. This Agreement terminates and supersedes any prior agreement between the parties concerning the same subject matter.
- B. Franchisee agrees and acknowledges that fulfillment of any and all of Franchisor's obligations written in this Agreement or based on any oral communications which may be ruled to be binding in a court of law shall be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company shall be personally liable to Franchisee for any reason. This is an important part of this Agreement. Franchisee agrees that nothing that Franchisee believes Franchisee has been told by Franchisor or Franchisor's representatives shall be binding unless it is written in this Agreement. 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.

[Signature Page Follows]

[Signature Page to Franchise Agreement]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement under seal on the date first written above.

FRANCHISOR:

SAMMY’S SLIDERS USA, LLC

By: _____

Print Name: Sam G. Ballas

Title: CEO

Date: _____

FRANCHISEE:

IF AN INDIVIDUAL:

By: _____

Print Name: _____

Date: _____

Spouse Signature: _____

Spouse Name: _____

Date: _____

**IF A PARTNERSHIP, CORPORATION, OR
OTHER ENTITY:**

By: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT A TO THE FRANCHISE AGREEMENT
DATA SHEET AND STATEMENT OF OWNERSHIP

1. SITE SELECTION AREA

Pursuant to Section 2(B) of the Franchise Agreement, Franchisee must locate and secure a Premises for the Franchised Business within the following Site Selection Area:

2. PREMISES

Pursuant to Section 2(C) of the Franchise Agreement, the Franchised Business shall be located at the following approved Premises:

3. DESIGNATED TERRITORY

Pursuant to Section 2(D) of the Franchise Agreement, Franchisee's Designated Territory will be defined as follows (if identified on a map, please attach map and reference attachment below):

4. Franchisee Contact Person. The following individual is a shareholder, member, or partner of Franchisee and is the principal person to be contacted on all matters relating to the Franchised Business:

Name: _____

Daytime Telephone No.: _____

Evening Telephone No.: _____

Cellular Telephone No.: _____

Facsimile No.: _____

E-mail Address: _____

5. Statement of Ownership. If Franchisee is a corporation, limited liability company, partnership or other business entity, the undersigned agree and acknowledge that the following is a complete list of all of the shareholders, members, or partners of Franchisee and the percentage interest of each individual:

<u>Name</u>	<u>Position/Title</u>	<u>Interest (%)</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

THE PARTIES SIGNING THIS DATA SHEET BELOW AGREE AND ACKNOWLEDGE THAT THIS DATA SHEET, BY ITSELF, DOES NOT CONSTITUTE A FRANCHISE AGREEMENT OR OTHERWISE CONFER ANY FRANCHISE RIGHTS UPON FRANCHISEE. THIS DATA SHEET PROVIDES CERTAIN DEAL-SPECIFIC INFORMATION IN CONNECTION WITH THE FRANCHISE THAT IS GOVERNED BY THE FRANCHISE AGREEMENT TO WHICH THIS DATA SHEET IS AN EXHIBIT.

THE PARTIES AGREE AND ACKNOWLEDGE THAT THE FOREGOING FRANCHISE AGREEMENT MUST BE EXECUTED PRIOR TO OR CONTEMPORANEOUS WITH THIS DATA SHEET FOR ANY RIGHTS TO BE CONFERRED.

IN WITNESS WHEREOF, the undersigned has duly executed this Exhibit to the Franchise Agreement on this ____ day of _____, 20 ____.

FRANCHISEE

By: _____

Name: _____

Title: _____

FRANCHISOR

SAMMY’S SLIDERS USA, LLC

By: _____
Sam G. Ballas, CEO

EXHIBIT B TO THE FRANCHISE AGREEMENT

PERSONAL GUARANTY

NOTE: IF FRANCHISEE IS A CORPORATION, LIMITED LIABILITY COMPANY OR OTHER BUSINESS ENTITY, THEN EACH INDIVIDUAL/ENTITY WITH AN OWNERSHIP INTEREST IN FRANCHISEE (PRINCIPALS/MEMBERS/SHAREHOLDERS/MANAGERS/PARTNERS/ETC.) AND THEIR RESPECTIVE SPOUSES MUST EXECUTE THIS FORM OF PERSONAL GUARANTY. IF FRANCHISEE IS AN INDIVIDUAL AND FRANCHISEE'S SPOUSE HAS NOT SIGNED THE FRANCHISE AGREEMENT DIRECTLY, THEN FRANCHISEE'S SPOUSE MUST EXECUTE THIS FORM OF PERSONAL GUARANTY.

ARTICLE I PERSONAL GUARANTY

The undersigned persons (individually and collectively "you") hereby represent to Sammy's Sliders USA, LLC, a North Carolina limited liability company (the "Franchisor") that you are all the owners/principals/members/shareholders/managers/partners, as applicable, of the business entity named _____ (the "Franchisee"), as well as their respective spouses, as of the date this Personal Guaranty (the "Personal Guaranty" or "Guaranty") is executed.

In consideration of the grant by Franchisor to the Franchisee as herein provided, each you hereby agree, in consideration of benefits received and to be received by each of you, jointly and severally, and for yourselves, your heirs, legal representatives and assigns, to be firmly bound by all of the terms, provisions and conditions of the franchise agreement entered into between Franchisee and Franchisor (the "Franchise Agreement"), as well as any other agreement between Franchisee and Franchisor and/or its affiliates, and do hereby unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the aforesaid Franchise Agreement or other agreement between Franchisor and Franchisee, including, without limitation: (i) any indebtedness of Franchisee arising under or by virtue of the aforesaid Franchise Agreement; (ii) the prohibition of any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first obtaining the written consent of Franchisor prior to said proposed transfer as set forth in the Franchise Agreement; (iii) those obligations related to confidentiality, non-disclosure and indemnification; and (iv) the in-term and post-term covenants against competition, as well as all other restrictive covenants set forth in the Franchise Agreement.

ARTICLE II CONFIDENTIALITY

During the initial and any renewal terms of the Franchise Agreement and this Guaranty, you will receive information, which Franchisor considers to be Confidential Information, trade secrets and/or confidential information, including without limitation: (i) site-selection criteria for a franchise restaurant operated utilizing Franchisor's proprietary marks (the "Proprietary Marks") and System (as defined below) (each, a "Restaurant"); (ii) methods, techniques and trade secrets for use in connection with the proprietary business operating system that Franchisor and its affiliates have developed (the "System") for the establishment and operation of a franchised business (hereafter, a "Franchised Business"); (iii) marketing research and promotional, marketing and advertising programs for the Franchised Business; (iv) knowledge of specification for and suppliers of, and methods of ordering, certain products, fixtures, furnishings, equipment and inventory used at the Franchised Business; (v) knowledge of the operating results and financial performance of other Restaurants; (vi) customer communication and retention programs, along with data used or generated in connection with those programs; (vii) Franchisor's proprietary Manuals and other instructional manuals, as well as any training materials and information Franchisor has developed for

use in connection with the System; (viii) information regarding the development of Franchisor's proprietary marks (the "Proprietary Marks"); (ix) information generated by, or used or developed in, the Restaurant's operation, including customer names, addresses, telephone numbers and related information and any other information contained in the Franchised Business's computer system; (x) the design, build-out and any construction/remodeling plans for the interior and exterior of the Franchised Business; (xi) Franchisor's proprietary Operations Manual and other instructional manuals, as well as any training materials and information Franchisor has developed for use in connection with the System; and (xii) any other proprietary information or confidential information that is provided to Franchisee by Franchisor during the term of the Franchise Agreement (collectively, "Confidential Information"). You shall not, during the term of this Agreement or anytime thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information and trade secrets, including, without limitation: Franchisor's copyrighted materials; price marketing mixes related to the offer and sale of restaurant products and other Approved Services and Products (as defined in the Franchise Agreement); standards and specifications for providing the Approved Services and Products and other merchandise or services offered or authorized for sale by System franchisees; methods, special recipes, ingredients, menu item preparation, and other techniques and know-how concerning the of operation of the Franchised Business, which may be communicated to you or of which you may become apprised by virtue of your role as a guarantor of the Franchisee's obligations under the Franchise Agreement. You also acknowledge and agree that the following also constitutes "Confidential Information" under this Section: (i) former, current and prospective customer information, including customer names and addresses, contracts/agreements (collectively "Customer Lists"), and (ii) sources and pricing matrices of any approved or designated suppliers; and (iii) any and all information, knowledge, know-how, techniques, and other data, which Franchisor designates as confidential.

ARTICLE III **NON-COMPETITION**

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

1. **During the Term of the Franchise Agreement and this Guaranty.** During the term of the Franchise Agreement and this Personal Guaranty, each of the undersigned may not, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

1.1. Own, maintain, engage in, be employed or serve as an officer, director, or principal of, lease space to, lend money or extend credit to, or have any other interest in or involvement with: (i) any other restaurant or business that (a) is a quick-casual eating establishment that primarily serves hamburgers, sliders, and topped fries (the "Competitive Products"), or (b) otherwise generates twenty percent (20%) or more of its revenue from the combined sale of Competitive Products (each, a "Competing Business"); or (ii) offers or grants licenses or franchises, or establishes joint ventures, for the ownership or operation of a Competing Business; provided, however, that this Section does not apply to your operation of a SAMMY;S SLIDERS franchise pursuant to a valid franchise agreement with Franchisor, or your ownership of less than two percent (2%) of the interests in a publicly traded company.

