



FRANCHISE DISCLOSURE DOCUMENT

TOGO'S FRANCHISOR, LLC

A Delaware Limited Liability Company

910 Campisi Way #1E

Campbell, CA 95008

(408) 280-6585

www.togosfranchise.com

franchisesales@togos.com

The franchise offered is for the operation of a *TOGO'S*® Restaurant which will offer specialty sandwiches and related food and beverage items.

The total investment necessary to begin operation of a *TOGO'S* Restaurant is from \$337,000 to \$594,500. This includes \$22,500 (if you are an existing franchisee buying an additional *TOGO'S* Restaurant) or \$37,500 (if you are a new *TOGO'S* franchisee) which must be paid to us or our affiliates. The total investment necessary to begin operation under a Multi-Unit Agreement is \$382,000 to \$634,500 for the development of three *TOGO'S* Restaurants. This includes \$67,500 that must be paid to us or our affiliates, which amount represents the initial franchise fees for three *TOGO'S* Restaurants.

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 government agency has verified the information contained in this document.**

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 accountant.

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the *TOGO'S* Franchise Development Department at 910 Campisi Way #1E, Campbell, California 95008, telephone (408) 280-6585.

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

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

Issuance Date: April 20, 2023

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit 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 suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit G includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only TOGO'S 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 TOGO'S franchisee?	Item 20 or Exhibit I lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. Out-of-State Dispute Resolution. The franchise agreement and multi-unit agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California. 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 California than in your own state.

2. Supplier Control. You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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.

TABLE OF CONTENTS

<u>ITEM</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
ITEM 1	THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES	1
ITEM 2	BUSINESS EXPERIENCE.....	3
ITEM 3	LITIGATION	4
ITEM 4	BANKRUPTCY	5
ITEM 5	INITIAL FEES	5
ITEM 6	OTHER FEES	6
ITEM 7	ESTIMATED INITIAL INVESTMENT	12
ITEM 8	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	17
ITEM 9	FRANCHISEE’S OBLIGATIONS	21
ITEM 10	FINANCING	23
ITEM 11	FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING	23
ITEM 12	TERRITORY	32
ITEM 13	TRADEMARKS	34
ITEM 14	PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION	36
ITEM 15	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	37
ITEM 16	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	38
ITEM 17	RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	39
ITEM 18	PUBLIC FIGURES	47
ITEM 19	FINANCIAL PERFORMANCE REPRESENTATIONS.....	47
ITEM 20	OUTLETS AND FRANCHISEE INFORMATION	52
ITEM 21	FINANCIAL STATEMENTS	55
ITEM 22	CONTRACTS	55
ITEM 23	RECEIPTS	56

EXHIBITS:

Exhibit A	List of State Administrators and Agents for Service of Process
Exhibit B	Franchise Agreement, including attachments (Contract Data Schedule, Personal Guarantee, Acknowledgment Addendum and Combo Rider)
Exhibit C	Multi-Unit Agreement, including attachments (Multi-Unit Area, Data Sheet)
Exhibit D	Sublease
Exhibit E	Addendum to Lease
Exhibit F	Renewal Addendum
Exhibit G	Financial Statements

Exhibit H	Table of Contents of Operations Manual
Exhibit I	List of Franchisees
Exhibit J	State Specific Addenda
Exhibit K	Confidentiality Agreement
Exhibit L	Training Materials License Agreement
Exhibit M	Assignment and Consent Agreement
Exhibit N	SBA Addendum
Exhibit O	State Effective Dates
Exhibit P	Receipts

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor is TOGO'S Franchisor, LLC. Our agents to receive service of process are disclosed on Exhibit A. To simplify the language in this Disclosure Document, and as noted above, "we" or "us" means TOGO'S Franchisor, LLC. Please note that none of the terms that describe us include our employees, officers, directors or shareholders. The term "you" means the person, corporation, limited liability company, partnership or other legal entity that is granted the franchise. The term "you" does include all of the shareholders, officers and directors of a franchisee corporation, or all of the partners of a franchisee partnership, or all of the members of a franchisee limited liability company.

In this Disclosure Document, parts of agreements you may have to sign may only be cross-referenced or summarized. You should read this Disclosure Document and all agreements fully and carefully to understand the parties' rights and obligations.

We are a Delaware limited liability company formed on November 25, 2008. Our principal business address is 910 Campisi Way #1E, Campbell, CA 95008, telephone 408-280-6585. We are a wholly owned subsidiary of Torta Operations, LLC, a Delaware limited liability company ("Torta"). Torta is a wholly owned subsidiary of TOGO'S Holdings, LLC ("Holdings"), which is majority-owned by Southfield Mezzanine Capital LP, a Delaware limited partnership ("SMC"). Torta also owns TOGO'S Eateries, LLC ("Eateries"), which in turn owns TOGO'S Franchised Eateries LLC ("TFE"). Eateries provides initial and ongoing support services to *TOGO'S* franchisees. Eateries owns *TOGO'S* trademarks. Torta also owns two companies that own and operate *TOGO'S* restaurants – TOGO'S Restaurants, LLC and MTC Restaurant Group, LLC. Torta, Holdings and all subsidiaries of Torta have the same principal business address as ours. SMC's principal business address is 140 Greenwich Ave., 4th Floor, Greenwich, CT 06830. None of these affiliates have offered franchises in any line of business or operated any other business, except as disclosed in this Item 1.

We have several predecessors. Allied Domecq PLC ("Allied") acquired the TOGO'S Eateries chain in 1997. At that time, Allied also owned and franchised the Dunkin' Donuts and Baskin-Robbins brands. On July 26, 2005, Pernod Ricard S.A. acquired Allied Domecq PLC. Pernod Ricard S.A. was primarily engaged in the manufacture and sale of wine and spirits, with its headquarters located in Paris, France. On December 12, 2005, Pernod Ricard S.A. and certain subsidiaries of Allied Domecq PLC entered into an agreement to sell Allied Domecq QSR (the *Dunkin' Donuts*, *Baskin-Robbins* and *TOGO'S* systems). This sale occurred on March 1, 2006, at which time Dunkin' Brands, Inc. ("DBI") was formed. A subsidiary of DBI, TOGO'S Franchising LLC ("Franchising"), served as the franchisor of the *TOGO'S* system from March 2006 until November 2007. On November 30, 2007, Holdings acquired the stock of Eateries from DBI.

Eateries franchised *TOGO'S* Restaurants from 1977 until March 2006 and is still the franchisor under the franchise agreements signed during that period. As disclosed above, Franchising franchised *TOGO'S* Restaurants from March 2006 until November 2007. In November 2007 Franchising assigned to TFE its existing franchise agreements and TFE offered *TOGO'S* franchises from March 2008 until February 2009.

We have been offering *TOGO'S* franchises since February 2009. We have not offered franchises in other lines of business and we have not operated *TOGO'S* Restaurants. As of December 31, 2022, there were 154 *TOGO'S* franchised Restaurants and four affiliate-owned *TOGO'S* Restaurants open in the U.S.

The *TOGO'S* Franchise

We grant to qualified franchisees the right to develop and operate a *TOGO'S* Restaurant at a specific location. The Franchise Agreement authorizes you to use the *TOGO'S* trade name and service mark (the "Marks") in connection with the operation of a *TOGO'S* Restaurant and permits you to use our distinctive identity, trade dress, methods and system. A *TOGO'S* Restaurant is a distinctive food service facility based upon a specific and distinctive family of specialty sandwiches and related food and beverage items. Except as noted in the next paragraph, the Franchise Agreement is limited to a single, specific location.

In certain markets we permit development by franchisees of multiple *TOGO'S* Restaurants under a Multi-Unit Agreement (the "MA"). The restaurants to be developed under a MA will be in a number determined by us, within a specified area established by us. The MA program and the markets in which it is offered may change without notice. For each Restaurant developed under a MA, you will sign our then-current form of Franchise Agreement.

Your market is the general public. Your competition includes many national, regional and local businesses offering similar products and services. You may also compete with other existing *TOGO'S* Restaurants and with new *TOGO'S* Restaurants that we may operate, franchise or license in the future. Your competition may also include other outlets selling similar products, supermarkets, convenience restaurants, and specialty sandwich restaurants. Competition may also include *TOGO'S* products sold through other channels of distribution (such as supermarket sales, the internet, and other venues). There is also competition for suitable restaurant locations. Principal factors that will vary but that will impact our brand's competitive position are name recognition (which is stronger in some regions than in others), product quality, variety, restaurant appearance, location and advertising. We reserve the right to change, supplement, and further develop the *TOGO'S* System.

Licenses and Regulations

Laws exist in every state that govern the food service industry (including health, sanitation and safety regulations regarding food storage, preparation and safety). You must comply with these laws and other laws that apply to businesses generally. In addition to laws and regulations that apply to businesses generally, your restaurant will be subject to various federal, state and local government regulations, including those relating to site location and building construction, such as the Americans with Disabilities Act; storage, preparation and sale of food products including meat products; and health, sanitation and safety regulations relating to food service. It is your sole responsibility to obtain and keep in force all necessary licenses and permits required by public authorities and to comply with all PCI (Payment Card Industry) Data Security Standards.

Government Contracts

U.S. government contractor laws typically apply if you sell products on United States armed forces bases or at other government facilities. These laws may include wage and hour restrictions, preparation and maintenance of written affirmative action plans, retention and access of records,

special procedures for resolving contractual disputes, listing employment openings with state employment services, and termination of the contract for default or for the convenience of the government. You should carefully review these requirements with your own attorney before entering into any government contracts.

ITEM 2 BUSINESS EXPERIENCE

Glenn Lunde – Chief Executive Officer

Mr. Lunde has served as our Chief Executive Officer since March 2019. From June 2017 until February 2019, he was our President. From January 2017 until June 2017, he served as the Chief Concept Officer of Eateries.

Matt Dowling – Chief Financial Officer

Mr. Dowling has been our Chief Financial Officer and the Chief Financial Officer of Eateries since March 2022. Since January 2021, Mr. Dowling has also been a professor at San Francisco State University in San Francisco, CA. From January 2018 until January 2021, Mr. Dowling was the President and CFO of Boudin Bakeries & Cafes in San Francisco, CA.

Anna Nero – Senior Vice President, Marketing of Eateries

Ms. Nero has been Senior Vice President, Marketing of Eateries since June 2017. From January 2017 to June 2017, she was the Vice President, Marketing of Eateries.

Farid Biglari - Vice President of Operations of Eateries

Mr. Biglari has been Vice President of Operations of Eateries since January 2020. From December 2018 until January 2020, he was the Senior Director of Operation Services for Eateries. From April 2017 to December 2018, he was the Director of Company Store Operations.

Rick Shennan – Vice President of Supply Chain of Eateries

Mr. Shennan has been the Vice President of Supply Chain of Eateries since May 2021. From August 2019 until May 2021, he pursued other opportunities. From October 2017 until August 2019, he was the VP of Operations for Mary's Pizza Shack, Inc. in Sonoma, CA.

John S. Dyer – Vice President of Franchise Sales & Real Estate of Eateries

Mr. Dyer has been Vice President of Franchise Sales & Real estate of Eateries since July 2021. From December 2018 until July 2021, he was the Director of Franchise Sales & Real Estate of Eateries. From September 2017 to November 2018, he was Director of Franchise Development and Real Estate for Global Franchise Group, LLC in Atlanta, Georgia.

Deirdre Hannigan – Director of Training and Curriculum of Eateries

Ms. Hannigan has been a Director of Training and Curriculum of Eateries since February 2020. She was a Training and Curriculum Manager of Eateries from March 2018 to January 2020.

Eke Dubois – Vice President of Information Technology of Eateries

Mr. Dubois has been our Vice President of Information Technology of Eateries since February 2023. From June 2018 till February 2023, Mr. Dubois was the Executive Director of Information Technology with 1440 OpCo. LLC in Scotts Valley, CA. From August 2016 until June 2018, he was the Market Director of Information Technology with White Lodging Services in Merrillville, IN.

Except as otherwise stated above, the location of each of the positions described above was 910 Campisi Way #1E, Campbell, California 95008.

ITEM 3 LITIGATION

Concluded Matters:

The People of the State of California vs. TOGO’S Eateries, LLC, Stipulated Final Judgment and Permanent Injunction dated August 8, 2017 (Case number C 17-01477), entered into in the Superior Court of the State of California, County of Contra Costa, pursuant to California Business and Professions Code sections 17203 and 17535. Without admitting any factual or legal allegations against it, Eateries entered into the Stipulated Final Judgment and Permanent Injunction pursuant to which it agreed to immediately cease using any type of rounding algorithm or mathematical estimation in determining the number of points to award to TOGO’S restaurant customers who purchase food or drink through the TOGO’S Tribe Loyalty Program or any other similar program in the future. Eateries also agreed in the Stipulated Final Judgment and Permanent Injunction (1) to notify all customers that had since 2014 participated in the TOGO’S Tribe Loyalty Program of the change in the method of point calculation, (2) to inform each customer that they may receive additional points after a review of their accounts going back to 2014, and (3) to inform each affected TOGO’S Tribe Loyalty Program participant who was no longer a participant in the program of the opportunity to receive a refund in lieu of receiving additional points. Upon completion of the compliance program, Eateries agreed to report the total number of persons who received additional points and the total amount of points awarded. In addition, Eateries agreed to pay \$10,000 for costs of investigation and \$35,000 in civil penalties. Eateries has since complied with all requirements of the Stipulated Final Judgment and Permanent Injunction.

Robert Dorian and 3Adael, Inc. vs. TOGO’S Franchisor, LLC and Does 1 through 25. (Case No. BC522930, filed September 30, 2013 in Superior Court for the State of California for the County of Los Angeles.) Dorian was a franchisee who owned four TOGO’S restaurants. TOGO’S sent Dorian notices to cure and notices of termination of the franchise agreements based upon his failure to properly pay his employees. The suit was for a temporary restraining order and preliminary injunction enjoining the terminations and for damages of at least \$2,000,000. Dorian alleged attempted wrongful termination and violation of the California Franchise Relations Act. There was a companion arbitration proceeding involving the same parties and issues. The parties entered into a Settlement Agreement effective February 19, 2014. Under the terms of the Settlement, the parties acknowledged that all four franchise agreements were terminated, and we provided Dorian with the opportunity to find one or more buyers for the franchise rights by August 31, 2014. We extended the time in which to find a buyer. A proposed buyer has purchased the assets of the four restaurants.

Cohen Anaheim Hills Sandwiches, Inc., Cohen Laguna Niquel Sandwiches, Inc., Humble Holdings, Inc., Cohen South Orange Sandwiches, Inc., Cohen Anaheim Stadium Sandwiches, LLC, Cohen East Corona Sandwiches, Inc., Cruz & Foods, Inc., L&K Foods, Inc., and KJW Foods, Inc. v. TOGO'S Eateries, LLC, filed November 10, 2020 (Case No. 01-20-0015-6426) with the American Arbitration Association (“AAA”). Claimants are an affiliated franchisee ownership group (the group was a former multi-unit operator but has only one current operating store). The arbitration demand asserts claims of breach of contract, breach of the implied covenant of good faith and fair dealing, fraud, and violation of California Business & Professions Code Section 17200 (unfair competition). These claims stem from allegations related to TOGO'S Eateries' management of the sales and promotion fund created for the purpose of promoting the TOGO'S brand. Claimants included a demand for \$2.5 million in damages, and the claim seeks compensation for lost profits, attorneys' fees and costs. TOGO'S answered the demand and denied all of claimants' claims, and filed counterclaims against the claimants. The parties settled the dispute in January 2022 by entering into a Confidential Settlement Agreement and Mutual General Release, pursuant to which the parties agreed to the following: (a) TOGO'S paid \$145,000 to the Claimants; (b) Claimants represented that they did not identify any transaction or expense of the sales and promotion fund that was improper or contrary to the terms of their franchise agreements; (c) with respect to Claimant's existing TOGO'S franchise agreement for the Westchester, CA location, if the Claimant transfers the franchise agreement to an approved assignee in compliance with the transfer conditions in the franchise agreement, TOGO'S will, upon the assignee's request, extend the franchise agreement term by up to five years at no cost to assignee or Claimant, and Claimant will execute a general release; and (d) the parties agreed to a mutual non-disparagement and mutual releases of liability.

Other than the actions listed above, no litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Initial Franchise Fees:

You must pay an initial franchise fee (“IFF”) of \$30,000 for each location that you open. You sign a separate Franchise Agreement for each franchise that you buy. The IFF is payable via check or wire transfer within 48 hours after signing the Franchise Agreement. The IFF is non-refundable. If you are an existing *TOGO'S* franchisee, the IFF to develop a new *TOGO'S* Restaurant is \$15,000. For an existing *TOGO'S* franchisee purchasing a new franchise, the IFF is payable via check or wire transfer within 48 hours after signing of the new Franchise Agreement.

During our fiscal year 2022, franchisees paid us initial franchise fees ranging from \$15,000 to \$30,000 for locations not sold pursuant to a Multi-Unit Agreement.

Restaurants Developed Under a Multi-Unit Agreement (“MA”)

In some geographic regions, MAs will only be offered to those who commit to develop a minimum number of Restaurants, typically three or more Restaurants. If you are a new franchisee

purchasing an MA, you will pay an IFF of \$30,000 for the first Restaurant and an IFF of \$15,000 for each subsequent Restaurant. If you are an existing *TOGO'S* franchisee and would like to purchase an MA, you will pay an IFF of \$15,000 for each Restaurant to be developed under the MA. The full IFF for all Restaurants is due in a lump sum via check or wire transfer within 48 hours after signing the MA (such fees are referred to as the "MA Fee"). You will sign the Franchise Agreement for the first Restaurant at the time you secure an approved site. If you do not remain current on your development schedule or otherwise default under the terms of the MA, we have the right to terminate the MA. All MA Fees and IFFs paid under a MA are non-refundable.

During our fiscal year 2022, franchisees paid us initial fees of \$45,000 to \$60,000 pursuant to a Multi-Unit Agreement.

Grand Opening Marketing Fee

If you're opening a new *TOGO'S* Restaurant, 60 days prior to the scheduling opening of the Restaurant, you must pay us a fee of \$7,500 (the "Grand Opening Marketing Fee"), for which we will provide you with a grand opening promotional campaign, including related marketing materials, to promote the opening of your *TOGO'S* Restaurant.

Refunds

MA Fees, IFFs and the Grand Opening Marketing Fees under any arrangement are not refundable to you under any circumstances.

Referral Incentives/Fees

We may provide referral incentives to existing franchisees, employees, real estate professionals, franchise brokers and others for qualified referrals of prospective franchisees.

We may, from time to time, pay membership fees to public, quasi-public and private services who refer potential franchisees from identified groups (e.g., veterans or military personnel planning to leave the service).

ITEM 6 OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fee	5% of Gross Sales. (Notes 1, 2 & 4)	Due weekly, on or before the second Thursday following the end of each accounting period. (An accounting period is a seven-day period starting on a Sunday and ending at close of business on the following Saturday.) (Note 3)	Gross Sales include all revenue related to the location (Note 2)

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Continuing Marketing Fee	Up to 5% of Gross Sales. Currently 3% of Gross Sales. (Notes 1 & 5)	At the same time as Royalty Fees (Note 3)	
Lease Fees	(Note 6)	Payable as described in the lease.	Only payable to us if you lease the Restaurant from us.
Administrative Fee	\$50 (Note 6)	Payable monthly, when and as billed.	Only payable if you lease the Restaurant from us.
Franchise Transfer Fee (for a majority of interest)	An amount based on the Gross Sales of the Restaurant for the 12 months preceding the date of the contract of sale (Note 7)	Payable within 48 hours of signing the Franchise Agreement or prior to the beginning of training, whichever comes first, via check or wire transfer.	Due if you transfer 50% or more interest, other than to your spouse or children.
Franchise Transfer Fee (for less than a majority interest or transfer to spouse or children)	\$1,000	Payable prior to the beginning of training, if training is required, via check or wire transfer. If training is not required, payable at time of transfer via check or wire transfer.	Due if (i) you transfer less than a 50% interest in the franchisee (if entity) or the franchise agreement or the franchised business or (ii) you transfer any interest to your spouse and/or one or more children.
Transfer Fee for Change in Franchisee Entity	\$300	Payable at the closing of the transfer.	Due if you transfer the Franchise Agreement to a new entity owned by you.
Audit Costs (financial records audit)	Our cost to audit your gross sales reports, including legal and accounting fees. Our costs will include current per diem (current per diem rate is \$300 per person per day) plus travel costs.	When and as billed to you.	Due only if a 3% discrepancy is discovered, or if the audit is done because you did not send us or keep required records.
Audit Costs (operations audit)	current per diem (current per diem rate is \$300 per person per day) plus travel costs.	When and as billed to you.	If your Restaurant receives a failing score during an operational audit and you fail to timely correct the operational defaults identified in our audit report.
Non-Compliance Fee	Current fees per violation range from \$100 to \$400, as specified in the TOGO'S Operations Manual. The fees may be assessed more than once for the same violation until the violation	When and as billed to you.	Payable if you are operating your business in violation of the System standards and in a manner that can negatively impact the TOGO'S brand and guest experience, e.g. not

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
	has been corrected.		responding to guest complaints within 48 hours, as well as not serving hot food or keeping the store open during approved business hours. Charging this fee does not limit any of our other rights if you default under your Franchise Agreement.
Immigration Status Review Costs	Our out-of-pocket costs to hire attorneys or others.	When and as billed to you.	Payable if we need outside advice on your legal or immigration status.
Interest, Late Fees and Collection Costs	The current late fee or dishonored check fee, and if applicable, interest on unpaid amount at 1.5% per month or highest rate allowed by law.	When and as billed to you.	We can change these fees without notice. They apply if you fail to pay us, or if your check is dishonored or your EFT is rejected by your bank.
Indemnification	Varies	Upon demand.	You must reimburse us if we are sued and/or held liable for claims arising out of your Restaurant's operations.
MA Transfer Fee	\$10,000 (Note 8)	Upon transfer.	You may only transfer your interest in the MA with our prior approval.
Training Materials License Fee	\$300	Payable annually, when and as billed.	The amount will be determined annually based on our cost but will not exceed \$500 per year.
Additional Training Fee	\$1,500 for 4 weeks of training Or \$375/week if we determine that a certified manager trainee has sufficient experience and qualifications (including tenure within the TOGO's system, if applicable) to require less than 4 weeks of training	At time of training.	We do not charge for training two people for a new Restaurant and one person if you are buying an existing Restaurant. This fee is payable on a per person basis only if you want additional people trained. This fee is also payable if you need to have a new person trained to serve as your Certified Manager. You must have, at all times, a Certified Manager for each TOGO'S Restaurant. If you need a replacement Manager to become certified, they will have to

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
			attend our certification course and you will be required to pay this fee.
Additional Opening Assistance	Current per diem plus reimbursement of travel related expenses of personnel (current per diem rate is \$300 per person).	At time of training.	If we determine that additional training assistance is required, or if you request additional assistance, you must pay the expenses of the personnel who attend your training. This is subject to the availability of the staff.
On-site Remedial Training	Current per diem plus reimbursement of travel related expenses of personnel (current per diem rate is \$300 per person).	At time of training.	If we determine that remedial training is required, or if you request additional training, you must pay the expenses of the personnel who provide the training. This is subject to the availability of the staff.
Costs for tests used to approve additional supplier(s)	Our out of pocket and internal costs (currently \$100 per hour).	When and as billed to you.	We will pay the cost of first test conducted by us each year. You pay the cost for any additional tests/approvals that you have requested. See Item 8.
Management Fee	Varies	Upon demand	If you do not have a qualified Certified Manager, we have the right to provide a temporary Certified Manager to you and charge you for the management services until you hire a new qualified Certified Manager.
Liquidated Damages	the average monthly Royalty Fee you paid or owed to us during the 12 month period immediately preceding termination multiplied by (a) 36 (being the number of months in three full years), or (b) the number of months remaining in the Franchise Agreement had it not been terminated, whichever is lower	15 days after termination	If we terminate your Franchise Agreement for cause, you must pay us, within 15 days after the effective date of termination, these liquidated damages.
Renewal Fee	50% of the then-current initial franchise fee	Payable within 48 hours of signing renewal Franchise	

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
	(i.e., current renewal fee is \$15,000 for a 10-year renewal term)	Agreement via check or wire transfer	
Miscellaneous	Varies	Varies	See Note 9.

Notes:

1.A. Unless otherwise stated, all fees paid to us are non-refundable.

1.B. For Restaurants you will develop under a MA, you will sign the then-current form of franchise agreement. Your fees will be the same as the fees for new franchisees as of the date you sign the MA, as set forth in the MA.

2. “Gross Sales” means and includes all revenue from the sale of all products and services and all other income of every kind and nature related to the Restaurant, whether for cash, by redemption of gift certificates or for credit, regardless of collection, including, without limitation, revenues derived from catering services or delivery sales, including third party delivery fees and other charges, and receipts from vending machines or amusement devices, at or from the Restaurant; provided, however, Gross Sales does not include the incidental sales of gift cards or newspapers, incidental receipts from pay telephones, or any sales taxes or other taxes you collect from customers for transmittal to the appropriate taxing authority.

3. We will require you to pay us by electronic funds transfer (EFT). You must provide us with all bank and other forms we need to set up or change EFT authorization. For each week that you do so, and authorize EFT payment of the corresponding weekly fees, we will deduct the fees from your bank account. We will also require you to report your Gross Sales to us electronically over the Internet, and we have the right to electronically access your POS system and generate and retrieve Gross Sales reports from it.

4. If your state, or any governmental body in your state, charges a tax on the royalty fee we receive from you, then you are required to pay an additional earned service fee and royalty equal to the amount of this tax. This does not apply to any federal or income taxes we have to pay.

5. A “Designated Market Area” is a group of counties that form an exclusive geographic area in which the home market television stations hold a dominance of total hours viewed, as determined by and updated annually by the Nielsen Company, or any successor company we may designate. Although the franchise agreement provides for a 5% continuing marketing fee, as of the date of this Disclosure Document, we are only charging a fee of 3% of Gross Sales. We have the right to increase the fee at any time, up to a total of 5% of Gross Sales.

6. If you lease the Restaurant from us or one of our affiliates, then you will pay us (or our affiliate) a monthly fixed rent set forth in your sublease. You will also pay us a monthly \$50 administrative fee. You may also pay us percentage rent regardless of whether the prime lease requires percentage rent. The amount of percentage rent varies and will be set forth in your sublease. Our leases are customarily “net-net-net” leases, which means you must pay all related costs of occupancy such as real estate taxes, insurance costs, all maintenance and

repair costs, utilities, common area maintenance charges, and other costs. See Items 5 and 7 for initial real estate fees and investment costs.

7. The transfer fee is a set amount determined based on the Restaurant's Gross Sales for the most recently completed 12 calendar months preceding the date of the contract of sale (or such shorter time period from the opening date of the Restaurant if the Restaurant has not yet been open for 12 months at the time of the transfer), as provided in the table below. We reserve the right to select another period or to make appropriate adjustments to sales in the event of extraordinary occurrences (e.g., road construction, fire or other casualty, etc.) have affected Gross Sales during the indicated 12-month period. See General Terms and Conditions of the Franchise Agreement, paragraph 10.4.1. If the transfer is not consummated, we will refund to the transferor the payment of the transfer fee after deducting our costs for training and our other costs. If we elect to purchase the Restaurant by exercising our right of first refusal, the transferor must still pay us the required transfer fee.

Gross Sales for Most Recent 12 Month Period	Transfer Fee
Less than \$400,000	\$7,500
\$400,000 or more, but less than \$600,000	\$8,000
\$600,000 or more, but less than \$1,000,000	\$10,000
\$1,000,000 or more, but less than \$1,400,000	\$12,000
\$1,400,000 or more	\$20,000

8. The requirements for transfers of an MA are the same as those for transfers of franchises. The MA Transfer Fee is due and payable in addition to the Transfer Fees for operating restaurants that may be part of the same transaction.

9. You also will have to pay other fees to other parties (e.g., landlords, vendors, contractors (such as for remodeling and refurbishing), governmental agencies, utilities, communications companies, Internet service providers, etc.) in connection with your business operations. If you are buying an existing restaurant, you may be required to pay the costs of a third party (such as a title company) to assist with the processing of documents. You may be required to pay this third party directly or reimburse us for this cost.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT (SINGLE RESTAURANT)				
Type of Expenditure (Note 1)	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (Note 2)	\$15,000 to \$30,000	Lump Sum	Within 48 hours after signing Franchise Agreement	Us
Leasehold Improvements (Note 3)	\$189,000 to \$295,000	Lump Sum or Financed	Before Opening	Third Parties (your Landlord and/or Contractor)
Real Estate/Rental Deposit (Note 4)	\$3,200 to \$8,000	As Agreed	As Incurred	Landlord
Equipment, Fixtures and Furniture (Note 5)	\$75,000 to \$130,000	Lump Sum or Financed	As Incurred, Before Opening	Approved Suppliers
Signage (Note 6)	\$6,000 to \$12,000	As Agreed	As Incurred	Approved Suppliers
Architectural Fee	\$10,000 to \$20,000	As Agreed	As Incurred	Approved Suppliers
Point of Sale (POS) System (Note 7)	\$3,800-\$4,500	Lump Sum or Financed	As Incurred, Before Installation	Approved Supplier
Other Computer Equipment (Note 8)	\$4,500 to \$10,000	As Agreed	As Incurred	Approved Suppliers
Opening Inventory (Note 9)	\$5,000 to \$11,000	Lump Sum	Before Opening	Approved Suppliers
Miscellaneous Opening Costs (Note 10)	\$2,800 to \$16,000	Lump Sum	As Incurred	Suppliers, Utilities, Employees, Etc.
Uniforms	\$500 to \$1,500	Lump Sum	Before Opening	Approved Supplier
Insurance (Note 11)	\$700 to \$15,000	Lump Sum or Monthly Payment	As Incurred	Insurance Company/Agent
Travel and Living Expenses While Training (Note 12)	\$0 to \$6,000	As Agreed	As Incurred, During Training.	Airlines, Rental Car Agencies, Restaurants, Hotels, etc.

YOUR ESTIMATED INITIAL INVESTMENT (SINGLE RESTAURANT)				
Type of Expenditure (Note 1)	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Grand Opening Marketing Fee (Note 13)	\$7,500	Lump Sum	60 days prior to projected opening	Us
Additional Funds for First 3 Months of Operation (Note 14)	\$14,000 to \$28,000	As Agreed	Monthly and As Incurred	Us, Third Parties and Employees
TOTALS (Note 15)	\$337,000 - \$594,500			

Notes:

Note 1: Your initial investment for a new restaurant depends primarily upon: (1) the number of restaurants you acquire; (2) their size; (3) their configuration; (4) their location; (5) who develops the real estate for and/or constructs them; and (6) the amount and terms of financing. The range of initial investment is the same for Traditional restaurant sites and Non-Traditional sites such as airports, arenas and college campuses. These estimated ranges are based on our and our predecessors' 30 years of experience and information provided by franchisees. Costs are constantly changing, and your costs may be higher. You should diligently investigate all potential costs before proceeding. These estimates do not include out of the ordinary costs such as costs related to extensive redesign, permitting variances, legal obstacles, etc.

Note 2: Our standard initial franchise fee is \$30,000. If you are an existing franchisee, you pay an initial franchise fee of \$15,000. See Item 5 for a description of possible discounts on the initial franchise fee.

Note 3: Leasehold improvements costs vary considerably according to the size and condition of the premises, contractor costs and the location of the Restaurant. The lower estimate assumes that you will be taking over the premises of a former sandwich restaurant. Your costs can be higher depending on the size of the site, competitive construction business climate and jurisdictional building and code requirements. These estimates are based on restaurants ranging in size from 1,000 square feet to 1,500 square feet. These estimates are based on our experience and information provided by construction managers and franchisees as a guide to budget costs. We recommend that you contact professionals (contractors, architects, and engineers) who are skilled in estimating these costs.

Note 4: Your rent expense will vary based on a number of factors including square footage, location, local real estate market values, terms under which other locations have been leased, how the costs to renovate or develop the land, building and other site improvements are allocated between landlord and tenant, interest costs and the negotiations of the parties, among others. Lease terms are individually negotiated and may vary materially from one location or transaction to another. A typical *TOGO'S* Restaurant has approximately 1,000 to 1,500 square feet. The estimate given represents a security deposit equal to one month's rent.

Your initial investment may be significantly lower if we or your landlord develops the location, but in that case your annual rent will probably be higher. Your rent will likely be based on development costs and reflect a rate of return on the landlord's initial investment, as well as other factors. Commercial leases are typically "triple net" leases, requiring you to pay rent, all taxes, insurance, maintenance, repairs, common area maintenance costs, merchants association fees and all other costs associated with the property. Rent will likely exceed the landlord's cost of leasing or financing the purchase of the location. You may also have to pay percentage rent. You may also have to make an initial payment into an escrow fund to cover estimated real estate taxes.

If you elect to buy land, rather than rent, the real estate costs will vary greatly depending on size, location, visibility, local real estate market values, and the type of ownership interest you are buying. Due to the many variables impacting the value of a particular piece of commercial real estate, this initial investment estimate tables do not provide for the potential purchase of real estate or the costs associated with constructing a building for the Restaurant.

Note 5: This amount includes estimated costs of furniture, furnishings, installations, equipment, trade fixtures, small wares and certain other items on the Restaurant premises, the amount and specific items of which will vary depending upon the location, size and condition of a particular Restaurant. Cost range includes tax and delivery estimated at 10%.

Note 6: Signage includes both the interior and exterior signs. The cost of these signs will vary depending on the number, location and size of the signs, and may also be impacted by any local city code restrictions. This estimate reflects the cost of two exterior channel letter signs with two can signs.

Note 7: The price reflects the equipment configurations and solution costs for two point of sale system terminals.

Note 8: The low end of this estimate includes the estimated cost of a computer, network firewall and necessary wiring. The high end of this estimate includes the estimated cost of a computer, printer, network firewall, network security management contract, network router, network switches, network cabling, security camera systems and security camera monitoring systems.

Note 9: Before opening a *TOGO'S* Restaurant, you must purchase an initial inventory consisting of products from suppliers approved by us. The assortment and number of these items will be based upon the size and configuration of your restaurant. The estimated cost for the opening inventory of these products varies for different locations, seasons and the storage capacity of the restaurant. Your initial inventory of merchandise and supplies needed for the operation of the Restaurant will include raw ingredients and products for resale, containers and other paper, plastic or similar goods, maintenance and cleaning materials, office supplies and miscellaneous materials and supplies.

Note 10: MISCELLANEOUS OPENING COSTS	ESTIMATED TYPICAL RANGE	
Pre-Opening Employee Training Payroll	\$1,500	\$10,500
Petty Cash (including cash register "Opening Banks")	400	1,200

Note 10: MISCELLANEOUS OPENING COSTS	ESTIMATED TYPICAL RANGE	
Misc. Expenses: e.g., New Store Opening Kit, sanitation books, Restaurant sound system, office supplies, licenses & permits, POS installation, banking pre-opening costs	900	4,300
ESTIMATED TOTAL	2,800	16,000

Note 11: You must provide commercial general liability insurance in minimum amounts of \$3,000,000 aggregate single limit coverage (subject to increase) and maintain other insurance in accordance with state law requirements and our requirements as described in Item 8. The estimated range assumes that you have obtained the required insurance. The lower end of the estimate assumes that you are paying only a one month's cost of insurance premiums; the higher end of the range assumes that you are paying the entire first year's cost of insurance premiums upfront. Some property owners may require higher levels of commercial general liability insurance under their leases. Initial premiums for commercial general liability insurance are subject to change due to market forces beyond either of our control, but usually range between \$5,000 and \$10,000 per year. Failure to maintain such insurance may result in loss of your franchise and additional financial obligations. The cost of other coverages, including workers' compensation coverage and your discretionary purchases, varies widely, but may range from \$3,500 to \$7,000 per year. Your premium may be higher based upon your risk profile. You should discuss with your insurance carrier/agent whether or not these costs need to be paid in full before opening or whether they can be paid over the policies' coverage term.

Note 12: We provide the initial training program at no charge for two people for a new Restaurant and for one person if you are buying an existing Restaurant. However, you must pay for training materials, including the cost of the food safety exam, uniforms, accommodations and travel expenses, if any, for you and your employees. You must also pay \$1,500 per person if you want additional people trained. You must also pay for later training programs that we may conduct. This reflects the estimated range of costs for two people to attend the *TOGO'S* initial training program, including transportation, lodging, and uniforms. If you live close to the training facility, your costs will be on the lower end of the range.

You must pass the training course before you can open your Restaurant. Any wages or salaries that you may pay trainees while they attend training are not included in these estimates. You must also maintain worker's compensation insurance coverage for trainees in your employ.

Note 13: If you're opening a new *TOGO'S* Restaurant, 60 days prior to the Restaurant's scheduled opening, you will be required to pay us a fee of \$7,500 (the "Grand Opening Marketing Fee"), which we will use to promote your Restaurant before and after its opening. We have the sole right to determine how the Grand Opening Marketing Fee will be spent, including the types of media, promotions, and marketing activities that we will use to promote your *TOGO'S* Restaurant's opening. Depending on your market conditions, we may require you to make additional marketing expenditures during the first year of operations, up to a total of \$15,000 (including the Grand Opening Marketing Fee), and we reserve the right to collect such additional amounts from you and use them to promote your *TOGO'S* Restaurant.

If you are opening your Restaurant after a relocation or a remodel (that required the Restaurant to be closed for 7 consecutive days or more), 30 days prior to the scheduled re-opening, you will be required to pay us \$2,500 as the Grand Opening Marketing Fee, which we will use to promote the Restaurant before and after the re-opening.

Note 14: Cash flow from your operations may not be adequate to cover operating and other costs during the initial phase of business. The range shown reflects your estimated expenses for the first 3 months of operations that may not be covered by the initial cash flow from sales, such as rent, utilities, payroll, and royalties. These expenses do not include the owner's salary or draw. In preparing this estimate, we have relied on our and our predecessors' 40+ years of experience in managing this franchise system, on information provided to us by affiliates operating TOGO'S restaurants, and on information provided by our franchisees.

Note 15: *TOGO'S* Restaurants may vary from one another in many respects. For example, restaurants in urban trade areas may be multi-level with kitchen, storage, sales, and seating areas on two or more levels, or have limited or no seating. Kitchen, storage and sales areas may be smaller than typical restaurants. Specially designed equipment may be necessary. Restaurants in urban trade areas may have no dedicated parking, require elevators, specially designed doorways, have limited access and require greater security measures. This may require special arrangements for deliveries of products and supplies to and from the restaurant. Trash may require special handling, such as daily pickup. Labor costs may be higher in urban restaurants due to restaurants configuration and competition for available workers, among other reasons. We encourage you to talk to franchisees that operate restaurants in similar trade areas to gain a better understanding of how your trade area may vary.

YOUR ESTIMATED INITIAL INVESTMENT (Multi-Unit Agreement)

If you become a multi-unit developer, you will pay the IFF for each Restaurant to be developed under the Multi-Unit Agreement ("MA") in a lump sum upon signing of the MA, as described in Item 5. Your estimated initial investment for your first Restaurant is as disclosed in the table above in this Item 7. The IFF for each subsequent Restaurant is set forth in Item 5.

In some geographic regions, the minimum number of Restaurants to be developed under a Multi-Unit Agreement is three *TOGO'S* Restaurants. If you sign a MA to open three Restaurants, the following chart shows your estimated initial investment for such three Restaurants, calculated based on the information in the table above in this Item 7.

YOUR ESTIMATED INITIAL INVESTMENT MULTI-UNIT AGREEMENT				
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
IFF (for three Restaurants)*	\$60,000	Lump Sum	When MA is Signed	Us

YOUR ESTIMATED INITIAL INVESTMENT MULTI-UNIT AGREEMENT				
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Other Expenditures** for first Restaurant	\$322,000– \$574,500	As Disclosed in above Item 7 Table	As Disclosed in above Item 7 Table	As Disclosed in above Item 7 Table
Total	\$382,000– \$634,500			

* This amount covers the IFFs for three *TOGO'S* Restaurants, with the IFF for the first Restaurant being \$30,000 and the IFF for each subsequent Restaurant being \$15,000. See item 5.

** This is the estimated initial investment amount for the first *TOGO'S* Restaurant, copied from the first table in this Item 7, except that we (i) subtracted the \$15,000 - \$30,000 IFF from such amount because the IFF for the first Restaurant is already included in the IFF amount set forth in the first row of this table and (ii) increased the higher end of the total estimate by \$10,000 to reflect the fact that your professional fees (such as legal and financial advisor fees) may be higher if you are a multi-unit developer. A multi-unit developer is expected to incur these same costs for each subsequent Restaurant it develops, subject further to inflation and other increases in costs over time.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We and our predecessors have spent considerable time, effort and money to develop the *TOGO'S* system (the “System”). The distinguishing characteristics of our System include, among others, proprietary marks, distinctive exterior and interior design, decor, color and identification schemes and furnishings; special menu items; standards, specifications, requirements and procedures for operations, manufacturing, distribution and delivery; quality and safety of products and services offered; management systems/programs; training and assistance; and marketing, advertising and promotional programs. You must conform to our high and uniform standards of quality, safety, cleanliness, appearance and service. We anticipate that our standards will change over time. You are expected to adhere to these changes.

We require that all food products, supplies, equipment, fixtures, exterior and interior signs, graphics and materials of your Restaurant(s) and services to your Restaurant meet our specifications, standards and requirements and must be purchased from approved suppliers (including manufacturers, distributors and other providers of goods and services). To become approved, a supplier of items or services must demonstrate, to our satisfaction, that it can meet all specifications, standards, and requirements and has adequate capacity to supply our franchisees’ quantity and delivery needs, which may mean the ability to supply all franchisees in the System. However, some suppliers may not distribute their products to your region. In addition, before approving suppliers, we may take into consideration: a) consistency of products and/or name brands in (and between) our Systems, b) economies of scale achieved by larger volumes, and c) certain other benefits that a particular supplier may offer, such as new product development capability. When approving a supplier, we take into consideration the system as a whole, which means that certain franchisees may pay higher prices than they could receive from another supplier that is not approved. We reserve the right to withhold approval of a supplier for any reason. A list of approved suppliers is available on

request. Suppliers are required to share shipping, distribution and all other information with us, and you will be required to cooperate.

None of our officers owns an interest in any required supplier.

All requests for approving suppliers must be submitted in writing by you and/or the supplier to our Purchasing Department. (See Paragraph 5.1.5, General Terms and Conditions of the Franchise Agreement). We may require that samples from the supplier be delivered to us or to a designated independent testing laboratory for testing prior to approval and use. You or the supplier will be required to pay us a fee not to exceed the actual cost of the test; provided, however, no fee shall be charged for the first test requested by us in any calendar year. Each request will be reviewed in accordance with our then-current procedures and we will take into consideration our available resources, which may affect the timing of our response. The supplier must meet our then-current specifications, standards and requirements, which may include signing a non-disclosure agreement and a guarantee of performance. We have the right to change specifications, standards and requirements. If the supplier is approved, we will notify the supplier in writing. We will use commercially reasonable efforts to approve or reject a proposed supplier within 60 days of receiving all requested related information from you. Our approval may later be withdrawn based on the supplier's performance, changes in our specifications, standards or requirements or other reasons. We reserve the right to limit the number of potential suppliers we may consider for approval and for some categories of products we will designate a third party or ourselves as an exclusive supplier. We have exclusive supplier arrangements for some categories of products.

We may negotiate purchase arrangements or terms (such as price) with suppliers for the benefit of franchisees and the System as a whole. We do not provide any other material special benefits to franchisees for using designated suppliers. We reserve the right to receive fees or other consideration in exchange for rights licensed or granted, or services rendered to third parties, including vendors. We do not guarantee the availability of independent sources of supply for any particular product or service required to establish or operate your Restaurant. We or our affiliates may periodically make available for purchase by franchisees items such as signs, packaging materials, customer convenience items, advertising, marketing and sales promotion programs and materials, posters or other like supplies. Except as noted in this Item 8, neither we nor our affiliates are approved suppliers of any item, although we reserve the right to become one in the future and to be the sole approved supplier of certain items.

You may be required to become a member of a national and/or regional buying cooperative, which may require the payment of a fee.

Most goods that you are required to purchase will be purchased from a master distributor. The master distributor will carry items such as meats, cheese, grocery, bread (in some areas), paper and cleaning supplies. As of the date of this Disclosure Document, our master distributor is US Foods. We reserve the right to change the master distributors. Other master distributors may be approved from time to time.

In the *TOGO'S* System, you may only offer for sale or dispense wine or beer with our prior written consent. Should such consent be granted, we reserve the right to restrict beer brands or wine brands being offered at the Restaurant, as long as such restriction is not in violation of any federal or state law.

We have the right to require you to use only real estate brokers approved by us to locate a site for your Restaurant(s). We may require you to use a third-party national real estate brokerage firm to assist you in managing the site selection process and related negotiations. If we do so, you will be required to manage all site selection activities and conduct all negotiations for all sites through such third-party firm. We may also require you to use only architects designated and approved by us to develop plans for your Restaurant(s) and we require you to use only general contractors that we have approved to construct your Restaurant(s).

We estimate that your purchase of products, supplies, and other products and services from us or our affiliates or that meet our specifications and standards will represent approximately 85% to 95% or more of the cost to establish the franchise business and 33% to 40% of the cost to operate the franchise business on an ongoing basis.

Point of Sale (POS) Systems; Online Ordering; Promotional Programs; Music System

If you are opening a new restaurant, purchasing an existing restaurant, renewing your Franchise Agreement or remodeling an existing restaurant, you are required to purchase, install and use our then-current electronic point-of-sale system approved by us as well as our approved back-office system. See Item 11.

We also require that you use TOGO'S approved vendors for all merchant processing services, including credit card processors, stored value processors and gateway services. See Item 11.

You must also participate in any in-Restaurant self-service programs that we require, including but not limited to self-order kiosks. We require that you purchase the kiosks from our approved vendor. See Item 11.

You must also participate in any online/call center ordering and delivery programs and any loyalty and gift card programs and other marketing and promotional initiatives that we may from time to time establish with approved vendors. We may designate a single supplier for any of these programs or initiatives. Under our online/call center ordering and delivery program, we may require you to accept and process specific customer delivery orders and we may require you to use an approved third-party delivery service provider. You must be in compliance with any rules and participation criteria applicable to these programs. We have the right to modify the participation criteria or discontinue these initiatives at any time upon written notice to you. See also Item 11.

We also require that you contract with our designated vendor (currently Cloud Cover) to provide a licensed music and messaging system at the restaurant. If you are a renewing franchisee or transferee franchisee acquiring an existing TOGO'S restaurant, and your restaurant uses an existing licensed music system intended for businesses, you will be allowed to finish the current subscription contract before switching to our designated provider. Music intended for personal and home use cannot be played at the restaurant.