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

1.3. Divert or attempt to divert business or customers of any Franchisee-owned Franchised Businesses 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.

2. **After the Term of This Agreement.**

2.1. For a period of two (2) years after the expiration and nonrenewal, transfer or termination of the Franchise Agreement, regardless of the cause, the undersigned may not, 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 in offering or granting franchises or licenses, or establishing joint ventures, for the ownership or operation of a Competing Business. The scope of the non-compete described in this Section shall be the geographical area where Franchisor can demonstrate that it has offered and sold franchises as of the date the Franchise Agreement is terminated or expires (or, if applicable, as of the date Franchisee assigns/transfers the Franchise Agreement).

2.2. For a period of two (2) years after the expiration, transfer or termination of the Franchise Agreement, regardless of the cause, the undersigned may not, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

2.2.1. Own, maintain, engage in, be employed or serve as an officer, director, or principal of, lease space to, lend money or extend credit to, or have any other interest in or involvement with, any Competing Business that is located within a ten (10) mile radius of: (i) the perimeter of the Designated Territory granted under the Franchise Agreement; (ii) any other Restaurant that exists as of the date the Franchise Agreement is terminated or expires (or, if applicable, as of the date Franchisee assigns/transfers the Franchise Agreement); or (iii) any other development area territory granted by Franchisor to open Restaurants under the Marks as of the date this Agreement expires or is terminated;

2.2.2. Contact any of Franchisor's suppliers or vendors for any competitive business purpose; or

2.2.3. Solicit any of Franchisor's employees, or the employees of Franchisor's affiliates, or any other System franchisee to discontinue employment (to the extent permitted by and subject to applicable law).

3. **Intent and Enforcement.** It is the parties' intent that the provisions of this Article III 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 shall not render any other part unenforceable. In the event of the actual or threatened breach of this Article III by you, any of your principals, or any members of their immediate family, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. You agree that in the event of the actual or threatened breach of this Article III, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. You acknowledge and agree that each of you has previously worked or been gainfully employed in other careers and that the provisions of this Article III in no way prevents you from earning a living. You further acknowledge and agree that the time limitation of this Article III shall be tolled during any default under this Guaranty.

ARTICLE IV DISPUTE RESOLUTION

1. **Acknowledgment.** You acknowledge that this Guaranty is not a franchise agreement and does not confer upon you any rights to use the Franchisor's proprietary marks or its system.

2. **Governing Law.** This Guaranty shall be deemed to have been made in and governed by the laws of the State of North Carolina.

3. **Internal Dispute Resolution.** You must first bring any claim or dispute arising out of or relating to the Franchise Agreement or this Personal Guaranty to Franchisor's Chief Executive Officer and/or President. You agree to exhaust this internal dispute resolution procedure before bringing any dispute before a third party. This agreement to engage in internal dispute resolution first shall survive the termination or expiration of this Agreement.

4. **Mediation.** At Franchisor's option, all claims or disputes between you and Franchisor or its affiliates arising out of, or in any way relating to, the Franchise Agreement, this Guaranty or any other agreement by and between the parties or their respective affiliates, or any of the parties' respective rights and obligations arising from such agreements, which are not first resolved through the internal dispute resolution procedure set forth above, must be submitted first to mediation, in Franchisor's principal offices in North Carolina, 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, you must submit a notice to Franchisor that 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 you as to whether Franchisor or its affiliates elect to exercise our option to submit such claim or dispute to mediation. You may not commence any arbitration proceeding or other action against Franchisor or its affiliates with 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 may specifically enforce our mediation rights under this Section. Each party shall bear its own cost of mediation, except that you and Franchisor shall share the mediator's fees and costs equally. This agreement to mediate at Franchisor's option shall survive any termination or expiration of the Franchise Agreement and this Guaranty.

4.1. *Excepted Claims.* The parties agree that mediation shall not be required with respect to any claim or dispute involving: (i) any of your payment obligations that are past due; (ii) the actual or threatened disclosure or misuse of Franchisor's Confidential Information; (iii) the actual or threatened violation of Franchisor's rights in, or misuse of, the Proprietary Marks, System or other trade secrets; (iv) any of the restrictive covenants contained in the Franchise Agreement or this Guaranty; or (v) any claims arising out of or related to fraud or misrepresentation by you, or your insolvency (collectively, the "Excepted Claims").

5. **Jurisdiction and Venue.** Subject to the other dispute resolution provisions in this Personal Guaranty, the parties agree that any action at law or in equity instituted against either party to this Agreement must be commenced and litigated to conclusion (unless settled) only in any court of competent jurisdiction located closest to Winston-Salem, North Carolina or, if appropriate, the United States District Court for the Middle District of North Carolina. The undersigned hereby irrevocably consent to the jurisdiction of these courts.

6. **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third-party beneficiaries of this Agreement and the mediation and other dispute resolution provisions contained herein, each having authority to specifically enforce the right to mediate and litigate claims asserted against such person(s) by you.

7. **Right to Injunctive Relief.** Nothing contained in this Guaranty shall prevent Franchisor from applying to or obtaining from any court having jurisdiction a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interest prior to the filing of any mediation or arbitration proceeding, or pending the trial or handing down of a decision or award pursuant to any mediation or arbitration proceeding conducted hereunder. If injunctive relief is granted, your only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, you expressly waive all claims for damages you incurred as a result of the wrongful issuance.

8. **JURY TRIAL AND CLASS ACTION WAIVER. 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 SHALL 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 FRANCHISE AND/OR ANY GOODS OR SERVICES. THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE 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.**

9. **Limitation of Action.** You further agree that no cause of action arising out of or under this Guaranty may be maintained by you unless brought before the expiration of one year after the act, transaction or occurrence upon which such action is based or the expiration of one year after you become aware of facts or circumstances reasonably indicating that you may have a claim against us, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense or set-off.

10. **Punitive Damages.** You hereby waive 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) which you may have against us, 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, that your recovery shall be limited to actual damages. If any other term of this Guaranty is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

11. **Costs and Attorneys' Fees.** Whether or not formal legal proceedings are initiated, in the event Franchisor incurs any legal fees or other costs associated with enforcing the terms of this Guaranty or the Franchise Agreement against you, then Franchisor will be entitled to recover from you all costs and expenses, including reasonable attorneys' fees, incurred in enforcing the terms of this Guaranty or the Franchise Agreement.

12. **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Guaranty shall not be a waiver of our right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by us respecting any breach or default shall not affect Franchisor's rights

respecting any subsequent breaches or defaults. All rights and remedies granted in this Guaranty shall be cumulative. Your election to exercise any remedy available by law or contract shall not be deemed a waiver or preclude exercise of any other remedy.

13. **No Personal Liability.** You agree that fulfillment of any and all of Franchisor’s obligations written in the Franchise Agreement or this Guaranty, or based on any oral communications which may be ruled to be binding in a court of law, shall be Franchisor’s sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with Franchisor shall be personally liable to you for any reason. This is an important part of this Guaranty. You agree that nothing that you believe you have been told by us or our representatives shall be binding unless it is written in the Franchise Agreement or this Guaranty. Do not sign this Agreement if there is any question concerning its contents or any representations made.

14. **Severability.** The parties agree that if any provisions of this Guaranty may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision shall have the meaning, which renders it valid and enforceable. The language of all provisions of this Guaranty shall be construed according to fair meaning and not strictly construed against either party. The provisions of this Guaranty are severable, and this Guaranty shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable. If any material provision of this Guaranty shall be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Guaranty.

15. **Construction of Language.** Any term defined in the Franchise Agreement which is not defined in this Guaranty will be ascribed the meaning given to it in the Franchise Agreement. The language of this Guaranty will be construed according to its fair meaning, and not strictly for or against either party. All words in this Guaranty refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

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

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Guaranty on the date stated on the first page hereof.