Insurance.

Before you commence business operations, you will be required to obtain, and maintain during the term of your Franchise Agreement, at your expense, insurance protecting you and us and our affiliates against any loss arising in connection with your operation of the Restaurant or by reason

of your occupancy of the Restaurant premises, from an insurance company with a minimum rating of A- by Best's (or comparable rating agency), which must include the following:

(a) commercial general liability insurance, including but not limited to, product, contractual, and owned and non-owned vehicle liability coverages, with a minimum deductible of \$5,000, with a limit of two million dollars (\$2,000,000) per occurrence and three million dollars (\$3,000,000) in the aggregate or such higher limit as we, in our determination, may from time to time require, and as may be required under the terms of any lease or underlying lease for the Restaurant, for bodily injury and property damage combined; and

(b) "All Risk" property damage insurance with a maximum deductible of \$10,000 for the full replacement cost value of the Restaurant premises and all other property within or relating to the Restaurant, including signs, with no coinsurance clause and with a replacement cost clause attached; and

(c) plate glass insurance and, if applicable, boiler insurance; and

(d) worker's compensation and such other statutory insurance as may be required in the state in which the Restaurant premises are located; and

(e) employment practices liability insurance with a limit of one million dollars (\$1,000,000) per occurrence and one million dollars (\$1,000,000) in the aggregate.

Such insurance shall (i) be written in the names of you, us and/or other party or parties we designate, as their respective interest may appear, by insurance companies reasonably acceptable to us; (ii) contain provisions denying to the insurer acquisition by subrogation of rights of recovery against any party named; (iii) provide that cancellation or alteration cannot be made without at least thirty (30) days' notice to each party named; and (iv) not be limited by reason of any insurance which may be maintained by us or any other party named. During the term of the Franchise Agreement, you shall promptly, unless otherwise directed by us, furnish us with duplicate originals of all insurance policies, including renewal and replacement policies, together with evidence that all premiums have been paid. If you fail to comply, we will have the right (but not the obligation) to obtain and/or maintain such insurance with respect to the Restaurant and/or premises, at your expense, and you shall pay us for the cost of premiums therefor. You and us shall waive any and all rights of recovery against the other, for damage to such waiving party or for loss of its property or the property of others under its control to the extent that such loss or damage is insured against under any insurance policy in force at the time of such loss or damage, and you shall notify the insurance carrier(s) of this mutual waiver of subrogation.

Revenues Received by Us Or An Affiliate In Consideration Of Your Purchases:

Participating company-operated restaurants, if any, may receive lower prices, patronage discounts, and/or allowances from suppliers on the same basis as franchisees.

If you lease the Restaurant premises from us or one of our subsidiaries or affiliates, we may derive revenue in the form of base and percentage rent payments, tax, common area and other payments. In any such case, your payments to us may exceed our costs. We believe that such lease payments are consistent with the prevailing market prices in the applicable real estate market. You are not required to lease the Restaurant premises from us or our affiliates.

If you buy an existing restaurant from us, we may derive revenue from your acquisition in excess of our cost to acquire and, in some cases, refurbish or remodel the location. We occasionally sell our real estate interest in a restaurant to the franchisee. The purchase price may reflect the present value of our future revenue projected for the location and other factors.

We did not receive any revenues from the sale or lease of products or services to franchisees during our fiscal year 2022. In the fiscal year ended December 31, 2022, Eateries had rental revenues from franchisees of \$355,034. Also, during the fiscal year ended December 31, 2022, Eateries received \$86,125 from food vendors to our System, which revenue was used to offset marketing expenditures made from the *TOGO'S* Fund. These revenue numbers were derived from Eateries' audited financial statements and internal accounting records.

Other than the payments described above, no other revenue was derived by us or our affiliates from required purchases and leases by franchisees of products and services in the most recently completed fiscal year.

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 item of this Disclosure Document. For purposes of this chart, GTC means General Terms and Conditions of Franchise Agreement, CD means Contract Data schedule to franchise agreement, and MA means Multi-Unit Agreement.

	OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a.	Site selection and acquisition/lease	GTC: Def. E, F, §1.0 - § 1.0.5, Sublease & Opt. to Assume MA: § 3.A.	1, 6, 7 & 11
b.	Pre-opening purchases/leases	GTC: §5.1.1, §5.2.5	6, 7 & 11
c.	Site development and other pre-opening requirements	GTC: §5.1.1, §5.2.5, §5.3 Sublease: §4.2 MA: §3.A.	1, 6, 7 & 11
d.	Initial and ongoing training	GTC: §1.0.1, §5.1.8 - §5.1.8.2, §5.2.5.1	11
e.	Opening	GTC: §1.0 - § 1.05	11
f.	Fees	CD: C.-F. GTC: § 1.0.4, §4.0 - §4.7, §9.3, § 10.4 - § 10.4.4 Sublease: §1.8, §1.9., §1.13 - §1.15, §2.1 - §2.5, §5.1 - §5.3 MA: §2, §4., §6., §9.C., § 9.D., Ex. B	5 & 6

	OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
g.	Compliance with standards and policies/Operating Manual	GTC: Def. I, §5.0 - §5.1.9, §5.2 - §5.2.6, §6.0 - §6.1.3, 6.2-6.7 MA: §3.A., §4., §8. Sublease : §3.1, §5.5	11
h.	Trademarks and proprietary information	GTC: Intro., Def. A, §1.0, §3.3, §5.0 - §5.01, §7.0 - §7.5, §8.0.1, §9.4.9 MA: §7., §11.	13 & 14
i.	Restrictions on products/services offered	GTC: §5.1.1 - §5.1.4 Sublease: §3.1	16
j.	Warranty and customer service requirements	GTC: §5.1.1, §5.1.7, §8.0.1	11
k.	Territorial development and sales quotas	MA	11
l.	Ongoing product/service purchases	GTC: §5.1.1, §5.1.4 - §5.1.5,	8
m.	Maintenance, appearance and remodeling requirements	GTC: §5.1.6, §5.2.6.1 - §5.2.5.2, §5.5 - §5.5.4 CD: G Sublease: §5.7 - §5.1011(0(g)	11
n.	Insurance	GTC: §5.3 - §5.3.4 Sublease: §5.3 - §5.5, §7.1, § 14.5	7
o.	Advertising	GTC: §3.0 - §3.7, §4.3, §4.4, §4.6, §4.7 CD: D.	6 & 11
p.	Indemnification	GTC: §5.4, § 12.1 Sublease: §5.6, §9.5	6
q.	Owner's participation management/staffing	GTC: §5.0, §5.1.8 - §5.1.8.1	11 & 15
r.	Records/reports	GTC: §5.1.7.1, §5.1.9, §5.2 - §5.2.6, §5.3.3, §6.2-§6.4 Sublease: §2.2, §2.5	6
s.	Inspections/audits	GTC: §5.2.5 - §5.2.6, §6.0 - §6.4 Sublease: §14.8	6 & 11

	OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
t.	Transfer	GTC: §5.2.4, § 10.0 - § 10.7 CD: H. Sublease: §6.1 - §6.3 MA: §9.	17
u.	Renewal	GTC: §1.3 MA: §4.	17
v.	Post-termination obligations	GTC: §5.2.4, §5.6, §8.0 - §8.3, §9.4 - 9.6 Sublease: §5.12 & Opt. to Assume	17
w.	Non-competition covenants	GTC: §8.0 - §8.0.3	17
x.	Dispute resolution	GTC: §8.0.3, §11.0 - §11.3 MA: §10. Sublease: §14.3	17
y.	Other (describe)	None	Not applicable

ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

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

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

A. Pre-Opening Obligations:

If you are acquiring a development area under your Multi-Unit Agreement, we will determine the development area, the number of restaurants you must develop and the development schedule. (See Schedules to MA.)

The following are our obligations before or at the opening of your Restaurant:

1. If you are developing a new Restaurant, we will accept the location if it meets our standards. We will provide you with a copy of our standard plans and specifications for the type of restaurant. You must conform the premises to all codes and ordinances and obtain all required permits. You must

construct or remodel the location to our standards and subject to our approval. (See Schedule F/D of the Franchise Agreement and, if applicable, Section 3. of the MA.)

2. We will make available to you the standards for designing, constructing, equipping and operating your Restaurant. (See the General Terms and Conditions of the Franchise Agreement, Paragraph 2.1.1.)

3. If you are opening a new restaurant, we will make an initial training program available to you and/or your Certified Manager. There is no charge for the initial training for two people for franchisees developing a new Restaurant and for one person for franchisees acquiring an existing Restaurant. There is a charge for each additional person who attends training. (See the General Terms and Conditions, Paragraphs 1.0.1 and 2.1.2.)

4. We will provide you with operating procedures to assist you in (i) complying with our standard methods of record keeping, controls, staffing and training requirements, and production methods and (ii) developing approved sources of supply, which will include written specifications for certain items of equipment, signs, fixtures, opening inventory and supplies in some instances and approved suppliers in other instances. We do not deliver or install any items. (See the General Terms and Conditions, Paragraph 2.1.3.)

5. We will make available to you such assistance in the pre-opening, opening, and initial operation of your Restaurant as we deem advisable based on your organization, experience and training. (See the General Terms and Conditions, Paragraph 2.1.4.)

6. We will inspect your Restaurant before it opens to confirm that it meets all of our opening standards. (See the General Terms and Conditions, Paragraph 2.1.5.)

7. If you are opening a new TOGO'S restaurant, we will provide you with a Grand Opening promotional advertising campaign. (See General Terms and Conditions, Paragraph 3.0.)

B. Continuing Obligations:

The following are our obligations during the operation of your franchise:

1. We will maintain a continuing advisory relationship with you, including consulting with you in marketing, merchandising and general business operations. (See the General Terms and Conditions, Paragraph 2.2.1.)

2. We will provide you with information on our operating and other standards for your Restaurant. We may modify these as, and when, we desire. (See the General Terms and Conditions, Paragraph 2.2.2.)

3. We will continue our efforts to maintain uniform standards of quality, cleanliness, appearance and service. We will make reasonable efforts to disseminate our standards to potential suppliers, at your written request. (See the General Terms and Conditions, Paragraphs 2.2.3 and 2.2.4.)

4. We may review advertising and promotional materials you propose to use locally. (See General Terms and Conditions, Paragraph 3.3.)

5. We will administer the Marketing Fund(s) and direct the development of all advertising and promotional programs for the System. (See detail below and the General Terms and Conditions, Section 3.0).

6. We will provide periodic Restaurant Excellence Visits (each, “REV”) to your Restaurant (currently, at least two visits per year) to monitor your compliance with food safety, product quality and standard operating practices. Based on our current requirements, all franchisees must receive a minimum score of 85% in food safety, product quality and service, and a minimum score of 80% in facilities. In addition, the REV includes evaluation of compliance with TOGO’S “brand-critical” requirements (which are described in the Operations Manual) that must be met in order for you to pass the REV. During the REVs, we will also conduct Minimum Facilities Requirements visits to evaluate the condition of your facilities, noting any items that must be repaired, removed or replaced. (General Terms and Conditions, Section 6.0)

ADVERTISING AND SALES PROMOTION

Grand Opening Marketing Fee: If you’re opening a new TOGO’S Restaurant, 60 days prior to the scheduled Restaurant opening, you must pay us a Grand Opening Marketing Fee of \$7,500, for which we will provide you with a grand opening promotional campaign for your Restaurant. We have the sole right to determine how the Grand Opening Marketing Fee will be spent, including the types of media, promotions, and marketing activities that we will use to promote your TOGO’S Restaurant’s opening. Depending on your market conditions, we may require you to make additional marketing expenditures during the first year of operations, up to a total of \$15,000 (including the Grand Opening Marketing Fee), and we reserve the right to collect such additional amounts from you and use them to promote your TOGO’S Restaurant.

If you are opening the Restaurant following a relocation or remodel (that required the Restaurant to be closed for 7 consecutive days or more), 30 days prior to the schedule re-opening, you will be required to pay us a Grand Opening Marketing Fee of \$2,500, for which we will promote the re-opening of your Restaurant.

Advertising Cooperatives: We do not currently require or employ any advertising cooperatives. We do, however, administer and direct the development of advertising and promotional programs as described below. We also reserve the right to require advertising or marketing cooperatives to be formed, changed, dissolved or merged.

Promotional Activities: Except as prohibited or limited by the law, you must actively participate in and co-operate with our national, regional and local advertising and sales promotion campaigns, prize contests, and special offers. You must display in the Restaurant such advertising and promotional materials as required by us from time to time. In addition, you must conduct such promotions and special events, offer such promotional items and accept such coupons, loyalty, stored value, and gift cards as we may require from time to time. You must participate in any loyalty and gift card programs and other marketing and promotional initiatives that we may from time to time establish with approved vendors. We have the right to modify the participation criteria or discontinue such initiatives at any time upon written notice to you.

Your Own Advertising: Under certain circumstances, you may use your own local advertising. To do so, you must obtain our prior approval of all your local advertising and

promotional plans and all materials you would like to use. You must comply with our social media policies as promulgated by us from time to time.

THE *TOGO'S* FUND

Our affiliate, Eateries, administers and directs the development of all marketing and promotional programs of the *TOGO'S* System. You must pay continuing marketing fees to the *TOGO'S* Fund (the "Fund"). Although the Franchise Agreement provides that the continuing marketing fee is 5% of Gross Sales, as of the date of this Disclosure Document we are only charging 3% of Gross Sales. We have the right to increase the marketing fee up to 5% of Gross Sales. Similarly situated franchisees contribute at the same rate and Restaurants owned by us or our affiliates must contribute to the Fund on the same basis as franchisees.

Advertising may be disseminated in various types of media (e.g., print, radio, television, the Internet, billboards and others). We will determine whether the scope of individual advertising programs will be local or regional. (The term "advertising" as used in this section also includes related activities as described below.) As of the date of this Disclosure Document, creative work is being done by outside advertising agencies. All advertising, media and the advertising area are determined by us. We reserve the right to change advertising agencies from time to time without notice to you.

The Fund is not a trust or escrow account, creates no fiduciary duties or obligations, and is the property of Eateries. You have no property rights of any kind with respect to the monies in the Fund. The Fund's monies, including any interest earned by the Fund, will be used for advertising and related expenses, which include various marketing and promotional activities and the costs to prepare, produce and distribute advertising, marketing and related materials. Eateries reserves the right to use the Fund to reimburse it for all costs incurred related to the marketing and promotion programs, including the proportionate compensation of employees who devote time and render services in the conduct, formulation, development and production of the marketing and promotion programs or the administration of the Fund.

As noted above, we determine the content and placement of marketing. We are not required to spend any amount on marketing in your area. We have no obligation to ensure that you benefit directly or on a pro rata basis from the marketing efforts.

Marketing funds not spent in the fiscal year in which they accrue are typically carried forward to the next year and spent on marketing and related expenses then.

We will not use the Fund to solicit new franchise sales, but any marketing materials we produce may designate "Franchises Available".

The Fund is audited and the Fund's fiscal year coincides with our fiscal year. Upon request, we will provide you with an annual audited summary of the Fund's receipts and expenditures for each fiscal year.

During our last fiscal year, the following percentages of the funds used were spent on: brand supporting initiatives (14%) including promotions, point-of-purchase materials, market research, restaurant design and development, consulting and professional fees and menu tests; media

placement, including TV, radio, outdoor, social, web and online (53%); and administrative expenses (33%).

We reserve the right to establish cooperative advertising funds and to designate local advertising markets. If established in your market, you will be required to participate. In no event will the total marketing contributions to the Fund and towards required cooperative advertising exceed 5% of Gross Sales.

TOGO'S BRAND ADVISORY COUNCIL

The Brand Advisory Council ("BAC") is composed of franchisees and it advises us on marketing and other issues. Members of the Brand Advisory Council are appointed jointly by the TOGO'S CEO and the designated leader of the BAC. We reserve the right to change this council, to form new councils or to dissolve this council. The council serves in an advisory capacity only and does not have either operational or decision-making power.

COMPUTER SYSTEM - REQUIREMENTS

We require you to record all your sales on the currently approved point-of-sale ("POS") system (currently Squirrel or Toast POS system), which is capable of recording accumulated sales and cannot be turned back or reset. The system must provide a receipt to the customer after a transaction. The POS system requires internet access via high-speed connection via a local internet provider; our recommended speed is 100MB download/10MB upload, with a minimum speed of 50MB download/5MB upload. Exceptions can be made based on local provider's limitations but must be approved by us. We have required our approved suppliers to make special modifications to their equipment and systems to comply with our requirements. In conjunction with the POS system, we require you to subscribe to and utilize the approved back-office system (currently provided by ParTech, Inc.). The types of data that will be collected and generated by the POS system and the back-office system include sales, product mix, purchases and labor utilization data. The POS System includes software for our loyalty/rewards program.

All new restaurants are required to (i) have a high-speed network solution approved by us for use with the POS system and other technology initiatives and (ii) comply with the construction and wiring standards relating to POS equipment in the restaurant, including dedicated isolated grounded power, for use solely with the POS system and its approved components.

You must participate in any online/call center ordering and delivery programs that we may establish with approved supplier(s). You must comply with any participation criteria and other rules applicable to such programs. You must participate in any in-Restaurant self-service programs including but not limited to ordering kiosks.

The estimated system cost of two POS stations is \$3,300 to \$11,000. The estimated cost of two self-order kiosks is up to \$6,000. The total estimated recurring cost of maintenance and software fees is \$9,000 to \$12,000 per year, including the back-office system and online ordering and delivery program. We have no contractual obligation to maintain, repair, update or upgrade the back-office system, the POS System, the kiosks or any other element of your computer system.

For locations that have an on-site POS server, we require that the server solely be used for POS server operations. Therefore, we require that you purchase and maintain a separate PC, with a

connection to the internet, to be used for all other restaurant related business, including e-mail and product ordering. The estimated cost of a PC is \$750 to \$1,200.

We require that you provide us continuous independent access to data from your Point of Sale (POS) system, from which we can generate and retrieve reports of data, through our approved fully managed, high-speed network solution. There are no contractual limitations on our ability to access the data from your POS system, the back-office system or any other element of your computer system.

We require that the POS/Internet wiring be installed by one of our approved vendors. The estimated initial cost for this is \$5,000 to \$8,500.

We require that you meet PCI requirements by subscribing to our approved managed network firewall service and provide evidence of your operational compliance to our approved PCI vendor. We require all new restaurants and existing restaurants following a transfer to use a TOGO'S approved vendor to help such restaurants meet these requirements.

We require that you use TOGO'S approved vendors and approved hardware and software for all merchant processing services and stored value processors (currently Paytronix).

To enable both Restaurant and remote view of activities inclusive of a POS overlay, franchisees are encouraged to install video surveillance camera system ("SVC"). We may require you to purchase this system from an approved vendor. The estimated price ranges are \$1,000 to \$4,000 depending on the number of cameras installed.

We may implement the SVC program. If we do, you may be required to install an additional telephone line, upgrade your POS system and incur other costs.

We also require that each Restaurant have at least two dedicated phone lines. The upfront cost varies from \$50 to \$300 depending on the phone system you choose; the ongoing cost is approximately \$50 per month.

Our computer hardware and software requirements, including the POS system, will periodically change and you will be required to update your systems and you may incur additional or higher fees and costs in connection with any such changes or updates. There are no contractual limitations on your obligations to upgrade your computer system and pay for those upgrades or changes. We will advise you of any required upgrades, updates, or changes.

SITE SELECTION:

It is solely your responsibility to find and secure a site for your Restaurant. You must present a site to us for our review. If we do not accept a site, you must find a different suitable site. Factors affecting our decision generally include location, occupancy costs, proximity to major retail activity, density of nearby population (residential and daytime work), competition, site configuration, parking, accessibility, visibility, signage permitted by the landlord and local governmental authorities and other factors. Each site is considered individually, as no two sites are the same. Factors other than those listed above may be considered in evaluating a particular site. Our acceptance of a site means the site meets the then-current site criteria. Performance of the site you select is based on many independent factors. We have the right to engage a third-party real estate brokerage firm to assist you

in managing the site selection process and related negotiations. If we do so, you will be required to manage all site selection activities and conduct all negotiations for all sites through such designated third-party firm. We typically do not own the premises for your Restaurant; however, we may occasionally sublease to you, for the operation of your Restaurant, the premises that we are already leasing from a third-party landlord.

For Restaurants developed in the future under a Multi-Unit Agreement, sites will be reviewed under our then-current standards for sites.

If you submit a site for our consideration, you must provide us with all required information about the site. You must not sign a lease or begin any construction for a site before we accept it.

While we try to promptly review nominated sites, there is no specified time period in which we must respond to your approval request.

We will provide you standard, generic plans and specifications for the improvements, furnishings, fixtures and decor of the type of restaurant approved for your site. You will then, at your expense, have specific plans and specifications for construction or conversion of the space for the Restaurant prepared by a licensed architect. Before you may begin construction, these plans and specifications must be approved by us in writing. Any changes made during construction must also be approved by us in writing. All construction will be at your sole expense.

You must ensure, before the opening of the Restaurant, that the Restaurant is accessible to and usable by persons with disabilities and meets the Standards for Accessible Design for new construction in the ADA Accessibility Guidelines (“ADAAG”) as may be amended from time to time, or any more stringent accessibility standard under federal, state or local law.

Any evaluation or inspection we conduct is not intended to exercise control over your day-to-day operation of the Restaurant or to assume any responsibility for your obligations under the Franchise Agreement.

TIME REQUIRED TO OPEN BUSINESS:

The typical length of time between the signing of the Franchise Agreement and the Restaurant’s opening for business is 12 to 24 months. If you do not secure a site within 12 months from the date of the Franchise Agreement or open your Restaurant within 12 months from the date of your lease (or purchase of the real estate) for the Restaurant premises, we may terminate the Franchise Agreement. We reserve the right to extend the deadline for opening a Restaurant as we deem appropriate.

The above time estimates do not include relocations. Factors affecting the elapsed time include: location of site, lease or purchase negotiations, zoning procedures, financing applications, local ordinances and approvals, obtaining licenses and permits, construction delays, weather conditions, shortages, delays in installing equipment and signs, development or construction not in accordance with our requirements, labor disputes, Acts of God and other reasons.

TRAINING PROGRAM:

You and/or your Certified Manager must attend and successfully complete TOGO’S initial training program. To be a Certified Manager, you must have at least 2 years of prior restaurant

management experience. If you or your Certified Manager do not successfully complete our initial training program, you will not be granted a franchise regardless of whether you were previously approved to be a franchisee. If a franchisee (if franchisee is an individual) or franchisee owner (if franchisee is an entity) has had at least 2 years of restaurant management experience and will be managing the restaurant on full-time basis, the franchisee or franchisee owner (as applicable) may be considered the Certified Manager for the restaurant upon successful completion of our initial training program.

In conjunction with your *TOGO'S* training, you and/or your Certified Manager must also satisfactorily complete the ANSI Accredited Food Safety Certification course from an outside agency. You must arrange and pay for this course on your own. You must also provide *TOGO'S* with proof of completion.

If you own and operate multiple restaurants, you must continuously employ one certified manager in each *TOGO'S* Restaurant, according to our standards for multi-restaurant development and operation.

We provide the initial training program at no charge for two people prior to opening, if you are opening a new Restaurant, and for one person if you are buying an existing Restaurant. You must pay our then-current training fee for any additional and/or replacement certified managers (currently \$1,500 per manager), and you must also pay for all training materials, the cost of the Food Safety Certification course, uniforms, salaries, accommodations and travel expenses, if any, for you and the other trainees. You must also pay for any additional training programs that we may from time to time conduct. Attendees at our training facilities are required to execute a participant agreement.

If you complete our training program more than 60 days before the opening of your first *TOGO'S* Restaurant, we may require you to complete refresher training of up to five days.

You may be required to participate in an in-restaurant evaluation of five days before starting the training program described below. You must pay for any travel expenses you incur in connection with attending training.

Our training programs are regularly reviewed and updated.

TOGO'S TRAINING PROGRAM

As of the date of this Disclosure Document, our initial training program includes 4 weeks of in-restaurant training and 16 hours of business training. Training concludes with a certification of skills and knowledge. The following further summarizes the *TOGO'S* initial training program:

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING⁽³⁾	LOCATION
ANSI Accredited Food Safety Certification	8	0	Varies ⁽¹⁾
In-Restaurant Training	0	160	Varies ⁽³⁾
Business Training	16	0	Webinar
TOTAL⁽²⁾	24 hours	160 hours	

- (1) You or a Certified Manager must satisfactorily complete the ANSI Accredited Food Safety Certification course from an outside accredited agency.
- (2) In addition to the training summarized in the chart above, you will be required to complete approximately 24 hours of self-study. There may be additional time needed to achieve the required competency levels. The amount of time required is a function of the individual's ability to personally demonstrate the competencies.
- (3) The training will generally take place at a certified training restaurant. Locations are generally restaurants in the Livermore, California or San Jose, California areas.

As of the date of this Disclosure Document, our Director of Training and Curriculum is Deirdre Hannigan, who has more than 25 years of experience in training in the restaurant industry, five years of that with TOGO'S. Additional employees who have experience in all facets of the operation of a *TOGO'S* Restaurant will assist in the training.

Experienced Franchisee Training

If the franchisee will operate multiple *TOGO'S* Restaurants or otherwise meets our qualifications as an "experienced" restaurant franchisee with at least 2 years of restaurant management or ownership experience, the franchisee (or its owners, if the franchisee is an entity) may not be required to complete our standard training requirements but instead may be required to successfully complete our TOGO'S Business Training, two weeks of in-restaurant training, ANSI accredited food safety training, and possibly other abbreviated training. We will decide, at our sole determination, whether the experienced franchisee will be required to complete our standard training requirements or modified training program.

In the case of an experienced franchisee, we require that the person with full-time operational responsibilities of the restaurant within the franchisee entity (Certified Manager), successfully complete our standard training requirements (as opposed to the modified training discussed above). If one or more of the franchisee owners is the person with operational responsibilities, then that franchisee owner must complete the standard training requirements. We reserve the right to modify or eliminate this experienced franchisee training program.

Other Training:

You must ensure that all your employees are trained in TOGO'S current restaurant standard operating procedures.

We believe training is important to the success of our System and we may from time to time provide additional formal and informal training sessions to franchisees. You must attend and require your employees to attend further training as we may from time to time require. This training may require travel to our training facility.

Any training provided by us to any of your employees will be limited to training or guiding the employees regarding the preparation and sale of approved products to customers in a manner that reflects the customer service standards of the System. You are, and will remain, the sole employer of your employees at all times, including during all training programs, and you are solely responsible

for all employment decisions and actions related to your employees. You are solely responsible for ensuring that your employees receive adequate training.

OPERATIONS MANUALS

Access to the TOGO'S Restaurant Operations Manual and recipes will be made available to you. The operations manual contains mandatory and suggested standards, operating procedures and rules prescribed by us. The operations manual is copyrighted and may not be reproduced or distributed to any unauthorized person. We can change the terms of, and add to, the operations manuals whenever we believe it is appropriate and you must comply with any such changes or additions. A copy of the table of contents of the operations manual as of the date of this Disclosure Document is attached as Exhibit H. The manual has a total of 119 pages.

The manuals contain both mandatory standards and recommended standards. Any required standards exist to protect our interests in the System and our trademarks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you. The required standards generally will be set forth in the manuals or other written materials. The manuals also will include guidelines or recommendations in addition to required standards. In some instances, the required standards will include recommendations or guidelines to meet the required standards. You may follow the recommendations or guidelines or some other suitable alternative; provided you meet and comply with the required standards. In other instances, no suitable alternative may exist. In order to protect our interests in the System and our trademarks, we reserve the right to determine if you are meeting a required standard and whether an alternative is suitable to any recommendations or guidelines.

ITEM 12 TERRITORY

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

We reserve the right to: a) establish, operate or license to any other person or entity the right to establish or operate, a *TOGO'S* Restaurant at any location other than your specific location; b) develop, market, own, operate or participate in any other business under the Marks or any other trademarks; c) merge with or be acquired by any other business, including a business that competes with *TOGO'S* Restaurants; d) distribute, sell or license other persons to distribute or sell non-System products and System products through all other channels (and "Other Channels" means locations other than traditional restaurants owned or franchised or licensed by us and includes sale by or through other channels of trade including, without limitation, kiosks, carts, grocery stores, convenience stores, food chains, electronic mail and Internet sales); provided that we may require your Restaurant to participate in any online/call center ordering and delivery system that we approve from time to time; and e) implement multi-area marketing programs (including, without limitation, mail drops and other flyer distribution methods) which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs. Under our current online/call center ordering and delivery program, the customer chooses the TOGO'S restaurant at which the customer wishes to pick up its food order. If the customer does not choose a specific TOGO'S restaurant or requests delivery, then we will assign the order to the TOGO'S restaurant that is the closest distance to the customer's location. For

avoidance of doubt, you do not receive any territory protection under any approved online/call center ordering and delivery program.

Multi-Unit Agreement (“MA”)

A Multi-Unit Agreement is an agreement pursuant to which you agree to develop, in accordance with a prescribed development schedule, a required minimum number of TOGO’S Restaurants in a specific territory (the “Multi-Unit Area”). So long as you are in compliance with the MA, we will not, during the term of the MA, operate or grant any other person or entity the right to operate a TOGO’S Restaurant within your Multi-Unit Area (MA, Section 1. and Schedule A). This does not mean that you have any exclusive right to any potential customer base for your Restaurant(s). You have no rights relating to the other distribution channels referenced above in this Item 12. We determine the size and location of the Multi-Unit Area, the number of Restaurants to be developed in the Multi-Unit Area and the development schedule. Multi-Unit Areas are specifically identified for adding new restaurants. The Multi-Unit Area may require development in certain areas before development in other areas within the development area. Typically, Multi-Unit Areas are relatively limited in size and scope. The Multi-Unit Area’s size and development requirements may reflect other factors, such as the MA’s term, estimated length of time to develop restaurants in the area, retail shopping facilities, major employment centers, transportation centers (train stations, bus terminals, etc.), key traffic intersections, interstate highway ramps, population, among others.

You have no rights under the MA outside your MA’s boundaries. Each location must be approved by us and meet our design standards. You must continue to meet then current guidelines for multi-Restaurant development and ownership, or our approval of your development or opening of scheduled Restaurants may be withheld. You are granted limited rights of development exclusivity during the term of the MA. See above in this Item 12.

Your initial franchise fees under the MA are described in Item 5. We may approve reduced initial franchise fees, modified royalty fees and modified franchisee requirements as part of an MA in special circumstances, such as to franchisees who commit to and have the ability to develop a large number of restaurants or in certain geographic areas.

Under the MA, we will provide you the first opportunity to become our franchisee for any special distribution opportunities (as that term is described in Section 5 of the MA and below) that are located in your Multi-Unit Area, so long as you meet our then-current criteria to expand, you are in compliance with the MA and all other agreements with us and our affiliates, and the party that controls the special opportunity permits us to do so. Examples of special distribution opportunities include hospitals, train stations, airports, entertainment and sports complexes, convention centers, casinos and resorts, limited-access highway food facilities, military facilities, schools and colleges, office or factory food service facilities, gas/convenience restaurants, department restaurants and “big box” super restaurants, mobile units, off-site sales accounts, supermarkets and home improvement retailers. You will have 15 days to accept an offer of a special distribution opportunity; otherwise, we may pursue such special distribution opportunity directly or indirectly, including by franchising to others. Our rights are intended to maximize potential distribution within the Multi-Unit Area. Special distribution opportunities that you develop do not count towards your development schedule under your MA and you must pay us a separate initial franchise fee for any special distribution opportunity that you develop.

Your MA terminates if: (1) you breach or default under the MA or any other agreement with us and do not cure the default within the applicable cure period, if any; or (2) you commit a felony or crime of moral turpitude, fraud or if we terminate any of your franchise agreements signed under the MA. We will suspend your right to develop under the MA if you fail to remain qualified under our then current guidelines for multi-restaurant development. The MA automatically expires on the opening date of the last Restaurant that you are required to develop under the MA.

Other Information

Under the terms of the Franchise Agreement, you do not have the right to relocate your business. If you request relocation you must obtain our approval for the new site and meet our then current criteria for relocation. Our approval process for relocations is substantially the same process we use in approving a new franchise for a new location. In addition, you must be current with all your obligations to us and must sign our then current Franchise Agreement, with all then-current on-going fees, for a term equal to the term remaining on your Franchise Agreement for the previous location. There is no new initial franchise fee paid to us for relocation unless we decide to grant you a term greater than the term remaining on the Franchise Agreement for the previous location.


We retain the sole right to use our trademarks on the Internet, including in connection with Web sites, domain names, directory addresses, metatags, as graphic images on web pages, linking, advertising, co-branding, and other arrangements. You may not maintain a Web site. If we do ever approve of a Web site that you promote and develop, we have the right to condition our approval on the terms that we determine are necessary, such as requiring that your domain name and home page belong to us and be licensed to you for your use during the term of your agreement.




As part of your review of a particular trade area or territory, we may (but are not required to) provide you with certain information such as maps indicating competition in the area and major shopping activity, employment centers and activity generators, or demographic reports. You are not entitled to rely on this information; you must perform and only rely upon your own investigation and due diligence.

ITEM 13 TRADEMARKS

We grant you the right to operate a restaurant under the name “*TOGO’S*.” You may also be authorized to use our other current or future trademarks to operate your Restaurant. By trademark, we mean trade names, trademarks, service marks and logos used to identify your Restaurant.

The following mark has been registered with the United States Patent and Trademark Office (“USPTO”):

Mark	Mark Image	Registration Number	Registration Date
TOGO’S	n/a	2,431,672	2/27/2001
TOGO’S TRUE TO THE SANDWICH & Design		5,788,938	6/25/2019

Mark	Mark Image	Registration Number	Registration Date
TOGO'S TRUE TO THE SANDWICH & Design (in color)		5,788,939	6/25/2019
TOGO'S SINCE 1971 TRUE TO THE SANDWICH & Design		5,776,901	6/11/2019
TOGO'S SINCE 1971 TRUE TO THE SANDWICH & Design (in color)		5,814,490	7/23/2019

We have filed and intend to file all required affidavits and renewals for the mark listed above.

Our affiliate, Eateries, owns all of the above federal registrations and all other rights to the trademarks. We have entered into a Trademark License Agreement with Eateries dated March 16, 2010 which grants us the right to use and sublicense to our franchisees the right to use the Marks. The term of this License Agreement is for 20 years and after that it is renewed for an additional 20-year period unless either party gives notice of termination before the end of such extension. The License Agreement can also be terminated for failure to maintain quality standards, breach of the License Agreement or bankruptcy.

You must follow our rules in using our marks. You cannot use our name or mark as part of a corporate, limited liability company, other entity name, or Internet domain name. You cannot use any of our names or marks with modifying words, designs or symbols except for those which we expressly license to you. You may not use *TOGO'S* registered name in connection with the sale of unauthorized product or service or in any manner not authorized in writing by us. You may only use our trademarks on vehicles if you first obtain our written consent.

As part of a settlement to litigation, our affiliate Eateries entered into an agreement with an unrelated party, TOGO'S, Inc. (a Michigan corporation), recognizing TOGO'S, Inc.'s rights to the name "TOGO'S" in the Upper Peninsula of Michigan while TOGO'S, Inc. recognized Eateries' ownership of the federal trademark registration and the *TOGO'S* mark in the rest of Michigan and elsewhere.

Except as described above, there are no agreements that limit our right to use or license the use of the *TOGO'S* trademarks. There are no material determinations, proceedings or litigation which would affect your right to use the trademarks other than as may be stated in this Disclosure Document. We do not know of any infringing use that could materially affect your use of our trademarks other than as may be stated in this Disclosure Document.

As of the date of this Disclosure Document, there are no effective material determinations of the USPTO, Trademark Trial and Appeal Board, the trademark administrator of any state or any court. There are also no pending actions regarding infringement, opposition or cancellation of the trademarks and no pending material litigation involving the principal trademarks other than as disclosed in this Disclosure Document.

You must notify us immediately when you learn about an infringement of or challenge to your use of our trademark. We will take the action we think appropriate. We are not required to defend you against a claim against your use of our trademarks or to pay for any costs you incur as a result of such a claim.

You must modify or discontinue the use of a trademark if we modify or discontinue it. If this happens, we are not required to reimburse you for your tangible costs of compliance (for example, changing signs). You must not directly or indirectly contest our right to our trademarks, trade secrets or business techniques that are part of our business.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents or registered copyrights are material to the franchise. We do, however, claim copyright interests in our training manuals, magazines, posters, toys, pamphlets, brochures, television advertisements and all other printed and pictorial materials that we produce, although these materials have not been registered with the Copyright Office of the Library of Congress. These materials are proprietary and confidential and are considered our property. They may be used by you only as long as you are a franchisee, and only as provided in your Franchise Agreement.

You do not receive the right to use an item covered by a patent or copyright unless it is expressly incorporated as proprietary information in our operations manuals. You may use these materials, in the manner we approve, in the operation of your Restaurant during the term of your Franchise Agreement. However, you may not use these materials in any other way for your own benefit, or communicate or disclose them to, or use them for the benefit of, any other person or entity. These materials include any trade secrets, knowledge or know-how, confidential information, advertising, marketing, designs, plans, or methods of operation. This includes information about our sources of supply, and our recommendations on pricing. You may disclose this information to your employees, but only to the extent necessary to operate the business, and then only while your Franchise Agreement is in effect. You must also promptly tell us when you learn about unauthorized uses, or challenges to our uses, of this proprietary information. We are not obligated to take any action but will respond to this information as we think appropriate. We will indemnify you for losses resulting from claims brought by a third party concerning your authorized use of this information. At this time, there are no infringing uses known to us, which could materially affect your use of the copyrights.

There is no effective decision, ruling or order of the United States Patent and Trademark Office, Copyright Office of the Library of Congress or any court, which could materially affect the ownership or use of any patents or copyrighted materials. Our right to use or license these patents and copyrighted items is not materially limited by any agreement or known infringing use.

There are no agreements currently in effect, which significantly limit our rights to use, or license the use of, such patents or copyrights in any manner material to you.

We may use and incorporate into any System, changes and improvements that you or your employees or contractors develop. We do not have an obligation to you or the developer of these changes or improvements in connection with such use.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must devote continuous best efforts to the development, management and operation of your business. This means devoting sufficient time and resources to ensure full and complete compliance with your obligations to us, to your customers and to others. If you do not devote your full time to operating your business and if you receive two or more default notices from us in any 12-month period, we can require you to devote your full time to operating the business.

The business is a challenging one. It requires and responds to personal attention. For most restaurants, it is most important that you personally be involved in all facets of the business. You must be able to organize the business so that our standards of service, quality, and cleanliness are maintained, and you must set standards for your employees to follow. The business requires a firm personal commitment and, at least initially, may require many long hours. As a new franchisee of an individual restaurant, you may expect to perform a substantial amount of manual labor, especially during the first year of operation. Depending on the sales volume of the Restaurant, you should expect to work a full shift in the Restaurant every day. In addition to production skills, you must also understand and be able to perform all of the sales, management and maintenance functions required to ensure successful restaurant operations. Because this is primarily a cash business, you must have effective, vigilant cash management procedures to avoid employee theft.

Your on-premises manager cannot have an interest or business relationship with any of our competitors. You are required to have a certified manager or a designated shift leader present during all business operating hours. See Item 11 for more information on managerial and training requirements.

If you have an MA, in addition to managing individual restaurant operations and sales, you must ensure that locations are selected, approved and developed in accordance with your MA development schedule. You will be then required to manage all facets of a multi-restaurant retail business, with some operating 7 days a week, including production, transportation and distribution, with attendant cost controls and record keeping requirements.

You can minimize these demands on you personally by attracting, motivating and retaining capable development, supervisory, production, transportation and sales personnel. We may provide you with certain suggested basic guidelines to use in recruiting, training and motivating your personnel. However, recruiting, training and motivating employees are your responsibility.

Confidentiality:

Under the Franchise Agreement, you must keep confidential our restaurant development and operations methods and all other information we deem to be confidential. You may share this information with your employees if it is necessary for their jobs.

Personal and Cross Guarantees:

If you chose to use a business entity (partnership, corporation or limited liability company) to operate the business, you, and your officers, directors, shareholders, members and partners (as applicable) must personally guarantee such entity's performance of all of the franchisee's obligations

under the Franchise Agreement and lease (if applicable). This personal guarantee applies to all payment and other obligations, such as non-competition provisions of the Franchise Agreement.

If you operate more than one restaurant and choose to use more than one business entity, each entity must cross-guarantee all of the obligations of each other entity in which you have any interest.

If you have an MA, you are permitted to form subsidiary corporations, LLCs or partnerships for each restaurant you open. You (or your majority shareholder or partner) must have at least a 51% interest in each subsidiary. All new minority shareholders of the subsidiaries must be approved by us.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Goods and Services:

You may not conduct any other business or activity at the site of the Restaurant without our prior written approval. Your business may be identified only by the name of the trademarks specifically licensed in writing by us. You must offer the full menu prescribed by us, and the menu is subject to change by us from time to time. You may not offer or sell any product or service except those authorized by us. Your Restaurant must be open for business each day of the year (subject to local law, strikes or casualty) and for the number of hours per day prescribed in the Operations Manual. You may not offer or sell alcoholic beverages unless you are authorized to do so in writing by us. We impose no customer restrictions.

We require you to offer and sell only those goods and services that we have approved and designated for sale at your Restaurant (see Items 8 and 9).

You may only use products, materials, ingredients, supplies, paper goods, uniforms, fixtures, furnishings, signs, equipment, and methods of product preparation and delivery that meet our requirements. See Items 8 and 12.

We have the right to require you to sell additional authorized products and services from time to time. There are no contractual limits on our right to do so.

You must participate in any online/call center ordering and delivery programs that we may designate from time to time. Under our current online/call center ordering and delivery program, the customer chooses the TOGO'S restaurant at which the customer wishes to pick up its food order. If the customer does not choose a specific TOGO'S restaurant or the customer requests delivery, then we will assign the order to the TOGO'S restaurant that is the closest distance to the customer's location.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP
17A: FRANCHISE AND RELATED AGREEMENTS

These tables list certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document and discuss them with your lawyer and business advisor.

NAME OF DOCUMENT	ABBREVIATION
Contract Data Schedule to Franchise Agreement	Con. Data Sch.
General Terms and Conditions of Franchise Agreement	GTC
Sublease	Lease

	PROVISION	SECTION IN FRANCHISE and RELATED AGREEMENTS	SUMMARY
a.	Term of the Franchise	Con. Data Sch. Sec. B GTC §1	For a new franchised Restaurant, the term is 10 years. If you buy an existing Restaurant, you will obtain the remaining term of your seller's franchise. See Note 1.
b.	Renewal or Extension of the Term	GTC: §1.3	one 10-year renewal term option
c.	Requirements for You to Renew or Extend	GTC: §1.3	You must: give written notice of election to renew; pay a renewal fee, remodel Restaurant according to specifications, not be in default of Franchise or other Agreements with us, satisfy money obligations, execute then-current form Franchise Agreement, execute general release, meet our then-current qualifications for renewal, including any additional training requirements, and, if you lease from us, or our subsidiary, amend the lease to extend the term. If you seek to renew your franchise, you will be asked to sign our then-current form of franchise agreement that may contain terms and conditions materially different from the terms in your previous franchise agreement, such as different fee requirements and territorial rights.
d.	Termination by You	GTC: None Sublease: §8.1	Subject to state law, you do not have the right to unilaterally terminate the Franchise Agreement. If we agree to lease the Restaurant's real estate to you but are unable to do so due to eminent domain taking, you may terminate the lease.
e.	Termination by Us Without Cause	GTC: None	Not applicable
f.	Termination by Us	GTC: §9	We can terminate the Franchise Agreement if you commit a non-curable default or you fail to timely cure

	PROVISION	SECTION IN FRANCHISE and RELATED AGREEMENTS	SUMMARY
	with Cause	Sublease: §9.1-§9.3	a curable default under (i) your franchise agreement, or (ii) any other agreement you have with us, or any of our affiliates or a third party, for this or any other location.
g.	“Cause” Defined – Defaults Which Can Be Cured	GTC: §9.0 - §9.1.3, §9.2 Sublease: §9.2 - §9.3	Except where your state’s law may provide otherwise, the following cure periods apply: hazardous situations must be cured “on demand”; violations of any law, regulation, order or our standard relating to health, sanitation or safety must be cured within 24 hours after notice; your failure to keep the Restaurant open for business must be cured within 24 hours after notice; your failure to maintain insurance or to pay when due any monies owing to us must be cured within 7 days after notice; all defaults not listed above or in section h. below must be cured within 30 days after notice. (See Note 2)
h.	“Cause” Defined – Defaults Which Can Not Be Cured	GTC: §9.0.1-9.0.4, §9.1.4 Sublease: §14.7	The following defaults cannot be cured by you: (i) If you become insolvent, make an assignment for the benefit of creditors, or if any bankruptcy or insolvency proceeding is filed by or for you, as described in section 9.0.1 of the Franchise Agreement; (ii) if you are convicted of or plead guilty or “nolo contendere” to a felony, a crime involving moral turpitude, or any other crime or offense that we believe is injurious to the System or if we have proof that you have committed such a felony, crime or offense; (iii) if you permit the use of the Restaurant premises for any illegal or unauthorized purpose, including substitution of unapproved products; (iv) if you abandon the Restaurant; (v) if you intentionally under report Gross Sales, falsify financial data or otherwise commit an act of fraud with respect to your acquisition or operation of the franchise or your rights or obligations under the Franchise Agreement; (vi) if your lease for the Restaurant is terminated because of your default; (vii) after you receive 3 notices-to-cure for the same or a substantially similar default in any 12 month period, any later recurrence of such a default cannot be cured, even if you cured the earlier defaults.
i.	Your Obligations on Termination/ Non-Renewal	GTC: §5.2.5, §7.1, §7.2, §8, §9.4 - §9.4.9 Sublease: §5.12, §9.5	Upon expiration or termination, you must (i) pay all amounts you owe us, the Fund and any affiliates, (ii) cease to operate the Restaurant, (iii) cease to use any feature of the System and Proprietary Marks and cease to hold yourself out as our franchisee, (iv) return all operating manuals and other materials in your possession, (v) disconnect or terminate any telephone listings and/or fictitious name registration containing any part of the Proprietary Marks, (vi) sell to us (if we elect) any or all equipment, signs, trade fixtures, furnishings and other personal property used in the Restaurant, at the purchase cost originally installed,

	PROVISION	SECTION IN FRANCHISE and RELATED AGREEMENTS	SUMMARY
			less depreciation straight line over 10 years (10% minimum), or if we don't elect, remove all Proprietary Marks or other distinguishing indicia, (vii) assign to us (if we elect) any interest which you have in the lease or any other agreement related to the Restaurant, or if we don't elect, make such changes to the premises as we reasonably require to distinguish it from other of our restaurants, (viii) comply with the restrictions set forth in section 8 of the Franchise Agreement for 2 years thereafter and (ix) maintain all required books and records for 3 years thereafter. Upon early termination, you must also pay us liquidated damages (see Item 6). See also State Specific Addenda (Exhibit J).
j.	Assignment of Contract by Us	GTC: §10.0 Sublease §6.1	We may assign the Franchise Agreement to any entity that agrees to assume our obligations.
k.	"Transfer" By You-Definition	GTC: § 10.1	A "transfer" by you is any sale, assignment, transfer, conveyance, gift, pledge, mortgage or other encumbrance of any interest in either the Franchise Agreement, the franchise itself, or any proprietorship, partnership, limited liability company ("LLC") or corporation which owns any interest in the franchise, to any person, persons, partnership, association, LLC or corporation, whether by contract, operation of law or otherwise.
l.	Our Approval of Transfer by You	GTC: § 10.2 - § 10.7 Sublease: §6.2 - §6.3	You (which includes any partner, shareholder or member) are not permitted to transfer any interest in the Franchise Agreement or in the proprietorship, partnership, corporation or LLC which owns any interest in the franchise, without our prior written consent. We will not unreasonably withhold such consent if your transfer meets all of our conditions.
m.	Conditions for Our Approval of Transfer	GTC: § 10.2 - § 10.7	Your transfer must meet the following conditions: (i) the sales price may not be excessive, (ii) the transferee must meet our qualifications, (iii) you must satisfy all money obligations to us and our affiliates and any third-party obligations we have guaranteed, (iv) the physical condition of the Restaurant must be brought into compliance with our standards (including installing our then-current signage), (v) the transferee must meet all of our qualifications and sign our then-current franchise agreement (provided that any fee that is a percentage of Gross Sales will not be a greater rate than as required by the transferor's franchise agreement and the term will be for the unexpired term of the transferor's franchise agreement); (vi) you must execute a general release of all claims against us at the closing, and (vii) you must pay us a transfer fee. We may have additional reasonable requirements at the time you decide to sell your business. See Note 3.

	PROVISION	SECTION IN FRANCHISE and RELATED AGREEMENTS	SUMMARY
n.	Our Right of First Refusal to Acquire Your Business	GTC: § 10.7	If you (which includes any shareholder, member or partner) wish to sell any interest in the franchise, you must give us 60-days' notice for us to elect to purchase such interest on the same terms and conditions. If the terms later change, we must receive notice of the changes and will have a new 60-day option to make the election on the new terms.
o.	Our Option to Purchase Your Business	GTC: §9.4.6, § 10.6.1	If your Franchise Agreement is terminated due to your default, you must sell to us (if we elect) any or all equipment, signs, trade fixtures, furnishings and other personal property used in the Restaurant, at the purchase cost originally installed, less depreciation straight line over 10 years (10% minimum). Also see p. below.
p.	Your Death or Disability	GTC: § 10.6 - § 10.6.1	If any one of you should die or be disabled, the legal representative of the affected party, together with all other partners, members or shareholders, if any, have 6 months to apply to transfer the franchise or the interest of the affected party. If the legal representative and other partners, members or shareholders do not present an acceptable transferee to us within 6 months, or if a transfer fails to occur within 1 year after the date of death or disability, your franchise rights will terminate. We will then have the right to purchase all furniture, fixtures, signs, equipment and other chattels at an agreed or appraised price.
q.	Non- Competition Covenants During the Term of the Franchise	GTC: §8	You may not have any interest in any other business which sells or offers to sell substantially similar products of the type we require you to offer at the Restaurant nor contest our right or the right of any other franchisee to obtain governmental approval required for the development of another location as a restaurant franchised by us.
r.	Non-Competition Covenants After the Franchise is Terminated or Expires	GTC: §8	The restrictions described in q. above remain effective for 2 years after the Franchise Agreement expires or is terminated, regardless of the cause, except that they do not apply to another business located more than 5 miles from any of our other restaurants. If you think that a 5-mile radius is unreasonable, you can arbitrate, but you must not engage in competitive activities while we resolve the dispute. This may not be enforceable in some states. See State Specific Addenda in Exhibit J.
s.	Modification of the Agreement	GTC: §2.2.2, §4.4-4.5, §5.1.1, §5.2.4, §5.2.5.k, §7.1.1, §7.4, §8.03, §8.1, §8.3, §9.2, §10.0.1, §13.0, § 15.0, § 16.0	Generally, there are no modifications unless in writing, signed by both parties. Our operating manuals, policies, standards and requirements are subject to change.

	PROVISION	SECTION IN FRANCHISE and RELATED AGREEMENTS	SUMMARY
t.	Integration/ Merger Clause	GTC: § 15.0	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside of the Franchise Agreement and this Disclosure Document may not be enforceable.
u.	Dispute Resolution by Mediation or Arbitration	GTC: § 11 Sublease: § 14.3	<p>Except for certain claims, all disputes must be mediated (in the county in which our headquarters are then located, currently Santa Clara County, California, or at such other place as mutually acceptable), and if not resolved in mediation, arbitrated in the county in which our headquarters are then located (currently Santa Clara county, California), subject to state law. The Federal Arbitration Act governs the Franchise Agreement, except for the following: (i) an action for injunctive relief, specific performance or other equitable relief, or (ii) we may bring an action to collect sums of money due to us; (ii) to compel your compliance with trademark standards and requirements to protect the goodwill of the Proprietary Marks; (iii) to compel you to compile and submit required reports to us; (iv) to permit evaluations or audits authorized by the Franchise Agreement; or (v) in connection with any action in ejectment or for possession of any interest in real or personal property.</p> <p>A claim by any party must be brought within 2 years of the party's discovery of the facts giving rise to the claim. We both agree to waive our rights to trial by jury and to punitive, multiple, exemplary and/or consequential damages, except that we can obtain multiple damages against you for willful trademark infringement. We both agree that no party may recover damages for economic loss attributable to negligent acts or omissions, except for gross negligence or an intentional wrong. No party may participate in any class action litigation, except you may participate in certain class action arbitration regarding the Fund.</p>
v.	Choice of Forum	GTC: § 11.1	Arbitration proceedings are administered by the American Arbitration Association ("AAA") under its Commercial Arbitration Rules and will be conducted in the county in which our headquarters are then located (currently Santa Clara, California), subject to state law.
w.	Choice of Law	GTC: § 17.0	The Franchise Agreement is governed by the laws of California and the Federal Arbitration Act. State laws may apply nevertheless.

The above summaries are, as a result of disclosure regulations, necessarily brief. You are strongly urged to read in full all provisions of the Franchise Agreement and other documents before signing any binding documents, paying any amounts or making any investments.

NOTES TO TABLE 17-A

Note 1: The franchise expires on the termination of the location's Lease, foreclosure of your mortgage, or your loss of the right to possess the location. The sublease provides for a termination of the Lease on termination of the Franchise Agreement.

Note 2: After the initial 10-year term you will have one ten-year option to renew. The renewal fee for a ten-year renewal term will be 50% of the then-current initial franchise fee (currently \$15,000 for a ten-year renewal). In order to qualify for the renewal, you will need to meet the renewal conditions described in the Franchise Agreement.

Note 3: Cure periods may be extended or provided if required by law.

Note 4: The transfer fee may be reduced if the transfer is of less than 50% of the controlling interest or is to your spouse or children.

TABLE 17 B: MULTI-UNIT AGREEMENT ("MA")

This table lists important provisions of the Multi-Unit Agreement. You should read these provisions in the agreements attached to this Disclosure Document and discuss them with your lawyer and business advisor. See Note 1.

	PROVISION	SECTION IN MA	SUMMARY
a.	Term	MA: Exhibit B: IV	Determined as the number of restaurants to be opened, multiplied by 2.
b.	Renewal or extension of the term	MA: §4.	At our sole option, if you are in good standing, have fully performed under the MA, and we determine that more restaurants can be developed in your Multi-Unit Area, we may offer you a new MA on the then-current form for the same geographic area.
c.	Requirements for you to renew or extend	MA: §4.	Advise us in writing, if there is a potential for additional restaurants, we may offer you a new MA. You must promptly sign new agreement. If you seek to renew your Multi-Unit Agreement at the expiration of the initial term or any renewal term, you may be asked to sign a new MA that contains terms and conditions materially different from those in your previous MA, such as different fee requirements and territorial rights.
d.	Termination by you	None.	Not applicable, subject to state law.
e.	Termination by us without cause	None.	Not applicable.

	PROVISION	SECTION IN MA	SUMMARY
f.	Termination by us with “cause”	MA: §7.	We can terminate if you commit a non-curable default or if you fail to timely cure a curable default.
g.	“Cause” defined – defaults which can be cured	MA: §7.	Failure to pay money when due: 7-day cure period. Any other breach of agreement: 30-day cure period. Cure periods may be extended if required by state law.
h.	“Cause” defined – defaults which cannot be cured	MA: §7	Violate the confidentiality provision, commit a felony or crime of moral turpitude, commit a fraud upon any of our affiliates or us, or if we terminate any of your Franchise Agreements in the DMA to which the MA applies.
i.	Your obligations on termination/non-renewal	MA: §7	Pay all money owed to us.
j.	Assignment of contract by us	MA: §8.A.	We may assign the MA to any person(s), partnership or corporation which agrees in writing to assume our obligations under the MA. Following such an assignment, we are relieved of future obligations.
k.	“Transfer” by you defined	MA: §8.B.	Any transfer requires our approval, which we will not unreasonably withhold if the transfer is a transfer of all rights under the MA (you must simultaneously transfer all rights for the remaining restaurants to be developed and all rights under existing franchise agreements signed under the MA). You may not transfer part of your development rights unless we specifically approve a partial transfer, and our decision to approve or disapprove a partial transfer is within our sole discretion.
l.	Our approval of transfer by you	MA: §8.B.	We have the right to approve all transfers.
m.	Conditions for our approval of transfer	MA: §8.C.	You must sign a release and pay a Transfer Fee.
n.	Our right of first refusal to acquire your business	MA: §8.D.	Applies to all offers to purchase the MA, and any interest in the franchisee. You must send us a copy of your contract and we have 60 days to purchase the MA or interest on the same terms. If we exercise this right, you will still have to pay a Transfer Fee.
o.	Our option to purchase your MA	None.	Not applicable.
p.	Your death or disability	MA: §9.B.	MA must be assigned by estate to an approved transferee within 3 months.
q.	Non-competition covenants during the term	None.	Not applicable.

	PROVISION	SECTION IN MA	SUMMARY
r.	Non-competition covenants after the MA is terminated or expires	None.	Not applicable.
s.	Modification of the agreement	MA: §10.B.	The MA may only be modified by the parties in writing.
t.	Integration /merger clause	MA: §10.B.	Only the terms of the MA are binding (subject to state law). Any representations or promises made outside of the MA and this Disclosure Document may not be enforceable.
u.	Dispute resolution by arbitration or mediation	MA: §9.A, §9.C.	<p>Except for certain claims, all disputes must be mediated (in the county in which our headquarters are then located, currently Santa Clara County, California, or at such other place as mutually acceptable), and if not resolved in mediation, arbitrated in the county in which our headquarters are then located (currently Santa Clara county, California), subject to state law. The Federal Arbitration Act governs the Franchise Agreement, except for the following: (i) an action for injunctive relief, specific performance or other equitable relief, or (ii) we may bring an action to collect sums of money due to us; (ii) to compel your compliance with trademark standards and requirements to protect the goodwill of the Proprietary Marks; or (iii) in connection with any action in ejectment or for possession of any interest in real or personal property. State law may apply.</p> <p>A claim by any party must be brought within 2 years of the party's discovery of the facts giving rise to the claim. We both agree to waive our rights to trial by jury and to punitive, multiple, exemplary and/or consequential damages. No party may participate in any class action litigation.</p>
v.	Choice of forum	MA: §10.C.	Arbitration shall take place at the American Arbitration Association office in the county in which our headquarters are then located (currently Santa Clara, California), subject to state law.
w.	Choice of law	MA: §11.B.	The agreement shall be interpreted under California law. State laws may apply, nevertheless. See State Specific Addenda (Exhibit J).

Note 1: The MA is only available in selected markets as determined by us from time to time.

ITEM 18 PUBLIC FIGURES

As of the date of this Disclosure Document, we do not use any public figures to promote our franchise. However, in the future, we may offer certain celebrities a discount on their Initial Franchise Fee on the condition that they make one or more public appearances and announcements to the media and allow their names, photographs and information about their celebrity history to be included in news releases in connection with our brand.

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

The information in this Item 19 was prepared using financial information provided to us by the franchisees. The franchisees' financial information is not audited.

As used herein, "Gross Sales" means and includes all revenue from the sale of all products and services and all other income of every kind and nature related to the Restaurant, whether for cash, by redemption of gift certificates or for credit, regardless of collection, including, without limitation, revenues derived from catering services or delivery sales, including third party delivery fees and other charges, and receipts from vending machines or amusement devices, at or from the Restaurant; provided, however, Gross Sales does not include the incidental sales of gift cards or newspapers, incidental receipts from pay telephones, or any sales taxes or other taxes you collect from customers for transmittal to the appropriate taxing authority.

A prospective franchisee who is purchasing the assets of an existing restaurant should review the actual financial results of the restaurant(s) being purchased. This Item 19 excludes data for non-traditional and Combo Restaurants. Prospective franchisees for non-traditional or Combo Restaurants (i.e. restaurants that include a TOGO'S restaurant and Baskin Robbins Ice Cream Shop at the same premises) should not rely on these figures, since these types of restaurants may experience different results.

As of December 31, 2022, we had 158 TOGO'S Restaurants open, which were comprised of 119 "traditional" Restaurants (full service, full menu, in line or freestanding; consisting of 115 franchisee-operated Restaurants and 4 Restaurants operated by our affiliates), 29 "Combo" Restaurants (all franchisee-operated Restaurants) comprised of more than one brand operating in one location (typically a TOGO'S restaurant and Baskin Robbins Ice Cream Shop), and 10 "non-traditional" Restaurants (limited service and limited menu; located at a fuel station, college or stadium location; all franchisee-operated Restaurants). Of the 119 traditional Restaurants, 113 Restaurants had been in operation for at least 12 months as of December 31, 2022 (i.e., they opened on or before December 26, 2021 and were not permanently closed as of December 31, 2022) and reported sales for all of the 2022 fiscal year (i.e., the time period from December 26, 2021 till

December 31, 2022). The 113 Restaurants consist of 3 Restaurants owned and operated by our affiliates (“Company-Owned Restaurants”) and 110 Restaurants owned and operated by franchisees. Six traditional Restaurants were excluded from this Item 19 as follows: (i) two traditional franchised Restaurants were excluded because they first opened during the fiscal year 2022 and therefore were not in operation for at least 53 weeks as of December 31, 2022, and (ii) three franchised Restaurants and one Company-Owned Restaurant were excluded because they were closed for remodeling for a portion of fiscal year 2022 and therefore did not report Gross Sales data for 53 weeks for the fiscal year 2022.

Excluded from Item 19 are data for 12 franchised TOGO’S Restaurants (1 non-traditional, 1 Combo, and 10 traditional TOGO’S restaurants) and 2 company-owned TOGO’S Restaurants that closed during the 2022 fiscal year. Zero of such closed Restaurants closed after being open for less than 12 months.

I. Fiscal Year 2022 Annual Gross Sales Data – Franchised and Company-Owned Restaurants

Table I-A: Fiscal Year 2022 Annual Gross Sales Data – All Reporting Franchised and Company-Owned Restaurants

The below table shows annual Gross Sales data (average, median and the actual highest and lowest annual Gross Sales) for the 113 Traditional TOGO’S Restaurants (110 franchised Restaurants and 3 Company-Owned Restaurants) that had opened on or before December 26, 2021 and were not permanently closed as of December 31, 2022 and reported sales for all 53 weeks of fiscal year 2022 (the “Reporting Restaurants”).

SALES	HIGH SALES (2)	MEDIUM SALES (2)	LOW SALES (2)
Number of Reporting Restaurants (1)	38	38	37
AVERAGE Gross Sales	\$1,041,783	\$689,762	\$463,201
Number and % of Restaurants at or above Average Gross Sales	13 (34.2%)	17 (44.7%)	22 (59.5%)
MEDIAN Gross Sales	\$998,969	\$687,576	\$485,805
Number and % of Restaurants at or above Median Gross Sales	19 (50.0%)	19 (50.0%)	19 (51.4%)
The highest and lowest number in the range	\$1,637,888 - \$818,283	\$801,350 - \$610,487	\$606,586 - \$225,685

Average Gross Sales for all 113 Reporting Restaurants in Table I-A for the 53-week period ended December 31, 2022 was \$733,957. 48 Restaurants (42.5%) met or exceeded the average Gross Sales number. Median Gross Sales for all 113 Restaurants in Table I-A for the 53-week period ended

December 31, 2022 was \$687,576. 57 Restaurants (50.4%) met or exceeded the median Gross Sales number.

Footnotes:

- (1) The number of Reporting Restaurants in Table I-A represents 110 franchisee-owned and 3 Company-Owned traditional *TOGO'S* Restaurants open for the full 53-week period ended December 31, 2022 that have reported sales during the period.
- (2) The 113 Reporting Restaurants are divided into three tiers based on the total Gross Sales achieved during the 53-week period ended December 31, 2022, with the “High Sales” category Restaurants being one third of the Reporting Restaurants that achieved the highest Gross Sales among all Reporting Restaurants, and the “Low Sales” category representing one third of the Reporting Restaurants that achieved the lowest Gross Sales among the Reporting Restaurants.

Table I-B: Fiscal Year 2022 Annual Gross Sales Data For TOGO'S 3.0 Speedline Restaurants – Franchised and Company-Owned Restaurants

In 2018, TOGO'S franchisees began remodeling and upgrading existing Restaurants as well as building new TOGO'S Restaurants with new branding elements and operational improvements of a speedline sandwich making system known as TOGO'S 3.0 Speedline. As of the date of this Disclosure Document, all franchisees are required to develop new TOGO'S Restaurants using the TOGO'S 3.0 Speedline format. The below table shows annual Gross Sales data (average, median and the actual highest and lowest annual Gross Sales) for the 14 Traditional TOGO'S Restaurants (consisting of 12 franchised Restaurants and 2 Company-Owned Restaurants) that (i) had opened on or before December 26, 2021, (ii) were not permanently closed as of December 31, 2022, and (iii) operated for the entire 53 weeks in fiscal year 2022 with the TOGO'S 3.0 Speedline format.

SALES	HIGH SALES (2)	MEDIUM SALES (2)	LOW SALES (2)
Number of reporting Restaurants (1)	5	5	4
AVERAGE Gross Sales	\$1,309,486	\$965,115	\$504,075
Number and % of Restaurants at or above Average Gross Sales	1 (20.0%)	3 (60.0%)	3 (75.0%)
MEDIAN Gross Sales	\$1,237,778	\$998,193	\$610,487
Number and % of Restaurants at or above Median Gross Sales	3 (60.0%)	3 (60.0%)	2 (50.0%)
The highest and lowest number in the range	\$1,637,888-- \$1,174,730	\$1,157,655-- \$703,389	\$624,444-- \$225,685

Average Gross Sales for all 14 Restaurants in Table I-B for the 53-week period ended December 31, 2022 was \$956,379. 8 Restaurants (57.1%) met or exceeded the average Gross Sales number. Median Gross Sales for all 14 Restaurants in Table I-B for the 53-week period ended December 31, 2022 was \$1,061,918. Seven Restaurants (50.0%) met or exceeded the median Gross Sales number.

Footnotes:

- (1) The number of reporting Restaurants in Table I-B represents 12 franchisee-owned and 2 Company-Owned traditional *TOGO'S* Restaurants open for the full 53-week period ended December 31, 2022 that have reported sales during the period and that operated for the full 53 weeks using the TOGO'S 3.0 Speedline format.
- (2) The 14 reporting Restaurants are divided into three tiers based on the total Gross Sales achieved during the 53-week period ended December 31, 2022, with the "High Sales" category Restaurants being one third of the reporting Restaurants that achieved the highest Gross Sales among all reporting Restaurants, and the "Low Sales" category representing one third of the reporting Restaurants that achieved the lowest Gross Sales among the reporting Restaurants.

II – Fiscal Year 2022 Annual Gross Sales Data - Franchised Restaurants Only

The below table shows fiscal year 2022 annual Gross Sales data (average, median and the actual highest and lowest annual Gross Sales) for the 110 Traditional franchised Restaurants that had opened on or before December 26, 2021 and were not permanently closed as of December 31, 2022 and reported sales for all 53 weeks of the fiscal year 2022 (the "Franchised Reporting Restaurants").

SALES	HIGH SALES (2)	MEDIUM SALES (2)	LOW SALES (2)
Number of Reporting Restaurants (1)	37	37	36
AVERAGE Gross Sales	\$1,021,951	\$681,910	\$459,218
Number and % of Restaurants at or above Average Gross Sales	12 (32.4%)	18 (48.6%)	22 (61.1%)
MEDIAN Gross Sales	\$998,193	\$685,127	\$485,085
Number and % of Restaurants at or above Median Gross Sales	18 (48.6%)	18 (48.6%)	18 (50.0%)
The highest and lowest number in the range	\$1,637,888-- \$785,540	\$778,472-- \$606,586	\$604,906-- \$225,685

Average Gross Sales for all 110 Franchised Reporting Restaurants in Table II for the 53-week period ended December 31, 2022 was \$723,406. 46 Restaurants (40.7%) met or exceeded the average Gross Sales number. Median Gross Sales for all 110 Franchised Reporting Restaurants in Table II for the

53-week period ended December 31, 2022 was \$685,127. 55 Restaurants (50.0%) met or exceeded the median Gross Sales number.

Footnotes:

- (1) The number of Franchised Reporting Restaurants represents franchisee-owned traditional *TOGO'S* Restaurants open for the full 53-week period ended December 31, 2022 that have reported sales during the period.
- (2) The 110 Franchised Reporting Restaurants are divided into three tiers based on the total Gross Sales achieved during the 53-week period ended December 31, 2022, with the "High Sales" category Restaurants being one third of the Franchised Reporting Restaurants that achieved the highest Gross Sales among all Franchised Reporting Restaurants, and the "Low Sales" category representing one third of the Franchised Reporting Restaurants that achieved the lowest Gross Sales among the Franchised Reporting Restaurants.

III – Fiscal Year 2022 Annual Gross Sales Data – Company-Owned Restaurants Only

The table below shows actual annual Gross Sales for fiscal year 2022 for each of the four Company-Owned Restaurants that had been in operation for at least 12 months as of December 31, 2022 and reported sales for some or all of the fiscal year 2022 (as noted in the "Notes" column in the table). The data for three of these Company-Owned Restaurants that reported sales in all 53 weeks of 2022 is included in Table I above. As noted below, the data for two of these four Company-Owned Restaurants is also included in Table I-B above.

Company-Owned Restaurant #	Fiscal Year 2022 Actual Annual Gross Sales	Notes Regarding Temporary Closures and TOGO'S 3.0 Speedline Format
1	\$1,301,565	Operated under TOGO'S 3.0 Speedline format for all of fiscal year 2022 and therefore included in Table 1-B above.
2	\$1,061,918	Operated under TOGO'S 3.0 Speedline format for all of fiscal year 2022 and therefore included in Table 1-B above.
3	\$998,969	Moved to new location 6/22/2022 and re-opened as TOGO'S 3.0 Speedline (reported 53 weeks of sales)
4	\$911,717	Closed for remodel to TOGO'S 3.0 Speedline format for 6 weeks in fiscal year 2022

Additional Notes:

You must make your own investigation into the likely sales and costs in your specific location and region. You are responsible for developing your own business plan for your business. We encourage you to consult with your own accounting, business and legal advisors in doing so.

Written substantiation for the financial performance representations in this Item 19 will be made available to the prospective franchisee upon reasonable request.

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

Except as disclosed in this Item 19, we do not furnish or authorize our sales agents to furnish any oral or written information concerning the actual or potential sales, income or profits of a restaurant. If you receive any financial performance information or projections of your future income, you should report it to our management by contacting our Chief Financial Officer, Matt Dowling, c/o TOGO'S Franchisor, LLC, 910 Campisi Way, Suite 1E, Campbell, CA 95008, (408) 280-6585, the Federal Trade Commission and the appropriate state regulatory agency.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2020 to 2022*

COLUMN 1 OUTLET TYPE	COLUMN 2 YEAR	COLUMN 3 OUTLETS AT THE START OF THE YEAR	COLUMN 4 OUTLETS AT THE END OF THE YEAR	COLUMN 5 NET CHANGE
Franchised Outlets**	2020	188	175	-13
	2021	175	163	-12
	2022	163	154	-9
Company- Owned***	2020	6	6	0
	2021	6	6	0
	2022	6	4	-2
Total Outlets	2020	194	181	-13
	2021	181	169	-12
	2022	169	158	-11

*Our fiscal year ended on December 26, 2020, December 25, 2021, and December 31, 2022 respectively.

**The Franchised Outlets are franchised by either us or Eateries. All of the Franchised Outlets are substantially similar to that being offered under this Disclosure Document.

***The Company-Owned Outlets are owned by Eateries or another affiliate and are substantially similar to that being offered under this Disclosure Document.

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(Other than the Franchisor or an Affiliate)
For Years 2020 to 2022*

Column 1 State	Column 2 Year	Column 3 Number of Transfers
California	2020	7
	2021	7
	2022	13
Total	2020	7
	2021	7
	2022	13

*Our fiscal year ended on December 26, 2020, December 25, 2021, and December 31, 2022 respectively.

Table No. 3
Status of Franchised Outlets
For Years 2020 to 2022*

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations Other Reasons	Column 9 Outlets at End of the Year
Arizona	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
California	2020	180	2	0	1	0	13	168
	2021	168	1	0	2	0	12	155
	2022	155	2	0	2	0	9	146
Nevada	2020	0	0	0	0	0	0	0
	2021	0	2	0	0	0	0	2
	2022	2	1	0	0	0	0	3
Oregon	2020	6	0	0	0	0	1	5
	2021	5	0	0	0	0	1	4
	2022	4	0	0	0	0	1	3
Washington	2020	1	0	0	0	0	0	1

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations Other Reasons	Column 9 Outlets at End of the Year
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Total	2020	188	2	0	1	0	14	175
	2021	175	3	0	2	0	13	163
	2022	163	3	0	2	0	10	154

*Our fiscal year ended on December 26, 2020, December 25, 2021, and December 31, 2022 respectively.

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

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year
California	2020	6	0	0	0	0	6
	2021	6	0	0	0	0	6
	2022	6	0	0	2	0	4
Total	2020	6	0	0	0	0	6
	2021	6	0	0	0	0	6
	2022	6	0	0	2	0	4

*Our fiscal year ended on December 26, 2020, December 25, 2021, and December 31, 2022 respectively.

Table No. 5
Projected Openings for 2023
As of December 31, 2022

Column 1 State	Column 2 Franchise Agreements Signed But Outlets Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company- Owned Outlets in the Current Fiscal Year
California	5	4	0
Nevada	2	2	0
Washington	1	1	0

Column 1 State	Column 2 Franchise Agreements Signed But Outlets Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company- Owned Outlets in the Current Fiscal Year
Total	8	7	0

Attached as Exhibit I-1 is a list of our operating franchisees. Exhibit I-2 is a list of franchisees who have signed Franchise Agreements for restaurants that were not yet operational as of December 31, 2022. Exhibit I-3 is a list of the name, city and state and business telephone number (or, if unknown, the last home telephone number) of every franchisees who has had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the fiscal year ended December 31, 2022 or who has not communicated with us within ten weeks of the Issuance Date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

We have signed confidentiality clauses during the last three fiscal years. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the *TOGO'S* franchise system. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

We have a franchisee advisory council which we created to obtain input from our franchisees on various matters. It does not maintain a separate address. There are no other trademark-specific franchisee organizations associated with the franchise system being offered in this Franchise Disclosure Document.

ITEM 21 FINANCIAL STATEMENTS

Attached as Exhibit G are our audited financial statements for the years ended December 26, 2020, December 25, 2021, and December 31, 2022 together with the report of independent certified accountants.

ITEM 22 CONTRACTS

The following contracts and agreements are included as exhibits:

- B. FRANCHISE AGREEMENT, including attachments (Contract Data Schedule, Personal Guarantee, Acknowledgment Addendum and Combo Rider)
- C. MULTI-UNIT AGREEMENT, including attachments (Multi-Unit Area, Data Sheet)
- D. SUBLEASE
- E. ADDENDUM TO LEASE
- F. RENEWAL ADDENDUM
- J. STATE SPECIFIC ADDENDA
- K. CONFIDENTIALITY AGREEMENT
- M. TRAINING MATERIALS LICENSE AGREEMENT
- N. ASSIGNMENT AND CONSENT AGREEMENT
- O. SBA ADDENDUM

ITEM 23

RECEIPTS

Exhibit P to this Disclosure Document contains two receipt pages by which you acknowledge your receipt of this Disclosure Document. One of the copies is for your records, and one must be signed, dated and returned to us at least 14 calendar days before you sign the Franchise Agreement or pay any fee to us.

EXHIBIT A

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

EXHIBIT A

List of State Administrators and Agents to Receive Service of Process

<u>CALIFORNIA</u>	Department of Financial Protection & Innovation Franchise Division 2101 Arena Blvd Sacramento, CA 95834 (866) 275-2677	Commissioner of the Department of Financial Protection & Innovation 2101 Arena Blvd Sacramento, CA 95834
<u>WASHINGTON</u>	Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8700	Director, Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501

EXHIBIT B
FRANCHISE AGREEMENT



TOGO'S
FRANCHISE AGREEMENT

TOGO'S

TABLE OF CONTENTS

<u>Sections</u>	<u>Description</u>	<u>Page</u>
1.	Grant of the Franchise and Term	9
2.	Services Furnished by FRANCHISOR.....	11
3.	Advertising and Promotion	11
4.	Payments	13
5.	Covenants of FRANCHISEE.....	14
6.	Certain Rights of FRANCHISOR.....	22
7.	Proprietary Marks	24
8.	Restrictions on FRANCHISEE's Activities	24
9.	Default	26
10.	Transfer Provisions	28
11.	Arbitration	32
12.	Miscellaneous Provisions	33

Attachments

A. Combo Rider

FRANCHISE AGREEMENT

This Franchise Agreement is dated _____, _____, and made by and between TOGO'S FRANCHISOR, LLC ("TOGO'S" or "FRANCHISOR"), a Delaware limited liability company, with principal office in Campbell, California, and the following individual(s) and/or entity:

(individually or collectively referred to as "FRANCHISEE")

This Franchise Agreement includes the Contract Data Schedule and General Terms and Conditions (collectively designated as ("Agreement")).

CONTRACT DATA SCHEDULE

- A. Location of the Franchised Restaurant (the "Premises"):
- _____
(number) (street) (city or town) (state) (zip code)
- B. Term: _____ () years from the first date the Restaurant opens to serve the general public, or, in the case of an existing Restaurant, until _____, _____.
- C. Initial Franchise Fee: _____ dollars (\$)
- D. Royalty Fee Rate: _____ percent (%) of Gross Sales
- E. Continuing Marketing Fee Rate: _____ percent (%) of Gross Sales. Franchisor reserves the right to increase this fee to an amount not to exceed 5% of Gross Sales.
- F. Grand Opening Marketing Expenditures: _____ dollars (\$)
- G. Refurbishment Date: _____
Remodel Date: _____
- H. Address for notice to FRANCHISEE shall be at the Restaurant Premises, unless another address is inserted here: _____
- I. Special Terms and Conditions:
[] _____
[] _____
[] _____
[] _____
[] _____
- J. The Certified Manager for this Restaurant is _____
[print full name above]
(List only one person. See definitions in General Terms and Conditions.)

IN WITNESS WHEREOF the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this agreement in duplicate, as of the date and year first written above. FRANCHISEE further acknowledges having carefully read this agreement in its entirety, including all Schedules identified above and the Personal Guaranty below (if applicable).

WITNESS/ATTEST:

TOGO'S FRANCHISOR LLC

By: _____
Name: _____
Title: _____

This agreement is not binding upon the above entity(ies) until executed by an authorized representative.

FRANCHISEE ACKNOWLEDGES SECTION 12 OF THE GENERAL TERMS & CONDITIONS OF THIS AGREEMENT, WHICH PROVIDES FOR FRANCHISEE'S EXPRESS WAIVER OF RIGHTS TO A JURY TRIAL, TO PARTICIPATE IN CLASS ACTION LAWSUITS, TO OBTAIN PUNITIVE, MULTIPLE OR EXEMPLARY DAMAGES, AND TO BRING ANY CLAIM OR ACTION LATER THAN TWO YEARS AFTER THE DISCOVERY OF THE FACTS GIVING RISE TO SUCH CLAIM OR ACTION.

FRANCHISEE

WITNESS/ATTEST: _____ Entity

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

**PERSONAL GUARANTEE BY SHAREHOLDERS OF A CORPORATION
OR MEMBERS OF A LIMITED LIABILITY COMPANY**

We, the undersigned, represent and warrant that we constitute *[check whichever statement applies]*

☐ the shareholders of one hundred percent (100%) of the originally issued and outstanding capital stock of the above FRANCHISEE, a corporation

☐ one hundred percent (100%) of the members of the above FRANCHISEE limited liability company ("LLC")

organized under the laws of the state of _____. Waiving demand and notice, the undersigned hereby, jointly and severally, personally guarantee the full payment of FRANCHISEE's money obligations under Section 4 and the performance of all of FRANCHISEE's other obligations under this Franchise Agreement, including, without limitation, paragraph 6.3 and Section 8, in its entirety relative to the restrictions on the activities of FRANCHISEE. We personally agree that the Franchise Agreement shall be binding upon each of us personally. The undersigned, jointly and severally, agree that FRANCHISOR may, without notice to or consent of the undersigned, (a) extend, in whole or in part, the time for payment of FRANCHISEE's money obligations under paragraph 4; (b) modify, with the consent of FRANCHISEE, its money or other obligations hereunder; and/or (c) settle, waive or compromise any claim of FRANCHISOR against FRANCHISEE or any of the undersigned, all without in any way affecting the personal guarantee of the undersigned. This Guarantee is intended to take effect as a sealed instrument.

witness

Name: _____, individually

witness,

Name: _____, individually

witness

Name: _____, individually

witness

Name: _____, individually

witness

Name: _____, individually

**ACKNOWLEDGMENT ADDENDUM TO
TOGO'S FRANCHISE AGREEMENT**

THIS ACKNOWLEDGMENT ADDENDUM DOES NOT APPLY TO CANDIDATES LOCATED IN, OR FRANCHISED BUSINESSES TO BE LOCATED IN, ANY OF THE FOLLOWING FRANCHISE REGISTRATION STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, or WI.

As you know, you and we are entering into a Franchise Agreement for the operation of a *TOGO'S* franchise. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue or inaccurate that may be made to you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

Acknowledgments and Representations*

1. Did you receive a copy of our Disclosure Document (and all exhibits and attachments) at least 14 calendar days prior to signing the Franchise Agreement? Check one: ☐ Yes ☐ No. If no, please comment: _____

2. Have you studied and reviewed carefully our Disclosure Document and Franchise Agreement? Check one:
☐ Yes ☐ No. If no, please comment: _____

3. Did you understand all the information contained in both the Disclosure Document and Franchise Agreement? Check one: ☐ Yes ☐ No. If no, please comment: _____

4. Was any oral, written or visual claim or representation made to you that contradicted the disclosures in the Disclosure Document? Check one: ☐ Yes ☐ No. If yes, please comment: _____

5. Other than as provided in Item 19 of the Disclosure Document, did any employee or other person speaking on behalf of the Franchisor make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels or the likelihood of success at your franchised business?
Check one: ☐ Yes ☐ No. If yes, please comment: _____

6. Do you understand that the franchise is granted for a specific location and that you do not receive a protected or exclusive territory under the terms of the Franchise Agreement? (If you have signed a separate Multi-Unit Agreement, you may have development rights within a specified territory for a specified time period.)
Check one: ☐ Yes ☐ No. If no, please comment: _____

7. Do you understand that our acceptance of a site for your *TOGO'S* Restaurant does not constitute a representation, warranty or guaranty that the site will be successful? Check one: ☐ Yes ☐ No. If no, please comment: _____

8. Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise for the *TOGO'S* Restaurant, meaning that any prior oral or written statements not set out in the Franchise Agreement or the Franchise Disclosure Document will not be binding? Check one: ☐ Yes ☐ No. If no, please comment: _____

9. Do you understand that, only in connection with the development and construction of your Restaurant, we only provide design standards and specifications? Do you understand that you alone are responsible for all other aspects of the development, construction and build-out of the Restaurant, including but not limited to, hiring an architect and contractor, ensuring compliance with all jurisdictional approvals, zoning requirements and laws including the Americans with Disabilities Act and all other building and construction matters? Check one: () Yes () No. If no, please comment: _____
10. Do you understand that any training, support, guidance or tools we provide to you as part of the franchise are for the purpose of protecting the *TOGO'S* brand and trademarks and to assist you in the operation of your business and not for the purpose of controlling or in any way intended to exercise or exert control over your decisions or day-to-day operations of your business, including your sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of your employees and all other employment and employee related matters? Check one: () Yes () No. If no, please comment: _____
11. Do you understand that you are bound by the non-compete covenants and that an injunction is an appropriate remedy to protect the interests of the *TOGO'S* system if you violate the covenant(s)? Check one: () Yes () No. If no, please comment: _____
12. Do you understand that you are bound by the requirement to arbitrate disputes between the parties? Check one: () Yes () No. If no, please comment: _____
13. Do you understand that the prospect for success of your Restaurant depends to a material extent on your capability as an independent businessperson and franchisee? Check one: () Yes () No. If no, please comment: _____

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

Signed: _____

Signed: _____

Print Name: _____

Print Name: _____

Date: _____

Date: _____

ACCEPTED BY TOGO'S FRANCHISOR, LLC

By: _____

Title: _____

Date: _____

*All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under any applicable law that prohibits releases, estoppels or waivers of liability under such law. Should one or more clauses of this Addendum be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Addendum shall be valid and in full force and effect.

TOGO'S GENERAL FRANCHISE AGREEMENT

INTRODUCTION

Togo's Franchisor, LLC, a Delaware limited liability company ("TOGO'S") is the FRANCHISOR. As a result of the expenditure of time, effort and money, FRANCHISOR has acquired experience and skill in the development and operation of TOGO's Restaurants using distinctive systems and techniques for the production, distribution, merchandising and sale of branded food products, including, without limitation, *TOGO'S*® fresh sandwiches, salads and deli platters, and other unique and distinctive products, services and business methods (the "System").

The distinguishing characteristics of the System includes, without limitation, distinctive exterior and interior design, decor, color and identification schemes and furnishings; specially designed manufacturing and merchandising equipment; unique and proprietary information technologies and software; special menu items; standards, specifications and procedures for operations, manufacturing, distribution and delivery; quality of products and services offered; management programs; training and assistance; and marketing, advertising and promotional programs, all of which may be changed, supplemented, improved and further developed from time to time by FRANCHISOR as new learning and best practices are identified and incorporated.

DEFINITIONS

As used throughout this Agreement, the following defined terms shall have the following meanings:

- A. "Certified Manager" is the person from time to time designated by FRANCHISEE as being responsible for the day-to-day operation of the Restaurant. The Certified Manager must meet FRANCHISOR's then-current qualifications, including, without limitation, successful completion of FRANCHISOR's training, and must be authorized to act for and bind FRANCHISEE in all dealings with FRANCHISOR with respect to the day-to-day operation of the Restaurant. The initial Certified Manager is identified in Item "J" of the Contract Data Schedule of this Agreement.
- B. "FRANCHISEE" means the person(s) or entity who signed this Agreement, which may include a sole proprietor, all partners of a general partnership, a corporation or a limited liability company ("LLC"). No person or entity may claim an interest in this Agreement or any Franchise granted hereby without FRANCHISOR's prior written approval.
- C. "FRANCHISOR" refers to Togo's Franchisor, LLC.
- D. "Gross Sales" means and includes all revenue from the sale of all products and services and all other income of every kind and nature related to the Restaurant, whether for cash, by redemption of gift certificates or for credit, regardless of collection, including, without limitation, revenues derived from catering services or delivery sales, including third party delivery fees and other charges, and receipts from vending machines or amusement devices, at or from the Restaurant. "Gross Sales" does not include the incidental sales of gift certificates/gift cards or newspapers, incidental receipts from pay telephones, or any sales taxes or other taxes FRANCHISEE collects from customers for transmittal to the appropriate taxing authority.
- E. "Lease" or "Sublease" means the document by which FRANCHISEE occupies and controls the Premises, whether the landlord is a third-party, FRANCHISOR or one of its affiliates.
- F. "Premises" means the land and building or the area within a building, as the case may be, which is (i) approved by FRANCHISOR, (ii) dedicated to the operation of the Restaurant, and (iii) in the exclusive possession and control of FRANCHISEE. Some portion of the Premises may be under shared possession or control, if approved by FRANCHISOR.
- G. "Products" mean and refer to sandwiches, salads, soups, deli platters and non-alcoholic beverages, all of a variety, kind and flavor made in accordance with specifications designated by FRANCHISOR and identified by *TOGO'S* Proprietary Marks, and such other products as may be specified from time to time in writing by FRANCHISOR for sale in the *TOGO'S* Restaurant.
- H. "Proprietary Marks" are certain proprietary interests, trademarks, service marks, logos, emblems, trade dress and other indicia of origin and trade names, which identify for the public the source of goods and services marketed thereunder, which FRANCHISOR authorizes FRANCHISEE to use hereunder and which represent to the public high and uniform standards of quality, cleanliness, appearance and service of the System, including, without limitation, *TOGO'S*® licensed by FRANCHISOR, which is a registered trademark on the Principal Register of the United States Patent and Trademark Office.
- I. The "Standards" are requirements, specifications, criteria, guidelines, processes, techniques and standards which are from time to time established and revised by FRANCHISOR with respect to selection and development of the Premises, operation of the Restaurant and other aspects of each System. Examples of "Standards" are, without limitation, requirements

and criteria for developing the Restaurant; specifications for the facility, equipment and products; business processes and techniques for the operation of the Restaurant; and guidelines and standards for quality, cleanliness, appearance and service.

J. “Restaurant” means the *TOGO’S* food service establishment, including the fixtures, furnishings, equipment, inventory and supplies located therein and/or attached thereto, operated by FRANCHISEE pursuant to this Agreement. If this Agreement authorizes more than one brand, the term “Restaurant” shall refer to all branded operations authorized hereby, unless such reference is expressly limited to any one brand.

Section 1. Grant of the Franchise and Term

1.0 FRANCHISOR hereby grants to FRANCHISEE, for and during the term hereof, and FRANCHISEE accepts, a franchise (the “Franchise”) to operate a food service business utilizing the *TOGO’S* System in accordance with the terms, covenants and conditions of this Agreement, at one location only, the Premises described in Item “A” of the Contract Data Schedule of this Agreement (the “*TOGO’S* Restaurant”). In connection therewith, this Franchise includes the right to use at the *TOGO’S* Restaurant only, the trademark *TOGO’S*®, along with other Proprietary Marks licensed by FRANCHISOR in connection with other *TOGO’S* Restaurants, and the right to use at the Restaurant only, the *TOGO’S* System including confidential and valuable information which now exists or may be acquired hereafter and set forth in FRANCHISOR’s manuals or as otherwise from time to time disclosed to *TOGO’S* franchisees. FRANCHISEE is required to open the *TOGO’S* Restaurant at the Premises within 12 months of the date of this Agreement; provided, however, that if no specific location is identified in Item “A” of the Contract Data Schedule as of the date FRANCHISOR executes this Agreement, FRANCHISEE must secure, via a lease or purchase, a Premises location approved by FRANCHISOR within the city, county and state described in Item “A” within 12 months from the date of this Agreement, and FRANCHISEE must open the *TOGO’S* Restaurant at the Premises within 12 months of the date of such lease or purchase agreement. If a Premises location has not been identified by FRANCHISEE and approved by FRANCHISOR within twelve months of the date of this Agreement, FRANCHISOR shall have the right to terminate this Agreement. FRANCHISEE’S rights under this Agreement are limited to the operation of the *TOGO’S* Restaurant on the Premises. FRANCHISEE may only offer catering and delivery services as approved from time to time by FRANCHISOR. FRANCHISEE may not offer any other off-premises product sales, including but not limited to, special events or food trucks, without the prior written approval of FRANCHISOR. The term of this Agreement shall begin on the date hereof and shall end on the date described in Item “B” of the Contract Data Schedule; provided however, the Franchise shall commence upon the occurrence of all of the following conditions prior to the initial opening of the Restaurant or the transfer of the Restaurant, as the case may be:

1.0.1 **Training.** FRANCHISEE and/or its Certified Manager must successfully complete the then-current training program required by FRANCHISOR at one or more of FRANCHISOR’s training centers located in California or at other locations from time to time designated by FRANCHISOR. This requirement may be waived or modified by FRANCHISOR, in whole or in part, if FRANCHISEE or its Certified Manager has had comparable training or on-the-job experience.

1.0.2 **Financing.** Upon request by FRANCHISOR, FRANCHISEE must deliver evidence to FRANCHISOR that FRANCHISEE has obtained binding commitments for all financing needed to develop and/or operate the Restaurant.

1.0.3 **Documents.** FRANCHISEE must execute and deliver to FRANCHISOR all documents related to this Franchise customarily required, in then-current form, as provided by FRANCHISOR.

1.0.4 **Payment.** FRANCHISEE must, prior to opening or transferring the Restaurant (as the case may be) pay FRANCHISOR any and all moneys due, including, but not limited to, purchase price, all other fees, inventory, rent and/or security deposit, if required under the Lease.

1.0.5 **Possession.** FRANCHISEE must have the exclusive right to occupy and use the Premises for at least the term of this Agreement, whether FRANCHISEE owns the Premises, or leases the Premises pursuant to either (a) a Lease with a third party landlord on terms satisfying FRANCHISOR’s then-current lease policy and containing provisions required by FRANCHISOR; or (b) a Lease with FRANCHISOR or an affiliated entity. The term of this Agreement shall expire without notice upon any earlier expiration or termination of a Lease, foreclosure of a mortgage, or other event which has the effect of terminating FRANCHISEE’s possession and occupancy of the Restaurant.

1.1 **No Territory.** This *TOGO’S* Franchise is specific to one location only, for the term of this Agreement. It grants no rights outside the Premises, nor includes any territorial protection against competition. FRANCHISOR reserves and retains the right to operate or permit others to operate *TOGO’S* Restaurants or to sell or distribute *TOGO’S* products and/or services, or to otherwise use the *TOGO’S* Proprietary Marks and/or the *TOGO’S* System, in each case at any location. FRANCHISOR and other franchisees may compete for customers drawn from the same area as FRANCHISEE’s *TOGO’S* Restaurant, using the same or different brand(s).