PERSONAL GUARANTORS

[Insert Name of Guarantor]

[Insert Name of Spouse]

[Insert Name of Guarantor]

[Insert Name of Spouse]

[Insert Name of Guarantor]

[Insert Name of Spouse]

[Insert Name of Guarantor]

[Insert Name of Spouse]

EXHIBIT C TO THE FRANCHISE AGREEMENT

**CONSENT AND AGREEMENT OF LANDLORD FORM AND
COLLATERAL ASSIGNMENT OF LEASE FORM**

CONSENT AND AGREEMENT OF LANDLORD

The undersigned Landlord hereby:

- A. Agrees that the leased Premises will only be used in connection with the operation of Franchisee’s SAMMY’S SLIDERS franchised business;
- B. Agrees that Franchisor has the right to enter the Premises to (a) make any modifications necessary to protect Franchisor’s Proprietary Marks, or (b) otherwise exercise or enforce Franchisor’s rights under the Franchise Agreement;
- C. Agrees to allow Franchisee, upon written request from Franchisor, to provide Franchisor with a current copy of the lease;
- D. Agrees to notify Franchisor in writing of and upon the failure of Franchisee to cure any default by Franchisee under the Lease, and also provide Franchisor with the right to cure said default under the Lease within thirty (30) days of being notified (but Franchisor is under no obligation to do so);
- E. Agrees that Franchisor will have the option, but not the obligation, to assume or renew the lease and the occupancy of the business Premises, including the right to sublease to another Franchisee, for all or any part of the remaining term of the lease, upon Franchisee’s default or termination hereunder or upon Franchisee’s default or termination or expiration of the Franchise Agreement, and in connection with said assumption Franchisor will not be obligated to pay to the landlord past due rent, common area maintenance, and other charges attributable to more than one (1) month. The landlord shall give Franchisor thirty (30) days, upon termination of Franchisee’s rights under the lease, to exercise this option; and
- F. Agrees that the lease may not be materially amended, assigned, or sublet without Franchisor’s prior written approval.

Dated: _____

LANDLORD
CORPORATE SIGNATURE:

a/an _____ corporation

By: _____

By: _____

Its: _____

Its: _____

SIGNED and SEALED this ____ day of _____, 20__

_____ Notary Public

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned (“Assignor”) hereby assigns and transfers to Sammy’s Sliders USA, LLC (“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 Schedule 1 (the “Lease”) respecting premises commonly known as _____ (the “Premises”).

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: (i) Assignee provides express, written notice to both Assignor and the landlord of the Premises under the Lease that Assignee is assuming all of Assignor’s rights, title and interest under the Lease pursuant to this assignment; and (ii) 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 and failure to cure (within the appropriate time period) 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, 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 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 120 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 stead of Assignor for the purpose of effecting such extension or renewal.

ASSIGNOR:

Dated: _____

SIGNED AND SEALED this __
day of _____, 20__

EXHIBIT D TO THE FRANCHISE AGREEMENT

EFT AUTHORIZATION FORM

Bank Name: _____
ABA# : _____
Acct. No.: _____
Acct. Name: _____

Effective as of the date of the signature below, **[Franchisee Name]** (the “Franchisee”) hereby authorizes Sammy’s Sliders USA, LLC (the “Company”) or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to cover the following payments that are due and owing Company or its affiliates under the franchise agreement dated _____ (the “Franchise Agreement”) for the franchised business located at: _____ (the “Franchised Business”): (i) all Royalty Fees; (ii) Fund Contributions; (iii) any amounts due and owing to the Company or its affiliates in connection with marketing materials or other supplies or inventory that is provided by Company or its affiliates; and (iv) all other fees and amounts due and owing to Company or its affiliates under the Franchise Agreement. Franchisee acknowledges each of the fees described above may be collected by the Company (or its designee) as set forth in the Franchise Agreement.

The parties further agree that all capitalized terms not specifically defined herein will be afforded the definition they are given in the Franchise Agreement.

Such withdrawals shall occur on such schedule as Company shall specify in writing. This authorization shall remain in full force and effect until terminated in writing by Company. **[Franchisee Name]** shall provide Company, in conjunction with this authorization, a voided check from the above-referenced account.

AGREED:

FRANCHISEE

[INSERT FRANCHISEE NAME]

By: _____

Name (Print): _____

Its: _____

FRANCHISOR APPROVAL

SAMMY’S SLIDERS USA, LLC

By: _____
Sam G. Ballas, CEO

Please attach a voided blank check, for purposes of setting up Bank and Transit Numbers.

EXHIBIT E TO THE FRANCHISE AGREEMENT

CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT

(for trained employees, officers, directors, general partners, members, Operations Managers and any other management personnel of Franchisee)

In consideration of my being a [INSERT TITLE/ROLE WITH FRANCHISEE] of _____ (the “Franchisee”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I (the undersigned) hereby acknowledge and agree that Franchisee has acquired the right from Sammy’s Sliders USA, LLC (the “Company”) to: (i) establish and operate a SAMMY’S SLIDERS franchised business (the “Franchised Business”); and (ii) use in the operation of the Franchised Business the Company’s trade names, trademarks and service marks (collectively, the “Proprietary Marks”) and the Company’s unique and distinctive format and system relating to the establishment and operation of a SAMMY’S SLIDERS Restaurant businesses (the “System”), as they may be changed, improved and further developed from time to time in the Company’s sole discretion, only at the following authorized and approved location: _____ (the “Premises”).

1. The Company possesses certain proprietary and confidential information relating to the operation of the Franchised Business and System generally, including without limitation: Company’s proprietary and confidential Operations Manual and other manuals providing guidelines, standards and specifications related to the establishment and operation of the Franchised Business (collectively, the “Manual”); Franchisor’s proprietary training materials and programs, as well as proprietary marketing methods and other instructional materials, trade secrets; information related to any other proprietary methodology or aspects of the System or the establishment and continued operation of the Franchised Business; financial information; any and all customer lists, contracts and other customer information obtained through the operation of the Franchised Business and other System Restaurant businesses; any information related to any type of proprietary software that may be developed and/or used in the operation of with the Franchised Business; and any techniques, special recipes, ingredients, menu item preparation, methods, and know-how related to the operation of a System Restaurant business or otherwise used in connection with the System, which includes certain trade secrets, copyrighted materials, methods and other techniques and know-how (collectively, the “Confidential Information”).

2. Any other information, knowledge, know-how, and techniques which the Company specifically designates as confidential will also be deemed to be Confidential Information for purposes of this Agreement.

3. As [INSERT TITLE WITH RESPECT TO FRANCHISEE] of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Manual, 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 shall 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 [INSERT TITLE] of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use 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 shall not, while in my position with the 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: (i) any other restaurant or business that (a) is a fast-casual eating establishment that primarily serves hamburgers, sliders or topped fries (“Competitive Products”), or (b) otherwise generates twenty percent (20%) or more of its revenue from the combined sale of Competitive Products (each, a “Competing Business”); or (ii) grants or has granted franchises or licenses, or establishes or has established joint ventures, for any Competing Business. I also agree that I will not undertake any action to divert business from the Franchised Business to any Competing Business, or solicit any of the former customers or employees of Franchisee for any competitive business purpose.

6.1 *Post-Term Restrictive Covenant for Operations Manager of Franchised Business or Manager/Officers/Directors of Franchisee.* In the event I am a manager of the Franchised Business, or an officer/director/manager/partner of Franchisee that has not already executed a Personal Guaranty agreeing to be bound by the terms of the Franchise Agreement, then I further agree that I will not be involved in a Competing Business of any kind for a period of two (2) years after the expiration or termination of my employment with Franchisee for any reason: (i) at or within a ten (10) mile radius of the Premises; or (ii) within a ten (10) mile radius of any other System Restaurant that exists at the time my employment with Franchisee ceases. During the two (2) year period described in this Section, I also agree that I will not: (a) be involved in the franchising or licensing of any Competing Business at any location within the United States where the Company can demonstrate it has offered or sold franchises as of the date my employment ceases with Franchisee; (b) undertake any action to divert business from the Franchised Business to any Competing Business; or (c) solicit any of the former customers or employees of Franchisee for any competitive business purpose.

7. I agree that each of the foregoing covenants shall 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 shall 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 the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the 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 the 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 shall be construed under the laws of North Carolina. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

IN WITNESS WHEREOF, this Agreement is made and entered into by the undersigned parties as of the Effective Date.

UNDERSIGNED

Signature: _____

Name: _____

Address: _____

Title: _____

ACKNOWLEDGED BY FRANCHISEE

[FRANCHISEE NAME]

By: _____

Title: _____

EXHIBIT F TO THE FRANCHISE AGREEMENT

ACCOUNTANT AUTHORIZATION

THIS ACCOUNTANT AUTHORIZATION (“Authorization”) is entered into as of this __ day of __, 20__ by _____, a _____ (hereinafter referred to as “Franchisee”).

WHEREAS, on _____, Franchisee and Sammy’s Sliders USA, LLC, a North Carolina limited liability company (hereinafter referred to as “Franchisor”) entered into an agreement governing their franchise relationship (“Franchise Agreement”), hereby incorporated by reference; and

WHEREAS, Pursuant to Section 11 of the Franchise Agreement and in accordance with Franchisor’s Operations Manual, Franchisee agrees to permit Franchisor to obtain directly from any and all of Franchisee’s accounting and other financial institutions (“Service Providers”) all of Franchisee’s financial information.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Franchisee hereto agrees as follows:

1. Franchisee hereby authorizes any and all of Franchisee’s Service Providers to release directly to Franchisor all of Franchisee’s financial information, confidential or otherwise, related to the franchised business (collectively, the “Records”) and to permit Franchisor to inspect and copy such Records, including, but not limited to, income, sales, payment tax returns, financial ledgers, accountant working papers, financial statements, and supporting bank statements, as Franchisor may request from time to time.
2. This Authorization is irrevocable and shall remain in effect from the date hereof so long as the Franchise Agreement is still in effect.
3. Franchisee hereby releases and forever discharges Franchisor and Service Providers from any and all liability associated with the release of Franchisee’s financial information pursuant to this Authorization.
4. In the event that any provision or portion of this Authorization shall be determined to be invalid or unenforceable for any reason, in whole or in part, the remaining provisions of this Authorization be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by law.
5. This Agreement shall be governed by and construed and interpreted in accordance with the laws of North Carolina without reference to principles of conflict of laws.