1.2 **Reservation of Rights.** FRANCHISEE acknowledges and agrees that FRANCHISOR expressly reserves the right to: a) establish, operate or license to any other person or entity the right to establish or operate, a *TOGO'S* Restaurant at any location other than the Premises; b) develop, market, own, operate or participate in any other business under the Proprietary Marks or any other trademarks; c) merge with or be acquired by any other business, including a business that competes with FRANCHISEE's Restaurant; d) distribute, sell or license other persons to distribute or sell non-System products and System products through all other channels (and "Other Channels" means locations other than traditional restaurants owned or franchised or licensed by FRANCHISOR and includes sale by or through other channels of trade, including, without limitation, kiosks, carts, grocery stores, convenience stores, food chains, electronic mail and Internet sales); provided that FRANCHISOR may require FRANCHISEE's Restaurant to participate in any online/call center ordering and delivery programs approved from time to time by FRANCHISOR; and e) implement multi-area marketing programs (including, without limitation, mail drops and other flyer distribution methods) which may allow FRANCHISOR or others to solicit or sell to customers anywhere. FRANCHISOR also reserves the right to issue mandatory policies to coordinate such multi-area marketing programs.

1.3 **Renewal Term and Conditions of Renewal.** FRANCHISEE has the right to renew its *TOGO'S* franchise for one additional ten-year renewal term; provided, that, upon the renewal, all of the conditions set forth in this Section 1.3 are met. Upon the expiration of the initial term of the franchise, FRANCHISEE shall have the option to renew its franchise by entering into the then-current form of *TOGO'S* franchise agreement and satisfying all of the following terms and conditions:

a. Such right to renew the franchise may only be exercised by FRANCHISEE by written notice to FRANCHISOR given not more than six (6) months nor less than three (3) months before the expiration of this Agreement.

b. FRANCHISEE must have complied with all financial and operational obligations during the term of this Agreement and must not be in default under this Agreement.

c. FRANCHISEE must have the right to continuously occupy the Restaurant premises for the renewal term.

d. FRANCHISEE, at its expense, must bring the Restaurant up to FRANCHISOR's then-current standards for a *TOGO'S* Restaurant and comply with any applicable updating or remodeling requirements. There is no limitation on the amount FRANCHISOR may require FRANCHISEE to spend on refurbishing, remodeling and replacement.

e. FRANCHISEE must complete any additional training FRANCHISOR may require, and otherwise comply with FRANCHISOR's then-current renewal qualification requirements.

f. FRANCHISEE must sign FRANCHISOR's then-current form of franchise agreement; provided, however, that:

i) FRANCHISEE will be required to pay a renewal fee in the amount of 50% of the then-current Initial Franchise Fee;

ii) FRANCHISOR will not be required to provide any of the initial training or other services contained in such franchise agreement that FRANCHISOR would provide to a new franchisee; and

iii) The term of the renewal franchise agreement will be 10 years.

g. FRANCHISEE will sign a general release, in a form FRANCHISOR prescribes, to release, to the fullest extent permitted by law, FRANCHISOR and its affiliates, officers and employees from any claims FRANCHISEE may have.

1.4 **Representation.** FRANCHISEE represents and warrants that FRANCHISEE and each individual partner, member and/or shareholder of FRANCHISEE, as the case may be, is a United States citizen, a lawful resident alien of the United States or holds a valid E2 Visa; that, where applicable, the FRANCHISEE entity (corporation or LLC) is and shall remain duly organized and in good standing during the term of this Agreement; and that all financial and other information which FRANCHISEE has provided to FRANCHISOR in connection with FRANCHISEE's application for this Franchise is true and accurate. FRANCHISEE's representations and warranties under this paragraph 1.4 are a material inducement to FRANCHISOR's grant of the Franchise to FRANCHISEE.

Section 2. Services Furnished by FRANCHISOR

2.0 FRANCHISOR, or its designee, agrees:

2.1 Prior to and For the Initial Opening of the Restaurant.

2.1.1 FRANCHISOR shall make available to FRANCHISEE Standards for the design, construction, equipping and operation of the Restaurant. FRANCHISEE acknowledges and agrees that all other and required services relating to the development, construction and design of the Restaurant are the FRANCHISEE's sole responsibility. FRANCHISEE further acknowledges and agrees that prior to commencing operation of the Restaurant, it will be required to certify that the premises are in compliance with all applicable laws and regulations, including, but not limited to, compliance with the Americans with Disabilities Act and other accessibility laws.

2.1.2 FRANCHISOR shall provide its then-current initial training program covering the operation of the Restaurant, at one or more of FRANCHISOR's Training Centers located in California and/or at such other training facility as FRANCHISOR may, from time to time, designate. If FRANCHISEE is opening a new Restaurant, the training will be available at no charge to two people, one of whom must be the Certified Manager. If FRANCHISEE is purchasing an existing Restaurant, training will be made available at no charge to just one person.

2.1.3 FRANCHISOR shall provide its current operating procedures to assist FRANCHISEE in complying with FRANCHISOR's Standards.

2.1.4 FRANCHISOR shall make available to FRANCHISEE such assistance in the pre-opening, opening and initial operation of the Restaurant as FRANCHISOR shall deem advisable, based upon FRANCHISEE's organization, prior experience and training.

2.1.5 FRANCHISOR shall inspect the Restaurant prior to opening to confirm that the Restaurant fully complies with all of FRANCHISOR's opening standards. FRANCHISEE agrees that FRANCHISEE cannot open the Restaurant until FRANCHISEE has received FRANCHISOR's approval of opening.

2.1.6 FRANCHISOR will provide a grand opening promotional campaign in connection with the opening of the Restaurant as provided in Section 3.0.

2.2 After the Initial Opening of the Restaurant.

2.2.1 FRANCHISOR shall maintain a continuing advisory relationship with FRANCHISEE, including consultation in the areas of marketing, merchandising and general business operations;

2.2.2 FRANCHISOR shall provide FRANCHISEE with FRANCHISOR's Standards for the authorized System(s), as the same may be modified by FRANCHISOR from time to time;

2.2.3 FRANCHISOR shall continue its efforts to maintain high and uniform standards of quality, cleanliness, appearance and service at all Restaurants; and

2.2.4 FRANCHISOR shall make reasonable efforts to disseminate FRANCHISOR's Standards related to approved products to potential suppliers of products at the written request of FRANCHISEE, subject, however, to specific requirements and limitations of the System. FRANCHISOR reserves the right to receive rebates and other payments from suppliers.

Section 3. Advertising and Promotion

3.0 Sixty days prior to the Restaurant's scheduled opening, FRANCHISEE must pay to FRANCHISOR the Grand Opening Marketing Fee in the amount set forth in Item "F" of the Contract Data Schedule of this Agreement, for which FRANCHISOR will provide a grand opening promotional campaign to FRANCHISEE to promote the opening of the *TOGO'S* Restaurant. Depending on the applicable market conditions, FRANCHISOR may require FRANCHISEE to make additional marketing expenditures during the first year of the Restaurant's operation, up to a total of \$15,000 (including the Grand Opening Marketing Fee), and FRANCHISOR reserves the right to collect such additional amounts from FRANCHISEE and use them to promote the Restaurant. If FRANCHISEE is reopening the *TOGO'S* Restaurant as a result of a relocation or remodel (which required the Restaurant to be closed for 7 days or more), FRANCHISEE will only be required to pay \$2,500 as the Grand Opening Marketing Fee, for which FRANCHISOR will promote the reopening of the Restaurant. FRANCHISOR has the sole right to determine what promotional activities, materials and services will be

included in the grand opening (or re-opening) promotional campaign and how the Grand Opening Marketing Fee will be spent.

3.1 FRANCHISOR and its affiliates have established and administer a marketing, advertising and sales promotion fund (the "Fund") for the System, and direct the development of all advertising, marketing and promotional programs for the System. FRANCHISEE must pay to FRANCHISOR a Marketing Fee as set forth in the Contract Data Schedule. FRANCHISOR has the right to increase the amount of the Marketing Fee up to an amount not to exceed 5% of gross sales. All Marketing Fees will be placed in the Fund that FRANCHISOR or its affiliates will own and manage. On behalf of FRANCHISOR's company and affiliate-owned Restaurants, FRANCHISOR will pay the same Marketing Fee as similarly situated franchised Restaurants in the same local marketing area. The Fund is not a trust or escrow account, and neither FRANCHISOR nor its affiliates have any fiduciary obligation to franchisees with respect to the Fund. FRANCHISOR and its affiliates have the sole right to determine the expenditures of the amounts collected and the methods of marketing, campaigns and promotional programs. Because of the methods used, FRANCHISOR is not required to spend a prorated amount on each Restaurant or in each advertising market. FRANCHISOR has the right to make disbursements from the Fund, including accounting expenses and salaries and other costs incurred in connection with the formulating, developing and implementing marketing, advertising and promotional campaigns including the accounting expenses and salaries and benefits paid to employees engaged in the advertising functions. Upon request, FRANCHISOR will provide FRANCHISEE an annual audited summary of receipts and expenditures for the Fund to which FRANCHISEE contributes under the terms of this Agreement, prepared by an independent public accountant for each fiscal year of the Fund. FRANCHISOR undertakes no obligation to make expenditures for FRANCHISEE which are equivalent or proportionate to contributions paid under this Agreement or to ensure that FRANCHISEE benefits directly or on a pro-rata basis from activities of the Fund.

3.2 FRANCHISOR reserves the right to establish cooperative advertising funds and to designate local advertising markets and FRANCHISEE will be required to participate in such cooperative advertising and marketing programs in its designed local advertising market. In no event will FRANCHISEE be required to spend more than a total of 5% of gross sales for combined advertising contributions under paragraph 3.1 and 3.2.

3.3 FRANCHISEE, prior to using any advertising or promotional material that FRANCHISEE has prepared for use in its local area, shall submit such material to FRANCHISOR for review and approval.

3.4 FRANCHISEE acknowledges that this Agreement grants FRANCHISEE no right to use any of the Proprietary Marks to advertise products and/or services for order through the mail or by any electronic or other medium, except as may be specifically approved by FRANCHISOR from time to time. FRANCHISEE shall not, without the prior written approval of FRANCHISOR, use any of the Proprietary Marks on the Internet, in social media or any similar electronic or other communications medium, to promote FRANCHISEE's business and/or advertise and/or sell products and/or services. FRANCHISOR may require FRANCHISEE to participate in any online/call center ordering and delivery system approved from time to time by FRANCHISOR. FRANCHISOR shall have the sole right to establish an Internet "home page" using any of the Proprietary Marks, and to regulate the establishment and use of linked home pages by its franchisees.

3.5 FRANCHISEE agrees that FRANCHISOR may compensate itself and/or its affiliated companies for the reasonable expense of administering and promoting sales promotion programs. FRANCHISEE acknowledges that FRANCHISOR or its affiliates may receive fees and/or other revenues from time to time in connection with the operations of *TOGO'S* sales promotion and advertising funds or programs or in consideration of rights licensed or services rendered and agrees that FRANCHISOR and its affiliates are entitled to such fees and/or other revenues.

3.6 Except as prohibited or limited by the law FRANCHISEE must actively participate in and co-operate with FRANCHISOR's national, regional and local advertising and sales promotion campaigns, prize contests, special offers, and (without limiting the generality of the foregoing) FRANCHISEE must:

a. obtain FRANCHISOR's prior approval for all promotions, special events, sales promotion materials and advertising used by FRANCHISEE (including, without limitation, direct mail, newspaper, radio and television advertising, advertising by third parties at the Restaurant or at any other location if in connection with the Restaurant business and online presences, electronic mediums and social networking sites such as LinkedIn®, Twitter®, Facebook® or YouTube. Any discussions about or promotion of the Restaurant by FRANCHISEE or its employees or agents via the Internet (including social media websites or platforms) are subject to FRANCHISOR approval;

b. display in the Restaurant, and in the manner specified by FRANCHISOR, advertising and promotional materials provided to FRANCHISEE by FRANCHISOR from time to time;

c. conduct such promotions and special events (including without limitation all price point promotions and special events and all digital or social media driven promotions), offer such promotional items and accept such coupons, loyalty, stored value, and gift cards as FRANCHISOR may from time to time require;

d. comply with FRANCHISOR's social media policies as prescribed from time to time. All of FRANCHISEE's advertising (including advertising on social media platforms by FRANCHISEE or FRANCHISEE's employees or agents) must be in such media and of such type and format as FRANCHISOR may approve, must be conducted in a dignified manner and must conform to FRANCHISOR's standards and requirements; and

e. participate in any designated program to promote off-site sales, including, but not limited to, business-to-business initiatives and community coordinator programs as may be developed and modified by FRANCHISOR from time to time.

3.7 FRANCHISEE will not establish a Website, Home Page or any social media account or other interactive media platforms (collectively "Digital Media") on the Internet to advertise or promote its Restaurant without FRANCHISOR's prior written consent. All features of any proposed Digital Media, including the domain name, content, format, appearance and links to other websites, must be approved by FRANCHISOR in writing prior to the activation of the Digital Media. Once activated, FRANCHISEE may not make any changes, modifications, or enhancements without FRANCHISOR's prior written approval. All content, graphics, and information maintained by FRANCHISEE on Digital Media will at all times be subject to the terms and conditions of this Agreement and policies set forth in the operating manuals. Without FRANCHISOR's prior written approval, FRANCHISEE will not link its Digital Media to any Internet Website other than the Digital Media maintained by FRANCHISOR. FRANCHISEE will not have the right to use the word "*TOGO'S*" or any of the other Proprietary Marks in or as part of its domain name or Universal Resource Locator except as authorized by FRANCHISOR in writing.

Section 4. Payments

4.0 FRANCHISEE shall pay to FRANCHISOR the following initial charges and continuing fees:

4.1 **Initial Franchise Fee.** FRANCHISEE shall pay FRANCHISOR an Initial Franchise Fee in the amount set forth in Item "C" of the Contract Data Schedule of this Agreement. The Initial Franchise Fee shall be paid in full within 48 hours after the execution of this Agreement. The Initial Franchise Fee is non-refundable.

4.2 **Royalty Fees.** FRANCHISEE shall pay FRANCHISOR, in the manner provided in Section 4.5 and Section 4.6 below, for each seven (7) day period beginning on a Sunday and ending at the close of business of the following Saturday (each, an "Accounting Period"), a sum determined by multiplying the total Gross Sales of the Restaurant for such Accounting Period times the percentage set forth in Item "E" of the Contract Data Schedule of this Agreement (each such sum, the "Royalty Fees").

4.3 **Continuing Marketing Fees.** FRANCHISEE shall also pay, at the same time as, for the same Accounting Period, in the same manner as, and in addition to, the Royalty Fee payments provided for under paragraph 4.2 above, a fee equal to the percentage set forth in Item "F" of the Contract Data Schedule of this Agreement, of the total Gross Sales of the Restaurant for the Accounting Period (the "Continuing Marketing Fees"), which Continuing Marketing Fees shall be paid to one or more Funds created for advertising, marketing, promotion and other purposes, as specified in Section 3 of this Agreement.

4.4 **Sales Tax.** If any sales, income, excise, use or privilege tax is imposed or levied by any government or governmental agency on account of the payment of any fees by FRANCHISEE under this Agreement, FRANCHISEE shall pay FRANCHISOR a sum equal to the amount of such tax as an additional fee (but this provision shall not apply to federal or state income taxes imposed upon FRANCHISOR).

4.5 **Payment Method.** FRANCHISOR shall have the right to require FRANCHISEE, upon written notice, to make payments under this Agreement by electronic funds transfer ("EFT"). Acceptance of payment by electronic funds transfer or to a lockbox shall not be deemed a waiver of any rights of FRANCHISOR. If FRANCHISOR establishes a direct debit program with FRANCHISEE's bank for the electronic payment of Royalty Fees and Continuing Marketing Fees, FRANCHISEE must provide FRANCHISOR with all consents, authorizations and bank account data necessary to effect such electronic payment. FRANCHISEE must complete and deliver to FRANCHISOR such forms as may from time to time be required to effectuate any changes as necessary to maintain EFT capability. FRANCHISEE agrees (a) to give FRANCHISOR at least fourteen days' written notice (except in the case of emergency) before making any change to FRANCHISEE's EFT bank account, providing all information and specimens required to change EFT to the new account; (b) to pay FRANCHISOR its then-current late fee, plus collection costs and reasonable attorneys' fees, if FRANCHISEE's bank rejects FRANCHISOR's EFT request because of insufficient funds; and (c) upon demand, to replace EFT rejected by FRANCHISEE's bank with a bank

certified or cashier's check in the aggregate amount owed, plus interest, late fees, collection fees, costs of collection and attorney's fees.

4.6 Timing Requirements Regarding Sales Reports and Payments. For each Accounting Period, FRANCHISEE must (a) submit (or FRANCHISOR may electronically access, generate and retrieve, as provided in Section 5.2), on or before the first Thursday following such Accounting Period, via FRANCHISOR's approved electronic form over the Internet, a Gross Sales report for such Accounting Period as provided in Section 5.2.1, and (b) pay, on or before the second Thursday following such Accounting Period (i.e., the day that is twelve (12) days after the end of the applicable Accounting Period), by EFT, the corresponding weekly Royalty Fee and Continuing Marketing Fee for such Accounting Period (and on such day FRANCHISOR will deduct such fees from FRANCHISEE's bank account). FRANCHISEE must have computer equipment capable of accessing and using the electronic form in the manner required. In FRANCHISOR's discretion or due to system failure, FRANCHISOR may elect to withdraw the electronic form method and require manual sales reporting instead. FRANCHISEE shall also comply with all bookkeeping and reporting requirements set forth in Section 5.2 of this Agreement. FRANCHISOR reserves the right to change the timing of the delivery of Gross Sales reports and/or Royalty Fees and Continuing Marketing Fees payments, upon notice to FRANCHISEE.

4.7 Late Fee, Interest and Costs. If any payment required under this Agreement is not paid when due, FRANCHISEE shall pay, in addition to the unpaid amount, FRANCHISOR's then-current late fee for each unpaid invoice. In addition, all amounts payable by FRANCHISEE to FRANCHISOR under any provision of this Agreement, if not paid when the same becomes due, shall bear interest from the date due until paid at the rate of one and one-half percent (1.5%) per month, or the maximum rate permitted by law, whichever is less. Entitlement to such interest shall be in addition to any other remedies FRANCHISOR may have. Receipt of any check, draft or other commercial paper shall not constitute payment until all funds therefrom are collected by FRANCHISOR. FRANCHISEE shall pay all collection charges, including reasonable attorney's fees, on dishonored checks or unpaid fees. At FRANCHISOR's request, dishonored and returned checks will be promptly replaced by FRANCHISEE by a bank certified or cashier's check in the aggregate amount owed, plus interest, late fees, collection fees, costs of collection and attorneys' fees, set forth in this Agreement.

Section 5. Covenants of FRANCHISEE

5.0 Standards. FRANCHISEE understands and acknowledges the importance to FRANCHISOR, FRANCHISEE and other franchisees, of FRANCHISEE's commitment to at all times operate the Restaurant in accordance with FRANCHISOR's Standards (as defined in Definitions paragraph "I"), in order to increase the demand for *TOGO'S* products, to protect and enhance the reputation and goodwill of FRANCHISOR, to promote and protect the value of the Proprietary Marks and other reasons. FRANCHISEE agrees to devote continuous best efforts to successfully develop, manage and operate the Restaurant and to enhance the goodwill of the Proprietary Marks authorized by this Agreement and the System as a whole.

5.0.1 If, in any consecutive twelve (12) month period, FRANCHISEE shall receive two (2) or more notices to cure any default under this Agreement, FRANCHISOR shall have the right, in addition to all other remedies available, to require that FRANCHISEE (in lieu of any Certified Manager) devote full time to managing the day-to-day operation of the Restaurant.

5.0.2 FRANCHISEE agrees to operate the Restaurant in strict accordance with all of FRANCHISOR's Standards as they may be communicated to FRANCHISEE from time to time. Standards shall be established for and distributed to franchisees generally and/or FRANCHISEE specifically, in such form and content as FRANCHISOR may from time to time in its sole determination prescribe. Standards are copyrighted and FRANCHISEE shall not at any time copy, duplicate, record or otherwise reproduce any materials, in whole or in part, which set forth the standards or other proprietary information, or otherwise make the same available to any unauthorized person. FRANCHISEE shall at all times maintain the documents embodying the Standards at the Restaurant (or at FRANCHISEE's principal offices, if not the Restaurant) and shall ensure that such documents are kept current and up to date. In the event of a dispute as to the contents of the Standards, the terms of the master copy(s) maintained by FRANCHISOR shall control. Any required standards exist to protect FRANCHISOR's interests in the System and the Proprietary Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to FRANCHISEE. The required standards generally will be set forth in the operating manuals or other written materials. The operating manuals also will include guidelines or recommendations in addition to required standards. In some instances, the required standards will include recommendations or guidelines to meet the required standards. FRANCHISEE may follow the recommendations or guidelines or some other suitable alternative, provided FRANCHISEE meets and complies with the required standards. In other instances, no suitable alternative may exist. In order to protect FRANCHISOR'S interests in the System and Proprietary Marks, FRANCHISOR reserves the right to determine if FRANCHISEE is meeting a required standard and whether an alternative is suitable to any recommendations or guidelines.

5.0.3. FRANCHISEE acknowledges that FRANCHISOR periodically will revise or rescind various Standards of the *TOGO'S* System and that FRANCHISEE is obligated to implement such changes when made, even should additional investment or

expenditures be required. FRANCHISEE further acknowledges, however, that complete uniformity under various conditions encountered in numerous markets may not always be possible or practical throughout the System, and FRANCHISOR reserves the right, at its sole determination, to vary Standards for any other *TOGO'S* Restaurant based upon the peculiarities of a particular location, local law or particular business, competitive or other circumstances, as FRANCHISOR may deem necessary or desirable for the System(s) or the Restaurant. FRANCHISEE is not entitled to receive a like or other variation in Standards by reason of any such variation. FRANCHISEE further acknowledges that other *TOGO'S* Restaurants operate under a number of different forms of agreement and, consequently, that the rights and obligations of the parties to such other agreements may differ materially in certain instances from those created hereunder.

5.1 **Restaurant Operations.** FRANCHISEE shall keep the Restaurant open and in continuous normal operation for such hours as FRANCHISOR shall from time to time prescribe in the operating manuals, provided, however, no longer than the maximum number of hours per day permitted by law, on all days, unless prior written approval is obtained from FRANCHISOR or unless FRANCHISOR otherwise directs in writing. In connection therewith, but without limitation, FRANCHISEE further agrees as follows:

5.1.1 FRANCHISEE shall use all products, materials, ingredients, supplies, paper goods, uniforms, fixtures, furnishings, signs, equipment, methods of exterior and interior design and construction and methods of product storage, handling, preparation, packaging, delivery and sale prescribed by FRANCHISOR. All such items must conform to FRANCHISOR's Standards. FRANCHISOR reserves the right to specify any item by brand. FRANCHISEE shall carry out the business covered by this Agreement in accordance with the operational Standards established by FRANCHISOR and set forth in FRANCHISOR's operating manuals and other documents as they presently exist or shall exist in the future or as may be otherwise disclosed to franchisees from time to time.

5.1.2 FRANCHISEE shall refrain from using or selling any products, materials, ingredients, supplies, paper goods, uniforms, fixtures, furnishings, signs, equipment and methods of product storage, handling, preparation, packaging, merchandising, and delivery, or any other items of any kind, which do not meet FRANCHISOR's Standards. Without limiting the generality of the foregoing, FRANCHISEE shall immediately rectify all hazardous situations, and immediately remove and destroy any and all hazardous products. For purposes of the foregoing sentence, "hazardous situations" are those which have the potential to cause injury, illness or death, and "hazardous products" are products which are unfit for human consumption or which have the potential to cause injury, illness or death.

5.1.3 FRANCHISEE shall offer for sale all products that FRANCHISOR may, from time to time in its sole determination, designate in writing as approved for sale at the Restaurant. FRANCHISEE shall sell, distribute and deliver such products only in weights, sizes, forms and packages as are approved in writing by FRANCHISOR. FRANCHISEE further agrees to discontinue offering for sale any product that FRANCHISOR may, at any later time, in its sole determination, by written notice withdraw approval for sale at the Restaurant; and FRANCHISEE agrees to refrain from offering for sale any product or products which have not been designated in writing as approved by FRANCHISOR for sale at the Restaurant. FRANCHISOR may disapprove FRANCHISEE's sale of any product(s) or FRANCHISEE's participation in any program(s), in the event FRANCHISEE fails to comply with operational Standards at the Restaurant. Except as set forth in subsection 3.6 (including without limitation 3.6.c), FRANCHISEE shall have sole and complete discretion as to the price FRANCHISEE charges for all products. FRANCHISEE shall only offer for sale or dispense wine or beer with FRANCHISOR's prior written consent and after securing a liquor license. If such consent is granted, FRANCHISOR may restrict FRANCHISEE's discretion as to beer or wine brands being offered at the Restaurant, except to the extent such restriction would be in violation of any applicable federal or state law.

5.1.4 FRANCHISEE shall maintain at all times a sufficient supply of approved products to meet the demand of customers at the Restaurant.

5.1.5 FRANCHISEE shall purchase all food products, supplies, equipment and materials required for the operation of the Restaurant from FRANCHISOR or from suppliers who (a) demonstrate, to the reasonable satisfaction of FRANCHISOR, the ability to meet all of FRANCHISOR's Standards for such items, (b) possess adequate capacity and facilities to supply the needs of FRANCHISEE and other franchisees in the quantities, at the times and with the reliability requisite to an efficient operation, and (c) have been approved, in writing, by FRANCHISOR. Prior to purchasing any items from any supplier not previously approved by FRANCHISOR, FRANCHISEE shall submit to FRANCHISOR a written request for approval of the supplier. FRANCHISOR may require that samples from the supplier be delivered to FRANCHISOR or to a designated independent testing laboratory for testing prior to approval and use. FRANCHISEE shall pay FRANCHISOR a fee not to exceed the actual cost of the test; provided, however, no fee shall be charged for the first test requested by FRANCHISEE in any calendar year. FRANCHISOR will use commercially reasonable efforts to approve or reject a proposed supplier within 60 days of receiving all requested related information from FRANCHISEE.

5.1.6 FRANCHISEE shall maintain, at all times and at FRANCHISEE's expense, the interior and exterior of the Restaurant and all fixtures, furnishings, signs and equipment in the highest degree of cleanliness, orderliness, sanitation and repair, as reasonably required by FRANCHISOR. FRANCHISEE shall make no material alteration, addition, replacement or improvement in or to the interior or exterior of the Restaurant (including the parking lot and landscaped areas) without FRANCHISOR's prior written consent. FRANCHISEE may only install and use at the Restaurant vending machines or amusement devices that have been approved by FRANCHISOR.

5.1.7 FRANCHISEE shall comply with all laws, ordinances, rules, regulations and orders of public authorities pertaining to the maintenance and operation of the Restaurant, including, but not limited to, those relating to health, safety, sanitation, employment, accessibility, environmental regulation and taxation. It is FRANCHISEE's responsibility to make sure that it is in compliance with all laws, including laws that are applicable to the POS System or other technology used in the operation of the Restaurant, including all data protection, privacy or security laws as well as payment card industry compliance.

FRANCHISEE shall pay promptly when due: (i) all payments, obligations, assessments and taxes due and payable to FRANCHISOR and its affiliates, vendors, suppliers, lessors, federal, state or local governments, and creditors in connection with FRANCHISEE's business; (ii) all amounts required to discharge all liens and encumbrances of every kind and character created or placed upon or against any of the property used in connection with the Restaurant; and (iii) all accounts and other indebtedness of every kind incurred by FRANCHISEE in the operation of the Restaurant. If FRANCHISEE defaults in making any such payment, FRANCHISOR is authorized, but not required, to pay the same on FRANCHISEE's behalf and FRANCHISEE agrees to reimburse FRANCHISOR promptly on demand for any such payment.

5.1.7.1 FRANCHISEE agrees to maintain all business records as provided in subsection 5.2 below and to furnish to FRANCHISOR, within five (5) days after receipt of written demand therefor, copies of all customer complaints and notices, warnings, citations, inspection reports and other communications from public authorities related to the Restaurant. FRANCHISEE hereby authorizes any such public authority to provide FRANCHISOR with copies of such notices and/or communications. If any suit, investigation or other legal proceeding related to FRANCHISEE's business should be commenced by or against FRANCHISEE, FRANCHISEE shall immediately notify FRANCHISOR thereof and keep FRANCHISOR continuously advised of the status of the matter.

5.1.8 FRANCHISEE shall at all times have the management of the Restaurant under the direct supervision of the Certified Manager who must have successfully completed FRANCHISOR's training program. If FRANCHISEE operates more than one Restaurant, FRANCHISOR requires that each additional Restaurant be managed by a Certified Manager approved by FRANCHISOR. If for whatever reason the Certified Manager leaves the position or is otherwise not available to manage the Restaurant, FRANCHISEE must hire another manager who must have successfully completed FRANCHISOR's training and otherwise be qualified to serve as Certified Manager. If, for whatever reason, FRANCHISEE does not have a qualified Certified Manager to operate the Restaurant, FRANCHISOR has the right, but not the obligation, to provide a temporary Certified Manager and charge FRANCHISEE its then-current management fee until such time as FRANCHISEE is able to hire a qualified Certified Manager.

5.1.8.1 In the event of any resignation, termination, disability, death or other incapacity of the Certified Manager, FRANCHISEE shall notify FRANCHISOR in writing of the name of a qualified successor Certified Manager as soon as possible, but in no event later than two (2) months after such event.

5.1.8.2 FRANCHISEE shall hire, train and supervise efficient, competent and courteous employees of good character for the operation of the Restaurant and shall ensure that all such employees are trained in accordance with FRANCHISOR's standards. FRANCHISEE is solely responsible for hiring and discharging employees of the Restaurant, and for setting their wages and terms of employment. FRANCHISEE (or the Certified Manager, as specified by FRANCHISOR) shall attend, and FRANCHISEE shall require employees at the Restaurant to attend, such further training as FRANCHISOR shall from time to time reasonably require. The cost of training materials, salaries, accommodations and travel expenses, if any, of FRANCHISEE or any other individual employed in the Restaurant will be borne entirely by FRANCHISEE. FRANCHISEE will bear the cost of all training programs except FRANCHISOR's initial training program referred to in paragraph 2.1.2 of this Agreement. No employee of FRANCHISEE will be deemed to be an employee of FRANCHISOR for any purpose whatsoever, and nothing in any aspect of the System or the Proprietary Marks in any way shifts any employee or employment related responsibility from FRANCHISEE to FRANCHISOR. FRANCHISEE alone is responsible for hiring, firing, training, setting hours for and supervising all employees.

Any training provided by FRANCHISOR to any of FRANCHISEE's employees will be limited to training or guiding the employees regarding the preparation and sale of approved products and services to customers in a manner that reflects the customer service standards of the System. FRANCHISEE is, and will remain, the sole employer of its employees at all times, including during all training programs, and FRANCHISEE is solely responsible for all employment decisions and

actions related to its employees. FRANCHISEE is solely responsible for ensuring that its employees receive adequate training.

5.1.9 FRANCHISEE shall accurately report all Gross Sales to FRANCHISOR and implement all procedures recommended by FRANCHISOR to minimize employee theft. FRANCHISEE further acknowledges and agrees that employee theft shall not relieve FRANCHISEE of the obligation to make all payments to FRANCHISOR based on Gross Sales pursuant to Section 4 of this Agreement and that accurate reporting of Gross Sales requires, among other things, compliance with all Standards related thereto and recording all sales at the time the product is delivered to the customer, including, without limitation, retail, wholesale, business-to-business catering and bulk discount sales, whether for cash, by redemption of gift certificates or coupons, or sales for which payment may be deferred.

If required by FRANCHISOR, FRANCHISEE shall offer delivery services in compliance with FRANCHISOR's delivery program, which may include use of approved delivery vehicle(s). FRANCHISEE shall also participate in customer on-line ordering programs and comply with all procedures related thereto, such as call center management procedures.

5.2 **Books, Records and Reports.** FRANCHISEE shall keep full, complete and accurate books and accounts with respect to the Restaurant, in accordance with generally accepted accounting principles and all requirements of law and in the form and manner prescribed below or as from time to time further prescribed by FRANCHISOR. During the first twelve months of operation, FRANCHISEE shall use a bookkeeper who meets FRANCHISOR'S standards and specifications, including having restaurant industry experience. Commencing upon the opening of the Restaurant:

5.2.1 As provided in Section 4.6, FRANCHISEE shall submit to FRANCHISOR, on or before the first Thursday following the end of each Accounting Period, on a standard form approved by FRANCHISOR, a signed statement of total Gross Sales at the Restaurant for the Accounting Period just ended. FRANCHISEE shall also provide FRANCHISOR with a weekly inventory report in the format designated by FRANCHISOR. Alternatively, FRANCHISOR may electronically access Gross Sales and other data directly from FRANCHISEE'S POS and generate and retrieve reports of such data, as provided in Section 5.2.5.

5.2.2 FRANCHISEE shall submit to FRANCHISOR, in the format designated, approved by FRANCHISOR, within forty five (45) days after the close of each applicable period, a profit and loss statement prepared in accordance with generally accepted accounting principles, along with a balance sheet (including a statement of retained earnings or partnership account) for each of FRANCHISEE's fiscal years. FRANCHISOR shall have the right to require FRANCHISEE to have such annual statements audited by an independent certified public accountant and submitted to FRANCHISOR within ninety (90) days after the close of each of FRANCHISEE's fiscal years.

5.2.3 FRANCHISEE shall submit to FRANCHISOR, at the times and in the form required, such other periodic reports and information as may from time to time be prescribed by FRANCHISOR, including, without limitation, monthly profit and loss statements of the Restaurant.

5.2.4 FRANCHISEE shall preserve, in the English language and for the time periods set forth below, all books, tax returns, accounting records and supporting documents relating to FRANCHISEE's business operations at the Restaurant (hereinafter called the "Records"), including but not limited to:

- a. daily cash reports;
- b. cash receipts journal and general ledger;
- c. cash disbursements journal and weekly payroll register;
- d. monthly bank statements, and daily deposit slips and canceled checks;
- e. all business tax returns;
- f. suppliers invoices (paid and unpaid);
- g. dated cash register tapes (detailed and summary);
- h. semi-annual balance sheets and monthly profit and loss statements;
- i. weekly inventories;
- j. records of promotion & coupon redemptions;
- k. such other records and information as FRANCHISOR may from time to time request; and
- l. merchant statement from credit card processors.

FRANCHISEE must preserve Records and submit reports electronically, in accordance with FRANCHISOR's POS (as defined below) and/or other requirements, or otherwise with the prior written approval of FRANCHISOR. During the term of this Agreement, FRANCHISEE shall preserve and make available to FRANCHISOR all Records for no less than the current fiscal year and the three (3) immediate-past fiscal years. For three (3) years after the date of any transfer of any interest in this Agreement, the transferor of such interest shall preserve and make available to FRANCHISOR all Records of its last three (3) fiscal years of operation under this Agreement. For a period of three (3) years after the expiration of the term

of this Agreement (or after any earlier termination thereof) FRANCHISEE shall preserve and make available to FRANCHISOR all Records for the last three (3) fiscal years of FRANCHISEE's business operation at the Restaurant.

5.2.5 FRANCHISEE shall record all sales at or from the Restaurant at the time of sale, in accordance with FRANCHISOR's procedures and on devices, the make, model and serial numbers of which have been individually approved in writing by FRANCHISOR. Such devices must record accumulated sales in a manner that cannot be turned back or reset and must retain data in memory storage in the event of power loss. FRANCHISEE shall, at its sole cost and expense, upon notice from FRANCHISOR, purchase or lease and install a Point of Sale and/or network information technology system, including computers, printers, touch heads, cash drawers, software and other equipment designated by FRANCHISOR for the Restaurant (hereinafter for convenience called "POS"). The term "POS" includes, without limitation, all hardware and software designated from time to time by FRANCHISOR and the data stored thereon by FRANCHISEE. Some or all components of POS may be licensed to FRANCHISOR and used by FRANCHISEE as a sub-licensee. FRANCHISEE shall use POS solely in connection with the operation of the Restaurant, in the manner specified by FRANCHISOR from time to time. FRANCHISEE shall comply with such requirements determined by FRANCHISOR from time to time regarding maintenance, training, storage and safeguarding of data, records, reports and other matters relative to POS.

5.2.5.1 FRANCHISEE, at its sole cost and expense: (a) shall attend, and/or cause the Certified Manager and/or employees in the Restaurant to attend, such initial and other POS training as is specified by FRANCHISOR; (b) shall maintain POS in continuous operation at the Restaurant; (c) shall purchase an ongoing maintenance and support contract from an approved supplier and replace the POS components as necessary, (d) shall upgrade POS from time to time as may be reasonably required by FRANCHISOR; (e) hereby grants FRANCHISOR immediate access to POS (including any and all data stored thereon), electronically or otherwise, at all times without prior notice to FRANCHISEE (such access shall not unreasonably interfere with FRANCHISEE's normal Restaurant operations) and the right to generate and retrieve reports of such data; and (f) shall install and maintain telephone or other service required by FRANCHISOR to permit such access.

5.2.5.2 FRANCHISEE shall, at its sole cost and expense, upon FRANCHISOR's request, replace POS with the computers, printers, touch heads, cash drawers, software and other equipment designated by FRANCHISOR from time to time as FRANCHISOR's then-current Restaurant and/or network information system. Such replacements shall take place when deemed advisable by FRANCHISOR given the age, cost to operate, condition of the information system then in the Restaurant, the then-current and anticipated technology, the information systems then in use at other Restaurants, the needs of the System(s), and other factors as may be relevant.

5.2.5.3 FRANCHISOR makes no representation or warranty as to the costs, sales, or profits, if any, which may result from the installation and use of POS and its replacements.

5.2.6 FRANCHISOR shall treat any Records received from FRANCHISEE pursuant to this subsection 5.2 as confidential, except that information may be released (a) to any person entitled to the same under any Lease; (b) in connection with any court order, legal proceeding or other dispute resolution process, whether instituted by FRANCHISOR or any other party; (c) to a prospective transferee of any interest subject to the provisions of Section 10 of this Agreement, and (d) as incorporated into anonymous general information disseminated to FRANCHISOR's franchisees and prospective franchisees, and in the formulation of plans and policies in the interest of the System(s).

5.3 **Insurance.** FRANCHISEE shall procure, before the commencement of business, and maintain in full force and effect during the entire term of this Agreement, at FRANCHISEE's sole expense, an insurance policy or policies protecting FRANCHISEE and FRANCHISOR, its parent, subsidiaries and affiliates and their respective members, officers, directors, employees, agents, successors and assigns, against any loss, liability, including without limitation employment practices liability, or expense whatsoever from, without limitation, fire, personal injury, theft, death, property damage or otherwise, arising or occurring upon or in connection with FRANCHISEE's operation of the Restaurant or by reason of FRANCHISEE's occupancy of the Premises.

5.3.1 Such policy or policies must be written by an insurance company or companies satisfactory to Franchisor with a minimum rating of A- by Best's or by such other comparable rating agency and must include:

5.3.1.1 commercial general liability insurance, including but not limited to, product, contractual, and owned and non-owned vehicle liability coverages, with a minimum deductible of \$5,000, with a limit of two million dollars (\$2,000,000) per occurrence and three million dollars (\$3,000,000) in the aggregate or such higher limit as FRANCHISOR, in its sole and absolute determination, may from time to time require, and as may be required under the terms of any Lease or underlying lease for the Restaurant, for bodily injury and property damage combined; and

5.3.1.2 "All Risk" property damage insurance with a maximum deductible of \$10,000 for the full replacement cost value of the Premises and all other property within or relating to the Restaurant, including signs, with no coinsurance clause and with a replacement cost clause attached; and

5.3.1.3 plate glass insurance and, if applicable, boiler insurance; and

5.3.1.4 worker's compensation and such other statutory insurance as may be required in the state in which the Premises are located; and

5.3.1.5 employment practices liability insurance with a limit of one million dollars (\$1,000,000) per occurrence and one million dollars (\$1,000,000) in the aggregate.

5.3.2 All insurance required under the terms of this Agreement (i) shall be written in the names of FRANCHISEE, FRANCHISOR and/or other party or parties designated by FRANCHISOR, as their respective interest may appear, by insurance companies reasonably acceptable to FRANCHISOR; (ii) shall contain provisions denying to the insurer acquisition by subrogation of rights of recovery against any party named; (iii) shall provide that cancellation or alteration cannot be made without at least thirty (30) days written notice to each party named; and (iv) shall not be limited in any way by reason of any insurance which may be maintained by FRANCHISOR or any other party named.

5.3.3 During the term of this Agreement, FRANCHISEE shall promptly, unless otherwise directed by FRANCHISOR, (but in no event later than twenty-one (21) days after any such policy becomes effective or such payment is due) furnish FRANCHISOR with duplicate originals of all insurance policies, including renewal and replacement policies, together with evidence that all premiums have been paid. If at any time FRANCHISEE fails to comply with the provisions of this subsection 5.3, FRANCHISOR, in addition to all other remedies available, shall have the right (but not the obligation) to obtain and/or maintain such insurance with respect to the Restaurant and/or Premises, at FRANCHISEE's sole expense. FRANCHISEE shall pay FRANCHISOR when and as billed for the cost of premiums therefor. Maintenance of insurance and FRANCHISEE's performance of the obligations contained in this subsection 5.3 shall not relieve FRANCHISEE of liability under the indemnity provisions set forth in paragraph 5.4 below.

5.3.4. Each of the parties hereby waives any and all rights of recovery against the other parties hereto, or against the officers, employees, agents, and representatives of such other parties, for damage to such waiving party or for loss of its property or the property of others under its control to the extent that such loss or damage is insured against under any insurance policy in force at the time of such loss or damage. FRANCHISEE shall, upon obtaining the policies of insurance required hereunder, give notice to the insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Agreement.

5.4 **Indemnification.** FRANCHISEE shall save, defend, exonerate, indemnify and hold harmless FRANCHISOR, its parent, subsidiaries and affiliates, or each of them, and their respective members, officers, directors, employees, agents, successors and assigns, from and against (i) any and all claims based upon, arising out of, or in any way related to the operation or condition of any part of the Restaurant or the Premises, the conduct of business thereupon, the ownership or possession of real or personal property and any negligent act, misfeasance or nonfeasance by FRANCHISEE or any of its agents, contractors, servants, employees, or licensees, and including, without limitation, all obligations of FRANCHISEE incurred pursuant to any provisions of this Agreement, and (ii) any and all fees (including reasonable attorneys' fees), costs and other expenses incurred by or on behalf of FRANCHISOR in the investigation of or defense against any and all such claims. As between FRANCHISEE and FRANCHISOR, FRANCHISEE is solely responsible for the safety and well-being of its employees and customers. It is the intention of the parties to this Agreement that FRANCHISOR shall not be deemed a joint employer with FRANCHISEE for any reason; however, if FRANCHISOR incurs any cost, liability, loss or damage as a result of any actions or omissions of FRANCHISEE or FRANCHISEE'S employees, including any that relate to any party making a finding of any joint employer status, FRANCHISEE will fully indemnify FRANCHISOR for any such cost, liability, loss and damage.

5.5 **Refurbishment & Remodel of the Premises.** FRANCHISEE shall timely complete future refurbishments and remodels of the Restaurant in accordance with this subsection 5.5. Such refurbishments and remodels are in addition to FRANCHISEE'S continuing obligations to maintain, repair and replace all equipment, signage, furnishing, decor and personal property related to the Restaurant in accordance with FRANCHISOR'S standards. FRANCHISEE'S obligations to maintain, repair and replace shall not be delayed or deferred pending or in anticipation of any such refurbishment or remodel.

5.5.1 FRANCHISEE agrees to update and comply with any new signage requirements imposed by FRANCHISOR from time to time.

5.5.2 No later than the Refurbishment Date set forth in Item "G" of the Contract Data Schedule of this Agreement, and at the end of each ten (10) year period thereafter (if the franchise grant is renewed), FRANCHISEE shall refurbish the Restaurant in accordance with FRANCHISOR'S then-current refurbishment standards. The refurbishment required of

FRANCHISEE shall be generally the same as then required of Restaurants of the same age and condition. The above refurbishing costs do not include costs for required maintenance and repair or costs to upgrade, change or replace the POS.

5.5.3 No later than the Remodel Date set forth in Item "G" of the Contract Data Schedule of this Agreement, and at the end of each ten (10) year period thereafter (if the franchise grant is renewed), FRANCHISEE shall remodel the Restaurant in accordance with FRANCHISOR's then-current remodeling standards (including but not limited to fixtures, furnishings, signs and equipment). The remodeling required of FRANCHISEE shall be generally the same as then required of Restaurants of the same age, condition, location and geographic region.

5.5.4 FRANCHISEE acknowledges and agrees that the requirements of this subsection 5.5 are both reasonable and necessary to ensure continued public acceptance and patronage of the System, to avoid deterioration or obsolescence of the Restaurant and to take advantage of changes and improvements in design, concept and decor.

5.6 **Cross-Guarantee.** In the event FRANCHISEE, or any partner, member or shareholder of FRANCHISEE, now holds or hereafter acquires an interest in any other Restaurant franchised by FRANCHISOR, FRANCHISEE shall be jointly and severally liable to FRANCHISOR as guarantor of the obligations of the franchisee under each franchise agreement for such other Restaurant(s). Included in such guaranty are, without limitation, payment of all franchise fees, royalty fees, advertising fees, equipment payments, note payments, rental and other Lease payments to FRANCHISOR or any of its parent, subsidiaries and affiliates, if applicable, collection fees and general receivables now or hereafter due and payable to FRANCHISOR or guaranteed by FRANCHISOR to any third party. FRANCHISEE's liability under this paragraph shall be limited to the extent that the total sum due and payable by FRANCHISEE upon the account or debt of any other franchisee in default shall not exceed the total interest (as hereinafter defined) that the common shareholder(s), member(s) or partner(s), as the case may be, hold in FRANCHISEE. For this purpose, "interest" shall include without limitation, all equity in, assets, real estate interests of, loans or other financial interests of FRANCHISEE, held by or controlled by the common shareholder(s), member(s) or partner(s) or their immediate family, as the case may be. The terms of this paragraph shall not operate to extend any personal guaranty of any Lease obligations by any shareholder(s), member(s) or partner(s), after such guaranty shall have ended by its terms.

5.7 **FRANCHISEE Entity.** FRANCHISEE may be a sole proprietorship, a general partnership, a corporation or a limited liability company ("LLC"). FRANCHISEE may not be a limited partnership, trust or other entity not specifically authorized herein or approved by FRANCHISOR in writing.

5.7.1 If FRANCHISEE is a corporation, (i) said corporation's charter shall provide that it is limited to operating the Restaurant as provided under this Agreement; (ii) all shareholders of the corporation shall enter into a written agreement, in a form satisfactory to FRANCHISOR, to jointly and severally guaranty the full payment and performance of the corporation's obligations to FRANCHISOR and to assume all personal obligations required of partners, members and/or shareholders contained in this Agreement; (iii) each stock certificate of the corporation shall have conspicuously endorsed upon it a statement that it is held subject to, and that further assignment or transfer thereof is subject to all restrictions imposed upon transfers by, this Agreement; and (iv) no new shares of common or preferred voting stock in the corporation shall be issued to any person, persons, partnership, association, LLC or corporation without obtaining FRANCHISOR's prior written consent, pursuant to Section 10 of this Agreement. FRANCHISEE shall at all times maintain a current list of all owners of record and all beneficial owners of any class of voting stock of FRANCHISEE and shall furnish the list to FRANCHISOR upon request.

5.7.2 If FRANCHISEE is an LLC, (i) said LLC's operating agreement shall provide that its activities are limited to operating the Restaurant as provided under this Agreement; (ii) all members of the LLC shall enter into a written agreement, in a form satisfactory to FRANCHISOR, to jointly and severally guaranty the full payment and performance of the LLC's obligations to FRANCHISOR and to assume all personal obligations required of partners, members and/or shareholders contained in this Agreement; (iii) the LLC's operating agreement shall provide that any assignment or transfer of membership interests in the LLC is subject to all restrictions imposed upon transfers by this Agreement; and (iv) no new membership interest(s) in the LLC shall be created for, issued or granted to any person, persons, partnership, association LLC or corporation without obtaining FRANCHISOR's prior written consent, pursuant to Section 10 of this Agreement. FRANCHISEE shall at all times maintain a current list of all members of record of FRANCHISEE and shall furnish the list to FRANCHISOR upon request.

5.8 **Customer Information.**

5.8.1 FRANCHISOR owns Customer Information (as defined below). FRANCHISEE may only use Customer Information for the purpose of operating the Restaurant to the extent permitted under this Agreement, including the operating manuals, during the term hereof and subject to such restrictions as FRANCHISOR may from time to time impose, and in compliance with all data privacy, security and other applicable laws. "Customer Information" means any contact information (including name,

address, phone and fax numbers, and e-mail addresses), sales and payment history, and all other information about any customer, including any personal information that identifies, relates to, describes, is capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular individual or household. As used in this Agreement, the term “customer” refers to any person or entity (i) included on any marketing or customer lists FRANCHISEE develops or uses; (ii) who has purchased or purchases products at the Restaurant (including through any online ordering/delivery program); or (iii) whom FRANCHISEE has solicited to purchase any products at the Restaurant (or via any online ordering/delivery program). FRANCHISOR may use the Customer Information as it deems appropriate, including disclosing it to vendors or sharing it with its affiliates.

5.8.2 Without limiting the foregoing, FRANCHISEE agrees to comply with applicable law in connection with its collection, storage, disclosures and its use and FRANCHISOR’s use of such Customer Information, including, if required under applicable law, obtaining consents from customers to FRANCHISOR’s and its affiliates’ use of the Customer Information. FRANCHISEE must comply with all laws and regulations relating to data protection, privacy and security, including data breach response requirements (“Privacy Laws”), as well as data privacy and security policies, procedures and other requirements FRANCHISOR may periodically establish. FRANCHISEE must notify FRANCHISOR immediately of any suspected data breach at or in connection with the Restaurant (including through any online ordering/delivery program). FRANCHISEE must fully cooperate with FRANCHISOR and its counsel in determining the most effective way to meet FRANCHISOR’s standards and policies pertaining to Privacy Laws within the bounds of applicable law. FRANCHISEE is responsible for any financial losses it incurs or remedial actions that it must take as a result of breach of security or unauthorized access to Customer Information in its control or possession.

5.8.3 If any federal or state Privacy Law, including the California Consumer Privacy Act (“CCPA”), as revised by the California Consumer Privacy Rights Act (“CPRA”), Cal. Civ. Code § 1798.100, et seq., and any related regulations, applies to the operation of the Restaurant (including through any online ordering/delivery program), whenever and to the extent FRANCHISEE operates as a “Service Provider” or “Contractor” under the CCPA, a data processor, or in a similar capacity under any federal or state Privacy Law, FRANCHISEE represents and warrants that:

(1) Except for the purpose of operating the Restaurant and in accordance with the operating manuals, FRANCHISEE will not retain, use, combine or disclose any Customer Information;

(2) FRANCHISEE will not sell, share, make available or otherwise disclose any Customer Information to any third party for valuable consideration or for the purpose of performing cross-context behavioral advertising;

(3) FRANCHISEE will not retain, use, or disclose Customer Information outside of the direct business relationship between FRANCHISEE and FRANCHISOR;

(4) FRANCHISEE will delete any Customer Information upon FRANCHISOR’s request unless FRANCHISEE can prove that such request is subject to an exception under applicable law; and

(5) If FRANCHISEE receives a Customer Information data request (e.g., a request to delete Customer Information) directly from a consumer (e.g., a California resident under the CCPA, or a resident of another jurisdiction under other applicable Privacy Law), FRANCHISEE shall inform FRANCHISOR of that request within one business day and cooperate with FRANCHISOR to ensure that the consumer receives an appropriate and timely acknowledgement and response. As an example, currently under the CCPA, an acknowledgement is typically required within 10 business days and a final response is required within 45 calendar days.

(6) FRANCHISEE will implement reasonable security procedures and practices appropriate to the Customer Information FRANCHISEE collects, retains, uses or discloses, in order to protect it from unauthorized or illegal access, including following minimum requirements that may be set forth in the operating manuals.

(7) FRANCHISEE will cooperate with FRANCHISOR if FRANCHISOR seeks to ensure that FRANCHISEE has collected, retained, used, or disclosed Customer Information consistent with Privacy Laws and this Agreement, including but not limited to providing FRANCHISOR with requested compliance documents, or allowing FRANCHISOR to assess, audit, or test FRANCHISEE’s privacy and security controls at least annually.

(8) FRANCHISEE will cooperate with FRANCHISOR to stop or remediate any unauthorized use of Customer Information, including verifying that FRANCHISEE no longer retains personal information that a consumer has asked to delete under applicable Privacy Laws.

(9) FRANCHISEE will notify FRANCHISOR immediately if FRANCHISEE determines it cannot meet its obligations under Privacy Laws or this Agreement regarding FRANCHISEE's collection, retention, use, or disclosure of Customer Information.

5.8.4 FRANCHISEE certifies that it understands the restrictions in Paragraphs (1) – (9) of section 5.8.3 and will comply with them. FRANCHISEE also acknowledges and agrees that FRANCHISOR may modify these restrictions from time to time by written notice to FRANCHISEE, by issuing updates to FRANCHISOR's standards and policies pertaining to Privacy Laws, including by adding other similar restrictions that may be required under other state or federal Privacy Laws, and FRANCHISEE agrees to comply with the same. FRANCHISEE also agrees to execute any addenda that FRANCHISOR may determine are required to conform this Agreement to new or changed Privacy Laws.

To the extent that FRANCHISEE engages a third party to collect, use, sell, share, store, disclose, analyze, delete, modify, or to otherwise perform any processing of Customer Information for the purpose of operating the Restaurant (a "Subprocessor"), FRANCHISEE will notify FRANCHISOR of such engagement, which shall be governed by a written contract that includes the same restrictions as in Paragraphs (1) – (9) of section 5.8.3 and imposes reasonable confidentiality obligations and privacy and security controls on the Subprocessor.

Section 6. Certain Rights of FRANCHISOR

6.0 **Inspections.** In order to preserve the validity and integrity of the Proprietary Marks and to assure that the Standards of the System(s) are properly employed by FRANCHISEE in the operation of the Restaurant and, in general, to verify FRANCHISEE's compliance with the terms of this Agreement, FRANCHISOR, or its agents, shall have the right, at all times, with or without prior notice to FRANCHISEE, to enter and inspect any and all public or private area(s) of the Restaurant and to select materials, ingredients, products, supplies, paper goods, uniforms, fixtures, furnishings, signs and equipment for evaluation purposes to assure that these items conform to the Standards of the System. During the course of any such inspection, FRANCHISOR may photograph or videotape any part of the Restaurant, whether or not FRANCHISEE is present. FRANCHISOR may require FRANCHISEE to remove any item which does not conform to applicable Standards. FRANCHISOR may also, at FRANCHISEE's expense, remove or destroy any item which does not conform to applicable Standards. Any evaluation or inspection FRANCHISOR conducts is not intended to exercise, and does not constitute, control over FRANCHISEE's day-to-day operation of the Restaurant or to assume any responsibility for FRANCHISEE's obligations under this Agreement.

6.1 **Remedies.** If FRANCHISOR finds any condition on the Premises which FRANCHISOR deems to be hazardous, unsafe, unhealthy, unsanitary, unclean or in material disrepair, FRANCHISOR shall have the following rights in addition to all other rights set forth in this Agreement:

6.1.1 FRANCHISOR shall have the right to require FRANCHISEE to immediately close and suspend operation of the Restaurant, and/or to require such other actions as FRANCHISOR deems necessary, whenever there is reason to believe that any products in the Restaurant are contaminated, or for other reasons of imminent risk to public health and safety. FRANCHISEE agrees to notify FRANCHISOR immediately of any suspected product contamination or other violation affecting public health or safety and to promptly take any action which FRANCHISOR requires in connection therewith. FRANCHISEE shall be solely responsible for all losses, costs or other expenses it incurs in complying with the provisions of this subsection 6.1; and/or

6.1.2 FRANCHISOR shall have the right to immediately remove or destroy, at FRANCHISEE's expense, any product which FRANCHISOR believes to be hazardous, contaminated or to otherwise pose an imminent risk to public health or safety; or

6.1.3 FRANCHISOR shall have the right to give FRANCHISEE twenty-four (24) hours written notice requiring the correction of an unsafe, unhealthy, unsanitary or unclean condition, or thirty (30) days written notice requiring maintenance, repairs or alterations to the Restaurant or correction of any other Standards violation. If FRANCHISEE has not within that time corrected the condition or completed the maintenance, repairs or alterations, as the case may be, FRANCHISOR may enter the Restaurant, without being guilty of, or liable for, trespass or tort, and may cause the condition to be corrected or the maintenance, repair, or alteration to be completed at the expense of FRANCHISEE and without prejudice to any other rights or remedies of FRANCHISOR.

In addition, and without limiting any of FRANCHISOR's other rights under this Agreement and under applicable law, if FRANCHISEE fails to comply with any Standard of the System (other than one related to health, safety and sanitation), in addition to any of FRANCHISOR's other rights under this Agreement and applicable law, FRANCHISOR may charge FRANCHISEE its then-current non-compliance fee for each day such violation continues (i.e., the then-current per-diem rate plus any travel expenses).

6.2 **Audit Rights.** In addition to FRANCHISOR's right to access information through the POS and otherwise, FRANCHISOR's representatives shall have the right to examine, with FRANCHISEE'S full cooperation, FRANCHISEE's original books, Records and supporting documents at reasonable times, and to perform, with or without notice to FRANCHISEE, such inspections, tests and other analyses as it deems appropriate to verify Gross Sales at the Restaurant and to evaluate, remotely or at the Restaurant premises, FRANCHISEE'S compliance with its obligations regarding Customer Information. If FRANCHISOR determines that the Gross Sales FRANCHISEE reported to FRANCHISOR are less than the Gross Sales ascertained by FRANCHISOR's analysis, FRANCHISEE shall immediately pay to FRANCHISOR all amounts owing to FRANCHISOR, the applicable Fund and FRANCHISOR's affiliated landlord corporation based upon the corrected Gross Sales. If an analysis is undertaken due to (i) FRANCHISEE's failure to maintain the POS in continuous operation, or (ii) FRANCHISEE's failure to prepare, deliver or preserve statements or Records required by subsection 5.2 of this Agreement, or (iii) if any analysis of FRANCHISEE's books and Records results in the discovery of a discrepancy greater than three percent (3%) in the Gross Sales reported by FRANCHISEE, FRANCHISEE shall pay, in addition to the unpaid amounts owed FRANCHISOR, its affiliated landlord corporation and the applicable Fund, interest thereon from the date payment was due, at 18% per annum or the highest permissible rate, and FRANCHISEE shall also reimburse FRANCHISOR for all expenses related to the audit, including, but not limited to, reasonable investigation, accounting and legal fees and other reasonable expenses and costs such as travel, payroll and overhead expenses for FRANCHISOR's employees. Such payments shall be without prejudice to any other remedies FRANCHISOR may have under this Agreement, including the right to terminate this Agreement, without opportunity to cure, in the case of intentional under-reporting of Gross Sales.

6.3 **Additional Financial Records.** In the event that FRANCHISOR has grounds to believe there may have been intentional under-reporting of Gross Sales for the Restaurant, FRANCHISEE (and all partners, members and shareholders of FRANCHISEE) shall, upon written demand from FRANCHISOR provide FRANCHISOR, in addition to Records described in paragraph 5.2.5, personal federal and state tax returns, bank statements (including deposit slips and canceled checks) and such other documents and information as FRANCHISOR may request in connection with FRANCHISOR's efforts to verify Gross Sales reported to FRANCHISOR under this Agreement or any Lease of the Restaurant. Information provided by FRANCHISEE under this paragraph 6.3 shall be subject to the confidentiality provisions of paragraph 5.2.7, except that exclusion (c) therein does not apply. Schedules to personal tax returns and other financial data which are unrelated to the business of the Restaurant need not be provided by any partner, member or shareholder of FRANCHISEE who has not been active in the business, and, in addition, has not directly or indirectly owned or controlled at least a majority interest in the business at the Restaurant, alone or in conjunction with any other family member or related entity.

6.4 **Supplier Records.** FRANCHISEE hereby grants FRANCHISOR the right to inspect the records of all suppliers, distributors, group purchasing programs, distribution centers, and other third parties supplying food products, supplies, equipment and materials to FRANCHISEE and hereby authorizes such parties to release records to FRANCHISOR, by electronic transfer or otherwise, at such times and places as FRANCHISOR shall request, related to FRANCHISEE's purchases and deliveries.

6.5 **Lease Option.** If, during the term of this Agreement or any extension or renewal thereof, FRANCHISEE directly or indirectly acquires ownership or control of the Premises, FRANCHISEE agrees to give FRANCHISOR prompt written notice of such ownership or control and to grant FRANCHISOR, under FRANCHISOR's standard Lease Option Agreement, the option to acquire a leasehold interest in the Premises in the event of default by FRANCHISEE under this Agreement or under any lease or mortgage relating to the Premises. Said leasehold interest shall be for the remaining term of this Agreement, including any renewal, at "triple-net" fair market value rental for comparable properties and use in the area as mutually agreed by the parties, or, in the absence of agreement, as determined by arbitration.

6.6 **Ethical Business Conduct.** FRANCHISEE agrees to adhere to good business practices, observing high standards of honesty, integrity, fair dealing and ethical business conduct and good faith in all business dealings with customers, vendors, FRANCHISEE'S employees, FRANCHISOR's corporate employees, and all other *TOGO'S* franchisees. FRANCHISEE must not engage in deceptive, misleading or unethical practices or conduct that may have a negative impact on the reputation and goodwill associated with the Proprietary Marks.

6.7 **Crisis Situations.** In the interest of protecting the *TOGO'S* brand, Proprietary Marks and the System, FRANCHISOR has the sole and absolute right to determine a response, including what steps will be taken and what communications will be made, in instances of a Crisis, and FRANCHISEE agrees to comply with and implement FRANCHISOR's directions in response to a Crisis. "Crisis" means an event or development that negatively impacts the *TOGO'S* brand or System in such a way that FRANCHISOR determines may cause substantial harm or injury to the Proprietary Marks, System, or the reputation or image of the *TOGO'S* brand.

Section 7. Proprietary Marks

7.0 **TOGO'S Proprietary Marks.** FRANCHISEE acknowledges and agrees that “*TOGO'S*”® is a registered trademark licensed by FRANCHISOR; that said mark has been and is being used by FRANCHISOR and by its franchisees and licensees; that said mark, together with the other Proprietary Marks presently licensed by FRANCHISOR or which may be acquired in the future, constitutes part of the *TOGO'S* System; that valuable goodwill is associated with and attached to said mark and the other *TOGO'S* Proprietary Marks; and that any and all rights associated with and attached to said mark and the other *TOGO'S* Proprietary Marks and any and all goodwill associated with the *TOGO'S* Proprietary Marks, including any goodwill which might be deemed to have arisen through FRANCHISEE's activities, inures directly and exclusively to the benefit of FRANCHISOR and/or the licensor of the marks.

7.1 **Use.** FRANCHISEE agrees to use the Proprietary Marks only in the manner and to the extent specifically licensed by this Agreement. FRANCHISEE shall not sublicense the Proprietary Marks. FRANCHISEE further agrees that any unauthorized use of the Proprietary Marks during the term of or after expiration or the earlier termination of this Agreement shall constitute an incurable default causing irreparable harm subject to injunctive relief. FRANCHISEE agrees that it will not grant or attempt to grant a security interest in, or otherwise encumber, the Proprietary Marks or record any such security interest or encumbrance against any application or registration regarding the Proprietary Marks in the United States Patent and Trademark Office or elsewhere.

7.1.1 FRANCHISEE understands and acknowledges that FRANCHISEE's license to use any or all of the Proprietary Marks is non-exclusive and relates solely to the single location set forth in this Agreement. FRANCHISEE further acknowledges that FRANCHISOR has the right to operate or franchise other Restaurants and sales outlets and to grant other licenses in, and to, any or all of the Proprietary Marks, and to develop and establish other systems, products or services using the same or similar Proprietary Marks, or any other proprietary names and marks, and to grant licenses or franchises thereto, in each case at such locations and on such terms and conditions as FRANCHISOR deems acceptable, without providing any rights therein to FRANCHISEE. FRANCHISEE further acknowledges the FRANCHISOR may license others to use the Proprietary Marks at locations and in ways that compete with FRANCHISEE and draw customers from the same area as the Restaurant.

7.2 **No Contest.** FRANCHISEE agrees that, during the term of this Agreement and after the expiration or termination thereof, FRANCHISEE shall not directly or indirectly contest or aid in contesting the validity or ownership of the Proprietary Marks. FRANCHISEE shall not, directly or indirectly, apply to register, register or otherwise seek to use or control or in any way use any of the Proprietary Marks or any confusingly similar form or variation thereof in any place or jurisdiction in or outside the United States; nor shall FRANCHISEE assist any others to do so.

7.3 **Identification.** FRANCHISEE shall identify itself as a franchisee of FRANCHISOR in conjunction with any use of the Proprietary Marks, including, without limitation, uses on letterheads, invoices, order forms, receipts, and contracts. FRANCHISEE shall display a notice identifying the Restaurant as being independently owned and operated by FRANCHISEE, in such content and form and at such conspicuous locations on the Premises as FRANCHISOR may designate.

7.4 **Litigation.** If any person or entity improperly uses or infringes the Proprietary Marks or challenges FRANCHISEE's use or FRANCHISOR's use or ownership of or the validity of the Proprietary Marks, FRANCHISOR will control all litigation and other proceedings and FRANCHISOR has the right to determine whether suit or other proceeding will be instituted, prosecuted or settled, the terms of settlement and whether any other action will be taken. FRANCHISEE agrees to notify FRANCHISOR promptly of any litigation instituted by FRANCHISEE, or by any person, firm or corporation against FRANCHISEE, relating to the Proprietary Marks. In the event FRANCHISOR undertakes the defense or prosecution of any such litigation, FRANCHISEE agrees to execute any and all documents and do such acts and things as may, in the opinion of counsel for FRANCHISOR, be necessary to carry out such defense or prosecution.

7.5 **Business Name.** FRANCHISEE shall operate, advertise and promote the *TOGO'S* Restaurant under the name “*Togos*”, with no accompanying words or symbols of any nature, except as may be otherwise required by law or designated by FRANCHISOR. FRANCHISEE shall not use, as part of its corporate or other business name, any proprietary marks used by FRANCHISOR, including, but not limited to, “*Togo*” or any form or variations thereof, which, in the judgment of FRANCHISOR, is likely to cause third parties to be confused or mistaken with respect to the separate identities of FRANCHISOR and FRANCHISEE.

Section 8. Restrictions on FRANCHISEE's Activities

8.0 **Restrictions.** During the term of this Agreement, including any extension or renewal thereof, and for a period of two (2) years after expiration or termination of this Agreement, regardless of the cause of termination (hereinafter called the “Post-Term Period”), neither FRANCHISEE, nor any partner, officer, director, shareholder or member of FRANCHISEE (or

any immediate family member (spouse, domestic partner or child) of FRANCHISEE, such owner of FRANCHISEE or any person signing a personal guarantee), as the case may be, shall:

8.0.1 Divert or attempt to divert any business or customer of the Restaurant 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 FRANCHISOR's Proprietary Marks and System(s);

8.0.2 Directly or indirectly contest or aid in contesting the right of FRANCHISOR or any prospective franchisee of FRANCHISOR to obtain a building permit, zoning variance or other governmental approval required for the development of another location as a Restaurant franchised by FRANCHISOR; or

8.0.3 Except with respect to the ownership or operation of additional Restaurants under Franchises granted by FRANCHISOR, own, maintain, engage in, be employed by, or have any interest in any other business which sells or offers to sell the same or substantially similar products to the type FRANCHISOR requires to be offered by FRANCHISEE at the Restaurant; provided that, during the Post-Term Period only, the provisions of this paragraph 8.0.3 shall not apply to another business located more than five (5) miles from this or any other Restaurant operating under the same Proprietary Marks of FRANCHISOR. Either party to this Agreement, upon notice in writing to the other during the Post-Term Period, shall have the right to have determined whether said five (5) mile radius is a reasonable restriction on FRANCHISEE's activities, by requesting that the matter be submitted to arbitration in accordance with Section 11 of this Agreement. In such event, the decision of the arbitrator shall be final and binding upon the parties. FRANCHISEE further agrees that, in the event arbitration is requested, FRANCHISEE will engage in no competitive activities pending resolution of the dispute.

8.1 During the term of this Agreement, including any extension or renewal thereof, and during the Post-Term Period, neither FRANCHISEE, nor any partner, officer, director, shareholder or member of FRANCHISEE, as the case may be, shall communicate or divulge to, or use for the benefit of any person, persons, partnership, association or corporation, any information or knowledge concerning the methods of constructing, equipping or operating Restaurants under the System and all other information or knowledge which FRANCHISOR deems confidential and which may be communicated to FRANCHISEE, or of which FRANCHISEE may be apprised by virtue of FRANCHISEE's operation under the terms of this Agreement. FRANCHISEE may divulge such confidential information only to such of its employees as must have access to it in order to operate the franchised business. Any and all information, knowledge, and know-how including, without limitation, drawings, materials, specifications, techniques, and other data, which FRANCHISOR designates confidential shall be deemed confidential for purposes of this Agreement.

FRANCHISOR shall have the right to use and incorporate into FRANCHISOR's System, for the benefit of itself and other of FRANCHISOR's franchisees, all modifications, changes, and improvements developed or discovered by FRANCHISEE or FRANCHISEE's employees or agents in connection with the franchised business, without any liability or obligation to the developer thereof. Any such modifications, changes and improvements and all ideas, business ventures, concepts, inventions, techniques, or materials concerning a *TOGO'S* Restaurant, whether or not protectable intellectual property and whether created by or for FRANCHISEE or one of its owners or employees, must be promptly disclosed to FRANCHISOR and will be deemed to be FRANCHISOR's sole and exclusive property, part of the System, and "works made-for-hire," as the phrase is defined in the Copyright Act of 1976 (17 U.S.C. 101 et seq.), for FRANCHISOR. To the extent any item does not qualify as a "work made-for-hire" for FRANCHISOR, by operation of law or otherwise, FRANCHISEE agrees to assign and hereby irrevocably assigns, for no additional consideration, ownership of that item, and all related rights to that item, to FRANCHISOR, its successors and assigns, including without limitation, the right to sue, counterclaim, and recover for all past, present, and future infringement, misappropriation, or dilution thereof, and all rights corresponding thereto throughout the world and agrees to take whatever action (including signing an assignment agreement or other documents) FRANCHISOR requests to show FRANCHISOR's ownership or to help it obtain intellectual property rights in the item. Notwithstanding anything to the contrary, neither the expiration nor the termination of this Agreement shall affect FRANCHISOR's ownership of the items herein or alter any of its rights or privileges hereunder.

8.2 **Severability.** The covenants contained in this Section 8 shall be construed as severable and independent and shall be interpreted and applied consistently with the requirements of reasonableness and equity. If all or any portion of a covenant in this Section 8 is held unreasonable or unenforceable by a court, arbitration panel or other agency having valid jurisdiction in a decision to which FRANCHISOR is a party, FRANCHISEE expressly agrees to be bound by any lesser covenant included within the terms of such greater covenant that imposes the maximum duty permitted by law, as if the lesser covenant were separately stated in, and made a part of, this Section 8.

8.3 **Scope.** FRANCHISEE acknowledges that FRANCHISOR shall have the right to reduce the scope of any covenant set forth in this Section 8, or of any portion or portions thereof, without FRANCHISEE's consent, and FRANCHISEE agrees to comply forthwith with any covenant as modified.

Section 9. Default

9.0 **Default.** FRANCHISEE shall be in default under this Agreement:

9.0.1 If FRANCHISEE shall become insolvent or make an assignment for the benefit of creditors, admits to not being able to pay its debts as they come due, or if a petition in bankruptcy is filed by FRANCHISEE, or if such a petition is filed against and consented to by FRANCHISEE or is not dismissed within thirty (30) days, or if FRANCHISEE is adjudicated a bankrupt, or if a bill in equity or other proceeding for the appointment of a receiver of FRANCHISEE or other custodian for FRANCHISEE's business or assets is filed and is consented to by FRANCHISEE or is not dismissed within thirty (30) days, or if a receiver or other custodian is appointed, or if proceedings for composition with creditors under any state or federal law should be instituted by or against FRANCHISEE, or if the real or personal property of FRANCHISEE shall be sold at levy thereupon by any sheriff, marshal or constable; or

9.0.2 If FRANCHISEE or any of its owners is convicted of or pleads guilty or “nolo contendere” to a felony, a crime involving moral turpitude, or any other crime or offense that FRANCHISOR believes is injurious to the System, the Proprietary Marks or the goodwill associated therewith, or if FRANCHISOR has proof that FRANCHISEE has committed such a felony, crime or offense; or

9.0.3 If FRANCHISEE permits the use of the Restaurant or Premises for any illegal or unauthorized purpose, including, without limitation, palming off or substitution of products under the Proprietary Marks or other marks of FRANCHISOR; or

9.0.4 If any other franchise agreement between FRANCHISEE and FRANCHISOR or any affiliated entity is terminated by reason of FRANCHISEE's default thereunder; or

9.0.5 If FRANCHISEE engages in conduct which reflects materially and unfavorably upon the operation, reputation or goodwill of the *TOGO'S* brand or System.

9.0.6 If FRANCHISEE fails to pay, perform, observe or comply with any of FRANCHISEE's duties and obligations under this Agreement; or if FRANCHISEE fails to carry out in all respects its obligations under any Lease, mortgage, equipment Agreement, promissory note, conditional sales contract or other contract materially affecting the Restaurant, to which the FRANCHISEE is a party or by which FRANCHISEE is bound, whether or not FRANCHISOR is a party thereto; or

9.0.7 If FRANCHISEE is chronically or materially delinquent in payment of moneys due to suppliers of the *TOGO'S* System. FRANCHISEE acknowledges that such delinquency threatens the purchasing programs and favorable pricing beneficial to the *TOGO'S* System and is a material breach of this Agreement.

9.1 **Thirty Day Cure Period.** Except as otherwise provided in this Section 9, FRANCHISEE shall have the right to cure FRANCHISEE's default under this Agreement within thirty (30) days after written notice of default from FRANCHISOR is delivered pursuant to paragraph 14 hereof. Notwithstanding the foregoing, the following lesser periods shall apply under the circumstances described:

9.1.1 **Seven Day Cure Period.** A seven (7) day cure period shall apply if FRANCHISEE fails, refuses, or neglects to pay when due to FRANCHISOR any moneys owing to FRANCHISOR, to any Fund, or due to suppliers of the *TOGO'S* System, or if FRANCHISEE fails to maintain the insurance coverage set forth in subsection 5.3 of this Agreement.

9.1.2 **24 Hour Cure Period.** A twenty-four (24) hour cure period shall apply as provided in paragraph 6.1.3 to the violation of any law, regulation, order or Standard of FRANCHISOR relating to health, sanitation or safety; or if FRANCHISEE ceases to operate the Restaurant for a period of forty-eight (48) hours without the prior written consent of FRANCHISOR, provided, however, that if the Restaurant is abandoned, no cure period shall apply.

9.1.3 **Cure on Demand.** FRANCHISEE shall cure on demand all “hazardous situations” and remove and destroy on demand all “hazardous products” as set forth in paragraph 5.1.2 and shall cure any situation which poses an imminent risk to public health and safety as provided in subsection 6.1.

9.1.4 **No Cure Period.** No cure period shall be available if FRANCHISEE is in default under any paragraph designated 9.0.1 through 9.0.5 above; or if FRANCHISEE abandons the Restaurant; or if FRANCHISEE intentionally under-reports Gross sales, falsifies financial data or otherwise commits an act of fraud with respect to FRANCHISEE's acquisition of this Franchise or its rights or obligations under this Agreement; or if FRANCHISEE's Lease for the Restaurant is terminated due to FRANCHISEE's default thereunder. In addition, no cure period shall be available for any default if FRANCHISEE has received three (3) or more previous notices-to-cure for the same or a substantially similar default (whether or not FRANCHISEE has cured the same), within the immediately preceding twelve (12) month period.

9.2 **Statutory Cure Period.** If a statute in the state in which the Premises is located requires a cure period for the applicable default which is longer than any cure period specified in this Section 9, the statutory cure period shall apply.

9.3 **Late Fee, Interest and Costs.** If FRANCHISEE is in default hereunder due to its failure to comply with any of FRANCHISOR'S Standards and FRANCHISOR conditions a cure of the default on FRANCHISEE passing, to FRANCHISOR'S satisfaction, an inspection of the Restaurant, FRANCHISEE agrees to reimburse FRANCHISOR for all of FRANCHISOR'S costs of the inspection, including the then-current per diem and travel costs of any FRANCHISOR representatives conducting the inspection. If FRANCHISEE fails to cure a default within any applicable time period following notice set forth in subsection 9.1, or if this Agreement is terminated as a result of FRANCHISEE's default, FRANCHISEE shall pay to FRANCHISOR all damages, costs and expenses, including, without limitation, late fees, collection fees, interest at one and one-half percent (1.5%) per month, or the highest permissible rate, and reasonable investigation and attorneys' fees incurred by FRANCHISOR as a result of any such default or termination. All such interest, damages, costs and expenses may be included in and form part of the judgment awarded to FRANCHISOR in any proceedings brought by FRANCHISOR against FRANCHISEE.

9.4 **Termination Consequences.** If FRANCHISEE fails to cure any default within the applicable period following notice from FRANCHISOR, FRANCHISOR may, in addition to all other remedies at law or in equity or as otherwise set forth in this Agreement, immediately terminate this Agreement. Such termination shall be effective immediately upon receipt of a written notice of termination from FRANCHISOR. Notwithstanding the foregoing, this Agreement shall immediately terminate upon the occurrence of any event set forth in paragraphs 9.0.1 through 9.0.4 or paragraph 9.1.4, without notice or opportunity to cure or notice of termination. Upon any termination or expiration of this Agreement, all rights of FRANCHISEE to use the Proprietary Marks and the System(s) and to operate the Restaurant under the Proprietary Marks shall immediately terminate and:

9.4.1 FRANCHISEE shall promptly pay FRANCHISOR all sums owing or accrued from FRANCHISEE to FRANCHISOR, the Fund, and any affiliated landlord entity, including interest and any damages, costs and expenses, including reasonable attorneys' fees, incurred by FRANCHISOR by reason of default on the part of FRANCHISEE; and

9.4.2 FRANCHISEE shall immediately cease to operate the Restaurant, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former FRANCHISEE of FRANCHISOR; and

9.4.3 FRANCHISEE shall immediately and permanently cease to use, by advertising or in any other manner whatsoever, any feature or method associated with the System(s), any or all of the Proprietary Marks and any other trade secrets, confidential information, operating manuals, slogans, trade dress, signs, symbols or devices which are part of FRANCHISOR's System(s) or are otherwise used in connection with the operation of the Restaurant. FRANCHISEE agrees that any such unauthorized use or continued use after the termination of this Agreement shall constitute irreparable harm. Continued use by FRANCHISEE of FRANCHISOR's trademarks, trade names, Proprietary Marks, and service marks after termination of this Agreement shall constitute willful trademark infringement by FRANCHISEE. FRANCHISEE further agrees that if the external signage is not removed within five (5) days of termination, FRANCHISOR has the right to remove such external signage at FRANCHISEE's cost; and

9.4.4 FRANCHISEE shall immediately return to FRANCHISOR all operating manuals, plans, specifications, and other materials in FRANCHISEE's possession containing information prepared by FRANCHISOR and relative to the operation of the Restaurant, and all copies thereof (all of which are acknowledged to be FRANCHISOR's property), and shall retain no copy or record of any of the foregoing, except FRANCHISEE's copy of this Agreement, any correspondence between the parties, and any other documents which FRANCHISEE reasonably needs for compliance with any provision of law; and

9.4.5 FRANCHISEE shall remove from the Premises and from any equipment, signs, trade fixtures, furnishings and other personal property (except as provided in paragraph 9.4.6 below) and return to FRANCHISOR, all of the Proprietary Marks or other indicia of FRANCHISOR, and shall disconnect, withdraw and/or terminate, within five (5) days after termination or expiration of this Agreement, any telephone listings and/or fictitious name registration containing any part of the Proprietary Marks. Upon FRANCHISOR's written demand, however, FRANCHISEE shall assign to FRANCHISOR, upon any termination, expiration or non-renewal of this Agreement, any telephone number used in the operation of the Restaurant if such number is listed in the directory using any of the Proprietary Marks. FRANCHISEE hereby appoints FRANCHISOR as its attorney-in-fact, in the name of FRANCHISEE, to do any act necessary to effect the intent of this paragraph; and

9.4.6. FRANCHISEE shall, but only in the case of any early termination of this Agreement due to FRANCHISEE's default, sell to FRANCHISOR, at FRANCHISOR's election, any or all of the equipment, interior and exterior signs, trade fixtures, furnishings and other personal property of FRANCHISEE used in connection with the Restaurant (hereinafter collectively "Equipment"), at the purchase cost when originally installed in the Restaurant, less a depreciation deduction computed on a

straight line basis over a ten (10) year useful life for the respective items (but in no event less than ten percent (10%) of the original purchase cost for such equipment, fixtures and furnishings). If FRANCHISEE owes a balance due on its purchase or financing of such Equipment, or if the same are otherwise subject to a lien or claim for any indebtedness, the amounts of such balance and/or indebtedness shall be deducted from the purchase price payable to FRANCHISEE. All sums of money due FRANCHISOR by FRANCHISEE may be offset against the purchase price payable to FRANCHISEE. Nothing contained herein, however, shall be construed to entitle FRANCHISEE to be released from liability for such unpaid balance or indebtedness, if any, in excess of the portion of the purchase price applied for payment of such debts; and

9.4.7 FRANCHISEE shall, at FRANCHISOR's option by notice to FRANCHISEE within thirty (30) days from the date of termination or expiration, assign to FRANCHISOR any interest which FRANCHISEE has in the Lease or any other agreement related to the Premises. If FRANCHISOR does not elect to exercise its option to acquire the Lease, FRANCHISEE shall make such modifications or alterations to the Premises immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of the Premises from that of other Restaurants in the System(s), and shall make such specific additional changes thereto as FRANCHISOR may reasonably require for that purpose. In the event FRANCHISEE fails or refuses to comply with the requirements of this paragraph 9.4.7, FRANCHISOR shall have the right to enter upon the Premises, without being guilty of trespass or any other tort, for the purpose of making such changes as may be required, at the expense of FRANCHISEE, which expense FRANCHISEE agrees to pay upon demand; and

9.4.8 FRANCHISEE shall pay to FRANCHISOR all damages, costs and expenses, including, but not limited to, reasonable investigation and attorney's fees and other reasonable expenses and costs such as travel costs and payroll expenses for FRANCHISOR's employees, incurred in obtaining injunctive or other relief for the enforcement of any provisions of this Section 9; and

9.4.9 FRANCHISEE shall continue to comply with Section 8 of this Agreement, for the Post-Term Period specified therein. If FRANCHISEE begins to operate any other business wherever situated, FRANCHISEE shall not use, in connection with such other business or the promotion thereof, any reproduction, counterfeit, copy or colorable imitation of any of FRANCHISOR's Proprietary Marks or trade dress; and FRANCHISEE shall not utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with FRANCHISOR whether or not constituting unfair competition; and

9.4.10 In addition, if FRANCHISOR terminates this Agreement for cause, FRANCHISEE must pay FRANCHISOR, within 15 days after the effective date of termination, liquidated damages equal to the average monthly Royalty Fee FRANCHISEE paid or owed to FRANCHISOR during the 12-month period immediately preceding termination, multiplied by the lesser of (x) 36 (being the number of months in three full years), or (y) the actual number of months remaining under this Agreement had it not been terminated.

9.5 Nothing in this Agreement shall preclude FRANCHISOR from seeking any remedy under federal or state law for willful trademark infringement, including, without limitation, injunctive relief. No right or remedy herein conferred upon or reserved to FRANCHISOR is exclusive of any other right or remedy herein, or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy given hereunder. FRANCHISEE agrees that the existence of any claims against FRANCHISOR, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by FRANCHISOR of any provision of this Agreement.

9.6 Because the Restaurant is one of many Restaurants within the System that sell similar products and services to the public, FRANCHISEE agrees that its failure to comply with the terms of this Agreement would cause irreparable damage to FRANCHISOR and the System as a whole for which no adequate remedy at law may be available, including, without limitation, violations of standards, unhealthy, unsafe or unsanitary conditions, unauthorized use of the Proprietary Marks and breaches under Section 8 hereof. In the event of FRANCHISEE's breach or threatened breach of any of the terms of this Agreement, FRANCHISOR shall therefore be forthwith entitled to an injunction restraining such breach and/or to a decree of specific performance, without showing or proving any actual damage or irreparable harm or lack of an adequate remedy at law, and without the requirement for the posting of bond, the same being hereby waived by FRANCHISEE, until a final determination is made by a court of competent jurisdiction. The foregoing remedy shall be in addition to all other remedies or rights which FRANCHISOR might otherwise have by virtue of any breach of this Agreement by FRANCHISEE.

Section 10. Transfer Provisions

10.0 **Transfer By FRANCHISOR.** This Agreement shall inure to the benefit of the successors and assigns of FRANCHISOR either individually or collectively. FRANCHISOR has the right to assign its rights under this Agreement to any person, persons, partnership, association or corporation, including a competitor, provided that the transferee agrees in writing to assume all obligations undertaken by FRANCHISOR herein and FRANCHISEE receives a statement from both

FRANCHISOR and its transferee to that effect. Upon such assignment and assumption, FRANCHISOR shall be under no further obligation hereunder except for accrued liabilities if any.

10.1 **Transfer By FRANCHISEE.** FRANCHISEE understands and acknowledges that the rights and duties set forth in this Agreement are personal to FRANCHISEE and that FRANCHISOR has granted the Franchise in reliance on the business skill and experience, financial capacity and personal character of FRANCHISEE. Except as hereinafter provided, neither FRANCHISEE, nor any partner, if FRANCHISEE is a partnership, nor any member, if FRANCHISEE is a limited liability company ("LLC"), nor any shareholder, if FRANCHISEE is a corporation, without FRANCHISOR's prior written consent, shall, by operation of law or otherwise, sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber to any person, persons, partnership, association, LLC or corporation, any interest in this Agreement, or any interest in the franchise granted hereby, or any interest in any proprietorship, partnership, LLC or corporation which owns any interest in the franchise, nor offer, permit or suffer the same. Any purported assignment or transfer not having the prior written consent of FRANCHISOR shall be null and void and shall constitute default hereunder. Any proposed transfer must meet all the requirements of FRANCHISOR including, but not limited to, those set forth in this Section 10.

10.2 **Consent By FRANCHISOR.** FRANCHISOR shall not unreasonably withhold its consent to any transfer referred to in paragraph 10.1 above, provided, that:

10.2.1 The sales price of the interest to be conveyed must not be so high, or the terms of sale so onerous, that, in the judgment of FRANCHISOR, the transferee will be unlikely to properly maintain, operate and promote the Restaurant and meet the transferee's financial and other obligations to FRANCHISOR, third party suppliers and creditors. This provision shall not create any liability to either transferor or transferee on the part of FRANCHISOR, in the event that FRANCHISOR approves the transfer and the transferee experiences financial difficulties;

10.2.2 The transferee and each partner, shareholder or member of the transferee, as the case may be, must be a United States citizen or lawful resident alien of the United States, must be of good moral character and reputation and must have a good credit rating and business qualifications and aptitude reasonably acceptable to FRANCHISOR. Such qualifications include, satisfactorily completing FRANCHISOR's required training program and such other tests and interviews as FRANCHISOR shall reasonably deem to be necessary or desirable. FRANCHISEE shall provide FRANCHISOR with such information as FRANCHISOR may require to make a determination concerning each proposed transferee; and

10.2.3 The transferee may not be a limited partnership, trust or other entity not specifically authorized herein.

10.3 **Transfer Requirements.** Each transfer of any interest in FRANCHISEE, the Restaurant, this Agreement and/or the Franchise herein granted, must receive the prior written consent of FRANCHISOR set forth in subsection 10.2 above and must conform to and/or comply with the following requirements:

10.3.1 Prior to the transfer, FRANCHISEE must pay and satisfy all accrued money obligations to FRANCHISOR, its affiliates and/or subsidiaries and to any Fund, obligations of FRANCHISEE which FRANCHISOR has guaranteed, liens, deferred rent and other obligations under the Lease for the Restaurant or other contracts pertaining to the Restaurant, must provide FRANCHISOR with all current profit and loss statements and must pay the transfer fee provided below, as applicable;

10.3.2 Prior to the transfer (or within such time period following the transfer as prescribed by FRANCHISOR), the Restaurant, including equipment, signs, building, improvements, interior and exterior, must be in good operating condition and repair and in compliance with FRANCHISOR's then-current Standards, including, without limitation, Standards for replacements and additions, including all signage must be updated or replaced with then-current signage as directed by FRANCHISOR;

10.3.3 FRANCHISEE and any transferor may not assert any security interest, lien, claim or right now or hereafter in this Franchise, the Franchise granted to the transferee, or, if applicable, the Lease for the Restaurant with FRANCHISOR or its affiliated landlord entity. Any security interest, lien, claim or right asserted with respect to any personal property at the Restaurant Premises shall not include any after-acquired property and shall be subject, junior and subordinate to any security interest, lien, claim or right now or hereafter asserted by FRANCHISOR, its successors or assigns;

10.3.4 Prior to the transfer, the transferee must comply with the requirements of paragraph 5.1.8 of this Agreement, to the satisfaction of FRANCHISOR;

10.3.5 If the transferee is a corporation or LLC, it must comply with the terms of subsection 5.7 of this Agreement;

10.3.6 The transferee, including, where appropriate, all shareholders, members and partners of the transferee, shall jointly and severally execute, on FRANCHISOR's then-current forms, a franchise agreement and all other standard ancillary agreements, including, without limitation, a priority in payment agreement, if applicable. The priority in payment agreement provides, among other things, that if the transferee is unable at any time to make payments both to the transferor for the purchase of the Restaurant and to FRANCHISOR, its affiliates and/or subsidiaries and the Fund(s), payments to FRANCHISOR, its affiliates and/or subsidiaries and the Fund(s) will have priority. The transferee's franchise agreement shall not increase any fee based upon a percentage(s) of Gross Sales to a percentage greater than as required by this Agreement for the respective System(s). Unless a longer period is agreed upon between FRANCHISOR and the transferee, the term of the transferee's franchise agreement shall be for the unexpired term of this Agreement. The transferee shall pay no franchise fee pursuant to paragraph 4.1 of this Agreement unless a longer term is agreed upon by FRANCHISOR;

10.3.7 FRANCHISEE, including all individuals proposing to transfer an interest in the Franchise or the FRANCHISEE, must execute, on FRANCHISOR's standard form, a general release of all claims against the FRANCHISOR, its parent and affiliates, and the directors, officers and employees of each;

10.3.8 Within six months of the transfer, the transferee shall spend at least \$2,500 on advertising and marketing activities and submit evidence of such expenditures to Franchisor within such six-month period; and

10.3.9 In addition, FRANCHISOR shall have the right to promulgate and enforce such additional reasonable requirements as it may, in its sole judgment, determine.

10.4 **Transfer Fee.** As a condition to any transfer of any interest of FRANCHISEE in this Agreement or of any interest in the FRANCHISEE entity, the transferor must pay to FRANCHISOR a fee in the amount set forth below (the "Transfer Fee"), which is payable within 48 hours of signing the franchise agreement as set forth in Section 10.3.6 or prior to the beginning of training, whichever comes first. In the event the transfer is not completed for any reason, FRANCHISOR will refund the Transfer Fee after deducting the cost of training and other costs incurred by FRANCHISOR. The amount of the Transfer Fee shall be determined as follows:

10.4.1 **Transfer of Control.** For any transfer that, either alone or together with other previous, simultaneous or proposed transfers, whether related or unrelated, will have the result of the transferee(s) holding an aggregate interest of at least fifty percent (50%) of the franchise licensed herein or the entity licensed hereunder, the Transfer Fee will be determined based on the Restaurant's Gross Sales for the most recently completed twelve (12) calendar month period preceding the date of the contract of sale (or such shorter time period from the opening date of the Restaurant if the Restaurant has not yet been open for 12 months at the time of the transfer), as set forth in the table below. FRANCHISOR reserves the right to select another period or to make appropriate adjustments to such Gross Sales in the event extraordinary occurrences (e.g., road construction, fire or other casualty, etc.) materially affected Restaurant sales during the indicated twelve (12) month period:

Gross Sales for Most Recent 12 Month Period	Transfer Fee
Less than \$400,000	\$7,500
\$400,000.00 or more, but less than \$600,000	\$8,000
\$600,000.00 or more, but less than \$1,000,000	\$10,000
\$1,000,000.00 or more, but less than \$1,400,000	\$12,000
\$1,400,000 or more	\$20,000

If FRANCHISOR purchases the Restaurant from FRANCHISEE by exercise of its right of first refusal under paragraph 10.7 hereof, the Transfer Fee shall be payable by FRANCHISEE to FRANCHISOR as if FRANCHISEE had sold the franchised business to a third party pursuant to this paragraph 10.4.1.