By signing below, you agree to be bound by the foregoing terms and conditions.

[FRANCHISEE NAME]

Name: _____
Title: _____
Date: _____

EXHIBIT G TO THE FRANCHISE AGREEMENT

CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND DOMAIN NAMES

1. _____, doing business as a SAMMY’S SLIDERS Restaurant (the “Assignor”), in exchange for valuable consideration provided by Sammy’s Sliders USA, LLC (the “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 its franchised business located at _____ (collectively, 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, expiration of Assignor's franchise. 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 or domain name registrar to effectuate this agreement, 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: _____

Date: _____

Title: _____

ASSIGNEE

SAMMY’S SLIDERS USA, LLC

By: _____
Sam G. Ballas, CEO

Date: _____

EXHIBIT H TO THE FRANCHISE AGREEMENT

FRANCHISEE QUESTIONNAIRE/COMPLIANCE CERTIFICATION

DO NOT COMPLETE OR SIGN THIS COMPLIANCE CERTIFICATION IF YOU ARE A RESIDENT OF, OR INTEND TO OPERATE THE FRANCHISED BUSINESS IN, ONE OF THE FOLOWING STATES:

CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI

As you know, Sammy’s Sliders USA, LLC (“we”, “us”), and you are preparing to enter into a Franchise Agreement for the right to open and operate one (1) or more SAMMY’S SLIDERS 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 must sign and date this certification the same day you sign the Franchise Agreement, and pay 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.

- 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)?
- 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 Premises, 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 SAMMY’S SLIDERS 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, at our principal offices in North Carolina?
- 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 Operations Managers (as defined in the Franchise Agreement), must successfully complete the appropriate initial training program(s) before we will allow the Franchised Business to open or consent to a transfer of that Franchised Business?
- 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 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 a 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 C
TO THE SAMMY'S SLIDERS USA, LLC
FRANCHISE DISCLOSURE DOCUMENT

DEVELOPMENT AGREEMENT

DEVELOPMENT AGREEMENT

This Development Agreement (“Agreement”) entered into this ___ day of ___, 20___, between: (i) Sammy’s Sliders USA, LLC, a North Carolina limited liability company with its principal place of business at 100 Cambridge Plaza Drive, Winston-Salem, NC 27104 (the “Franchisor”); and (ii) _____, a (resident of) (corporation organized in) (limited liability company organized in) _____ with a business address at _____ (the “Developer”).

BACKGROUND

A. Franchisor and its principals and affiliates have expended a considerable amount of time, effort, and money to develop a system for the operation of unique retail eating establishments specializing in dine-in and carry-out featuring a menu of gourmet sliders and other approved items that Franchisor authorizes under the name “SAMMY’S SLIDERS” and/or other proprietary marks we designate (the “Franchised Business” or “Restaurant”).

B. Restaurants are established and operated using a unique operating system, the distinguishing characteristics of which include: (i) unique proprietary recipes (the “Proprietary Recipes”); (ii) uniform specifications for food and beverage preparation and presentation; (iii) distinctive interior and exterior Restaurant design, decor and color schemes; (iv) uniform specifications for furniture, fixtures, equipment, and signage; (v) merchandising, marketing, advertising, and inventory management systems; and (vi) other standards and procedures for operation and management of a Restaurant in the manner set forth in this Agreement and in the Operations Manual provided by Franchisor, as modified from time to time (the “System”).

C. The System is identified by proprietary trademarks, service marks, trade dress, logos and other indicia of origin including, without limitation, the trade name and service mark “SAMMY’S SLIDERS” (the “Proprietary Marks”). The rights to all such Proprietary Marks as are now, or shall hereafter be, designated as part of the System will be owned exclusively by Franchisor or its affiliates and 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. Franchisor continues to develop, expand, use, control, and add to the Proprietary Marks and System for the benefit of itself, its affiliates, and its franchisees and licensees in order to identify for the public the source of products and services marketed thereunder and to represent the System’s high standards of quality and service.

D. Franchisor offers franchises to qualified individuals for the right to operate a single or multiple Restaurants under the System and Proprietary Marks.

E. Area Developer desires to obtain the exclusive right to develop the designated territory granted hereunder (“Development Area”) by opening multiple Restaurants pursuant to the Mandatory Development Schedule set forth herein (the “Area Development Business”).

F. Area Developer understands and acknowledges the importance of Franchisor’s uniformly high standards of quality and service and the necessity of ensuring that Area Developer operates Area Developer’s Restaurants in strict conformity with Franchisor’s quality control standards and specifications.

G. Franchisor hereby grants to Area Developer the right to operate multiple Restaurants, in reliance upon all of the representations made in Area Developer’s application and in this Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

AGREEMENT

1. Development Area.

1.1 Subject to the terms and conditions set forth herein, Franchisor grants Developer the right, and Developer undertakes the obligation, to develop and establish _____ Franchised Businesses within the Development Area defined in the Data Sheet attached hereto as Exhibit A (the “Data Sheet”), provided Developer opens and commences operations of such Franchised Businesses in strict accordance with the mandatory development schedule also set forth in the Data Sheet (the “Development Schedule”) and otherwise subject to the terms and conditions set forth herein.

1.2 Except as provided in Section 1.3 and otherwise herein, during the term of this Agreement Franchisor will not open or operate, or license any third party the right to open or operate, any Restaurant utilizing the Proprietary Marks and System within the Development Area.

1.3 Developer agrees and acknowledges that Franchisor will have the right to modify the boundaries of the Development Area upon written notice to Developer to account for any designated territory that is granted to another System franchisee or developer in connection with a premises for a Restaurant at a location that (a) Developer secures, and (b) is close to the outer boundaries of the Development Area, to the extent necessary to avoid overlap between that designated territory and the Development Area. In the event Franchisor notifies Developer that it is modifying the Development Area as set forth in this Section, Developer agrees to work in good faith with Franchisor to enter into an addendum to this Agreement detailing the modified Development Area.

2. Development Fee; Credits Against Additional Franchise Agreements

2.1 Developer shall pay Franchisor the development fee set forth in the Data Sheet (the “Development Fee”) for the right to develop the foregoing Franchised Businesses within the Development Area under this Agreement, with the parties agreeing and acknowledging that this Development Fee is: (i) deemed fully earned upon payment and is not refundable under any circumstances; and (ii) payable in accordance with the schedule set forth in this Section 2.2 below. The parties further agree and acknowledge that the Development Fee is consideration solely for the territorial rights that are being granted to Developer within the Development Area under this Agreement, and that such Development Fee is not tied to (a) any particular franchise, or (b) the pre-opening or other obligations of either party in connection with any particular franchise.

2.2 Once the Development Fee is paid, Developer shall not be required to pay Franchisor an initial franchise fee in connection with the first Franchised Business that Developer is granted the right to open under this Agreement (the “Initial Franchised Business”).

2.3 Developer will be required to pay Franchisor a fee amounting to \$20,000 (the “Deposit Remainder”) in connection with each additional franchised business granted hereunder (“Additional Franchised Business”), which is due and owing to Franchisor upon the earlier of (a) 10 days from the date that a lease or Franchise Agreement is executed in connection with that Additional Franchised Business, or (b) 90 days prior to the scheduled opening of that Additional Franchised Business.

2.4 While only the Development Fee will be due upon execution of this Agreement, the parties agree and acknowledge that both the Development Fee and all Deposit Remainders will be deemed

fully earned and non-refundable upon execution of this Agreement.

3. **Initial Franchise Agreement.** Contemporaneous with the execution of this Agreement, Developer must enter into Franchisor's current form of Franchise Agreement for the Initial Franchised Business that Developer is required to open within the Development Area. In the event Developer is a business entity of any kind, then Developer's principals/owners must each execute the form of personal guaranty attached to the foregoing Franchise Agreement, as well as any additional Franchise Agreements described in Section 4 of this Agreement.

4. **Additional Franchise Agreements.** Developer agrees and acknowledges that it must: (i) enter into Franchisor's then-current form of Franchise Agreement for each Additional Franchised Business that Developer is required to open under this Agreement; and (ii) enter into such Franchise Agreements at such times that are required for Developer to timely meet, and strictly adhere to, its obligations under the agreed-upon Development Schedule.