10.4.2 **Transfer of Less Than Control.** For any transfer that, either alone or together with other previous, simultaneous or proposed transfers, whether related or unrelated, will have the result of the transferee(s) holding an aggregate interest of less than fifty percent (50%) of the franchise licensed herein or the entity licensed hereunder, the Transfer Fee will be one thousand dollars (\$1,000.00). FRANCHISOR will waive the Transfer Fee entirely with respect to a transfer of less than control, if each transferee was an approved party to (or personal guarantor of) this Agreement prior to transfer.

10.4.3 **Transfer to Spouse or Children.** Notwithstanding anything else contained in this subsection 10.4, but provided that FRANCHISOR determines that FRANCHISEE has been in full compliance with the terms of all agreements with FRANCHISOR and its affiliates, the Transfer Fee due in connection with a transfer of the Restaurant to FRANCHISEE's spouse or one or more of FRANCHISEE's children shall be the same fee as described in paragraph 10.4.2 above. The franchise agreement issued to the spouse and/or children will be on the then-current form in use at the time of transfer including the then-current Transfer Fee provisions. In addition to the Transfer Fee, there will be a training fee of \$1,500 per person trained in connection with a transfer under this Section.

10.4.4 **Change in Franchisee Entity.** If FRANCHISEE transfers this Agreement to a new franchisee entity, the transfer fee will be \$300; provided that each owner of the new franchisee entity was an approved party to this Agreement and provided that the new franchisee entity meets the requirements set forth in Section 5.7 of this Agreement.

10.5 **Release of Transferor.** Upon FRANCHISOR's approval of the transfer and FRANCHISEE's compliance with the aforesaid conditions, the transferor shall, provided that the transferor no longer has an interest in the Franchise, thereupon be relieved of further obligations under the terms of this Agreement, except that the transferor shall remain obligated for FRANCHISEE's money obligations under Section 4 through the date of transfer, and under the covenants contained in Section 8 for the Post Term Period therein described, after the date of transfer.

10.6 **Transfer on Death, Disability or Incapacity.** In the event of the death, disability or mental incapacity of FRANCHISEE, or any partner, member or shareholder of FRANCHISEE, at any time during the term of this Agreement, the legal representative of the deceased, disabled or incapacitated party, as the case may be, together with all surviving partners, members or shareholders of FRANCHISEE, if any, shall, within six (6) months of such death, disability or mental incapacity, jointly apply, in writing to transfer the Franchise or the interest of the affected party in such Franchise, to such person or persons as the legal representative may specify. Such transfer shall be approved by FRANCHISOR upon fulfillment of all of the conditions set forth in this Section 10 of this Agreement. A Transfer Fee shall be due pursuant to subsection 10.4 above, except that paragraph 10.4.3 shall apply if the transferee is a beneficiary or heir of deceased, disabled or incapacitated FRANCHISEE, or partner, member or shareholder of FRANCHISEE (as applicable).

10.6.1 If the legal representative and all surviving partners, members or shareholders, if any, do not propose a transferee acceptable to FRANCHISOR under the standards set forth in this Agreement within the period set forth in paragraph 10.6 above, or if no transfer of the interest shall have been accomplished consistent with the provisions of this Section 10 within one (1) year from the date of death, disability or mental incapacity, all rights licensed to FRANCHISEE under this Agreement shall terminate forthwith and automatically revert to FRANCHISOR. FRANCHISOR shall have the right and option, exercisable under such termination, to purchase all furniture, fixtures, signs, equipment and other chattels at a price to be agreed upon by the parties or, if no agreement as to price is reached by the parties, at such price as may be determined by a qualified appraiser, approved by both parties, such approval not to be unreasonably withheld. FRANCHISOR shall give notice of its intent to exercise said option no later than twenty-one (21) days prior to termination.

10.6.2 If the deceased, disabled or incapacitated party is the Certified Manager, then during the interim period until a transfer of the interest under this subsection 10.6 has taken place, the legal representative and surviving partners, members or shareholders shall operate the Restaurant through a successor Certified Manager who shall possess such qualifications for interim management of the Restaurant as FRANCHISOR may determine, in its discretion, from time to time. Failure of FRANCHISEE or the legal representative to appoint a Certified Manager so qualified within ninety (90) days after the date of death, disability or mental incapacity of the Certified Manager shall be grounds for FRANCHISOR to terminate this Agreement after sending FRANCHISEE a thirty (30) day written notice to cure.

10.6.3 FRANCHISOR shall have the right to require a certified copy of an order of a court of competent jurisdiction over the estate of the deceased or incapacitated person, in which the legal representative or heir or legatee shall be determined, and may rely on such certified copy for the purposes of subsection 10.6. If not furnished with such certified copy of a court order, or in the event of a legal contest, FRANCHISOR may decline, without liability, to recognize the claim of a party to such interest. FRANCHISOR shall not be liable to any heir, next of kin, devisee, legatee, or legal representatives of a deceased or incapacitated person by reason of approval of a transfer of the interest to the surviving spouse or a child of the deceased, provided such approval is not contrary to an order of a court of competent jurisdiction served on FRANCHISOR.

10.7 **Right of First Refusal.** If FRANCHISEE, or any shareholder, member or partner thereof, has received and desires to accept a signed, bona fide written offer from a third party to purchase FRANCHISEE's rights under this Agreement or any shareholder's, member's or partner's interest in the franchised business, FRANCHISEE or such shareholder, member or partner shall notify FRANCHISOR and provide it with a complete copy of such offer. FRANCHISOR shall have the right and option, exercisable within sixty (60) days after its receipt of said copy, to purchase or assume and assign without recourse to a third party FRANCHISEE's Franchise, or such shareholder's, member's or partner's interest in the franchised business, on the same terms and conditions as offered by said third party. FRANCHISOR's exercise of its rights hereunder shall not relieve FRANCHISEE of its Transfer Fee obligation to FRANCHISOR. Should FRANCHISOR not exercise this option and the terms of the unaccepted offer be altered, FRANCHISOR shall, in each such instance, be notified of the changed offer and shall again have sixty (60) days to exercise its right to purchase on the altered terms. Should FRANCHISOR not exercise this option, all of the terms of Section 10 shall apply to the transfer.

Section 11. Dispute Resolution

11.0 Mediation: All controversies, claims or disputes between FRANCHISEE and FRANCHISOR of whatever kind or nature, whether arising out of or relating to the negotiation, performance or breach of this or any other agreement or otherwise must be submitted to a mandatory meeting between FRANCHISEE and FRANCHISOR's management, which meeting shall take place within 30 days of either party's written or emailed notice of a dispute to the other party. If the dispute is not resolved within 30 days after the mandatory meeting, unless the dispute involves injunctive relief or specific performance subject to Section 11.2, the parties agree to submit the dispute to mediation. The party seeking to initiate mediation must provide written or emailed notice of same to the other party. Mediation will be conducted in the county in which FRANCHISOR's headquarters are then located (currently, Santa Clara County, California), or at such other place as may be mutually agreeable to the parties, by a mediator or mediation program agreed to by the parties (or if none agreed, then by the American Arbitration Association). Persons authorized to settle the dispute must attend any mediation session. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible, within 60 days of the notice from the party seeking to initiate the mediation procedures. If not resolved within 30 days after notice of initiation of mediation, or if one party refuses to participate in mediation as outlined herein, the parties are free to pursue arbitration. Mediation is a compromise negotiation for purposes of the federal and state rules of evidence, and the entire process is confidential.

11.1 Arbitration: Except as provided in section 11.2, all disputes not resolved through mediation as provided above must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be arbitrated with and through the American Arbitration Association ("AAA") in accordance with its then-current rules and procedures for Commercial Arbitration, set forth at <https://www.adr.org/Rules>. The arbitration must take place in the county in which FRANCHISOR's headquarters are then located (currently, Santa Clara County, California), or at such other place as may be mutually agreeable to the parties. Any arbitration must be resolved on an individual basis and not joined as part of a class action or the claims of other parties, to the extent permissible by applicable law. Actions to enforce an express obligation to pay moneys may be brought under the Expedited Procedures of the AAA's Commercial Arbitration Rules, provided there are no counterclaims. The arbitration shall be conducted by a single arbitrator who has at least five years of experience with franchising, unless the parties agree otherwise. Except for actions commenced under Section 11.2, the arbitrator shall have the power to rule on his or her own jurisdiction, including any objections with respect to the existence, scope, or validity of the arbitration agreement or to the arbitrability of any claim or counterclaim. The arbitrator must follow the law and not disregard the terms of this Agreement. The decision of the arbitrator will be final and binding on all parties to the dispute; however, the arbitrator may not, under any circumstances: (i) stay the effectiveness of any pending termination of this Agreement; (ii) assess punitive or exemplary damages; or (iii) make any award that extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. A judgment may be entered upon the arbitration award by any court of competent jurisdiction. The binding or preclusive effect of any award shall be limited to the actual dispute or claim arbitrated, and to the parties, and will have no collateral effect on any other dispute or claim of any kind whatsoever.

11.2 Exceptions to Arbitration. Notwithstanding Section 11.1 above, FRANCHISEE recognizes that the Restaurant is one of a large number of restaurants and stores identified by the Proprietary Marks and similarly situated and selling to the public similar products, and the failure on the part of a single franchisee to comply with the terms of its agreement could cause irreparable damage to FRANCHISOR and/or to some or all of FRANCHISOR'S other franchisees. Therefore, it is mutually agreed that in the event of a breach or threatened breach of any of the terms of this Agreement by FRANCHISEE, FRANCHISOR will forthwith be entitled to an injunction from any court of competent jurisdiction, at any time including prior to or during the pendency of any dispute resolution procedures outlined in Section 11.0 or 11.1, restraining such breach or to a decree of specific performance or other equitable relief, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by the arbitrator. Similarly, it is mutually agreed that in the event of FRANCHISOR's breach or threatened breach of any of the terms of this Agreement, FRANCHISEE will forthwith be entitled to an injunction from any court of competent jurisdiction, at any time including prior to or during the pendency of any dispute resolution procedures outlined in Section 11.0 or 11.1, restraining such breach or to a decree of specific performance or other equitable relief, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by the arbitrator. The foregoing equitable remedies are in addition to, and not in lieu of, all other remedies or rights that the parties might otherwise have by virtue of any breach of this Agreement by the other party. Finally, FRANCHISOR and its affiliates have the right to commence a civil action in any court of competent jurisdiction, at any time including prior to or during the pendency of any dispute resolution procedures outlined in Section 11.0 or 11.1, against FRANCHISEE or take other appropriate action for: (i) equitable relief, including, but not limited to an action seeking preliminary or permanent injunctive relief, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to FRANCHISOR's tangible or intangible property or (ii) in connection with any action in ejectment or for possession of any interest in real or personal property.

11.3 **Attorneys' Fees and Costs.** In any arbitration or litigation proceeding between the parties (that is, any dispute resolution procedure set forth above other than the mediation described in section 11.0), the prevailing party shall be entitled to recover its attorneys' fees and costs from the other party in addition to any other relief awarded. For purposes of this provision, "prevailing party" means the party who prevails on the majority of the claims.

Section 12. Miscellaneous Provisions

12.0 **Relationship of the Parties.** This Agreement does not constitute FRANCHISEE an agent, legal representative, joint venturer, partner, employee or servant of FRANCHISOR or its parent, subsidiaries and affiliated entity(ies) for any purpose whatsoever; and it is deemed understood between the parties hereto that FRANCHISEE shall be an independent contractor and is in no way authorized to make any contract, agreement, warranty or representation on behalf of FRANCHISOR, its parent, subsidiaries or its affiliated entity(ies), or to create any obligation, express or implied, on behalf of FRANCHISOR, its parent, subsidiaries or its affiliated entity(ies). The parties agree that this Agreement does not create a fiduciary relationship between FRANCHISOR or its affiliated entity(ies) and FRANCHISEE. Under no circumstances shall FRANCHISOR or FRANCHISEE be liable for any act, omission, debt or other obligation of the other party. Each party shall indemnify, protect, defend and save the other party harmless against any such claim. The cost of defending against any claim arising directly or indirectly from, or as a result of, or in connection with, FRANCHISEE's operation of the Restaurant shall be borne by FRANCHISEE.

12.1 **Waiver of Rights.** THE PARTIES HERETO AND EACH OF THEM KNOWINGLY, VOLUNTARILY AND INTENTIONALLY AGREE AS FOLLOWS:

12.1.1 The parties hereto and each of them EXPRESSLY WAIVES THE RIGHT ANY MAY HAVE TO A TRIAL BY JURY; and

12.1.2 The parties hereto and each of them EXPRESSLY WAIVES ANY CLAIM FOR CONSEQUENTIAL, PUNITIVE, MULTIPLE AND/OR EXEMPLARY DAMAGES, except that FRANCHISOR shall be free at any time hereunder to bring an action for willful trademark infringement and, if successful, to receive an award of multiple damages as provided by law; and

12.1.3 The parties hereto and each of them EXPRESSLY AGREES THAT NO PARTY BOUND HEREBY MAY RECOVER DAMAGES FOR ECONOMIC LOSS ATTRIBUTABLE TO NEGLIGENT ACTS OR OMISSIONS EXCEPT FOR CONDUCT WHICH IS DETERMINED TO CONSTITUTE GROSS NEGLIGENCE OR AN INTENTIONAL WRONG; and

12.1.4 The parties hereto and each of them EXPRESSLY AGREES THAT IN THE EVENT OF ANY FINAL ADJUDICATION OR APPLICABLE ENACTMENT OF LAW THAT CONSEQUENTIAL, PUNITIVE, MULTIPLE AND/OR EXEMPLARY DAMAGES MAY NOT BE WAIVED, ANY RECOVERY BY ANY PARTY IN ANY FORUM SHALL NEVER EXCEED TWO (2) TIMES ACTUAL DAMAGES, except for an award of multiple damages to FRANCHISOR for willful trademark infringement, as provided by law.

12.1.5 ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP OF FRANCHISEE AND FRANCHISOR OR FRANCHISEE'S OPERATION OF THE RESTAURANT, BROUGHT IN ANY FORUM BY ANY PARTY HERETO AGAINST THE OTHER, MUST BE COMMENCED WITHIN TWO (2) YEARS AFTER THE DISCOVERY OF THE FACTS GIVING RISE TO SUCH CLAIM OR ACTION, OR SUCH CLAIM OR ACTION SHALL BE BARRED, EXCEPT FOR FINANCIAL OBLIGATIONS OF FRANCHISEE.

12.1.6 No party shall initiate or participate in any class action litigation claim against any other party bound hereby, except that FRANCHISEE may initiate or participate in any class action arbitration claim by franchisees of FRANCHISOR against FRANCHISOR limited exclusively to alleged misappropriation of moneys from the Fund of any System authorized by this Agreement, which claim must be brought only in arbitration under the provisions of Section 11.

12.1.7 The provisions of this Section 12 shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement, however effected.

13.0 **Non-Waiver.** Any failure of FRANCHISOR to exercise any power reserved to it hereunder, or to insist upon strict compliance by FRANCHISEE with any term, covenant or condition in this Agreement, and any waiver by FRANCHISOR of any breach of a term, covenant or condition shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition in this Agreement. Subsequent acceptance by FRANCHISOR of the payments due to it hereunder, in whole or in part, shall not be deemed to be a waiver by FRANCHISOR of any preceding breach by FRANCHISEE of any term, covenant or condition of this Agreement. FRANCHISOR may, in its sole discretion, waive or modify any obligation of other franchisees under agreements similar to this

Agreement, and no such waiver or modification shall obligate FRANCHISOR to grant a similar waiver or modification to FRANCHISEE. Acceptance by FRANCHISOR of payments due under this Agreement from any other person or entity shall be deemed to be acceptance from such person or entity as an agent of FRANCHISEE and not as recognition of such person or entity as an assignee of or successor to FRANCHISEE.

14.0 **Notices.** All notices hereunder by FRANCHISOR to FRANCHISEE shall, at FRANCHISOR's option, be personally delivered or sent by telecopier, prepaid private courier or certified mail to FRANCHISEE at the address set forth in Item "I" of the Contract Data Schedule of this Agreement or to such other address as FRANCHISEE may from time to time give written notice of to FRANCHISOR. If delivery is refused, proof of attempted delivery shall be deemed delivery. All notices hereunder by FRANCHISEE to FRANCHISOR shall be sent by certified mail to FRANCHISOR at 910 Campisi Way #1E, Campbell, CA 95008, Attention: CEO, or to such other address as FRANCHISOR may from time to time give notice to FRANCHISEE by email, regular mail or any other means set forth above.

15.0 **Entire Agreement.** This Agreement and the documents referred to herein shall be the entire, full and complete agreement between FRANCHISOR and FRANCHISEE concerning the subject matter hereof, and supersedes all prior agreements, and there are no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with reference to this Agreement or otherwise; provided, that nothing in this Agreement is intended to negate the disclosures in FRANCHISOR's Franchise Disclosure Document. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing. Captions, paragraph designations and section or subsection headings are included in this Agreement for convenience only and in no way define, limit, construe or describe the scope or intent of the respective parts of this Agreement. The Special Terms and Conditions attached to this Agreement supplement the General Terms and Conditions and are intended to be additional thereto. In the event of any conflict between any provisions thereof, the provisions of the Special Terms and Conditions shall be deemed to prevail.

16.0 **Severability.** Each section, part, term and provision of this Agreement shall be considered severable, and if, for any reason, any section, part, term or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation of a court or agency having valid jurisdiction, such shall not impair the operation or affect the remaining portions, sections, parts, terms or provisions of this Agreement, and the latter will continue to be given full force and effect and bind the parties hereto; and said invalid section, part, term or provision shall be deemed not to be a part of this Agreement.

17.0 **Applicable Law.** The Federal Arbitration Act and related federal judicial procedure shall govern this contract to the fullest extent possible, excluding all state arbitration law, irrespective of the location of the arbitration proceedings, the nature of the dispute between the parties or the nature of the court in which any related judicial proceedings may be brought. Subject to the foregoing, this Agreement shall be deemed to have been made in, and shall be interpreted, construed and governed by the laws of California, excluding conflicts of laws provisions.

18.0 **Interpretation of Rights and Obligations.** The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties:

18.1. **Franchisor's Rights.** Whenever this Agreement provides that FRANCHISOR has a certain right, that right is absolute, and the parties intend that FRANCHISOR's exercise of that right will not be subject to any limitation or review. FRANCHISOR has the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

18.2 **Reasonable Business Judgment.** Whenever FRANCHISOR reserves discretion in a particular area or where FRANCHISOR agrees to exercise its rights reasonably or in good faith, FRANCHISOR will satisfy its obligations whenever it exercises Reasonable Business Judgment in making its decision or exercising its rights. FRANCHISOR's decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes FRANCHISOR's financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Proprietary Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

ATTACHMENT A

COMBO RIDER

Special Terms and Conditions Applicable to a
TOGO'S Franchise
Located in a Baskin-*TOGO'S* Combo Restaurant

Franchisee will operate this Restaurant as part of a Baskin Robbins – *TOGO'S* Combo Restaurant under separate franchise agreements. This addendum addresses certain questions that have arisen about the application and interpretation of certain provisions of the separate franchise agreements. Franchisee may only operate this Restaurant in conjunction with Baskin Robbins. If Franchisee is no longer a party to a Baskin Robbins franchise agreement, Franchisee may operate the Restaurant as a stand-alone *TOGO'S* Restaurant. Franchisee may not operate this Restaurant in conjunction with any other brand without Franchisor's prior written approval.

Section 5.3 is amended to add the following: "All insurance policy coverage amounts shall apply to both the *TOGO'S* Restaurant and the Baskin-Robbins Restaurant. There shall be no increase to the insurance policy coverage amounts as a result of separate Baskin-Robbins and *TOGO'S* Franchise Agreements."

Paragraph 10.7 is amended to add the following: "Only one franchisor shall exercise the Right of First Refusal. As between *TOGO'S* or the Baskin-Robbins Franchisor, the brand that generated the most sales at this Baskin-Robbins/*TOGO'S* Combo Restaurant in the twelve months preceding receipt of the offer to purchase shall have the right to exercise the Right of First Refusal and the other franchisor shall assign all its rights under this paragraph to that franchisor."

To the extent that there is a conflict between any provision of the General Terms and Conditions of the Franchise Agreement or this Addendum, the provisions of this Addendum shall prevail. In all other respects, the parties do hereby ratify and affirm the terms of the Franchise Agreement.

EXHIBIT C
MULTI-UNIT AGREEMENT



TOGO'S EATERIES

MULTI-UNIT AGREEMENT

TABLE OF CONTENTS

	<u>Page</u>
1. Grant of Development Rights.....	1
2. Fees.....	1
3. Development and Opening Requirements	1
4. Renewal of Rights.....	1
5. Exceptions to Exclusivity.....	2
6. Confidential Information.....	2
7. Suspension of Development Rights; Default and Termination.....	2
8. Transfers of Interest	2
9. Dispute Resolution.....	3
10. Miscellaneous	4
EXHIBIT A MULTI-UNIT AREA	Error! Bookmark not defined.
EXHIBIT B DATA SHEET	Error! Bookmark not defined.

MULTI-UNIT AGREEMENT

This Agreement, dated _____, 20__, is made by and between:

TOGO'S FRANCHISOR, LLC ("we, "our" and "us") a Delaware limited liability company with a principal place of business at 910 Campisi Way #1E, Campbell, California 95008, and _____, with a principal place of business at _____ ("you or "your").

RECITAL

We and you acknowledge receiving good and valuable consideration for this Agreement and agree as follows:

AGREEMENT

1. Grant of Development Rights. We grant and you accept the right and obligation to develop and open TOGO'S restaurants ("Restaurant" or "Restaurants") within the Multi-Unit Area described in Exhibit A. Except as provided in paragraph 5, during the term of this Agreement, so long as you are in compliance with the terms hereof, we will not operate or grant any other person or entity the right to operate a TOGO'S Restaurant within the Multi-Unit Area. You must develop the required number of Restaurants set forth in Exhibit B in accordance with the development schedule ("Development Schedule") set forth in Exhibit B. The term of this grant is the duration of this Agreement, which expires on the date stated in Part IV of Exhibit B, unless terminated earlier as provided herein.

2. Fees. You will pay a Multi-Unit Fee for the right to develop TOGO'S Restaurants within the Multi-Unit Area in full upon signing the Agreement. All Fees paid under this Agreement are non-refundable. If you develop more Restaurants than are required under the Development Schedule during the term of this Agreement, then the initial franchise fee ("IFF") for each additional restaurant will be \$15,000. In addition, you will pay the continuing fees (set forth on Exhibit B) under each Franchise Agreement executed hereunder.

3. Development and Opening Requirements

A. You will secure the real estate for each Restaurant, through purchase or binding lease and open each Restaurant by its "Required Opening Date," all as specified in the Development Schedule in Exhibit B. Time is of the essence in performing these obligations. A Restaurant location must be approved by us in writing. Before you commit to lease or purchase a location, you should provide us with a copy of the lease or purchase agreement, along with the acquisition, development and construction costs, and such other information as we reasonably request, so that we can evaluate the proposal. Each Restaurant must be constructed and equipped to our then-current standards and specifications.

B. Franchise Agreement and Ownership Requirements. For each Restaurant, you will sign our then-current version of Franchise Agreement. You must execute our Franchise Agreement and ancillary documents prior to the date you order equipment for the Restaurant. We entered into this Agreement based on your qualifications. If you propose to add or subtract owners or change the ownership percentages for a Franchise Agreement entered into under this Agreement, the proposal is subject to our prior written approval. All capitalized terms used but not otherwise defined in this Agreement shall have the meanings assigned to them in the Franchise Agreement.

4. Renewal of Rights. This Agreement and the development rights granted in it expire on the date stated in Exhibit B. If you wish to renew the development rights for the same Multi-Unit Area, you must advise us in writing within six (6) months prior to the expiration of this Agreement. We will then reassess the potential of the Multi-Unit Area for further development. If we and you agree that there is potential for additional restaurants, we will offer you the first opportunity to enter into a new agreement for the Multi-Unit Area, provided that you met your Development Schedule under this Agreement, you are in compliance with all of your TOGO'S franchise agreements, you meet our

then-current Criteria to Expand, and we and you can agree on a new development schedule. The agreement you sign will be our then-current Multi-Unit Agreement, which may contain terms and conditions materially different from the terms and conditions of this Agreement, including different fee requirements and territorial rights. You will have 30 days from the time you receive the new agreement to sign and return it to us.

5. Exceptions to Exclusivity. Special distribution opportunities may arise within the Multi-Unit Area that may or may not be available to you. Examples include hospitals, train stations, airports, entertainment and sports complexes, convention centers, casinos and resorts, limited-access highway food facilities, military facilities, schools and colleges, office or factory food service facilities, gas/convenience restaurants, department restaurants and “big box” super restaurants, mobile units, off-site sales accounts, supermarkets and home improvement retailers. We retain the right to pursue such special distribution opportunities inside your Multi-Unit Area, but during the term of this Agreement we will offer you the first opportunity to become our franchisee for those opportunities provided that you are in compliance with all material provisions of your agreements with our affiliates and us, you meet the Criteria to Expand, and the party that controls the opportunity permits us to do so. You will have fifteen (15) days to accept the offer in writing. Special distribution opportunities that you develop do not count toward the number of restaurants you are required to develop under this Agreement, and the fees for such special distribution opportunities are in addition to the Multi-Unit Fee or IFF required under this Agreement.

Further, this Agreement only grants rights as to the operation of TOGO’S retail locations. You have no other rights to the use, enjoyment or benefit of the TOGO’S name or trademarks. We retain the complete right to distribute TOGO’S products and services of every kind and nature through any other channels of distribution. This includes, without limitation, the distribution and use or sale of TOGO’S-trademarked products in a hotel room, an office or a supermarket (as distinguished from a TOGO’S retail location inside another business). We also retain the right to operate or franchise others to operate competitive restaurants in the Multi-Unit Area as the result of a merger or acquisition pursuant to which we acquire or are acquired by a competitor.

6. Confidential Information. Except as necessary to perform your obligations under this Agreement, you will not provide Confidential Information concerning the development of TOGO’S restaurants or the TOGO’S System to anyone. “Confidential Information” means information that is not generally available to the public.

7. Suspension of Development Rights; Default and Termination. We may terminate this Agreement if: (a) you default on a monetary obligation to us and do not cure the default within seven (7) days from the date you receive our written Notice to Cure; or (b) you default on any other provision of this Agreement and do not cure the default within thirty (30) days from the date you receive our written Notice to Cure. If state law requires a longer cure period, then that longer period shall apply. We may terminate this Agreement, without any opportunity to cure, if you violate the confidentiality provision, if you commit a felony or crime of moral turpitude, if you commit a fraud upon any of our affiliate(s) or us, or if we terminate any of your Franchise Agreements in the DMA in which this Multi-Unit Area is located. If we terminate this Agreement, then we will retain all payments you have made to us and you must pay us any other amounts due through the effective date of termination.

At any time, you do not meet the Criteria to Expand in effect at the time you sign this Agreement, we may suspend your right to develop by a written notice. The suspension will be in effect until you are not in default and meet the Criteria to Expand. Any suspension will not alter your Development Schedule unless we, in our sole discretion, grant an extension in writing.

Our termination of this Agreement pursuant to this Section 7 shall not affect any Franchise Agreement that is then in effect and all your rights, privileges and obligations under such Franchise Agreement shall remain in full force and effect without any modification or amendment, unless the underlying default under this Agreement is also a default under one or more such Franchise Agreements.

8. Transfers of Interest

A. Transfer by Us: This Agreement inures to the benefit of our successors and assigns, and we may assign our rights to any person or entity that agrees in writing to assume all of our obligations. Upon transfer, we will have no further obligation under this Agreement, except for any accrued liabilities.

B. Transfer by You: We entered into this Agreement based on your qualifications. You may transfer a direct or indirect interest in this Agreement, but any transfer requires our prior written consent, which consent will not be unreasonably withheld so long as the transfer is a complete transfer of all rights under this Agreement. Any transfer or assignment of this Agreement must also include a transfer of all Franchise Agreements entered into pursuant to this Agreement, except as we may otherwise approve. We may withhold our approval on any partial transfer of rights under this Agreement in our sole discretion. In the event a person holding a direct or indirect interest dies, that person's legal representative must, within three (3) months of the event, apply in writing to transfer that interest with notice to all other persons having a direct or indirect interest in this Agreement.

C. Release; Transfer Fee: At the time of transfer, you must execute a general release of all claims against us, in our standard form, and pay us a Transfer Fee of \$10,000. No Transfer Fee will be required if you transfer the interest to a beneficiary or heir of the deceased.

D. Right of First Refusal: We have a right of first refusal for any proposed transfer by you of this Agreement or any interest in you (if you are an entity). You must provide us with a copy of any agreement (and any amendment to the agreement) for the transfer, and we will have sixty (60) days after receipt to notify you that we are exercising our option to purchase the interest under the same terms and conditions. If we do so, you still are obligated to pay a Transfer Fee.

9. Dispute Resolution

A. Mediation: All controversies, claims or disputes between you and us of whatever kind or nature, whether arising out of or relating to the negotiation, performance or breach of this or any other agreement or otherwise must be submitted to a mandatory meeting between you and our management, which meeting shall take place within 30 days of either party's notice of a dispute to the other party. If the dispute is not resolved within 30 days of such mandatory meeting, unless the dispute involves injunctive relief or specific performance subject to Section 9.A., the parties agree to submit the dispute to mediation. Mediation will be conducted in the county in which our headquarters are then located (currently, Santa Clara, California), or at such other place as may be mutually agreeable to the parties, by a mediator or mediation program agreed to by the parties (or if none agreed, then by the American Arbitration Association). Persons authorized to settle the dispute must attend any mediation session. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible, within 30 days of the notice from the party seeking to initiate the mediation procedures. If not resolved within 30 days, or if one party refuses to participate in mediation as outlined herein, the parties are free to pursue arbitration. Mediation is a compromise negotiation for purposes of the federal and state rules of evidence, and the entire process is confidential.

B. Arbitration: Except as provided in section 9.C, all disputes not resolved through mediation as provided above must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be arbitrated in accordance with the then-current rules and procedures and under the auspices of the American Arbitration Association. The arbitration must take place in the county in which our headquarters are then located (currently, Santa Clara County, California), or at such other place as may be mutually agreeable to the parties. Any arbitration must be resolved on an individual basis and not joined as part of a class action or the claims of other parties. Actions to enforce an express obligation to pay moneys may be brought under the Expedited Procedures of the AAA's Commercial Arbitration Rules, provided there are no counterclaims. The arbitrators must follow the law and not disregard the terms of this Agreement. The decision of the arbitrators will be final and binding on all parties to the dispute; however, the arbitrators may not, under any circumstances: (i) stay the effectiveness of any pending termination of this Agreement; (ii) assess punitive or exemplary damages; or (iii) make any award that extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. A judgment may be entered upon the arbitration award by any court of competent jurisdiction. The binding or preclusive effect of any award shall be limited to the actual dispute or claim arbitrated, and to the parties, and will have no collateral effect on any other dispute or claim of any kind whatsoever.

C. Exception to Arbitration. Notwithstanding Section 9.B above, you recognize that each Restaurant developed hereunder is one of a large number of restaurants and stores identified by the Proprietary Marks and similarly situated and selling to the public similar products, and the failure on the part of a single franchisee or

developer to comply with the terms of its agreement could cause irreparable damage to us and/or to some or all of our other franchisees or developers. Therefore, it is mutually agreed that in the event of a breach or threatened breach of any of the terms of this Agreement by you, we will forthwith be entitled to an injunction restraining such breach or to a decree of specific performance or other equitable relief, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by the arbitrators. Similarly, it is mutually agreed that in the event of our breach or threatened breach of any of the terms of this Agreement, you will forthwith be entitled to an injunction restraining such breach or to a decree of specific performance or other equitable relief, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by the arbitrators. The foregoing equitable remedies are in addition to, and not in lieu of, all other remedies or rights that the parties might otherwise have by virtue of any breach of this Agreement by the other party. Finally, we and our affiliates have the right to commence a civil action against you or take other appropriate action for the following reasons: (i) to collect sums of money due to us; (ii) to compel your compliance with trademark standards and requirements to protect the goodwill of the Proprietary Marks; or (iii) in connection with any action in ejectment or for possession of any interest in real or personal property.

D. Waiver of Rights: The parties waive and agree not to include in any complaint or arbitration demand: class action claims; demand for trial by jury; claims for lost profits; or claims for punitive, multiple, or exemplary damages. If any complaint is filed that contains any of these claims or a jury demand, or if a court determines that all or any part of the waivers are ineffective, then the complaint shall be dismissed with prejudice leaving the parties to their arbitration remedies below. No claim by you can be consolidated with the claims of any other holders of development rights. If such claims and demands cannot be waived by law, then the parties agree that any recovery shall not exceed two (2) times actual damages.

E. Attorneys' Fees and Costs. In any arbitration or litigation proceeding between the parties, the prevailing party shall be entitled to recover its attorneys' fees and costs from the other party in addition to any other relief awarded. For purposes of this provision, "prevailing party" means the party who prevails on the majority of the claims.

10. Miscellaneous.

A. Relationship; Waiver: You are an independent contractor of ours. Neither party to this Agreement has the power to bind the other. Neither party is liable for any act, omission, debt or any other obligation of the other, and you and we agree to indemnify and save each other harmless from any such claim and the cost of defending such claim. The waiver by either party of a breach of any provision of this Agreement applies only to that one breach and only to that one provision. If we accept payments from any person or entity other than you, such payments will be deemed made by such person as your agent and not as your successor. If, for any reason, any provision of this Agreement is determined to be invalid or to conflict with an existing or future applicable law, then the remaining provisions will continue to bind the parties and the invalid or conflicting provision will be deemed not to be a part of this Agreement. Our rights and remedies are cumulative. The limited right to use the "TOGO'S" name and trademarks is granted in the Franchise Agreement you will sign for each Restaurant. It is not granted in this Agreement. Neither you nor your successor may create or assert any security interest or lien in this Agreement.

B. Entire Agreement: This Agreement and the documents referred to herein shall be the entire, full and complete agreement between you and us concerning the subject matter of this Agreement, which supersedes all prior agreements. Nothing in this Agreement is intended to negate the disclosures contained in the TOGO'S Franchise Disclosure Document. This Agreement may only be modified by the parties in writing.

C. Notices: All notices shall be sent by prepaid private courier or certified mail to the addresses above, or to such other addresses as you and we provide each other in writing. All notices to us shall be sent to "Attention: Legal Department."

D. Acknowledgement: Your success in this business is speculative and depends, to an important extent, upon your ability as an independent business owner. We do not represent or warrant that locations we approve will

achieve a certain level of sales or be profitable. If we provide maps, demographics or other information to you in connection with the Multi-Unit Area, we do so without any representation or warranty that the information is complete, accurate or current. We do not represent that you will be able to find or secure locations within the Multi-Unit Area or that you will be able to develop all of the required Restaurants. By your signature below, you acknowledge that you have entered into this Agreement after making an independent investigation of the TOGO'S System and the Multi-Unit Area.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Agreement in triplicate the day and year first written above.

ATTEST/WITNESS:

You: *[insert corp., LLC or partnership]*

By: _____

Name:

Title:

Date:

ATTEST:

TOGO'S FRANCHISOR, LLC

By: _____

Name:

Title:

Date:

EXHIBIT A
MULTI-UNIT AREA

Initials

EXHIBIT B
DATA SHEET

DATA SHEET

I. Development Schedule:

Restaurant #	Length of Franchise Term	Required Lease Signed Date	Required Opening Date
1	Ten Years	Within 12 months of the Franchise Agreement date for Restaurant #1	Within 12 months of the Lease Signed Date for the Restaurant #1
2	Ten Years	Within 12 months of Restaurant #1 Opening Date	Within 12 months of the Lease Signed Date for the Restaurant #2
3	Ten Years	Within 12 months of Restaurant #2 Opening Date	Within 12 months of the Lease Signed Date for the Restaurant #3
4	Ten Years	Within 12 months of Restaurant #3 Opening Date	Within 12 months of the Lease Signed Date for the Restaurant #4
5	Ten Years	Within 12 months of Restaurant #4 Opening Date	Within 12 months of the Lease Signed Date for the Restaurant #5

II. Multi-Unit Fee ("MF"):

1st Restaurant: \$30,000

2nd Restaurant: \$15,000

3rd Restaurant: \$15,000

4th Restaurant:

5th Restaurant:

TOTAL: \$ _____

III. Continuing Fees:

The following fees shall apply for each Franchise Agreement executed hereunder:

- | | | |
|-----|---------------------------|---------|
| i. | Royalty Fee: | 5% |
| ii. | Continuing Marketing Fee: | 3%* |
| ii. | Marketing Start-Up Fee: | \$7,500 |

*We currently collect 3% of Gross Sales. We have the right to increase this fee in an amount not to exceed 5% of Gross Sales.

IV. Term:

The term of this Agreement shall expire on _____.¹

Initials

¹ The term of the Agreement is determined by multiplying the number of Restaurants to be developed by 2. (For example, the term of 3-Restaurant agreement would be 6 years.)

EXHIBIT D

SUBLEASE

SUBLEASE

This Sublease ("Sublease"), dated _____, 20__, is by and between TOGO'S EATERIES, LLC ("we", "us" or "our") and _____ ("you" or "your").

Defined Terms

The terms used in this Sublease have the following meanings:

1.1 Our Notice Address: 910 Campisi Way #1E
Campbell, CA 95008
Attention: Manager, Corporate Real Estate

1.2 Our Rent Payment Address: _____

1.3 Your Notice Address: _____

1.4 Premises (address): _____

1.5 Term Commencement Date: If the Premises are for a new restaurant, the Term Commencement Date will be the date the Premises is substantially completed. "Substantially completed" means the Premises is ready for normal operation or, if you are installing equipment, the Premises is ready for the installation of that equipment. If the Premises is an existing restaurant, the Term Commencement Date will be the date first listed above.

1.6 Term: The Term begins on the Term Commencement Date and ends _____ (provided that it will end fifteen (15) days before the expiration of the Prime Lease or immediately upon the earlier termination of the Prime Lease).

1.7 Fixed Rent Commencement Date: The earlier of five (5) days after the Term Commencement Date or the day the Premises opens for business.

1.8 Fixed Rent:

Beginning	Ending	Annually	Monthly
Fixed Rent Commencement Date	to _____	\$ _____.	\$ _____.
_____	to _____	\$ _____.	\$ _____.
_____	to _____	\$ _____.	\$ _____.
_____	to _____	\$ _____.	\$ _____.

1.9 Percentage Rent Rate: _____ percent (_____%).

1.10 Additional Rent: All of your monetary obligations not already described as Fixed Rent or Percentage Rent are Additional Rent. Additional Rent includes Taxes, charges for water, gas, TOGO'S 2023 FDD

electricity and other utilities furnished to the Premises, common area charges, merchant association dues, promotion fund fees and advertising fees. If you default in the payment of Additional Rent, we will have the same remedies as we have for default related to the payment of Fixed Rent and Percentage Rent.

1.11 Sublease Month: The period beginning on the Sunday immediately following the last Saturday of any calendar month and ending on the last Saturday of the next calendar month.

1.12 Sublease Year: Successive periods of fifty-two (52) consecutive weeks beginning on the first Sunday the Premises is open for business (or on the next succeeding business day if the Premises is not open on Sunday).

1.13 Gross Sales: All sales made by you in, on, or from the Premises (except sales taxes and similar taxes).

1.14 Taxes: All (i) real estate taxes and other taxes related to the Premises and (ii) local, state and federal taxes, including sales taxes, use taxes, leasing or rental taxes, excise taxes or other taxes which may be assessed upon (a) the leasing, use or occupancy of the Premises; (b) the rent or other receipts derived from the Premises; (c) the leasehold improvements and/or personal property on or in the Premises; or (d) upon the business conducted on the Premises; and (iii) taxes that we pay pursuant to the Prime Lease.

1.15 Security Deposit: _____ and ____/100 Dollars (\$_____.____)

1.16 Prime Lease: The lease dated _____, 20____ by and between _____ (“Prime Lessor”), as landlord, and us, as tenant.

1.17 Franchisor: TOGO’S Franchisor, LLC.

1.18 Franchise Agreement: The Franchise Agreement dated _____, 20____ between Franchisor and you.

1.19 Hazardous Substance: Any petroleum, asbestos or other material, substance or waste that is recognized as being hazardous or dangerous to health or the environment by any federal, state or local authority having jurisdiction.

1.20 Administrative Charge: Fifty dollars (\$50.00).

Fixed Rent, Percentage Rent, Additional Rent and Security Deposit

2.1 Fixed Rent:

(i) Beginning on the Fixed Rent Commencement Date, you will pay us Fixed Rent in equal monthly installments in advance on the fifteenth (15th) day of the month immediately before the month for which such Fixed Rent is due (prorated for partial months).

(ii) When you execute this Sublease, you will pay us the first (1st) month’s Fixed Rent and the Security Deposit.

2.2 Percentage Rent:

(i) Within fifteen (15) days of the close of each Lease Month, you will pay us Percentage Rent equal to the amount by which Gross Sales multiplied by the Percentage Rent Rate exceeds the amount of Fixed Rent paid or payable during such Lease Month.

(ii) You agree to provide to us, within forty-five (45) days following each Lease Year, a statement of Gross Sales (certified by an independent public accountant who we find acceptable) for such Lease Year. If Gross Sales exceed amounts that you previously reported to us, you will pay all Percentage Rent then due at the same time you furnish such statement. Once we receive the certified statement of Gross Sales, if Gross Sales are less than amounts that you previously reported to us, we will refund to you any overpayment unless you have outstanding obligations to us, in which case we reserve the right to apply any toward those obligations. Our representatives will have the right to inspect your original books and records at reasonable times and if our inspection shows that the Gross Sales you reported are less than the Gross Sales shown by our inspection, you will immediately pay us the difference (based upon actual Gross Sales). We'll pay for the inspection unless (a) it results from your failure to prepare, deliver or preserve books or records as required by this Sublease or (b) we discover that the Gross Sales that you reported are less than what we determined by three percent (3%) (or more). If either (a) or (b) is true, then you will reimburse us for all expenses related to our inspection as well as interest on any unpaid amounts. Such payments will be without prejudice to any other remedies we may have under this Sublease or the Franchise Agreement, including the right to terminate this Sublease, without opportunities to cure, in the case of intentional underreporting of Gross Sales.

(iii) You will keep all books and records that are required under the Franchise Agreement and as we may from time to time require. You will keep these books and records for the Term of this Sublease plus three (3) years. You also agree to keep such books and records that we are required to keep, as tenant, under the Prime Lease (in the manner prescribed by the Prime Lease).

(iv) If the annual Percentage Rent that you pay to us is less than the annual percentage rent that we pay to Prime Lessor, you agree to pay us the amount that is the difference between the two.

2.3 Additional Rent:

You agree to pay us each month one-twelfth of the estimated yearly total of all charges and amounts that we pay under the Prime Lease, including, without limitation, all Taxes, common area maintenance charges, merchants association dues, promotion fund fees and advertising fees. At the end of each Sublease Year, if you overpaid, we will pay you the refund due you and, if you underpaid, you will pay us any amounts due. If we determine that there is a deficiency in the balance of the deposits we hold related to Additional Rent, you will pay us the amount of such deficiency.

2.4 Security Deposit:

If you default under this Sublease, we may apply the Security Deposit to the amount due to us. If the Security Deposit has been depleted for any reason, you will replace the funds within ten (10) days of our request. The Security Deposit can be commingled with our other funds, without liability for interest. If you comply with all of the terms of this Sublease, the Security Deposit,

less any amounts that you owe us, will be returned to you after you vacate the Premises. Our application of the Security Deposit in no way limits any claims that we may have against you.

2.6 Administrative Charge:

You agree to pay us an Administrative fee (\$50.00) on a monthly basis. This Administrative fee will be paid in advance on the fifteenth (15th) day of the month immediately before the month for which such fee is due.

2.7 Method of Payment:

You will mail all payments to us at our Rent Payment Address or, at our option, by electronic fund transfer (“EFT”). You will provide authorization and bank account data necessary to set up EFT.

Purpose and Use

3.1 You may use the Premises only for the operation of a *TOGO’S* Sandwich Stop restaurant in accordance with the terms and conditions of the Franchise Agreement.

Our Covenants

4.1 We control the Premises pursuant to the Prime Lease and have full legal right to enter into this Sublease;

4.2 We will, if required by the terms of this Sublease, substantially complete, or cause to be substantially completed, the work at the Premises in accordance with our plans and specifications;

4.3 We will assign to you all warranties and guarantees that we obtain from our contractors, suppliers and others (if any) used in the construction and development of the Premises; and

4.4 We will not disturb your possession and quiet enjoyment of the Premises as long as you are not in default.

Your Covenants

5.1 You agree to timely pay all sums due under this Sublease;

5.2 You agree to pay all taxes pertaining to your property;

5.3 You agree, at your sole expense and before entering the Premises, to obtain and thereafter maintain insurance policies protecting you and us and our directors and employees against any loss, liability or expense whatsoever from (without limitation) fire, personal injury, theft, death, property damage or otherwise arising or occurring upon or in connection with the Premises or by reason of your operation or occupancy of the Premises. These policies must include comprehensive general liability insurance, including, but not limited to, product and contractual liability coverage, with a single limit of \$2,000,000.00 or such higher limit that we, in our sole discretion, may from time to time require, for bodily injury and property damage combined, all risk property damage insurance, including flood and earthquake protection, for the full replacement cost value of the Premises, plate

glass insurance and boiler insurance, if applicable, and such statutory insurance as may be required in the state in which the Premises is located. All of these insurance policies will:

- (i) be written in the names of you, us and any other party that we direct, as our respective interests may appear;
- (ii) be written by insurance companies acceptable to us;
- (iii) contain provisions denying to the insurer acquisition by subrogation of rights of recovery against any party named;
- (iv) contain a provision that cancellation or alteration cannot be made without at least thirty (30) days' written notice to every party named;
- (v) not be limited in any way by reason of any insurance that we may maintain; and
- (vi) contain a standard mortgage clause naming the holder of any mortgage, deed of trust or any other security agreement as a named insured;

5.4 You agree to give us duplicate originals of all insurance policies, including renewal and replacement policies, together with evidence that the premiums have been paid. If you fail to comply with this Section 5.4, we may elect to obtain such insurance and keep the same in effect and, if we do, you will pay us, as Additional Rent upon demand, the cost of the premiums for that insurance. You will also comply with any additional insurance requirements set forth in the Prime Lease;

5.5 You agree to comply promptly with all applicable laws, rules, regulations, ordinances, requirements and orders of public authorities, the Board of Fire Underwriters and similar organizations;

5.6 You agree to indemnify and save us and any other party claiming an interest in the Premises harmless from and against any and all injury, loss, claim or damage or liability to any person or property while on the Premises;

5.7 You agree to put and maintain the Premises in good repair and first-class order and condition during the Term of this Sublease. This obligation to put and maintain includes the land, building, signs, poles, parking lot, walkways, landscaping, foundations, walls, roofs, roof covering, gutters, downspouts, glass, pipes, wires, septic or sewer systems, grease traps, plumbing, utility systems, equipment (including heating, ventilation and air conditioning), both interior and exterior, structural and non-structural, ordinary and extraordinary. This obligation to put and maintain is yours regardless of how the necessity for such maintenance, repairs or replacements shall occur. All of your obligations under this Section shall be at your sole cost and expense and made in compliance with the Franchise Agreement and with all applicable laws, ordinances, governmental rules and regulations and the requirements of any insurer of the Premises. You are also responsible for making all repairs, replacements, alterations and/or capital improvements to the Premises as may be required by any law, rule, regulation or order of any federal, state or municipal government having jurisdiction over the Premises. We have no responsibility or liability for repairs, maintenance or replacements to the Premises;

5.8 You agree that you are solely responsible for compliance with the Americans with Disabilities Act (“ADA”) and all other federal, state and local laws concerning accessibility for, and the civil rights of, persons with disabilities with respect to the Premises and to the operation of your business at the Premises. We have no responsibility or liability for removal of any barriers or for any other alterations to the Premises that may be necessary to make the Premises accessible to and usable by persons with disabilities and you agree to indemnify, defend and hold us harmless from and against any and all liability, claims, suits, actions, losses, injury, damage, civil penalties, costs or expenses, including attorneys’ fees and costs, relating to or arising out of any alleged violation of the ADA or any other federal, state or local laws concerning accessibility for, and the civil rights of, persons with disabilities related to the Premises;

5.9 You agree to make no material alteration, addition, replacement or improvement in, on or to the Premises (interior or exterior) without our prior written consent;

5.10 You agree to continuously use the Premises for the Permitted Use with the Premises fully stocked and staffed so as to maximize the amount of Gross Sales;

5.11 You agree to give written notice of any default by us under the terms of this Sublease to any mortgagee or assignee of any interest, or holder of any security interest, in any portion of this Sublease or the Premises. If such default would allow you to cancel or terminate this Sublease, you agree to give written notice of any intended cancellation or termination to any such mortgagee, assignee or holder and allow such mortgagee, assignee, or holder thirty (30) days to cure the default or agree to perform all of the covenants of ours under this Sublease, and in either event this Sublease will continue in full force and effect;

5.12 You agree at the expiration of the Term, to remove your personal property and to peaceably vacate the Premises in as good repair and condition as the same are in at the Initial Term Commencement Date or may be put in thereafter except for reasonable wear and use, and to comply with any provisions of the Prime Lease regarding the condition in which the Premises must be surrendered at the expiration of the term of the Prime Lease;

5.13 You agree, if you believe that the Premises needs repair or replacement of any kind, to exert any claim directly against the contractor(s) who performed the work and not against us. If you make a claim(s) against the contractor(s), we will cooperate with you and you agree to reimburse us for any expense that we incur in cooperating with you. You also agree that we will not be liable or responsible in any manner whatsoever for any delay(s) in the completion of the construction of the Premises, that we are not to be held responsible or liable in any manner whatsoever for any latent construction or other defects in the Premises and that the Fixed Rent, Percentage Rent and Additional Rent payable under this Sublease are not to be diminished or abated related to the same.

5.14 You agree to promptly discharge or bond any obligations or liens arising from any construction, maintenance or repair work performed by you, your contractors, subcontractors or agents;

5.15 You agree, upon our request, to execute, acknowledge and deliver appropriate recordable instruments giving notice of this Sublease and the Initial Term Commencement Date and any other documents which may be required to facilitate any financing of the Premises; and

5.16 You agree that this Sublease is subordinate to any mortgage, deed of trust, sale, sale and leaseback, or any other security arrangement or interest made with or given to any bank, insurance

company, finance company, other lender or purchaser covering the Premises. Subordination will not disturb your possession and quiet enjoyment of the Premises as long as you are not in default under this Sublease. You designate us as your agent to execute any document necessary to complete such subordination. In the event our interest in the Premises is transferred to and owned by any other person (i) by reason of a foreclosure or other proceedings brought in respect to any mortgage, deed of trust or security instrument affecting the Premises, (ii) by a deed in lieu of foreclosure, or (iii) by any other manner, you agree to recognize such other person under all of the terms, covenants and conditions of this Sublease and you agree that such other person shall not be liable for any action or omission of any prior party, including us. For the benefit of any mortgagee that may hereafter have an interest in the Premises, you agree that the Fixed Rent, Percentage Rent and Additional Rent that you are required to pay under this Sublease will not be paid more than thirty (30) days in advance and that no amendment of this Sublease or waiver or modification of the terms of this Sublease will become effective without prior written consent of the mortgagee, provided that such consent is required under the indenture of mortgage.

Assignment and Subletting

6.1 We may assign any interest in this Sublease at any time, provided it does not disturb your possession and quiet enjoyment of the Premises. We have the right to assign our interest in the Prime Lease to you. If we elect to assign our interest in the Prime Lease to you, you agree to execute and deliver an assignment and assumption agreement by which you assume all of our remaining obligations under the Prime Lease.

6.2 You may not assign, transfer, mortgage or otherwise encumber this Sublease, or any interest in this Sublease, or sublet or permit the Premises or any part of it to be used by others, without obtaining our prior written consent in each instance. Any act or document that supposedly accomplishes any of the foregoing and that does not have our prior written consent, is null and void. If we consent to assignment of this Sublease, you agree to remain liable throughout the balance of the Term for the payment of Fixed Rent, Percentage Rent and Additional Rent and for the performance of all terms, covenants and conditions of yours under this Sublease.

6.3 If you are a corporation, the transfer of a majority of the issued and outstanding capital stock of such corporation, or if you are a partnership, the transfer of a majority of the total interest in such partnership, however accomplished, and whether in a single transaction or in a series of related or unrelated transactions, is considered an assignment of this Sublease.

Fire and Casualty

7.1 If the Premises is damaged by fire or casualty, we will proceed in a commercially reasonable manner after receiving the insurance proceeds, to restore the Premises to substantially the same condition as prior to the damage. You agree that, if the cost of the restoration exceeds the amount of the insurance recovery, you will pay us for such additional cost prior to restoration. There will be no abatement in Fixed Rent, Percentage Rent and/or Additional Rent while the Premises is being restored. You shall keep in full force and effect adequate "Business Interruption Insurance" insuring the operation of your business in the Premises against loss or damage by fire or casualty. If, during the last three (3) years of the Term, the Premises is damaged by fire or casualty and such damage is more than fifty percent (50%) of the full insurable value of the Premises, we may elect, by notice to you within sixty (60) days of occurrence of the damage, not to restore the Premises and terminate this Sublease.

7.2 If the Prime Lessor elects to terminate the Prime Lease because the Premises or any building or shopping center of which the Premises are a part is damaged by fire or casualty, this Sublease shall terminate on the same date the Prime Lease is terminated.

Eminent Domain

8.1 If all or a part of the Premises is taken by eminent domain, you may terminate this Sublease if the taking is such that you would be materially prevented from conducting your business as previously conducted. You must make your election to terminate in writing to us within thirty (30) days of the taking. You assign to us all of your right, title and interest in and to any condemnation award payable to you by the condemning authority as damages for the complete or partial taking of the estate vested in you by this Sublease. All other damages arising out of a complete or partial taking of the Premises that you sustain and to which you are legally entitled shall be paid to you. Your right to terminate this Sublease pursuant to this Section 8.1 is conditioned on our having a like right to terminate the Prime Lease and any notice that you give to us informing us of your election to terminate this Sublease must be given such that we have sufficient time to exercise our right to terminate the Prime Lease. If Prime Lessor elects to terminate the Prime Lease due to any taking of the Premises, or any part thereof, or a taking of any portion of the building, shopping center or land of which the Premises are a part, then this Sublease shall terminate as of the date of termination of the Prime Lease.

Default and Remedies

9.1 If you become insolvent or make an assignment for the benefit of creditors, or if you file a petition in bankruptcy, or such a petition is filed against and consented to by you, or is not dismissed within thirty (30) days, or if you are adjudicated a bankrupt, or if a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you and is not dismissed within thirty (30) days, or a receiver or other custodian is appointed, or if proceedings for composition with creditors under any state or federal law should be instituted by or against you, or if your real or personal property shall be sold after levy thereupon by any sheriff, marshal, or constable, we have the right to immediately terminate this Sublease and all of your rights contained in this Sublease without any need for notice to you.

9.2 If you do not make any payment required by this Sublease on the date such payment is due and that default is not be cured within ten (10) days of your receipt of written notice from us, then, in addition to all other remedies at law or in equity, we may immediately terminate this Sublease. If we give you two (2) separate default notices related to your nonpayment of Fixed Rent, Percentage Rent or Additional Rent in any Sublease Year, for the remainder of the Term, we do not have to give you any further written notice of such default(s) before terminating this Sublease. Termination of this Sublease shall become effective immediately upon the date you receive our written notice of termination.

9.3 If you do not carry out any of your other obligations under this Sublease, or under any equipment agreement, promissory note, conditional sales contract or other contract materially affecting the Premises and to which you are a party or by which you are bound and such default is not cured within thirty (30) days after your receipt of written notice from us, then, in addition to all other remedies at law or in equity, we may immediately terminate this Sublease.

9.4 If you fail to timely make any required payments under this Sublease, you will pay us (i) interest on the unpaid amounts at eighteen percent (18%) per year (or the highest rate allowed under

applicable law, whichever is less) in addition to the unpaid amounts, and (ii) all expenses that we incur, including reasonable attorneys' fees, court costs and fees of agents and others that we may retain to enforce your obligations under this Sublease whether or not a suit is commenced, and (iii) attorneys' fees and court costs that we incur in any litigation, negotiation or transaction in which you cause us to be involved.

9.5 If we terminate this Sublease for a default under this Section 9, then (i) we may enter and repossess the Premises and expel you and those claiming under you, without being guilty of trespass, and without prejudice to any remedies that might otherwise be available for the event of default in question and (ii) you agree to indemnify us against all loss or damage suffered by reason of the termination, including loss of rentals which would have otherwise been payable under this Sublease for the balance of the Term had such termination not occurred as well as all costs of reletting the Premises.

9.6 No right or remedy of ours under this Sublease is exclusive of any other right or remedy available to us under this Sublease, at law or in equity. Each right or remedy is cumulative of every other right or remedy given hereunder.

Security Interest

10.1 As security for your performance of all obligations under this Sublease, you grant us a lien on all of your property now or later located on the Premises. If you abandon or vacate the Premises or any substantial part of it or fail to timely cure any default, we may enter the Premises, by force if necessary, and take possession of all or any part of your property, moveable or immovable, and may sell all or any part of such property at a public or private sale (without notice if permitted by law) to the highest bidder for cash, and may convey and deliver, on your behalf, all of your title and interest in the property sold to the highest bidder. The proceeds of that sale will be applied first toward the cost of the sale and then toward the payment of all sums that you owe us.

10.2 To permit you to finance the purchase of equipment to be placed upon the Premises, we subordinate any and all of our rights pursuant to the lien you grant to us in Section 10.1 to the lien granted by you to any third party in connection with the original purchase of equipment, at the time such equipment is first placed upon the Premises.

Hazardous Substances

11.1 You covenant and agree that you will not generate, restaurant, handle or dispose of any Hazardous Substance in or upon the Premises. If any substance used in your business is designated as a Hazardous Substance, you will discontinue use of such substance(s) on the Premises or, if it is not practicable for you to discontinue such use, continue use only in a manner consistent with all standards and regulations for the safe generation, use, storage and disposal of such Hazardous Substance(s) promulgated by all governmental agencies having jurisdiction. You agree to indemnify and hold us harmless from and against any and all demands, claims, enforcement actions, costs and expenses, including reasonable attorney's fees, arising out of a breach of this Section 11 by you, your employees, agents and contractors.

Sublease Subject to Prime Lease

13.1 This Sublease is being granted by virtue of our rights under the Prime Lease, a copy of which is attached as Schedule B. This Sublease and all rights of the parties are subject and subordinate to the Prime Lease. Each party to this Sublease agrees that it will not, by its act or omission, cause a default under the Prime Lease. The parties agree that it is not practical in this Sublease to list all the rights and obligations of the parties under the Prime Lease or to allocate those rights and obligations in this Sublease. The parties therefore agree as follows:

- (i) Except as otherwise specifically provided herein, you (a) will perform all of our affirmative covenants and obligations under the Prime Lease at least five (5) days prior to the date on which our performance is required under the Prime Lease, and (b) not perform any act prohibited of us by the negative covenants of the Prime Lease;
- (ii) We retain all benefits of ours, as tenant, under the Prime Lease unless we have expressly granted them to you under this Sublease (by way of example, but not limitation, we retain any options to extend the term of the Prime Lease, or to purchase the premises demised under the Prime Lease, and such options may not be exercised by you under any circumstances);
- (iii) We have no duty to perform any obligations of Prime Lessor under the Prime Lease and we have no responsibility and are not liable to you for any default, failure or delay on the part of Prime Lessor in performing or observing of any of its obligations under the Prime Lease. Unless we terminate the Prime Lease and are released of all liability thereunder as a result, any such default by Prime Lessor will not affect this Sublease or waive or defer your performance required by this Sublease. If, by the terms of the Prime Lease, Prime Lessor has assumed any of your obligations hereunder, such assumption shall only operate to limit your obligations as, when and to the extent that any such obligations are assumed and satisfied by Prime Lessor;
- (iv) We have such rights and you have such obligations and are bound by any provision regarding penalties or remedies available upon a breach or default under the Prime Lease that may be more extensive than those in this Sublease. Where the provisions of the Prime Lease grant rights to Prime Lessor, such rights are also rights of ours under this Sublease; and
- (v) We make no representation as to Prime Lessor's title to the Premises or right to lease the same or as to the existence of any liens or encumbrances on the Premises, and we will not be liable if your possession is affected, interrupted or terminated by reason of a defect in Prime Lessor's title or by reason of any liens or encumbrances.

Miscellaneous

14.1 All notices must be sent by (a) certified mail, return receipt requested, or (b) a nationally recognized overnight courier (with tracking capability) to the notice addresses set forth in Sections 1.1 and 1.3.

14.2 Our waiver of any covenant, condition or agreement in this Sublease is not a waiver of a further breach of the same covenant, condition or agreement or of any other covenant, condition or agreement. Our consent or approval to or of any act by you requiring our consent or approval will not be deemed to waive our consent or approval to any subsequent similar act by you. If we receive any

payment(s) required by this Sublease from you knowing of your then-existing breach under this Sublease, our receipt of that payment(s) is not a waiver of your breach.

14.3 Each party waives trial by jury in any action, proceeding or counterclaim arising out of or connected in any way with this Sublease or your occupation of the Premises.

14.4 You, for yourself and on behalf of all parties claiming by, through or under you, waive all rights of redemption, re-entry and/ or repossession of the Premises under any present or future laws.

14.5 Except as expressly set forth in this Sublease, neither party will be liable to the other, or to any insurance company (by way of subrogation or otherwise) insuring the other party, for any loss or damage to any building, structure or other tangible property, or losses under worker's compensation laws or benefits, even though such loss or damage might have been caused by the negligence of such party, its agents or employees, provided that such loss or damage is covered under any policy of insurance that the parties are required to maintain by this Sublease.

14.6 No payment by you or receipt by us of an amount that is less than the full amount required by this Sublease will be deemed to be other than on account of the earliest amount due, and no endorsement or statement on any check or any letter accompanying any check or payment will be deemed an accord and satisfaction. We may accept that check or payment without prejudice to our right to recover the balance due or to pursue any other remedy available to us.

14.7 You warrant that this Sublease is subject to the Franchise Agreement remaining in full force and effect. If the Franchise Agreement is terminated for any reason, you agree that we have the right to terminate this Sublease immediately.

14.8 Our representatives have the right to inspect the Premises at all times without prior notice to you.

14.9 All covenants, agreements, conditions and undertakings contained in this Sublease extend to and are binding on the legal representatives, successors and assigns of both parties.

14.10 Notwithstanding anything to the contrary contained in this Sublease, this Sublease is void if we cannot obtain the necessary permits, licenses and approvals from all public authorities for construction and development of the Premises in accordance with the plot plan and plans and specifications developed for the Premises. In such event, any money that you have deposited with us will be immediately returned to you and the parties shall be relieved of all their obligations under this Sublease.

14.11 This Sublease is not binding on us until it is executed by an authorized officer of ours.

14.12 Nothing in this Sublease makes us in any way a partner or joint venturer with you in the operation of the Premises or subjects us to any obligations, losses, charges or expenses in connection with or arising from the operation of the Premises.

IN WITNESS WHEREOF, we and you have signed, sealed and delivered this Sublease in the presence of the witnesses listed below as of the date first listed above.

Sublessor:

TOGO'S EATERIES, LLC
a California limited liability company

By: _____
Its: _____

Attest:

By: _____
Its: _____

Sublessee:

_____,
a _____

By: _____
Its: _____

Witness:

By: _____

By: _____
Individually

By: _____

By: _____
Individually

By: _____

By: _____
Individually

By: _____

By: _____
Individually

[SIGNATURE PAGE FOR THE STATE OF CALIFORNIA]

14.13 Waiver of Right to Repair, Terminate or Redeem. You agree to waive:

- (i) The provisions of California Civil Code Sections 1941 and 1942, which govern our obligations related to whether the Premises is tenantable and your rights to make repairs at our expense; and
- (ii) The provisions of California Civil Code Sections 1932(2) and 1933(4) with respect to the destruction of the Premises and California Code of Civil Procedure Section 1265.130, which would permit either party to petition the superior court to terminate this Sublease if there is a partial taking of the Premises; and
- (iii) Any right of redemption or reinstatement that you may have under any present or future case law or statutory provision (including Code of Civil Procedure Sections 473 and 1179 and Civil Code Section 3275) in the event you are dispossessed from the Premises for any reason.

The waivers contained in this Section 14.13 shall apply to the referenced statutes and any and all successor or supplementary statutes as may be enacted in the future.

IN WITNESS WHEREOF, we and you have signed, sealed and delivered this Sublease in the presence of the witnesses listed below as of the date first listed above

Sublessor:

TOGO'S EATERIES, LLC
a California limited liability company

By: _____
Its: _____

Attest:

Sublessee:

By: _____
Its: _____

_____,
a _____

By: _____
Its: _____

Witness:

By: _____

By: _____
Individually

By: _____

By: _____
Individually

By: _____

By: _____
Individually

By: _____

By: _____
Individually

GUARANTEE

The UNDERSIGNED, waiving demand and notice hereby, jointly and severally, unconditionally guarantee the performance of all duties and obligations of _____ under this Sublease, and personally agree that the Sublease shall be binding on each of us personally, as if each of us were named as sublessee.

Signed, sealed and delivered in the presence of:

Witness:

By: _____

By: _____
Individually

By: _____

By: _____
Individually

By: _____

By: _____
Individually

By: _____

By: _____
Individually

EXHIBIT E

ADDENDUM TO LEASE

This Lease Addendum ("Addendum"), dated _____, 20__, is entered into between _____ ("Lessor"), and _____ ("Lessee").

RECITALS

- A. The parties have entered into a Lease Agreement, dated _____, 20__, (the "**Lease**") for the premises located at _____ (the "**Premises**").
- B. Lessee has agreed to use the Premises only for the operation of a fast food restaurant specializing in the sale of submarine of delicatessen-type sandwiches, salads, soups and ancillary food items pursuant to a Franchise Agreement (the "**Franchise Agreement**") with **TOGO'S FRANCHISOR, LLC ("TOGO'S")** under the name TOGO'S or other name TOGO'S designates (the "**Business**").
- C. The parties desire to amend the Lease in accordance with the terms and conditions contained in this Addendum.

AGREEMENT

Lessor and Lessee agree as follows:

- 1. Remodeling and Decor. Lessor agrees to allow Lessee to remodel, equip, paint and decorate the interior of the Premises and to display such proprietary marks and signs on the interior and exterior of the Premises pursuant to the Franchise Agreement and any successor Franchise Agreement.
- 2. Assignment. Lessee has the right to assign all of its right, title and interest in the Lease to TOGO'S or TOGO'S affiliates or successors at any time during the term of the Lease, including any extensions or renewals, without first obtaining Lessor's consent. No assignment will be effective, however, until TOGO'S or its designated affiliate or successor gives Lessor written notice of its acceptance of the assignment. If TOGO'S elects to assume the lease under this paragraph or unilaterally assumes the lease as provided for in subparagraphs 3(c) or 4(a), Lessor and Lessee agree that (i) Lessee will remain liable for the responsibilities and obligations, including amounts owed to Lessor, prior to the date of assignment and assumption, and (ii) TOGO'S will have the right to sublease the Premises to another licensee, provided the licensee agrees to operate the Business as a TOGO'S Business pursuant to a Franchise Agreement with TOGO'S. TOGO'S will be responsible for the lease obligations incurred after the effective date of the assignment.
- 3. Default and Notice.
 - (a) In the event there is a default or violation by Lessee under the terms of the Lease, Lessor agrees to give Lessee and TOGO'S written notice of such default or violation within a reasonable time after Lessor knows of its occurrence. Lessor agrees to provide TOGO'S the written notice of default as written and on the same day Lessor gives it to Lessee. Although TOGO'S is under no obligation to

cure the default, TOGO'S will notify Lessor if it intends to cure the default and unilaterally assume Lessee's interest in the lease as provided in Paragraph 3(c). TOGO'S will have an additional 15 days from the expiration of Lessee's cure period in which to cure the default or violation.

- (b) All notices to TOGO'S must be sent by registered or certified mail, postage prepaid, to the following address:

TOGO'S FRANCHISOR, LLC
910 Campisi Way #1E
Campbell, CA 95008
Attention: Corporate Real Estate

TOGO'S may change its address for receiving notices by giving Lessor written notice of the new address. Lessor agrees to notify both Lessee and TOGO'S of any change in Lessor's mailing address to which notices should be sent.

- (c) Upon Lessee's default and failure to cure a default under either the Lease or the Franchise Agreement, TOGO'S has the right (but not the obligation) to unilaterally assume Lessee's interest in the Lease in accordance with Paragraph 2.

4. Termination or Expiration.

- (a) Upon the expiration or termination of the Franchise Agreement, TOGO'S has the right (but not the obligation) to unilaterally assume Lessee's interest in the Lease in accordance with Paragraph 2.
- (b) Upon the expiration or termination of the Lease, if TOGO'S does not assume Lessee's interest in the Lease, Lessor agrees to cooperate and allow TOGO'S to enter the Premises, without cost and without being guilty of trespass and without incurring any liability to Lessor, to remove all signs, awnings, and all other items identifying the Premises as a TOGO'S Business and to make such other modifications as are reasonably necessary to protect the marks and system, and to distinguish the Premises from TOGO'S Facilities. In the event TOGO'S exercises its option to purchase assets of Lessee, Lessor agrees to permit TOGO'S to remove all such assets being purchased by TOGO'S.

5. Consideration; No Liability.

- (a) Lessor acknowledges that the provisions of this Addendum are required pursuant to the Franchise Agreement and that Lessee may not lease the Premises without this Addendum.
- (b) Lessor acknowledges that Lessee is not an agent or employee of TOGO'S and Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind TOGO'S or any affiliate of TOGO'S and that Lessor has entered into this Addendum with full understanding that it creates no duties, obligations or liabilities of or against TOGO'S or any affiliate of TOGO'S.

- (c) Nothing contained in this Addendum makes TOGO'S or its affiliates a party or guarantor to the Lease and does not create any liability or obligation of TOGO'S or its affiliates.
- 6. Modification. No amendment or variation of the terms of this Addendum is valid unless made in writing and signed by the parties and the parties have obtained TOGO'S written consent.
- 7. Reaffirmation of Lease. Except as amended or modified in this Addendum, all of the terms, conditions and covenants of the Lease remain in full force and effect.
- 8. Miscellaneous.
 - (a) TOGO'S is a third-party beneficiary of this Addendum.
 - (b) References to the Lease and to the Franchise Agreement include all amendments, addenda, extensions and renewals to the documents.
 - (c) References to Lessor, Lessee and TOGO'S include the successors and assigns of each of the parties.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the date written above.

LESSEE:

LESSOR:

 By: _____
 Title: _____

 By: _____
 Title: _____

LANDLORD

TENANT

FRANCHISOR

 By: _____
 Its: _____

 By: _____
 Its: _____

TOGO'S FRANCHISOR, LLC

By: _____

Its:

910 Campisi Way #1E

Campbell, CA 95008

Attention: Corp. Real Estate

 , Individually

 , Individually

 , Individually

EXHIBIT F

RENEWAL ADDENDUM

This RENEWAL ADDENDUM is entered into by and between TOGO'S FRANCHISOR, LLC, a Delaware limited liability company having a principal place of business in San Jose, California ("Franchisor"), and _____, individually, having an address of _____ ("Franchisee") as of _____ (the "Effective Date").

WHEREAS, on _____ Franchisor and Franchisee have entered into a franchise agreement pursuant to which Franchisor has granted Franchisee a right and obligation to establish and operate a TOGO'S Restaurant at an approved location using the Proprietary Marks and the System (the "Original Franchise Agreement"); and

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a franchise agreement pursuant to which Franchisor has granted Franchisee a renewal license, granting Franchisee the right and obligation to continue operation of the Restaurant at the approved location using the Proprietary Marks and the System (the "Agreement"); and

WHEREAS, the parties wish to enter into this Renewal Addendum to acknowledge that as of the Effective Date the Original Franchise Agreement has expired and the Agreement supersedes and replaces the Original Franchise Agreement.

NOW, THEREFORE, that for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. The parties agree and acknowledge that the Original Franchise Agreement expired on the Effective Date, and the Agreement replaces and supersedes the Original Franchise Agreement as of the Effective Date with respect to Franchisee's and Franchisor's rights and obligations in connection with Franchisee's operation of the Restaurant.

2. The parties acknowledge that Franchisee has no further renewal rights under the Agreement and Section 1.3 of the Agreement is hereby deleted in its entirety.

3. Franchisee hereby represents and warrants to Franchisor that it has complied with all of the conditions for renewal as set forth in the Original Franchise Agreement and all necessary action for the execution of this Renewal Addendum has been taken on the part of Franchisee.

4. Franchisee, for itself and each of its past and present heirs, executors, administrators, representatives, affiliates, directors, officers, owners, successors and assigns and on behalf of any other party claiming an interest through Franchisee, in their corporate and individual capacities (collectively "Releasor"), hereby releases and forever discharges Franchisor and each of its predecessors, successors, affiliates, subsidiaries, assigns, officers, directors, shareholders, agents and employees, and their respective heirs, executors, administrators, representatives, successors and assigns, in their corporate and individual capacities (collectively "Releasees"), from, in respect of and in relation to any and all claims, actions, causes of action, suits, debts, obligations, liabilities, sums of money, costs and expenses, acts, omissions or refusals to act, damages, judgments and demands, of any kind whatsoever, joint or several, known or unknown, vested or contingent, which

the Releasor ever had, now has or which Releasor hereinafter can, will or may have, against Releasees related to, arising from, for, upon or by reason of any matter, cause or thing whatsoever related to the Original Franchise Agreement and the business operated thereunder or any other agreement between Releasor and Releasees, or the relationship between Releasor and Releasees, through the Effective Date (collectively, the "Claims"), for known or unknown damages or other losses, including but not limited to any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Original Franchise Agreement or any other related agreement between the Releasor and Releasees or the relationship between Releasor and Releasees through and including the Effective Date. For avoidance of doubt, the Releasor does not release Releasees from any obligations arising by virtue of the Agreement and any claims arising from the Releasees' failure to comply with those obligations or the Franchise Disclosure Document furnished to Franchisee as part of entering into the Agreement and the franchise laws that apply to the specific offer, sale and signing of the Agreement.

The release of the Claims as set forth above is intended by the Releasor to be full and unconditional general releases, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the Releasees regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. In making this voluntary express waiver, the Releasor acknowledges that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is the Releasor's intention to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. The Releasor acknowledges that Releasor has had adequate opportunity to gather all information necessary to enter into this Renewal Addendum and to grant the releases contained herein, and needs no further information or knowledge of any kind that would otherwise influence the decision to enter into this Renewal Addendum. The Releasor, for itself and its heirs, successors and assigns, hereby expressly, voluntarily, and knowingly waives, relinquishes and abandons each and every right, protection, and benefit to which they would be entitled, now or at any time hereafter under Section 1542 of the Civil Code of the State of California, as well as under any other statutes or common law principles of similar effect to said Section 1542, whether now or hereafter existing under the laws of California or any other applicable federal or state law with jurisdiction over the parties' relationship. The Releasor acknowledges that Section 1542 of the Civil Code of the State of California provides as follows:

"A general release does not extend to claims which the creditor or the releasing party does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor or released party."

This release is and shall be and remain a full, complete and unconditional general release. The Releasor acknowledges and agrees that this release is an essential, integral and material term of this Renewal Addendum. The Releasor further acknowledges and agrees that no violation of this Renewal Addendum shall void the release set forth herein.

< SIGNATURES APPEAR ON THE NEXT PAGE >

IN WITNESS WHEREOF, the parties have executed this Renewal Addendum as of the date written above.

FRANCHISOR:

FRANCHISEE:

TOGO'S FRANCHISOR, LLC

By: _____

By: _____

Title: _____

Title: _____

EXHIBIT G
FINANCIAL STATEMENTS

TOGO'S FRANCHISOR, LLC
(A WHOLLY-OWNED SUBSIDIARY OF TORTA OPERATIONS, LLC)
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2022, DECEMBER 25, 2021, AND DECEMBER 26, 2020



TOGO'S FRANCHISOR, LLC

(A WHOLLY-OWNED SUBSIDIARY OF TORTA OPERATIONS, LLC)

TABLE OF CONTENTS

DECEMBER 31, 2022, DECEMBER 25, 2021, AND DECEMBER 26, 2020

	<u>Page No.</u>
Independent Auditor's Report	1 – 2
Financial Statements	
Balance Sheets	3
Statements of Income and Member's Equity	4
Statements of Cash Flows	5
Notes to Financial Statements	6 – 14



INDEPENDENT AUDITOR'S REPORT

To the Member of
Togo's Franchisor, LLC:

Opinion

We have audited the accompanying financial statements of Togo's Franchisor, LLC (the "Company"), which comprise the balance sheets as of December 31, 2022, December 25, 2021, and December 26, 2020 and the related statements of income and member's equity and cash flows for the 52 or 53-week fiscal years then ended, and the related notes to 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, 2022, December 25, 2021, and December 26, 2020, and the results of its operations and its cash flows for the 52 or 53-week fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Los Angeles, California
March 29, 2023

TOGO'S FRANCHISOR, LLC

(A WHOLLY-OWNED SUBSIDIARY OF TORTA OPERATIONS, LLC)

BALANCE SHEETS**DECEMBER 31, 2022, DECEMBER 25, 2021,
AND DECEMBER 26, 2020**

	2022	2021	2020
Assets			
Current assets			
Accounts receivable, net	\$ 503,100	\$ 534,053	\$ 564,646
Due from related parties, net	35,095,229	30,616,581	27,374,753
Prepaid expenses and other current assets	-	53,074	19,661
Total current assets	35,598,329	31,203,708	27,959,060
Intangible assets, net	6,872	27,057	10,796
Total assets	\$ 35,605,201	\$ 31,230,765	\$ 27,969,856
Liabilities and Member's Equity			
Current liabilities			
Accounts payable and accrued expenses	\$ 4,964	\$ -	\$ 37,243
Deferred revenue	210,517	90,180	101,945
Deferred marketing fees	367,762	380,766	392,661
Grand opening deposits	5,512	6,435	7,500
Total current liabilities	588,755	477,381	539,349
Commitments and contingencies (see Notes)			
Member's equity	35,016,446	30,753,384	27,430,507
Total liabilities and member's equity	\$ 35,605,201	\$ 31,230,765	\$ 27,969,856

See accompanying notes to financial statements

TOGO'S FRANCHISOR, LLC

(A WHOLLY-OWNED SUBSIDIARY OF TORTA OPERATIONS, LLC)

STATEMENTS OF INCOME AND MEMBER'S EQUITY**FOR THE FISCAL YEARS ENDED****DECEMBER 31, 2022, DECEMBER 25, 2021,****AND DECEMBER 26, 2020**

	2022	2021	2020
Revenues			
Royalties	\$ 5,096,978	\$ 4,742,609	\$ 4,153,506
Franchise fees	405,838	209,806	182,872
Franchise contributions for advertising and sales fund	3,252,160	3,099,085	2,773,732
Total revenues	8,754,976	8,051,500	7,110,110
Operating expenses			
Bad debt	-	7,792	10,815
Amortization	7,029	9,356	12,101
Franchise advertising and sales expenses	2,259,544	2,013,627	990,474
Management fees	562,794	534,706	515,642
Office related	20,900	9,483	7,261
Other general and administrative	153,617	163,652	145,531
Payroll and related benefits	2,180,417	1,980,654	2,039,729
Professional fees	402,461	304,403	274,282
Travel	132,562	97,167	84,416
Total operating expenses	5,719,324	5,120,840	4,080,251
Income from operations	3,035,652	2,930,660	3,029,859
Other income (expenses)			
Other income	1,285,141	393,227	-
Other expenses	(50,931)	-	-
Total other income, net	1,234,210	393,227	-
Income before state franchise taxes and fees	4,269,862	3,323,887	3,029,859
State franchise taxes and fees	6,800	1,010	25,559
Net income	4,263,062	3,322,877	3,004,300
Member's equity, beginning of year	30,753,384	27,430,507	24,426,207
Member's equity, end of year	\$ 35,016,446	\$ 30,753,384	\$ 27,430,507

See accompanying notes to financial statements

TOGO'S FRANCHISOR, LLC

(A WHOLLY-OWNED SUBSIDIARY OF TORTA OPERATIONS, LLC)

STATEMENTS OF CASH FLOWS**FOR THE FISCAL YEARS ENDED****DECEMBER 31, 2022, DECEMBER 25, 2021,****AND DECEMBER 26, 2020**

	2022	2021	2020
Cash flows from operating activities			
Net income	\$ 4,263,062	\$ 3,322,877	\$ 3,004,300
Adjustments to reconcile net income to net cash provided by (used in) operating activities			
Allowance for doubtful accounts	-	7,792	10,815
Amortization expense	7,029	9,356	12,101
Allocable gain on forgiveness of Paycheck Protection Program loan	(588,504)	(393,227)	-
Allocable portion of Employee Retention Credit	(636,637)	-	-
Changes in operating assets and liabilities			
Accounts receivable	30,953	22,801	26,715
Due from related parties, net	(3,253,507)	(2,848,601)	(3,119,179)
Prepaid expenses and other current assets	53,074	(33,413)	1,512
Accounts payable and accrued expenses	4,964	(37,243)	36,943
Deferred revenue	120,337	(11,765)	46,124
Deferred marketing fees	(13,004)	(11,895)	(15,282)
Grand opening deposits	(923)	(1,065)	-
Net cash provided by (used in) operating activities	(13,156)	25,617	4,049
Cash flows from investing activities			
Acquisition of intangible assets	(1,900)	(25,617)	(4,049)
Refund related to website development	15,056	-	-
Net cash provided by (used in) investing activities	13,156	(25,617)	(4,049)
Net change in cash and cash equivalents	-	-	-
Cash and cash equivalents, beginning of year	-	-	-
Cash and cash equivalents, end of year	\$ -	\$ -	\$ -

See accompanying notes to financial statements

TOGO'S FRANCHISOR, LLC

(A WHOLLY-OWNED SUBSIDIARY OF TORTA OPERATIONS, LLC)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022, DECEMBER 25, 2021, AND DECEMBER 26, 2020

1. NATURE OF OPERATIONS

Togo's Franchisor, LLC (the "Company") was formed on November 25, 2008, in the state of Delaware to franchise Togo's restaurants. Togo's restaurants sell delicatessen-style sandwiches and other foods. As a franchisor, the Company enters into agreements with franchisees in various states, primarily California. Under the terms and conditions set forth in the franchise agreements, franchisees will establish and operate retail Togo's restaurants.

In December 2015, Togo's Holdings, LLC ("Holdings"), which was formerly the sole member of the Company, formed Torta Operations, LLC, a Delaware limited liability company ("Torta Operations"), and transferred its membership interest in the Company to Torta Operations, which effectively became the sole member of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Restaurant Franchise Agreements The following is a summary of franchise agreements held by the Company in California and several other states for terms of up to 20 years:

	Franchise Agreements
At December 28, 2019	166
New agreements	10
Transferred agreements	1
Terminated agreements	(12)
At December 26, 2020	165
New agreements	6
Transferred agreements	2
Terminated agreements	(13)
At December 25, 2021	160
New agreements	13
Transferred agreements	-
Terminated agreements	(3)
At December 31, 2022	170

At December 31, 2022, December 25, 2021, and December 26, 2020, there were 145, 149, and 155 operating restaurants, respectively.

The Company began selling franchise agreements in March 2009. Franchise agreements originally held by Togo's Franchised Eateries, LLC, a subsidiary of Togo's Eateries, LLC ("Eateries"), a wholly-owned subsidiary of Torta Operations, are transferred to the Company as they renew. The franchisees pay initial franchise fees to the Company for the right to own and operate a Togo's restaurant and renewal fees upon approval of the franchise agreement

TOGO'S FRANCHISOR, LLC

(A WHOLLY-OWNED SUBSIDIARY OF TORTA OPERATIONS, LLC)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022, DECEMBER 25, 2021, AND DECEMBER 26, 2020

renewal. The Company is obligated to provide training, an operations manual, and other initial and continuing services. Franchisees pay a continuing royalty fee based on gross sales during the term of the franchise agreements. Franchisees also pay a marketing start-up fee and a minimum continuing advertising fee based on gross sales. Eateries administers and directs the development of all advertising and promotion programs in Togo's Sales and Promotion Fund (the "Fund"), for which it collects advertising fees in accordance with the provisions of the franchise agreements. In addition, the Company sells restaurant development agreements or multi-unit agreements that grant the right to develop a specified number of Togo's restaurants in designated areas during the specified period. Restaurant development agreements and multi-unit agreements typically require the franchisees to pay a nonrefundable initial fee based on the number of restaurants the franchisees agree to open.

Fiscal Year The Company's fiscal year is based on a 52 or 53-week year on a 4-4-5-week basis, ending on the last Saturday in December. Therefore, the results of operations are measured for the 53-week fiscal year ended December 31, 2022 and the 52-week years ended December 25, 2021 and December 26, 2020.

Basis of Accounting The financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

Revenue Recognition The Company determines revenue recognition by applying the following steps required under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"):

- Step 1: Identification of customer contracts
- Step 2: Identification of the performance obligations in the contracts
- Step 3: Determination of the transaction price
- Step 4: Allocation of the transaction price to each of the performance obligations in the contracts
- Step 5: Recognition of revenue when, or as, each of the identified performance obligations is satisfied

In January 2021, the FASB issued Accounting Standards Update ("ASU") 2021-02, *Franchisors—Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient* ("ASU 2021-02"), to simplify the application of the guidance about identifying performance obligations for non-public franchisors. Upon adoption, ASU 2021-02 permits franchisors to account for pre-opening services provided to a franchisee as distinct from the franchise license if the services are consistent with those included in a predefined list within the guidance. Additionally, ASU 2021-02 allows an accounting policy election to recognize the pre-opening services as a single performance obligation. The Company early adopted ASU 2021-02 during 2020 and applied it retrospectively to December 30, 2018, when ASC 606 was initially adopted. Upon adoption, the Company considered its pre-opening services distinct from the continuing rights and services offered during the term of the franchise agreement. The Company elected

TOGO'S FRANCHISOR, LLC

(A WHOLLY-OWNED SUBSIDIARY OF TORTA OPERATIONS, LLC)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022, DECEMBER 25, 2021, AND DECEMBER 26, 2020

to treat the pre-opening services as a single performance obligation.

Nature of products and services – The Company mainly derives revenue from royalties and franchise fees from franchised restaurants. In some geographic regions, the Company may offer a multi-unit agreement (“MA”) to franchisees that commit to developing a minimum of three restaurants. In an MA, an initial franchise fee (“IFF”) for the first restaurant will generally be \$30,000 and \$15,000 for each subsequent restaurant. A franchise agreement for the first restaurant will be signed concurrently with the execution of the MA, and separate franchise agreements will be executed for subsequent restaurants. Franchise arrangements generally provide for an IFF of \$30,000 per restaurant subject to certain discounts available for existing franchisees. Franchise agreements also require that franchisees pay continuing royalty fees up to 5% of gross sales. In addition, franchisees are required to contribute 3% of their gross sales to the Fund as a continuing marketing fee for all advertisement and promotion programs administrated by Eateries.

Multi-unit Agreements – A franchisee entering into an MA is required to pay the full IFFs for all committed restaurants upon execution of the MA. Each franchise agreement within the MA is considered a separate customer contract under FASB ASC 606. IFFs received are initially allocated to the number of restaurants subject to the MA based on the relative standalone selling price. The allocated IFF will be recognized as revenue as the pre-opening services are rendered over time under ASU 2021-02. In the event that the franchisee fails to open the committed number of restaurants within the term of the MA, the IFFs allocated to unopened restaurants will be recognized as revenue at expiration.

Franchise Fees – Franchise agreements generally require upfront franchise fees such as IFFs paid upon the opening of a restaurant, fees paid to renew the term of the franchise agreement, and fees paid in the event the franchise agreement is transferred to another franchisee. IFFs are typically billed and paid when a new franchise agreement becomes effective. In the application of the amendments in ASU 2021-02, management determined that the pre-opening services are distinct from the ongoing services the Company provides to the franchisee throughout the term of the franchise agreement, typically ranging from five to twenty years. As a result, fees associated with the pre-opening services are recognized as revenue as the pre-opening services are rendered over time. Transfer fees are obligations of outgoing franchisees and therefore, are recognized as revenue upon completion of the transfer.

Royalties – Franchise agreements also require that the franchisee remit royalty fees to the Company generally at an amount equal to up to 5% of gross sales on a weekly basis, in exchange for the license of the intellectual property associated with Togo’s brands. Based on the application of the sales-based royalty exception within ASC 606, royalty fees are recognized as related restaurant sales occur.

Advertising and Sales Fund – In the application of the guidance in ASC 606, revenues, expenses, assets, liabilities, and cash flows of the Fund are reported on a gross basis within the accompanying financial statements because the Company is considered the principal in the Fund’s transactions. Contributions to the Fund are restricted to advertising, product development, public relations, and administrative expenses and programs to increase sales and further develop the Togo’s brand. To cover administrative expenses of the Fund, Eateries charges the Fund a fee for items such as administrative support services, facilities, accounting services, information technology, data processing, legal, and payroll and related costs for

TOGO'S FRANCHISOR, LLC

(A WHOLLY-OWNED SUBSIDIARY OF TORTA OPERATIONS, LLC)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022, DECEMBER 25, 2021, AND DECEMBER 26, 2020

employees that provide services directly to the Fund. In accordance with the provisions of FASB ASC 606, management has determined that the advertising and promotion services provided to franchisees are highly interrelated with the franchise right and therefore not distinct in the context of the franchise agreement. Franchisees remit to the Company typically 3% of gross sales as consideration for providing the advertising and sales promotion services. As a result, the Company recognizes contributions for advertising and sales services as revenue on a gross basis when the related restaurant sales occur based on the application of the sales-based royalty exception within ASC 606. These revenues also include contributions made by restaurants owned by its affiliates under common control. For the years ended December 31, 2022, December 25, 2021, and December 26, 2020, franchise contributions made by the affiliates amounted to \$131,664, \$125,294 and \$122,300, respectively. Revenues for these services are typically billed and paid along with royalty fees on a weekly basis. In addition, on a discretionary, non-recurring basis, Eateries makes contributions to the Fund for the purpose of supplementing sales and promotion programs. For the years ended December 31, 2022, December 25, 2021, and December 26, 2020, there were no discretionary contributions from Eateries.

Contract Balances – Under FASB ASC 340-40, *Other Assets and Deferred Costs – Contracts with Customers*, the Company defers incremental costs of obtaining a franchise agreement and amortizes these costs over a period of benefit, which the Company has determined to be ten years by taking into consideration the initial term of the franchise agreements as well as historical average renewal rates. Amortization of deferred commissions will be included in payroll and related benefits expenses in the accompanying statements of income and member's equity.

The following table presents the Company's revenues for the years ended December 31, 2022, December 25, 2021, and December 26, 2020 disaggregated by revenue source:

Revenue Sources	Timing	2022	2021	2020
Franchise royalties	Over time	\$ 5,096,978	\$ 4,742,609	\$ 4,153,506
Franchise fees	Over time	\$ 405,838	\$ 209,806	\$ 182,872
Franchise contributions for advertising and sale fund:				
Franchisees	Over time	\$ 3,120,496	\$ 2,973,791	\$ 2,651,432
Restaurants owned by affiliates	Over time	\$ 131,664	\$ 125,294	\$ 122,300
Total revenues		\$ 8,754,976	\$ 8,051,500	\$ 7,110,110

Contract Assets and Liabilities The timing of revenue recognition, billings, and cash collections results in billed accounts receivable and deferred revenue on the accompanying balance sheets. The Company generally invoices the franchisees for IFFs and renewal fees at the execution of the agreements. Continuing royalties are billed on a weekly basis.

The contract liability balances as of December 31, 2022, December 25, 2021, and December 26, 2020, were as follows:

	2022	2021	2020
Deferred revenue	\$ 210,517	\$ 90,180	\$ 101,945

TOGO'S FRANCHISOR, LLC

(A WHOLLY-OWNED SUBSIDIARY OF TORTA OPERATIONS, LLC)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022, DECEMBER 25, 2021, AND DECEMBER 26, 2020

Accounts Receivable and Allowance for Doubtful Accounts Accounts receivable are franchisee obligations due under normal trade terms. The Company monitors the financial condition of its franchisees and records provisions for estimated losses on receivables when management believes that the franchisees are unable to make their required payments. After all attempts to collect a receivable have failed, the receivable is written off against the allowance for doubtful accounts. Allowance for doubtful accounts amounted to \$0, \$0, and \$20,142, at December 31, 2022, December 25, 2021, and December 26, 2020, respectively.