5. **Development Obligations.** Developer must ensure that, at a minimum, Developer: (i) opens and commences operations of the number of new Franchised Businesses during each of the development periods defined in the Development Schedule (each, a "Development Period"); and (ii) has the minimum cumulative number of Franchised Businesses open and operating at the expiration of each such Development Period. The parties agree and acknowledge that time is of the essence with respect to the foregoing development obligations, and that Developer's failure to comply with the Development Schedule in any manner with respect to any Development Period is grounds for immediate termination of this Agreement if not timely cured as set forth in Section 6.2 of this Agreement (and any future development rights granted hereunder).

6. **Training.** With regards to training, the following terms shall apply, in addition to the training provisions detailed in Sections 5 and 6 of the Franchise Agreement signed in connection with each Franchised Business:

6.1 Second Franchised Business: Developer must supply a "front of house" trainer and a "back of house trainer" to complete the training team requirements at the time of initial training in connection with Developer's second Franchised Business, who will in turn (a) work with a Franchisor's trainer in connection with the provision of the on-site training and assistance, and (b) receive, as Franchisor determines appropriate, additional training and guidance from Franchisor's training personnel;

6.2 Third and additional Franchised Business: Developer must supply 2 "front of house" trainers and 2 "back of house" trainers to complete the training team requirements in connection with the third Franchised Business and any additional Franchised Business at the time that the initial training program must be completed in connection with that Franchised Business, who will in turn be responsible for providing all instruction and training to the personnel of that Franchised Business.

7. **Term and Termination.**

7.1 This Agreement will commence as of the date it is fully executed and, unless earlier terminated by Franchisor, will expire on the earlier of: (i) the last day of the calendar month that the final Franchised Business is required to be opened and operating under the Development Schedule; or (ii) the date Developer actually opens the last Franchised Business that Developer is granted the right to open under this Agreement. Upon expiration or termination of this Agreement for any reason, Developer will not have any rights within the Development Area other than the territorial rights granted in connection with any "Designated Territory" associated with a Franchised Business that Developer has opened and commenced operating as of the date this Agreement is terminated or expires (as such rights are granted by Franchisor under the respective

Franchise Agreement(s) into which Developer has entered for such Franchised Business(es)).

7.2 Franchisor will have the right, at its option, to terminate this Agreement and all rights granted to Developer hereunder, without affording Developer any opportunity to cure such default, effective upon written notice to Developer, upon the occurrence of any of the following events: (i) if Developer ceases to actively engage in development activities in the Development Area or otherwise abandons its development business for three (3) consecutive months, or any shorter period that indicates an objective intent by Developer to discontinue development of the Franchised Businesses within the Development Area; (ii) if Developer becomes insolvent or is adjudicated bankrupt, or if any action is taken by Developer, or by others against the Developer, under any insolvency, bankruptcy or reorganization act, or if Developer makes an assignment for the benefit of creditors or a receiver is appointed by the Developer; (iii) if Developer fails to meet its development obligations under the Development Schedule for any single Development Period (including the failure to pay when due any corresponding Deposit Remainder or other payment obligations), and fails to cure such default within 30 days of receiving notice thereof; or (iv) if any Franchise Agreement that is entered into in order to fulfill Developer's development obligations under this Agreement is terminated or subject to termination by Franchisor, pursuant to the terms of that Franchise Agreement.

8. **Reservation of Rights.** Except as provided in Section 1 of this Agreement, the parties agree and acknowledge that the rights granted in this Agreement are non-exclusive and that Franchisor and its affiliates reserve all other rights not expressly granted to Developer herein.

9. **Sale or Assignment.** Developer's rights under this Agreement are personal and Developer may not sell, transfer, or assign any right granted herein without Franchisor's prior written consent, which may be withheld in its sole discretion. Notwithstanding, if Developer is an individual or a partnership, Developer has the right to assign its rights under this Agreement to a corporation or limited liability company that is wholly owned by Developer according to the same terms and conditions as provided in Developer's initial Franchise Agreement. Franchisor has the right to assign this Agreement in whole or in part in its sole discretion.

10. **Option to Purchase.** Franchisor has the option to purchase all of the rights granted to Developer under this Agreement, along with the Franchise Agreement and assets associated with any Restaurant that is opened within the Development Area as of the date Franchisor provides Developer with the "Option Notice" defined below (each, an "Existing Restaurant") in accordance with the terms of this Section (the "Option").

10.1 *Option Period.* Franchisor may exercise the Option at any point during the term of this Agreement. Franchisor must provide Developer with written notice of its intention to exercise the Option (the "Option Notice").

10.2 *Purchase Price.* Franchisor agrees to pay Developer a purchase price that will be calculated based on (a) the development and other rights granted under this Agreement, and (b) any Existing Restaurant that Developer has opened and the assets associated therewith (the "Purchase Price"). The Purchase Price shall be calculated as follows:

10.2.1 if Developer has not opened or entered into a lease for any Restaurant, then the Purchase Price for all rights granted under this Agreement and any signed Franchise Agreements described herein will be 200% of the Development Fee described in Section 2.1 above;

10.2.2 if Developer has developed or opened an Existing Restaurant as of the date Franchisor provides Developer with the Option Notice, then: (i) the Purchase Price for each such Existing Restaurant, including (a) all furniture, fixtures, equipment, unused inventory and supplies (as of the date of the contemplated sale) and other

operating assets used in connection with that Existing Restaurant, (b) all franchise rights, leasehold or ownership rights in the premises of that Existing Restaurant, and (c) any and all licenses permits and approvals associated with that Existing Restaurant (collectively, the “Restaurant Assets”), will be calculated as set forth in purchase option provisions in the Franchise Agreement governing that Existing Restaurant; and (ii) the Purchase Price for all remaining development and other rights granted under this Agreement will amount to \$40,000 multiplied by the number of Franchised Businesses that Developer still has the right to open as of the date Franchisor provides Developer with the Option Notice.

10.3 *Exercising the Option and Related Terms.* Once Franchisor has provided Developer with the Option Notice, Franchisor will have a 90-day period within which to conduct its due diligence on any Restaurant Assets that might be part of the purchase. In the event that Franchisor elects to proceed with the purchase after the satisfactory conclusion of Franchisor’s due diligence, Franchisor will have 60 days from the completion of its due diligence investigation within which to tender the Purchase Price and close on the transaction (“Closing”). At Closing, Developer agrees to deliver possession and title to all the assets and rights described in this Section 9 (the “Acquired Assets and Rights”) to Franchisor pursuant to a prescribed form of asset purchase agreement, free and clear of all liens and encumbrances. Franchisor may elect to rescind its election to exercise the Option at any time prior to Closing. Franchisor’s failure to exercise the Option on one or more occasions will not preclude Franchisor from exercising the Option at a later date. Franchisor will not be obligated to assume any liabilities in connection with Franchisor’s purchase of the Acquired Assets and Rights. Franchisor shall be entitled to offset the total Purchase Price by: (i) any amounts owed by Developer to Franchisor; and (ii) any liabilities (contingent or otherwise) which Franchisor agrees, at its discretion, to undertake in connection with exercising the Option. Franchisor will be entitled to all customary warranties and representations in connection with Franchisor’s purchase of the Acquired Assets and Rights, including, without limitation: representations and warranties as to ownership and condition of and title with respect to any Restaurant Assets; liens and encumbrances with respect to any Restaurant Assets; validity of contracts and agreements; and liabilities affecting the Acquired Assets and Rights, contingent or otherwise. Upon Closing, this Agreement and any Franchise Agreement governing an Existing Restaurant will be deemed terminated (or transferred, at Franchisor’s option), and Developer must comply with all post-term obligations associated with this Agreement and such Franchise Agreements. The parties acknowledge and agree that the Option and the Purchase Price set forth herein are fair and reasonable.

11. **Acknowledgment.** Developer acknowledges that this Agreement is not a Franchise Agreement and does not confer upon Developer any rights to use the Franchisor’s Proprietary Marks or System.

12. **Notices.** All notices, requests and reports to be given under this Agreement are to be in writing, and delivered either by hand, overnight mail via recognized courier such as UPS or FedEx, or certified mail, return receipt requested, prepaid, to the addresses set forth above (which may be changed by written notice).

13. **Choice of Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina, without reference to this state’s conflict of laws principles.

14. **Internal Dispute Resolution.** Developer must first bring any claim or dispute between Developer and Franchisor to Franchisor’s management, after providing Franchisor with notice of and a reasonable opportunity to cure an alleged breach hereunder. Developer must exhaust this internal dispute resolution procedure before bringing a dispute before a third party. This agreement to first attempt resolution of disputes internally will survive termination or expiration of this Agreement.

15. **Mediation.** At Franchisor’s option, all claims or disputes between Franchisor and Developer or its affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisor and Developer 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 Section 13 above, must be submitted first to non-binding mediation, at or near Franchisor’s then-current headquarters 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, Developer 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 Developer as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Developer may not commence any action against Franchisor or its affiliates with 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.