Intangible Assets Intangible assets, mainly consisting of the master franchise plans and website, are stated at cost less accumulated amortization. Amortization is provided using the straight-line method over the estimated useful life of the assets, which is typically three years.

Recoverability of Long-Lived Assets Long-lived assets that are used in operations are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable through undiscounted future cash flows. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. No impairment losses were recognized during the fiscal years ended December 31, 2022, December 25, 2021, and December 26, 2020.

Sales and Promotion Fund and Management Fees Contributions to the Fund are restricted to advertising, product development, public relations, and administrative expenses and programs to increase sales and further develop the Togo's brand. To cover administrative expenses of the Fund, Eateries charges the Fund a management fee for items such as administrative support services, facilities, accounting services, information technology, data processing, legal, and payroll and related costs for employees that provide services directly to the Fund. Management fees amounted to \$562,794, \$534,706, and \$515,642 for the years ended December 31, 2022, December 25, 2021, and December 26, 2020, respectively.

Franchise Advertising Costs The Company expenses production costs of commercial and online advertising in the period the production costs are incurred and expenses the costs of communicating the advertising in the period the advertising occurs. Franchise advertising expense amounted to \$792,981, \$760,913, and \$115,796 for the years ended December 31, 2022, December 25, 2021, and December 26, 2020, respectively.

Income Taxes The Company is a limited liability company ("LLC") that is treated as a partnership for federal and state income tax purposes; therefore, the Company does not incur income taxes at a company level. Instead, its earnings and losses are passed through to the member of the Company and included in the calculation of the member's tax liability. However, because the Company is an LLC and is registered as a foreign entity doing business in the state of California, it is subject to a California fee based on its annual gross revenues. In addition, the Company is required to pay an \$800 annual Franchise Tax Board fee to the state of California for the right to conduct business in the state.

The Company has determined that there are no uncertain tax positions that would have a material effect on the financial statements as of December 31, 2022, December 25, 2021, and December 26, 2020. With few exceptions, the Company is no longer subject to federal and state income tax examinations for the years before 2018. Currently, there are no income tax examinations pending.

TOGO'S FRANCHISOR, LLC

(A WHOLLY-OWNED SUBSIDIARY OF TORTA OPERATIONS, LLC)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022, DECEMBER 25, 2021, AND DECEMBER 26, 2020

Concentration of Credit Risk The Company is subject to credit risk related to accounts receivable from franchisees. The financial condition of the franchisees is largely dependent upon the underlying business trends of the Togo's brand and market conditions within the quick-service restaurant industry. The concentration of credit risk is mitigated by a large number of franchisees and the short-term nature of the accounts receivable.

3. INTANGIBLE ASSETS

Intangible assets as of December 31, 2022, December 25, 2021, and December 26, 2020, consist of the following:

	2022	2021	2020
Master franchise plans	\$ 33,830	\$ 33,830	\$ 33,830
Website	273,321	286,477	310,711
Less: accumulated amortization	(300,279)	(293,250)	(333,745)
Intangible assets, net	\$ 6,872	\$ 27,057	\$ 10,796

Amortization expense related to intangible assets for the fiscal years ended December 31, 2022, December 25, 2021, and December 26, 2020, amounted to \$7,029, \$9,356, and \$12,101, respectively.

Future amortization expense related to intangible assets as of December 31, 2022, is as follows:

Fiscal Years	Amount
2023	\$ 5,317
2024	1,555
Total	\$ 6,872

4. RELATED PARTY TRANSACTIONS

Services Agreement with Eateries The Company entered into a certain services agreement with Eateries in August 2011, under which the Company agreed to pay Eateries a monthly services fee in consideration of certain services rendered by Eateries until the agreement is terminated. Eateries' services include, but are not limited to, providing pre-opening, opening, and continuing operational support; providing operating procedures, manuals, training, and a customer care hotline; managing vendor relationships; and maintaining cash accounts including cash receipts and disbursements, on behalf of the Company. Monthly service fees shall be equal to Eateries' actual costs incurred to provide the agreed-upon services, determined based on the number of stores operating under franchise agreements with the Company as compared to the combined number of stores operating under franchise agreements with the Company and Togo's Franchised Eateries, LLC. For the fiscal years ended December 31, 2022, December 25, 2021, and December 26, 2020, fees under the services agreement amounted to \$1,480,366, \$1,242,046, and \$1,201,196, respectively, which are included in various operating expenses on the accompanying statements of income and member's equity. Amounts due from Eateries in the amount of \$32,228,947, \$28,911,909, and

TOGO'S FRANCHISOR, LLC

(A WHOLLY-OWNED SUBSIDIARY OF TORTA OPERATIONS, LLC)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022, DECEMBER 25, 2021, AND DECEMBER 26, 2020

\$26,044,829 as of December 31, 2022, December 25, 2021, and December 26, 2020, respectively, represent the fees related to the franchise agreements and restaurant development agreements collected by Eateries in excess of services fees incurred on a cumulative basis.

Due From / To Related Parties The balances due from / to MTC Restaurant Group, LLC ("MTC," wholly owned by Torta Operations), Eateries, Holdings, and Togo's Restaurants, LLC ("RES," wholly owned by Torta Operations), are due upon demand, unsecured, and noninterest bearing.

Amounts due from or to related parties as of December 31, 2022, December 25, 2021, and December 26, 2020, are as follows:

	2022	2021	2020
Due from MTC	\$ 92,958	\$ 92,958	\$ 87,205
Due from Eateries	32,228,947	28,911,909	26,044,829
Due from Holdings	1,783,429	621,819	252,824
Due from RES	989,895	989,895	989,895
Due from related parties, net	\$ 35,095,229	\$ 30,616,581	\$ 27,374,753

In April 2020, Holdings received a \$1,109,000 loan (the "PPP Loan") from CIT Bank, maturing in April 2022 and bearing interest at a fixed rate of 1.00% per annum, pursuant to the Paycheck Protection Program ("PPP") under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), which was enacted on March 27, 2020.

In February 2021, Holdings received a \$1,400,530 loan (the "PPP-SD Loan") from A10 Capital, LLC, maturing in January 2026 and bearing interest at a fixed rate of 1.00%, pursuant to the PPP Second Draw Program under the CARES Act.

The PPP and PPP Second Draw programs are administered by the U.S. Small Business Administration ("SBA"). Holdings accounted for the PPP Loan and the PPP-SD Loan (collectively, the "PPP Loans") as financial liabilities in accordance with ASC 470, *Debt* ("ASC 470"). The amount of the PPP Loans were determined based on payroll costs and other eligible costs of Holdings and its subsidiaries, including the Company.

In accordance with ASC 470, the proceeds from the PPP loans remained recorded as liabilities at the Holdings' level until the loans were forgiven and Holdings was legally released. Under the CARES Act and the PPP, loan forgiveness was available for the sum of documented payroll costs, covered rent payments, and covered utilities during the covered period beginning on the date of first disbursement of the PPP Loans.

On July 30, 2021, Holdings was notified by CIT Bank that the SBA reached a decision to provide full PPP Loan principal forgiveness of \$1,109,000. Based on payroll and non-payroll costs associated with the Company relative to the overall costs incurred at Holdings and its subsidiaries during the covered period, management estimated that approximately \$393,227 of the \$1,109,000 PPP Loan forgiveness related to the Company. The Company reported the allocable amount as a gain on forgiveness of PPP Loan, which is included in other income on the accompanying statements of income and member's equity for the fiscal year ended December 25, 2021.

TOGO'S FRANCHISOR, LLC

(A WHOLLY-OWNED SUBSIDIARY OF TORTA OPERATIONS, LLC)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022, DECEMBER 25, 2021, AND DECEMBER 26, 2020

On April 12, 2022, Holdings was notified by A10 Capital, LLC that the SBA reached a decision to provide full PPP-SD Loan principal forgiveness of \$1,400,530. Based on payroll and non-payroll costs associated with the Company relative to the overall costs incurred at Holdings and its subsidiaries during the covered period, management estimated that approximately \$588,504 of the \$1,400,530 PPP-SD Loan forgiveness related to the Company. The Company reported the allocable amount as a gain on forgiveness of PPP-SD Loan, which is included in other income on the accompanying statements of income and member's equity for the fiscal year ended December 31, 2022.

The CARES Act also provides an employee retention credit ("ERC"), which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extended and slightly expanded the qualified wage caps on these credits through December 31, 2021. Based on these additional provisions, the tax credit is equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee is capped at \$10,000 per quarter. Holdings is entitled to the ERC based on qualified wages incurred at Holdings and its subsidiaries, including the Company, during the period March 13, 2020 through September 30, 2021 (the "ERC Covered Period"). During the year ended December 31, 2022, Holdings recorded approximately \$1,627,000 related to the ERC. Based on qualified wages associated with the Company relative to the overall eligible wages incurred at Holdings and its subsidiaries during the ERC Covered Period, management estimated that approximately \$637,000 of the \$1,627,000 ERC related to the Company. The Company reported its allocable portion of the ERC in other income on the accompanying statements of income and member's equity for the fiscal year ended December 31, 2022.

5. COMMITMENTS AND CONTINGENCIES

Guarantee of Holdings' Debt under the Southfield Credit Agreement During 2015, Holdings entered into a credit agreement (the "Southfield Credit Agreement"), amended from time to time, with Southfield Mezzanine Capital, LP ("Southfield," the controlling interest member of Holdings), which provided certain credit facilities to Holdings. Concurrently, Holdings and Southfield entered into a certain pledge and security agreement under which Holdings granted Southfield a security interest in and continuing lien on all of its right, title, and interest in and to substantially all of the assets of Holdings and its subsidiaries, including the Company. Borrowings under the Southfield Credit Agreement currently bear a cash interest at a rate equal to 12.50% and a Paid-in-Kind ("PIK") interest at a rate equal to 3.50% per annum. PIK interest is automatically added to the outstanding principal amount of the loan. All outstanding principal and accrued but unpaid interest are due and payable on June 14, 2024.

In March 2021, the Southfield Credit Agreement was amended such that, among other matters, seven of Holdings' wholly-owned subsidiaries, including the Company, were bound as guarantors who agreed to jointly and severally guarantee, as primary obligors, the principal, interest, fees, costs, and charges due under the Southfield Credit Agreement (the "Southfield Credit Agreement Obligations").

TOGO'S FRANCHISOR, LLC

(A WHOLLY-OWNED SUBSIDIARY OF TORTA OPERATIONS, LLC)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022, DECEMBER 25, 2021, AND DECEMBER 26, 2020

As of December 31, 2022 and December 25, 2021, the Southfield Credit Agreement Obligations amounted to \$11,595,114 and \$11,192,613, respectively. The Company is jointly and severally obligated to perform under this guarantee if Holdings fails to satisfy the terms and conditions set forth in the Southfield Credit Agreement. Management does not anticipate Holdings will fail to satisfy the terms and conditions of the Southfield Credit Agreement based on its current liquidity needs and operational projections; and therefore, it believes the Company's guarantee is deemed to be immaterial. Accordingly, there is currently no liability related to this guarantee arrangement recorded by the Company. However, the failure of Holdings to satisfy the terms and conditions of the Southfield Credit Agreement may result in a material adverse financial outcome for the Company.

Legal Matters The Company is involved in legal matters, including litigation in the normal course of business. Management does not believe any of the current litigation will result in a materially adverse financial outcome for the Company.

6. RISKS AND UNCERTAINTIES

The effects of the outbreak of COVID-19 have disrupted the operations of the Company, which have had, and could have in the future, a negative adverse effect on the Company's financial condition, results of operations, outlook, plans, and growth. The Company's current liquidity requirements mainly relate to operating expenses associated with the development of all advertising and promotion programs. Based on the expected cash flows to be generated from operations, management believes that sufficient working capital will be available to maintain its planned level of the Company's operations amid the COVID-19 pandemic. Failure by the Company to successfully accomplish these objectives could have a material adverse effect on the Company's financial position, operations, and cash flows.

7. SUBSEQUENT EVENTS

The Company has evaluated subsequent events that have occurred through the date of the independent auditor's report, which is the date that the financial statements were available to be issued, and determined that there were no subsequent events that required recognition or disclosure in the financial statements.

EXHIBIT H

TABLE OF CONTENTS OF OPERATIONS MANUAL

TABLE OF CONTENTS
OPERATIONS MANUAL

<u>Section</u>	<u>Number of pages</u>
Introduction	7
Standards of Practice	8
Operations	12
Food Safety	18
Crisis Management	22
People	13
Guests	8
Marketing	11
Finance	20
Total number of pages:	119

EXHIBIT I

LIST OF FRANCHISEES

* indicates a company-operated Restaurant

** indicates a developer

EXHIBIT I-1

List of Operating Restaurants As of December 31, 2022

<u>City</u>	<u>State</u>	<u>Store Phone</u>	<u>Franchisee Name</u>
Gilbert	AZ	(480) 892-8646	J & M Commercials, LLC
Alameda	CA	(510) 523-5200	Jasdil, Inc.
Anaheim	CA	(714) 998-3361	Gainprogress, LLC
Anaheim	CA	(714) 779-8866	CS Jorgen Enterprises, Inc.
Antelope	CA	(916) 729-0100	Jon, Lester & Sharon Turovitz
Antioch	CA	(925) 978-1400	Surjan Sons**
Atwater	CA	(209) 358-3555	H&L Ishaya, Inc.
Auburn	CA	(530) 889-0455	G & K Hersheco, Inc.
Brea	CA	(714) 203-8335	Vista Orange, Inc.
Brentwood	CA	(925) 513-1400	Surjan Sons**
Cameron Park	CA	(530) 672-9295	G & K Hersheco, Inc.
Campbell	CA	(408) 371-3221	DL Pruneyard, Inc.
Capitola	CA	(831) 476-7330	Capitola Sandwich, Inc.
Carmichael	CA	(916) 407-2025	The Maxbread Group, LLC**
Castro Valley	CA	(510) 582-4086	T.S. International, Inc.
Ceres	CA	(209) 531-9746	GPS Foods, Inc.
Chico	CA	(530) 891-1131	Her Family Enterprise LLC
Chico	CA	(530) 345-7331	Her Family Enterprise LLC
Chowchilla	CA	(559) 665-1985	Narinder Singh & Baljinder Grewal
Citrus Heights	CA	(916) 723-4413	Keith & Victoria Ridge
Citrus Heights	CA	(916) 294-5521	MOMTAZ KIDS INC.

Clovis	CA	(559) 298-3435	Nirmal & Ramandeep Gill
Clovis	CA	(559) 323-3972	Quincy Johnson
Concord	CA	(925) 687-1711	Neel Group Enterprises, Inc.
Corona	CA	(951) 372-9495	CORAZA LLC
Cypress	CA	(714) 898-6467	K Arambul Corp.
Danville	CA	(925) 648-2850	Chalasani Foods, Inc.
Danville	CA	(925) 263-2647	J2 Holdings, LLC
Davis	CA	(530) 750-2625	TOGO'S Sandwich Shop
Dinuba	CA	(559) 591-6300	S&K Sidhu, Inc.
Dublin	CA	(925) 828-7220	KMCK Corp.
East Palo Alto	CA	(650) 289-9778	DYS, LLC**
El Dorado Hills	CA	(916) 939-6760	Rumzee Brothers LLC
Elk Grove	CA	(916) 683-3100	Joseph & Rita Narayan
Elk Grove	CA	(916) 525-2531	Noatak, LLC
Emeryville	CA	(510) 658-5562	TOGO'S Restaurants, LLC*
Fairfield	CA	(408) 904-8320	Perfect Choice Sandwich
Folsom	CA	(916) 983-0289	Healthy Living Enterprise, Inc.
Fontana	CA	(909) 349-1540	Shiva Holdings Inc.
Fremont	CA	(510) 796-5100	ALAH, Incorporated
Fremont	CA	(510) 226-7100	Shazdeh, Inc.
Fullerton	CA	(657) 278-7841	CSU Fullerton Auxiliary Services Corporation
Gilroy	CA	(408) 847-9702	AASIM Corporation
Gilroy	CA	(408) 847-3020	Kyungwon Chung
Gilroy	CA	(408) 219-7195	Majdy LLC

Hayward	CA	(510) 538-7226	Jeff S. Yee & Joyce R. Yee
Hayward	CA	(510) 887-2770	T.S. International
Hollister	CA	(831) 637-9020	MKTS Enterprises 1, Inc.
Huntington Beach	CA	(209) 620-7855	CORAZA LLC
Irvine	CA	(949) 551-5636	The Kind Shepherd, Inc.
Jackson	CA	(209) 996-7312	Virginia and Jeffrey Norstom
La Crescenta	CA	(818) 248-8244	Sunami Inc.
La Verne	CA	(909) 596-5819	Jagdish Bhavnani Proprietor
Laguna Hills	CA	(949) 768-1383	TSGWLC Co LLC
Lake Forest	CA	(949) 583-1030	TSGWLC Co LLC
Lakewood	CA	(562) 602-0597	HM Food and Beverages LLC
Lathrop	CA	(209) 320-8717	Dhoot Bros. Partnership, Inc.
Lincoln	CA	(916) 409-0392	R&KH Inc.
Livermore	CA	(925) 443-4252	MTC Restaurant Group, LLC*
Livermore	CA	(925) 606-9066	MTC Restaurant Group, LLC*
Long Beach	CA	(562) 305-7548	Gainprogress LLC
Los Angeles	CA	(213) 482-2020	BixWil Corporation
Los Angeles	CA	(213) 383-2711	Fernando Santos**
Los Banos	CA	(209) 826-2021	Walt and Kathleen Ballard
Los Gatos	CA	(408) 358-3463	KA Saratoga Inc.
Manteca	CA	(209) 239-8646	AARH Enterprise, Inc.
Martinez	CA	(925) 228-0844	Sanjeev PVHH
Merced	CA	(209) 725-8800	Mark Hall
Milpitas	CA	(408) 946-2161	MODera LLC

Modesto	CA	(209) 579-8646	H&L Ishaya Inc.
Modesto	CA	(209) 574-1140	H&L Ishaya, Inc.
Modesto	CA	(209) 481-7445	Gill Sethi Investments, LLC
Morgan Hill	CA	(408) 778-3388	Lauren Foods Inc.
Mountain View	CA	(650) 967-0514	DL Prospect, Inc
Newark	CA	(510) 335-2383	Bayside Enrichment Services, Inc.
Oakdale	CA	(209) 848-8646	GPS Foods, Inc.
Orange	CA	(714) 634-4900	Analysis, Inc.
Patterson	CA	(209) 892-8646	Platinum Foods, Inc.
Pittsburg	CA	(925) 439-9500	HSB Eateries, LLC
Pittsburg	CA	(925) 777-1522	Surjan Sons
Pleasant Hill	CA	(925) 687-9111	TA Foods Inc.
Pleasanton	CA	(925) 846-8646	Let'sRide5 Inc.
Rancho Cordova	CA	(916) 635-2824	John Momtaz Souliman
Rancho Santa Margarita	CA	(949) 713-6662	Gainprogress, LLC
Redwood City	CA	(650) 367-6388	Syncrasy
Ripon	CA	(209) 599-4526	AASRA Petroleum, Inc.
Riverbank	CA	(209) 869-1860	Warring Alice, LLC
Roseville	CA	(916) 772-8646	G & K Hershco, Inc.
Roseville	CA	(916) 789-1266	Turovitz, Inc.
Roseville	CA	(916) 782-4546	Rumzee Brothers, LLC
Sacramento	CA	(916) 920-4941	Armand Souliman
Sacramento	CA	(916) 450-9081	Healthy Living Enterprise, Inc.
Sacramento	CA	(916) 928-1188	G & K Hershco, Inc.

Sacramento	CA	(916) 399-8646	Sabanegh Inc.
Sacramento	CA	(916) 525-1531	Noatak, LLC
Sacramento	CA	(916) 452-6453	STY Enterprises, Inc.
Sacramento	CA	(916) 921-8646	Thaha, Inc.
Sacramento	CA	(215) 238-4013	Aramark
San Francisco	CA	(415) 558-8646	Protrero San Francisco, Inc.
San Jose	CA	(408) 226-0730	AMHB, Inc.
San Jose	CA	(408) 297-8646	AVK Eatery LLC
San Jose	CA	(408) 298-8646	AVK Eatery LLC
San Jose	CA	(408) 972-4804	BE & YS, Inc.
San Jose	CA	(408) 257-5222	KA Saratoga Inc.
San Jose	CA	(408) 379-1584	Supakam Corp
San Jose	CA	(408) 979-9552	Supakam Corp
San Jose	CA	(408) 371-3352	MTC Restaurant Group, LLC*
San Jose	CA	(408) 287-4570	Kin Eatery, Inc.
San Jose	CA	(408) 264-8494	LMT Foods, Inc.
San Jose	CA	(408) 251-3284	Rodan Enterprises, Inc.
San Jose	CA	(408) 224-5848	Scott Sangtae Soh
San Jose	CA	(408) 927-9355	Scott Sangtae Soh
San Jose	CA	(408) 532-2949	Steven Williams
San Jose	CA	(408) 262-9200	YSL, Inc.
San Jose	CA	(408) 564-8581	YSL, Inc.
San Leandro	CA	(510) 430-8646	Blue Leaf Foods Inc.
San Leandro	CA	(510) 278-9201	J & J Lawrence Foods, Inc.

Santa Clara	CA	(408) 241-4730	The Taste of Pang, Inc.
Santa Clara	CA	(408) 654-9050	Chalasani Foods, Inc.
Santa Clara	CA	(408) 249-4723	Supakam Corp
Santa Clara	CA	(408) 988-3142	Supakam Corp
Santa Cruz	CA	(831) 471-2488	Neel Foods Enterprises, Inc.
Santa Cruz	CA	(831) 431-6889	Neel Foods Enterprises, Inc.
Santa Rosa	CA	(707) 528-8143	JSL Froyo Corp.
Saratoga	CA	(408) 867-9028	MODera LLC
Scotts Valley	CA	(831) 438-0742	Scotts Valley Sandwich, Inc.
Seaside	CA	(831) 264-7438	Ranansky Family LLC
Signal Hill	CA	(562) 492-1220	An & Kim SB, LLC
Sonora	CA	(209) 533-5000	Jeff & Gina Norstrom
South San Francisco	CA	(650) 457-1900	South City Sangha LLC
Stockton	CA	(209) 983-4780	Komal Bros, Inc.
Stockton	CA	(209) 478-8646	Valley Food Service Partners, LLC
Studio City	CA	(818) 755-3250	SNI Corporation
Sunnyvale	CA	(408) 735-1102	J & J Lawrence Foods, Inc.
Sunnyvale	CA	(408) 745-1557	Amith Chalasani
Sunnyvale	CA	(408) 730-9696	JT Dynasty, LLC
Temecula	CA	(951) 296-0432	Phillip T. & Cynthia M. Guhl
Torrance	CA	(310) 214-8222	Soans Investment, Inc.
Tracy	CA	(209) 834-3200	MCBT, Inc.
Tulare	CA	(559) 685-5400	Jasbir Manak & Satwinder Kaur
Turlock	CA	(209) 667-5000	L.C.J.T. Inc. dba: TOGO'S Eatery

Union City	CA	(510) 475-8641	Fig Tree Foods, Inc.
Vacaville	CA	(707) 448-1447	JJMF, Inc.
Vallejo	CA	(707) 552-8646	Dasmesh Associates, LLC
Watsonville	CA	(831) 761-8744	Watsonville Sandwich, Inc.
Watsonville	CA	(831) 322-4800	Watsonville Downtown Sandwich, Inc.
Westchester	CA	(310) 338-0419	LAX Sandwiches
Williams	CA	(530) 473-3247	S & P Enterprises, LLC
Woodland	CA	(530) 662-1136	Shoker Enterprises, LLC
Winters	CA	(530) 795-3271	Aasim Corporation
Yuba City	CA	(530) 671-2210	Her Family Enterprise, LLC
Henderson	NV	(702) 347-2266	Rabayno Foods LLC
Las Vegas	NV	(702) 542-1883	TOGOS LV 1 LLC
Sparks	NV	(775) 622-1850	JDMZ Enterprise, LLC
Beaverton	OR	(503) 646-8166	Quinn Management Group, Inc.
Corvallis	OR	(541) 753-1444	Martin Management, Inc.
Eugene	OR	(541) 868-2892	Bayshore 5, LLC
Kent	WA	(253) 656-0123	OPUSHUNG, Inc.**

EXHIBIT I-2

List of Franchisees Who Have Signed Agreements But Were Not Yet Operational As of December 31, 2022

<u>Franchisee Name</u>	<u>City/State</u>	<u>Main Phone</u>
Valley TGO1 LLC	Northridge, CA 91324	(818) 612-2848
PKH Enterprises Inc	Redding, CA 96001	(707) 685-0651
NS Manning, LLC	Reedley, CA 93654	(559) 356-2859
Happy Foods USA, Inc	Truckee, CA 96161	(916) 616-2800
Roca Ginger LLC	Turlock, CA 95380	(650) 387-5557
DR DUCK LLC	Carson City, NV 89403	(775) 315-0876
DC2 Ventures LLC	Las Vegas, NV 89148	(702) 497-8690
Sailor Say LLC	Vancouver, WA 98607	(360) 931-3475

EXHIBIT I-3

List of Franchisees Who Left System in 2022

<u>Former Franchisee</u>	<u>City/State</u>	<u>Last Known Phone Number</u>
Y & K Business Group Inc.	Los Angeles, CA	(949) 923-9269
H and D Gill Bros Inc.	Madera, CA	(559) 304-0847
Jeffrey Dollinger	Palmdale, CA	(310) 200-0845
MJ Mishkan, Inc.	San Jose, CA	(408) 483-7886
Munir Khan	West Sacramento, CA	(916) 208-0709
Satnam W. Holdings, Inc.	Westlake Village, CA	(805) 449-9967
KRA Food Services, Inc.	Westminster, CA	(714) 899-8000
Thahab, Inc.*	Galt, CA	(209) 745-8646
DYS, Inc.*	Salinas, CA	(831) 202-0499
Neel Group Enterprises, Inc.*	Concord, CA	(925) 685-8600
Chalasani Foods, Inc.*	Menlo Park, CA	(650) 833-5421
Martin Management, Inc.*	Corvallis, OR	(541) 737-2290

The following franchisees left the System as a result of a transfer:

LAK Foods	Cameron Park, CA	(916) 501-6510
Kurt Bratton	El Dorado Hills, CA	(916) 501-6510
Fresh Eatery Sandwiches, Inc.	Lake Forest, CA	(949) 500-8045
GS DHANJU, INC.	Manteca, CA	(209) 239-8646
J.P. McOwen, Inc.	Martinez, CA	(925) 628-0107
Pranzo, Inc.	Pleasanton, CA	(925) 785-8680
JYM Corporation*	Sacramento, CA	(916) 708-7834

<u>Former Franchisee</u>	<u>City/State</u>	<u>Last Known Phone Number</u>
DBHT Enterprises	Santa Rosa, CA	(707) 953-2723
Cohen Anaheim Hills Sandwiches, Inc.	Westchester, CA	(714) 366-9224
Carolina Food Service, Inc.	San Leandro, CA	(510) 430-8646
Carolina Food Service, Inc.	San Leandro, CA	(510) 278-9201
Jammu Josan Foods Inc.	Patterson, CA	(209) 892-8646
John Momtaz Souliman	Sacramento, CA	(916) 920-4941

*This franchisee continues to operate other locations in the System.

EXHIBIT J

STATE SPECIFIC ADDENDA

ADDENDUM TO
TOGO'S FRANCHISOR, LLC
DISCLOSURE DOCUMENT FOR THE
STATE OF CALIFORNIA

The following information applies to franchises and franchisees subject to the California Franchise Investment Act. Item numbers correspond to those in the main body:

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT www.dfpi.ca.gov.

Item 3.

Item 3 is amended to provide that neither we nor any other person identified in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association.

Item 17.

1. California Business & Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or nonrenewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

2. Termination of the Franchise Agreement by us because of your insolvency or bankruptcy may not be enforceable under applicable federal law (11 U.S.C.A. 101 et seq.).

3. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

4. You must sign a general release if you renew or transfer your franchise. These provisions may be unenforceable under California law. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

5. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

Other.

Section 31125 of the California Corporations Code requires us to give you a disclosure document in a form containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

TOGO'S 2023 FDD

Each owner of the franchise is required to execute a personal guaranty. Doing so could jeopardize the marital assets of non-owner spouses domiciled in community property states such as California.

Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner.

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

ADDENDUM TO
TOGO'S
FRANCHISE AGREEMENT
STATE OF CALIFORNIA

This Addendum to the Franchise Agreement ("Franchise Agreement") dated _____ between TOGO'S FRANCHISOR, LLC ("Franchisor" or "we") and _____ ("Franchisee" or "you") is entered into simultaneously with the execution of the Franchise Agreement.

This Addendum pertains to franchises sold in the State of California and is for the purpose of complying with California statutes and regulations. Notwithstanding anything that may be contained in the body of the Franchise Agreement to the contrary, the Franchise Agreement is amended as follows:

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

2. Section 8.0 of the Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

3. Section 11.1 of the Franchise Agreement requires binding arbitration. The arbitration will occur in the county in which Franchisor's headquarters are then located.

4. Termination of the Franchise Agreement by us because of your insolvency or bankruptcy may not be enforceable under applicable federal law (11 U.S.C.A. 101 et seq.).

5. You must sign a general release if you renew or transfer your franchise. These provisions may be unenforceable under California law. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

6. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

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

8. In all other respects, the Franchise Agreement will be construed and enforced according to its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

TOGO'S FRANCHISOR, LLC

FRANCHISEE: _____

By: _____

By: _____

Its: _____

Its: _____

ADDENDUM TO
TOGO'S FRANCHISOR, LLC
DISCLOSURE DOCUMENT
STATE OF WASHINGTON

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Section titled “Referral Incentives/Fees” in Item 5 of the TOGO’S Franchise Disclosure Document is hereby amended to add the following: “Franchisees who receive financial incentives to refer franchise prospects to the Franchisor may be required to register as franchise brokers under the laws of Washington State.”

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

Use of Franchise Brokers. The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor’s current and former franchisees and ask them about their experience with the franchisor.

ADDENDUM TO
TOGO'S
FRANCHISE AGREEMENT
STATE OF WASHINGTON

This Addendum to the Franchise Agreement ("Franchise Agreement") dated _____ between TOGO'S FRANCHISOR, LLC ("Franchisor") and _____ ("Franchisee" or "you") is entered into simultaneously with the execution of the Franchise Agreement.

The provisions of this Addendum form an integral part of and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of Washington; (b) Franchisee is a resident of the State of Washington; and/or (c) the franchised business will be located or operated in the State of Washington.

The following paragraphs are added to the end of the Agreement:

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an

TOGO'S 2023 FDD

amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

The undersigned Franchisee does hereby acknowledge receipt of this Addendum.

FRANCHISOR:
TOGO'S Franchisor, LLC

FRANCHISEE:

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

**ADDENDUM TO THE MULTI-UNIT AGREEMENT
REQUIRED FOR WASHINGTON DEVELOPERS**

This Addendum to the Multi-Unit Agreement (“Development Agreement”) dated _____ between TOGO’S Franchisor, LLC (“Franchisor”) and _____ (“Developer” or “you”) is entered into simultaneously with the execution of the Development Agreement.

The provisions of this Addendum form an integral part of and are incorporated into the Development Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Developer was made in the State of Washington; (b) Developer is a resident of the State of Washington; and/or (c) the franchised business will be located or operated in the State of Washington.

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

RCW 19.100.180 may supersede the Development Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Development Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Development Agreement, a Developer may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of Developer, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of Developer under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Development Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting Developer from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Development Agreement or elsewhere are void and unenforceable in Washington.

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

Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect. The undersigned Developer does hereby acknowledge receipt of this Addendum.

FRANCHISOR:
TOGO'S Franchisor, LLC

DEVELOPER:

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT K

CONFIDENTIALITY AGREEMENT

CONFIDENTIALITY AGREEMENT

The undersigned ("you") are interested in obtaining information about the TOGO'S system.

In order for you to better understand our system, TOGO'S Franchisor, LLC ("we") may share with you confidential plans, materials, methods, records, business plans, market research, customer data, financial analysis, and other information, including electronically restaurant information (collectively, "Confidential Information"). It is important that we maintain the confidentiality of our Confidential Information.

Thus, you agree to the following conditions regarding our disclosure of Confidential Information to you:

- 1) You agree to maintain as confidential the Confidential Information and not to copy or try to duplicate our Confidential Information;
- 2) You agree not to use the Confidential Information in any manner or for any purpose other than pursuant to a written agreement with us;
- 3) You agree not to disclose or disseminate the Confidential Information to anyone without our prior written approval; and
- 4) You agree not to reproduce any of the Confidential Information and to return to us all Confidential Information received by you immediately upon our request.

We agree that Confidential Information does not include information: a) which is known to you at the time of disclosure as demonstrated by your files and records; b) becomes known to you from another source without confidentiality restrictions; or c) is or becomes part of the public domain through no act or omission by you.

Use, exploitation, disclosure or dissemination of the Confidential Information in breach of this Agreement shall be deemed to cause us irreparable harm for which monetary damages are not an adequate remedy, and we will be entitled to specific performance, injunctive relief or other equitable relief in addition to any other remedy we may have at law or in equity.

Accepted and agreed to this ___ day of _____, _____.

By: _____
Its: _____

EXHIBIT L

TRAINING MATERIALS LICENSE AGREEMENT

TOGO'S TRAINING MATERIALS LICENSE AGREEMENT

THIS AGREEMENT is entered into as of the ____ day of _____, 20__ between TOGO'S Eateries, LLC and TOGO'S Franchisor, LLC ("TOGO'S") and _____ ("Franchisee").

BACKGROUND:

Franchisee and TOGO'S have entered into a franchise agreement for the operation of a TOGO'S Restaurant located at _____ (the "Business").

TOGO'S and its affiliates have developed various training programs for crew, shift leaders, managers and franchisees.

Franchisee desires to be licensed the right to utilize this training content in connection with the operation of the Business and the training of its management and employees.

TOGO'S is willing to license Franchisee the right to use the training program under the terms and conditions contained in this Agreement.

AGREEMENT:

The parties agree as follows:

1. Definitions. All terms in this Agreement shall have the same meaning as set forth in the Franchise Agreement.
2. Required Training. Franchisee acknowledges and agrees that it and/or its employees are required to receive additional training as designated by TOGO'S from time to time. The purpose of this requirement is to ensure that all of Franchisee's employees are properly trained in TOGO'S restaurant operating procedures. Franchisee further acknowledges and agrees that TOGO'S may designate the requirements for such additional training (including all details as to the timing of the training, payment for the training and specifications as to who must receive the training) in the Manual, as it may be updated from time to time.
3. License. TOGO'S hereby grants to Franchisee a limited license to utilize training programs designated by TOGO'S from time to time. Franchisee acknowledges and agrees that TOGO'S is the sole and exclusive owner of all worldwide right and title, including intellectual property rights, in and to the training materials. TOGO'S expressly reserves all rights regarding the training program and the information contained therein not expressly granted to Franchisee in this Agreement.
4. Confidentiality. Franchisee acknowledges and agrees that all training materials including but limited to all content on TOGO'S Online University is considered Confidential Information under the Franchise Agreement and may not be disclosed or used in any manner except as expressly permitted by TOGO'S.
5. Fees. Franchisee will pay an annual fee for the training materials which is payable on June 1 each year. The amount to be charged will vary annually based on actual costs incurred, not to exceed \$500 per year. Franchisee acknowledges and agrees that the annual fee is for the use of the training programs at the franchised restaurant identified in this Agreement and that a separate annual fee will be payable for any other franchised restaurants owned by Franchisee. The amount of the annual fee and the payment terms are subject to change and any changes will be set forth in the Manual.
6. Term. The term of this Agreement shall be from the date of this Agreement until the expiration or termination of the Franchise Agreement.
7. Miscellaneous. This Agreement, and the documents referred to herein, constitute the entire agreement among the parties with respect to the subject matter hereof. Any dispute between the parties shall be resolved through arbitration as provided in the Franchise Agreement. This Agreement will be construed and enforced under the laws of California.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date this Agreement was entered into above.

FRANCHISEE:

TOGO'S:

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Its: _____

Its: _____

Date: _____

Date: _____

EXHIBIT M

ASSIGNMENT AND CONSENT AGREEMENT

THIS AGREEMENT is made and entered into as of _____, 20____ (the "Effective Date"), by and among _____ (collectively, "Assignor"), _____ (collectively "Assignee"), and TOGO'S Franchisor, LLC. ("Franchisor").

BACKGROUND:

Franchisor and Assignor executed a TOGO'S Eateries Franchise Agreement dated _____ (the "Old Franchise Agreement"), pursuant to which Assignor was granted the right to operate a TOGO'S Eateries store at _____ (the "Business"). Assignor desires to assign to Assignee, and Assignee desires to acquire from Assignor, Assignor's rights, title and interest in the Business. Franchisor is willing to consent to the assignment under the provisions stated below.

AGREEMENTS:

In consideration of the foregoing, the parties agree as follows:

1. Assignment. Subject to Franchisor's written consent as provided herein, Assignor assigns and transfers to Assignee the Business as of the Effective Date.
2. Transfer Fee. Assignor shall pay Franchisor a transfer fee of \$ _____ on the Effective Date.
3. Payment of Past Due Amounts. As a condition to Franchisor's consent to the transfer of the Franchise Agreement from Assignor to Assignee, on the Effective Date, Assignor shall pay all amounts owed to Franchisor which have accrued through the Effective Date, including without limitation, continuing franchise fees, advertising fees, and attorneys' fees.
4. Assumption of Franchise Rights. Subject to Franchisor's written consent as provided herein, Assignee unconditionally assumes and accepts the assignment of the franchise rights in the Business as of the Effective Date. Assignee agrees to sign the current TOGO'S Eateries Franchise Agreement (the "Current Franchise Agreement") with TOGO'S Franchisor LLC as a condition to Franchisor's consent.
5. Termination of Old Franchise Agreement. All parties agree that the Old Franchise Agreement is hereby terminated with no further force and effect, except for the post-termination obligations identified in Section 8 below.
6. Representations.
 - A. Assignor and Assignee represent and warrant to one another that they have the authority to execute this Agreement.
 - B. Assignor represents and warrants to Franchisor that it owns all rights, title and interest, in and to the Old Franchise Agreement, free and clear of any mortgage, lien or claims, and has not assigned any or all of its interest in the Old Franchise Agreement to any third party.

7. Indemnification.

A. Assignor, for itself, its heirs, successors and assigns, and officers, directors and affiliates, agrees to indemnify and hold harmless Franchisor, its affiliates, successors, assigns, officers, directors, employees, agents, and each of them, against any and all liabilities, damages, actions, claims, costs (including reasonable attorneys' fees), or expenses of any nature resulting, directly or indirectly, from any of the following: (i) any misrepresentations or breach of warranty by Assignor under this Agreement; (ii) the transfer of the Business and the Franchise Agreement; or (iii) any claim, suit or proceeding initiated by or for a third party(s), now or in the future, that arises out of or relates to the Franchise Agreement or the Business operated by Assignor prior to the Effective Date.

B. Assignee, for itself, its heirs, successors and assigns, and officers, directors and affiliates, agrees to indemnify and hold harmless Franchisor, its affiliates, successors, assigns, officers, directors, employees, agents, and each of them, against any and all liabilities, damages, actions, claims, costs (including reasonable attorneys' fees) or expenses of any nature resulting, directly or indirectly, from any of the following: (i) any misrepresentations or breach of warranty by Assignee under this Agreement; or (ii) the transfer of the Business and the Franchise Agreement; (iii) or the operation of the Business subsequent to the Effective Date.

8. Assignor's Post-Termination Obligations. Assignor agrees that, upon transfer of the Franchise Agreement and its interest in the Business to Assignee, Assignor will comply with all post-termination obligations stated in the Franchise Agreement, which obligations shall be incorporated herein by reference.

9. Consent to Assignment. Franchisor hereby waives its right of first refusal and any option to purchase the Business in connection with this transaction and consents to the assignment and transfer of the Franchise Agreement from Assignor to Assignee, subject to all of the conditions set forth in this Agreement, including but not limited to the payment obligations under Sections 2 and 3.

10. Mutual Release.

A. Assignor, for themselves, their heirs, successors and assigns and on behalf of any other party claiming an interest through them ("Assignor Parties"), release and forever discharge Franchisor, its respective successors, assigns, affiliates, directors, officers, shareholders, and employees ("Franchisor Parties"), of and from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, whether known or unknown, vested or contingent, which Assignor may now or in the future own or hold, that in any way relate to the Franchise Agreement, the Business or the relationship of the parties (collectively "Claims"), for known or unknown damages or other losses including but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws statutes, rules or regulations, and any alleged violations of the Franchise Agreement. The release of Claims set forth in this Section is intended by Assignor Parties to be a full and unconditional general release, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the Assignor Parties against the Franchisor Parties regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. The Assignor Parties, for themselves, heirs, successors and assigns, hereby expressly, voluntarily, and knowingly waive, relinquish and abandon each and every right, protection, and benefit to which they would be entitled, now or at any time hereafter under Section 1542 of the Civil Code of the State of California, as well as under any other statutes or

common law principles of similar effect to said Section 1542, whether now or hereafter existing under the laws of California or any other applicable federal or state law with jurisdiction over the parties' relationship. The Assignor Parties each acknowledge that Section 1542 of the Civil Code of the State of California provides as follows:

“A general release does not extend to claims which the creditor or releasing party does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor or released party.”

In making this voluntary express waiver, the Assignor Parties acknowledge that claims or facts in addition to or different from those which are now known or believed to exist with respect to matters mentioned herein may later be discovered and that it is the Franchisee Parties' intention to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. This release is and shall be and remain a full, complete and unconditional general release.

B. Except as noted in this subparagraph “B”, Franchisor hereby releases Assignor and its heirs, successors and assigns from any obligations under the Franchise Agreement, subject to Assignor's compliance with the terms and conditions of this Assignment and Consent Agreement. Franchisor Parties do not release Assignor Parties from any obligations arising by virtue of this Assignment and Consent Agreement, including, without limitation, the payment obligations under Sections 2 and 3, Assignor Parties' indemnification obligations under Section 7 or its breach of any post-term obligations under Section 8.

11. Representation by Counsel. Assignor acknowledges that it has had the opportunity to be represented by legal counsel of its choice and such counsel has advised it as to the full and legal effect of this Agreement, including the full and final release of Claims set forth herein.

12. Miscellaneous.

A. This Agreement, and the documents referred to herein, constitute the entire agreement among the parties with respect to the subject matter hereof. No amendment will be binding unless in writing and signed by the party against whom enforcement is sought. All representations, warranties, agreements and all other provisions of this Agreement which by their terms or by reasonable implication are intended to survive the closing of this transaction will survive it.

B. All representations, warranties, agreements and all other provisions of this Agreement, which by their terms or by reasonable implication are intended to survive the closing of this transaction, will survive it.

C. The non-prevailing party in any dispute to enforce the terms of this Agreement will pay the prevailing party's attorneys' fees and costs.

D. This Agreement may be executed in more than one counterpart, each of which shall constitute an original copy.

ASSIGNOR:

By: _____

Printed Name: _____

Title: _____

Date: _____

and

_____, Individually

_____, Individually

ASSIGNEE:

By: _____

Printed Name: _____

Title: _____

Date: _____

and

_____, Individually

_____, Individually

FRANCHISOR:

TOGO'S FRANCHISOR, LLC

By: _____

Printed Name: _____

Title: _____

Date: _____

EXHIBIT N

SBA ADDENDUM



ADDENDUM TO FRANCHISE AGREEMENT¹

THIS ADDENDUM ("Addendum") is made and entered into on _____, 20____, by and between TOGO'S Eateries, Inc. ("Franchisor"), located at 910 Campisi Way #1E, Campbell, CA 95008, and _____ ("Franchisee"), located at _____.

Franchisor and Franchisee entered into a Franchise Agreement on _____, 20__, (such Agreement together with any amendments the "Franchise Agreement"). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the Franchise Agmt interest or any portion thereof, the transferor will not be liable for the actions of the transferee Franchisee.

FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the Franchisee location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the Franchise Agreement term (excluding additional renewals) for fair market value.

¹ While relationships established under license, jobber, dealer and similar agreements are not generally described as "franchise" relationships, if such relationships meet the Federal Trade Commission's (FTC's) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5)

COVENANTS

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

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 - 3733.

Authorized Representative of Franchisor:

By: _____

Print Name: _____

Title: _____

Authorized Representative of Franchisee:

By: _____

Print Name: _____

Title: _____

Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the Franchise Agreement system must meet all SBA eligibility requirements.

EXHIBIT O
STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This 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:

STATE	EFFECTIVE DATE
CALIFORNIA:	SEE SEPARATE FDD
WASHINGTON:	May 26, 2023

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT P
RECEIPTS

ITEM 23

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If we offer you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make payment to, us or an affiliate in connection with the proposed franchise sale.

If we do not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The franchisor is TOGO'S Franchisor, LLC, located at 910 Campisi Way #1E, Campbell, CA 95008. Its telephone number is (408) 280-6585.

Issuance Date: April 20, 2023

The following is the name, principal business address and telephone number of each franchise seller offering this franchise: John S. Dyer (408) 280-6585, TOGO'S Franchisor, LLC, at 910 Campisi Way #1E, Campbell, CA 95008, Glenn Lunde (408) 280-6585, TOGO'S Franchisor, LLC, at 910 Campisi Way #1E., Campbell, CA 95008 and _____.

I have received a Disclosure Document dated April 20, 2023 that included the following Exhibits:

Exhibit A	List of State Administrators and Agents for Service of Process
Exhibit B	Franchise Agreement
Exhibit C	Multi-Unit Agreement
Exhibit D	Sublease
Exhibit E	Lease Addendum
Exhibit F	Renewal Addendum
Exhibit G	Financial Statements
Exhibit H	Table of Contents of Operations Manual
Exhibit I	List of Franchisees
Exhibit J	State Specific Addenda
Exhibit K	Confidentiality Agreement
Exhibit L	Training Materials License Agreement
Exhibit M	Assignment and Consent Agreement
Exhibit N	SBA Addendum
Exhibit O	State Effective Dates
Exhibit P	Receipts

_____ Date	_____ Signature	_____ Printed Name
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_____ Date	_____ Signature	_____ Printed Name
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Please sign a copy of this receipt, date your signature, and return it to TOGO'S Franchisor, LLC 910 Campisi Way, Campbell, California, 95008 (408) 280-6585.

Franchisee's Copy

ITEM 23

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

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Exhibit P	Receipts

_____ Date	_____ Signature	_____ Printed Name
_____ Date	_____ Signature	_____ Printed Name

Please sign a copy of this receipt, date your signature, and return it to TOGO'S Franchisor, LLC 910 Campisi Way #1E, Campbell, California, 95008 (408) 280-6585.

Franchisor's Copy