15.1 The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 14 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): (i) any federally protected intellectual property rights in the Proprietary Marks, the System, or in any confidential/proprietary information of Franchisor (as such information is defined more fully in the Franchise Agreements); (ii) any of the restrictive covenants contained in this Agreement or any other Franchise Agreements executed in connection with the Franchised Businesses opened within the Development Area; and (iii) any of Developer’s payment obligations under this Agreement or any such Franchise Agreement.

15.2 This agreement to mediate will survive any termination or expiration of this Agreement. The parties agree that there will be no class action mediation and that any mediation proceeding involving Franchisor and Developer or its principals that arises out of or relates to this Agreement in any manner must be mediated in a proceeding that does not involve any other third party, including any other franchisee or licensee of Franchisor’s franchise system.

16. **Injunctive Relief.** Developer acknowledges and agrees that irreparable harm could be caused to Franchisor by Developer’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) Developer’s use of the Proprietary Marks and Franchisor’s confidential information; (ii) Developer’s covenant not to compete, as well as any other violations of the restrictive covenants set forth in this Agreement or any Franchise Agreement with Franchisor; (iii) Developer’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) prohibiting any act or omission by Developer or its employees that constitutes a violation of applicable law, threatens Franchisor’s franchise system or threatens other franchisees of Franchisor. Developer’s only remedy if such an injunction is entered will be the dissolution of the injunction, if appropriate, and Developer waives all damage claims if the injunction is wrongfully issued.

17. **Jurisdiction and Venue.** Subject to Sections 14 and 15 of this Agreement, the parties agree that any actions arising out of or related to this Agreement must be initiated and litigated to conclusion exclusively in the state court of general jurisdiction closest to Winston-Salem, North Carolina or, if appropriate, the United States District Court for the Middle District of North Carolina (unless settled by the

parties after such action is initiated). Developer acknowledges that Franchisor may bring an action in any other court of competent jurisdiction to seek and obtain injunctive relief as set forth in Section 15 above. Developer hereby irrevocably consents to the personal jurisdiction of the state and federal courts described in this Section.

18. **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of this Agreement and the dispute resolution procedures contained herein, including without limitation, the right to specifically utilize and exhaust the mediation procedure with respect to any and all claims asserted against such person(s) by Developer or its principals.

19. **JURY TRIAL WAIVER.** 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 DEVELOPER'S PURCHASE FROM FRANCHISOR OF THE DEVELOPMENT RIGHTS DESCRIBED HEREIN.

20. **WAIVER OF CLASS ACTIONS.** THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE FRANCHISED BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN DEVELOPER, DEVELOPER'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

21. **Waiver of Punitive Damages.** Developer 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) that Developer may have against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, Developer's recovery will be 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.

22. **Attorneys' Fees.** If either party institutes any judicial or mediation proceeding to enforce any monetary or nonmonetary obligation or interpret the terms of this Agreement and Franchisor prevails in the action or proceeding, Developer will be liable to Franchisor for all costs, including reasonable attorneys' fees and court costs, incurred in connection with such proceeding.

23. **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Agreement will not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default will not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Agreement will be cumulative. Franchisor's election to exercise any remedy available by law or contract will not be deemed a waiver or preclude exercise of any other remedy.

24. **Severability.** The parties agree that if any provisions of this Agreement may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision will have the meaning which renders it valid and enforceable. The provisions of this Agreement are severable, and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions will be enforced to the extent that they are valid and enforceable. If any material

provision of this Agreement will be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Agreement.

25. **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 Developer, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

26. **Successors.** References to “Franchisor” or “Developer” include the respective parties’ successors, assigns or transferees, subject to the limitations of Section 8 of this Agreement.

27. **Additional Documentation.** Developer 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 agreements and take such other action as Franchisor may reasonably require in order to effectuate the transactions contemplated in this Agreement. In the event that Developer fails to comply with the provisions of this Section, Developer hereby appoints Franchisor as Developer’s attorney-in-fact to execute any and all documents on Developer’s behalf, as reasonably necessary to effectuate the transactions contemplated herein.

28. **No Right to Offset.** Developer may not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of the alleged nonperformance of Franchisor or any of its affiliates or as an offset against any amount Franchisor or any of its affiliates may owe or allegedly owe Developer under this Agreement or any related agreements.

29. **Entire Agreement.** This Agreement contains the entire agreement between the parties concerning Developer’s development rights within the Development Area; no promises, inducements or representations (other than those in the Franchise Disclosure Document) not contained in this Agreement have been made, nor will any be of any force or effect, or binding on the parties. Modifications of this Agreement must be in writing and signed by both parties. Franchisor reserves the right to change Franchisor’s policies, procedures, standards, specifications or manuals at Franchisor’s discretion. In the event of a conflict between this Agreement and any Franchise Agreement(s), the terms, conditions and intent of this Agreement will control. Nothing in this Agreement, or any related agreement, is intended to disclaim any of the representations Franchisor made to Developer in the Franchise Disclosure Document that Franchisor provided to Developer.

***THE REST OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK
SIGNATURES ON THE FOLLOWING PAGE.***

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.

SAMMY'S SLIDERS USA, LLC

DEVELOPER:

Print Name: _____

IF AN INDIVIDUAL:

Date: _____

By: _____

Print Name: _____

Date: _____

Spouse Signature: _____

Spouse Name: _____

Date: _____

IF LLC, CORPORATION, OR OTHER ENTITY:

By: _____

Print Name: _____

Title: _____

Owner Signature: _____

Owner Name: _____

Owner Signature: _____

Owner Name: _____

Date: _____

EXHIBIT A to DEVELOPMENT AGREEMENT

DATA SHEET

1. **Development Area.** The Development Area, as referred to in Section 1 of the Development Agreement, is described below (or an attached map) by geographic boundaries and will consist of the following area or areas:

2. **Development Schedule.** The Development Schedule referred to in Section 5 of the Development Agreement is as follows:

Expiration of Development Period (each, a “Development Period”)	# of New Franchised Businesses Opened Within Development Period	Cumulative # of Franchised Businesses that Must Be Open and Operating	Deposit Remainder Due in Connection with Franchised Business	Due Date for Deposit Remainder
___ Months from Effective Date	1	1	\$0	Not Applicable
___ Months from Effective Date	1	2	\$20,000	On the earlier of: (i) 10 days from the date a lease or Franchise Agreement for this Additional Franchised Business is executed; or (ii) 90 days prior to the scheduled opening date for this Additional Franchised Business.
___ Months from Effective Date	1	3	\$20,000	On the earlier of: (i) 10 days from the date a lease or Franchise Agreement for this Additional Franchised Business is executed; or (ii) 90 days prior to the scheduled opening date for this Additional Franchised Business.

3. **Development Fee.** The Development Fee that is due and payable to Franchisor immediately upon execution of this Agreement shall be \$_____.

***THE REST OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK
SIGNATURES ON THE FOLLOWING PAGE.***

APPROVED AND ACCEPTED BY:

SAMMY'S SLIDERS USA, LLC

Print Name: _____

Date: _____

DEVELOPER

(Individual, Partnership or Corporation Name)

By: _____

Title: _____

Date: _____

EXHIBIT D
TO THE SAMMY'S SLIDERS USA, LLC
FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

Sammy's Sliders USA, LLC

(A North Carolina Limited Liability Company)

**Financial Statements with Report of Independent Auditors
December 31, 2024**

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Report of Independent Auditors

To the Member(s) of
Sammy's Sliders USA, LLC

Opinion

We have audited the accompanying financial statements of Sammy's Sliders USA, LLC (the Company), a North Carolina limited liability company, which comprise the balance sheet as of December 31, 2024, and the related statement of operations and member's equity and cash flows for the year ended December 31, 2024, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the year ended December 31, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after January 30, 2025.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.

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

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

DA Advisory Group PLLC

Troy, MI
January 30, 2025

Sammy's Sliders USA, LLC
Balance Sheet
As of December 31, 2024

	<u>December 31,</u> <u>2024</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 16,939
Other current asset	<u>254</u>
Total current assets	<u>17,193</u>
Fixed Assets:	
Leashold improvements	<u>2,248</u>
Total fixed assets	<u>2,248</u>
Total noncurrent assets	<u>2,248</u>
Total assets	<u><u>\$ 19,441</u></u>
LIABILITIES AND MEMBER'S EQUITY	
Current liabilities:	
Related party payable	\$ 500
Other current payable	<u>154</u>
Total current liabilities	<u>654</u>
Total liabilities	<u>654</u>
Member's equity:	
Equity	45,000
Net loss	<u>(26,213)</u>
Total member's equity	<u>18,787</u>
Total liabilities and member's equity	<u><u>\$ 19,441</u></u>

see accompanying notes

Sammy's Sliders USA, LLC
Statement of Operations
For the year ended December 31, 2024

	<u>2024</u>
Operating revenues:	
Operating revenues	<u>\$ -</u>
Operating expenses:	
Advertising	\$ 18,038
Professional fees	7,175
Other expenses	<u>1,000</u>
Total operating expenses	<u>26,213</u>
Operating income (loss)	<u>(26,213)</u>
Net loss	<u><u>\$ (26,213)</u></u>

see accompanying notes

Sammy's Sliders USA, LLC
Statement of Member's Equity
For the year ended December 31, 2024

	<u>Total Equity</u>
BALANCE, DECEMBER 31, 2023	\$ -
Contributions	45,000
Distributions	-
Net loss	<u>(26,213)</u>
BALANCE, DECEMBER 31, 2024	\$ 18,787

see accompanying notes

Sammy's Sliders USA, LLC
Statement of Cash Flows
For the year ended December 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	\$ (26,213)
Change in:	
Other current assets	(254)
Related party payable	500
Other payable	154
Net cash used in operating activities	<u>(25,813)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Leasehold improvements	(2,248)
Net cash used in investing activities	<u>(2,248)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Capital distributions	-
Contributed capital	45,000
Net cash provided by financing activities	<u>45,000</u>
Net change in cash and cash equivalents	16,939
Cash and cash equivalents at inception	<u>-</u>
Cash and cash equivalents at period end	<u>16,939</u>
Total cash and cash equivalents	<u>\$ 16,939</u>

see accompanying notes

Sammy's Sliders USA, LLC
A North Carolina Limited Liability Company
Notes to the Financial Statements
December 31, 2024

1. Organization

Sammy's Sliders USA, LLC (the "Company") is a North Carolina Limited Liability Company that provides franchise opportunities for their fast-casual restaurant concept featuring gourmet sliders, hand breaded chicken fingers, hot dogs, salads, topped fries, ice cream shakes, and emphasis on service.

For the year ended December 31, 2024, total contributed capital was \$45,000. For the year ended December 31, 2024, total distributions were \$0.

2. Summary of significant accounting policies and nature of operations

Basis of presentation

The Company prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Use of estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition.

The Company maintains its cash in bank deposit accounts which could exceed federally insured limits. The Company has not experienced an instance where cash held in the account exceeded insured limits since their inception and have not had losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents. Balances of individual cash accounts did not exceed the insured limit by \$250,000 as of December 31, 2024.

Revenue and expenses

Operating income consists of contractual franchise royalties based on a percentage of monthly sales which are recognized as revenue in the month earned as well as revenue from other contractual agreements.

Initial franchise fees are recognized as revenue once substantially all of the initial services of the Company required by franchise agreement have been performed and no other material conditions or obligations related to the determination of substantial performance exist. For the year ended December 31, 2024, there are no initial franchise fees as the company is in its first year of operations

Other revenue sources include initial fees for new franchisees which is mainly focused on marketing and initial set up of the franchisee, royalties, technology, and other service fees that are invoiced and earned either monthly or when a franchisee signs a franchise agreement.

Sammy's Sliders USA, LLC
A North Carolina Limited Liability Company
Notes to the Financial Statements
December 31, 2024

2. Summary of significant accounting policies and nature of operations (continued)

Revenue recognition

The Company recognizes revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers ("ASC 606") which outlines a single, comprehensive model for accounting for revenue from contracts with customers.

Under ASC 606, revenue is recognized in accordance with a five-step model, as follows: identifying the contract with the customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations and recognizing revenue when (or as) the Company satisfies a performance obligation.

The Company derives its revenues primarily from franchisees in accordance with contractual agreements.

Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee.

The remainder of performance obligations represent a single performance obligation and are recognized over the term of the respective franchise agreement from the date the agreement is executed. Unearned initial fee revenues from franchisee acquisition and acceptance will be recorded as deferred revenue and recognized as revenue over the term of the contract with each franchisee.

Disaggregation of revenues

The Company disaggregates revenue from contracts with customers by the timing of revenue recognition by type of revenue, as it believes this best depicts how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

Advertising expenses

Advertising and marketing costs are expensed as incurred and amounts to \$18,038 for the year ended December 31, 2024.

3. Income taxes

Income taxes on Company income are levied on the Member at the individual level. Accordingly, all profits and losses of the Company are recognized on the Member's respective tax return. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Company to report information regarding its exposure to various tax positions taken by the Company. Management has determined whether any tax positions have met the recognition threshold and has measured the Company's exposure to those tax positions, noting none at the Company level.

Sammy's Sliders USA, LLC
A North Carolina Limited Liability Company
Notes to the Financial Statements
December 31, 2024

4. Commitments and contingencies

The Company must assess if they are a party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, there are no matters of such kind, or involve such amounts, that they are aware of or require disclosure.

5. Subsequent events

Subsequent events have been evaluated through January 30, 2025, which is the date the financial statements were available to be issued. No significant events or transactions were identified that would require adjustment to the financial statements

**THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT.
PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED
THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE
FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.**

10:58 AM

11/01/24

Cash Basis

Sammy's Sliders USA, LLC

Balance Sheet

As of October 31, 2024

	<u>Oct 31, 24</u>
ASSETS	
Current Assets	
Checking/Savings	
FH Ops Account	54,054.00
FH Escrow Gift Card Account	100.00
Total Checking/Savings	<u>54,154.00</u>
Total Current Assets	<u>54,154.00</u>
TOTAL ASSETS	<u>54,154.00</u>
LIABILITIES & EQUITY	
Equity	
Bailas Equity	25,000.00
Giannopoulos Equity	15,000.00
Fishman Equity	25,000.00
Net Income	<u>-10,846.00</u>
Total Equity	<u>54,154.00</u>
TOTAL LIABILITIES & EQUITY	<u>54,154.00</u>

EXHIBIT E
TO THE SAMMY'S SLIDERS USA, LLC
FRANCHISE DISCLOSURE DOCUMENT

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

ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA

Estimated Initial Investment. The franchisee will be required to make an estimated initial investment ranging from \$328,300 to \$712,600. This amount exceeds the franchisor's stockholder's equity as of December 31, 2024, which is \$18,787.

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for SAMMY'S SLIDERS USA, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure: The following statements are added to Item 17h:

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.

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

ADDENDUM REQUIRED BY THE STATE OF WISCONSIN

Section 15 of the Franchise Agreement, as well as Section 14 of the Development Agreement, are hereby modified to add the following subsection after the last subsection therein:

Wisconsin Law. The conditions under which this Agreement can be terminated or not renewed may be affected by Wisconsin law, Chapter 135, Wisc. Stats., the Wisconsin Fair Dealership Law.

Section 21(E) of the Franchise Agreement, as well as Section 22(A) of the Development Agreement, are hereby modified by adding the following language after the last sentence thereof:

“The Wisconsin Fair Dealership Law supersedes any provision of this Agreement which is inconsistent with that law.”

**EXHIBIT F
TO THE SAMMY'S SLIDERS USA, LLC
FRANCHISE DISCLOSURE DOCUMENT**

OPERATIONS MANUAL TABLE OF CONTENTS

NO. OF PAGES	OPERATIONS MANUAL TITLE & CONTENTS (SUBJECT TO UPDATE/MODIFICATION)
42	<u>Front of House Manual</u> : Training procedures for front of house employees
39	<u>Back of House Manual</u> : Training procedures for back of house employees
65	<u>Food Manual</u> : Recipes and food preparation for Approved Products
19	<u>POS Training Manual</u>
202	<u>Operations/Manager Manual</u> : Contains guidelines on the operation of your franchised business as well as procedures and rules of the franchise system
367	<u>TOTAL NUMBER OF PAGES</u>

EXHIBIT G
TO THE SAMMY'S SLIDERS USA, LLC
FRANCHISE DISCLOSURE DOCUMENT

SAMPLE TERMINATION AND RELEASE AGREEMENT

SAMPLE TERMINATION OF FRANCHISE AGREEMENT AND RELEASE
UPON TRANSFER TO AN AUTHORIZED FRANCHISEE

This Termination of Franchise Agreement and Release (the "Agreement") is made this _____ day of _____, 20____, by and between Sammy's Sliders USA, LLC, a North Carolina limited liability company with its principal office located at 100 Cambridge Plaza Drive, Winston-Salem, NC 27104 ("Franchisor"), and _____, a _____ with an address at _____ ("Transferor").

BACKGROUND

A. On _____, Transferor entered into a franchise agreement (the "Franchise Agreement") with Franchisor for the right to operate a Restaurant at _____.

B. Transferor has satisfied all conditions of transfer as specified in the Franchise Agreement and now desires to sell the business to _____, who has been approved by Franchisor as an authorized transferee.

C. In order to complete Transferor's sale of the business, Transferor now desires to terminate the Franchise Agreement and all rights and obligations between the parties relating to the Franchise Agreement, and Franchisor desires to accept such termination, pursuant to the terms of this Agreement.

AGREEMENT

In consideration of the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

1. Subject to the terms and conditions contained in this Agreement, the Franchise Agreement and all rights and obligations between Franchisor and Transferor arising from or related to the Franchise Agreement are terminated, effective as of the date of this Agreement.

2. Notwithstanding anything in this Agreement to the contrary, the parties agree that Transferor will remain bound by all of the post-term covenants and obligations contained in the Franchise Agreement including, without limitation, those relating to Confidential Information and Non-competition.

3. Transferor represents and warrants that all of Transferor's monetary obligations to Franchisor and its subsidiaries and affiliates have been satisfied in full as of the date of this Agreement.

4. Transferor, for itself and all persons and entities claiming by, through or under it, release, acquit and forever discharge Franchisor and its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors and assigns (the "Franchisor Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney's fees, actions or causes of action whatsoever, whether known or unknown, which Transferor, by

itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Franchisor Releasees arising out of or related to the offer, sale and operation of the business, and the parties' rights or obligations under the Franchise Agreement.

5. Excluding the indemnification obligations set forth in the Franchise Agreement, and Transferor's obligations as set forth in paragraph 2 of this Agreement, Franchisor, for itself and all persons and entities claiming by, through or under it, releases, acquits and forever discharges Transferor and Transferor's employees, agents, servants, representatives, affiliates, successors and assigns (the "Transferor Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney's fees, actions or causes of action whatsoever, whether known or unknown, which it, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Transferor Releasees arising out of or related to the offer, sale and operation of the business, and the parties' rights or obligations under the Franchise Agreement.

6. This Agreement constitutes the entire integrated agreement of the parties with respect to the subject matter contained in this Agreement, and may not be subject to any modification without the written consent of the parties.

7. This Agreement will be construed under the laws of the State of North Carolina, which laws will control in the event of any conflict of law.

8. This Agreement will be for the benefit of and binding upon the parties and their respective representatives, successors and assigns.

9. Each party acknowledges that the terms of this Agreement have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel. This Agreement is entered into after a full investigation by the parties, and the parties are not relying upon any statements or representations not embodied in this Agreement.

10. In the event that Franchisor retains the services of legal counsel to enforce the terms of this Agreement, it will be entitled to recover all costs and expenses, including reasonable attorney's fees, incurred in enforcing the terms of this Agreement.

11. Transferor agrees that Transferor has and had a relationship with Franchisor at its offices in the State of North Carolina and that, with the exception of Franchisor's right to seek injunctive relief in any appropriate jurisdiction, any action by or against Franchisor arising out of or relating to this Agreement will be commenced and concluded in the State of North Carolina pursuant to the mediation, venue, and jurisdiction provisions of the Franchise Agreement.

12. This Agreement may be executed in multiple counterparts by the various parties and the failure to have the signatures of all parties on a single Agreement will not affect the validity or enforceability of any part of this Agreement against any party who executes any counterpart of the Agreement. Executed facsimile copies of this Agreement will be deemed to be effective as original signatures.

[Signature Page Follows]

I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

SAMMY'S SLIDERS USA, LLC

By: _____

FRANCHISEE

EXHIBIT H
TO THE SAMMY'S SLIDERS USA, LLC
FRANCHISE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES AS OF DECEMBER 31, 2024

None.

**EXHIBIT I
TO THE SAMMY'S SLIDERS USA, LLC
FRANCHISE DISCLOSURE DOCUMENT**

LIST OF FORMER FRANCHISEES THAT LEFT SYSTEM IN PAST YEAR

None.

EXHIBIT J
TO THE SAMMY'S SLIDERS USA, LLC
FRANCHISE DISCLOSURE DOCUMENT

COMPLIANCE CERTIFICATION

FRANCHISEE COMPLIANCE CERTIFICATION

DO NOT COMPLETE OR SIGN THIS COMPLIANCE CERTIFICATION IF YOU ARE A RESIDENT OF, OR INTEND TO OPERATE THE FRANCHISED BUSINESS IN, ONE OF THE FOLOWING STATES:

CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI

As you know, Sammy’s Sliders USA, LLC (“we”, “us”), and you are preparing to enter into a Franchise Agreement and/or Development Agreement for the right to open and operate one (1) or more 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 the same day you sign the Franchise Agreement, and pay 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.

- Yes ___ No ___ 1. Have you received and personally reviewed the Franchise Agreement and/or Development Agreement, as well as each exhibit or schedule attached to this agreement, which 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 (and/or Development Agreement) with a lawyer, accountant or other professional advisor and discussed the benefits and risks of operating the Franchised Business with these professional advisor(s)?
- Yes ___ No ___ 6. Do you understand the success or failure of your Franchised Business 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 Premises (or Development Area), 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 SAMMY’S SLIDERS mark or any other mark licensed under the Franchise Agreement at any location outside your (a) Designated Territory under the Franchise Agreement and (b)

Development Area if you have entered into a Development Agreement, without regard to the proximity of these activities to the premises of your Franchised Business(es) or Development Area?

- Yes ___ No ___ 9. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement and/or Development Agreement must be mediated, at our option, in Winston-Salem, North Carolina?
- Yes ___ No ___ 10. Do you understand the Franchise Agreement and Development Agreement provide 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 and/or Development 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 Operations Managers (as defined in the Franchise Agreement), must successfully complete the appropriate initial training program(s) before we will allow the Franchised Business to open or consent to a transfer of that Franchised Business?
- 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 (other than those that you timely fulfill your development obligations and have contracted to open under the Development Agreement, provided you have not materially breached that agreement and failed to timely cure that breach)?
- Yes ___ No ___ 15. Do you understand that we will send written notices, as required by your Franchise Agreement and/or Development Agreement, 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 a franchise from us, 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 and/or Development 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 K
TO THE SAMMY'S SLIDERS USA, LLC
FRANCHISE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Florida, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, 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, with the following effective dates:

STATES	EFFECTIVE DATE
California	Not Registered
Hawaii	Not Registered
Illinois	Not Registered
Indiana	Not Registered
Maryland	Not Registered
Michigan	Pending
Minnesota	Not Registered
New York	Not Registered
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	Pending
Washington	Not Registered
Wisconsin	Not Registered

EXHIBIT L
TO THE SAMMY'S SLIDERS USA, LLC
FRANCHISE DISCLOSURE DOCUMENT

RECEIPTS

RECEIPT

This disclosure document summarized certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If SAMMY’S SLIDERS USA, LLC offers you a franchise, it must provide this disclosure document to you 14 days before you sign a binding agreement or make a payment to us or an affiliate in connection with the proposed franchise sale or grant or, if you live in New York and Rhode Island, 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.

If SAMMY’S SLIDERS USA, 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate state agency listed on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise is:

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sam G. Ballas, CEO/President Sammy’s Sliders USA, LLC 100 Cambridge Plaza Dr. Winston-Salem, NC 27104 (336) 760-4985	_____	_____	_____
	_____	_____	_____
	_____	_____	_____

Issuance Date: February 25, 2025.

See Exhibit A for our registered agent authorized to receive service of process.

I have received a disclosure document dated February 25, 2025, that included the following:

- | | |
|------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Exhibit A – List of State Administrators and List of Agents for Service of Process | Exhibit G – Sample Termination and Release Agreement |
| Exhibit B – Franchise Agreement | Exhibit H – List of Franchisees |
| Exhibit C – Area Development Agreement | Exhibit I – 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 D – Financial Statements | Exhibit J – Compliance Certification |
| Exhibit E – State Specific Addenda | Exhibit K – State Effective Dates |
| Exhibit F – Operations Manual Table of Contents | Exhibit L – Receipt |

Date _____
Prospective Franchisee

Printed Name

Individually and as an officer, partner, member or manager of _____, a _____ organized under the laws of _____.

RETURN THIS COPY TO FRANCHISOR

RECEIPT

This disclosure document summarized certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If SAMMY’S SLIDERS USA, LLC offers you a franchise, it must provide this disclosure document to you 14 days before you sign a binding agreement or make a payment to us or an affiliate in connection with the proposed franchise sale or grant or, if you live in New York and Rhode Island, 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.

If SAMMY’S SLIDERS USA, 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate state agency listed on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise is:

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sam G. Ballas, CEO/President Sammy’s Sliders USA, LLC 100 Cambridge Plaza Dr. Winston-Salem, NC 27104 (336) 760-4985	_____	_____	_____
	_____	_____	_____
	_____	_____	_____

Issuance Date: February 25, 2025.

See Exhibit A for our registered agent authorized to receive service of process.

I have received a disclosure document dated February 25, 2025, that included the following:

- | | |
|------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Exhibit A – List of State Administrators and List of Agents for Service of Process | Exhibit G – Sample Termination and Release Agreement |
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| Exhibit F – Operations Manual Table of Contents | Exhibit L – Receipt |

Date _____
Prospective Franchisee

Printed Name

Individually and as an officer, partner, member or manager of _____, a _____ organized under the laws of _____.

You may return one copy of this receipt either by signing, dating and mailing it to Sammy’s Sliders USA, LLC, Franchise Administration, at 100 Cambridge Plaza Drive, Winston-Salem, NC 27104, fax: (336) 760-4516.